

Annual Report

2020



FIERA MILANO

This document contains a faithful translation into English of the original report in Italian Relazione Finanziaria Annuale 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 Annuale 2020 shall prevail upon the English version.

Annual Report

2020



FIERA MILANO

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Mission

The revision of the business model, following the changing economic context, led the Group to define its purpose for the first time and review its mission, values and materiality matrix.

Fiera Milano intends to become the leading platform in the exhibition and congress business in the context of the new normal.



PURPOSE

Creating multiple opportunities for businesses and people through a European hub and a global network



MISSION

To be a leading, smart, hybrid platform for leading innovative, sustainable, global events



The Fiera Milano Group's new values were defined through a survey conducted in February 2021 among the company's population in Italy, in which 481 employees, or 76% of the total workforce, participated.

Letter to Shareholders

Dear Shareholders,

The year 2020 was one of the most difficult in Fiera Milano's 100-year history. The Covid-19 health emergency crisis was an unprecedented shock, which deeply affected Italy, Europe and the rest of the world, putting a strain on the exhibition and congress sector in which the Group operates.

The entire world exhibition system suffered a major setback during the year, with activity limited to a few months. In this context, despite the many cost containment actions taken, the sharp contraction in revenues (-74% compared to 2019) prevented the Company from reporting a positive result. The year ended with a consolidated net loss of Euro 34.2 million.

After an average start to the year, with results in line with expectations, the pandemic's worsening at the end of February led the Italian government to adopt a series of measures, including the suspension of exhibition and congress activities.

Fiera Milano, thanks to its partnership with a team of experts and in synergy with the sector's leading players, worked to create a 'Protocol for the containment of the spread of the new coronavirus'. This laid the foundations for the safe relaunch of the exhibition sector in September.

The measures adopted by Fiera Milano, also in compliance with the guidelines drawn up by the leading international associations for the sector, UFI (Global Association of the Exhibition Industry) and EMECA (European Major Exhibition Centres Association), include new entrance procedures and improved visitor flow management measures. Specific initiatives were arranged to support exhibitors both operationally and financially.

In September, the resumption of in-person events was only partial and strongly impacted by restrictions on international mobility, social distancing measures, and limitations on crowding, which negatively impacted exhibitor, buyer, and visitor participation rates. In the autumn, the worsening epidemic led the government to prepare new measures to suspend the events. In particular, congresses and conferences were suspended from 18 October and national and international exhibitions from 24 October. These bans were subsequently extended until the end of the year.



As a result of government restrictions and despite efforts to reschedule some events for 2020, 74% of the exhibition events in Fiera Milano's calendar were cancelled or turned into digital events, while fairs held in September-October saw an average drop in attendance of 70-80% compared to previous editions.

Major cost containment actions were implemented during the year. These measures focused particularly on exhibition district management and personnel costs, including through the use of social safety nets. December saw the successful conclusion of negotiations with Fondazione Fiera Milano (owner of the exhibition centres) to reduce rents for 2020, to take into account the serious effects of the pandemic on normal business operations. In order to increase financial flexibility and cope with the extended health emergency during the year, credit lines were increased up to Euro 100 million*, of which Euro 51 million were unused credit lines. These resources were supplemented in the first months of this year by resources from the signing of new long-term loan agreements totalling Euro 82 million.

Investments and developments continued in technological infrastructure and digitalisation, with particular attention to the Smart District, Digital Signage and Fiera Milano Platform. The latter represents an innovative technological platform of integrated services dedicated to the entire community of the sectors concerned: exhibitors, visitors, buyers, journalists, bloggers and opinion leaders. The project is based on the creation of a services ecosystem that sees a substantial strengthening of the contents of the exhibition's websites and social networks, synergic interaction between physical and digital meetings (webinars above all), and the production of redesigned catalogues for the presentation and sale of exhibitors' products. A detailed digital map of the exhibition will enable remote access and the development of direct negotiations in real-time. The experience in the days of exhibitions therefore becomes 'phygital' through the creation of new formats that are simultaneously digital and in the presence of the public, for a more immersive and engaging customer journey.

The pandemic accelerated the profound change taking place within the exhibition sector by introducing a new exhibition-congress paradigm and giving particular importance to the digitisation process already underway. Hybrid events will set the benchmark in the coming years.

In the final months of the year, management worked vigorously to prepare a new Strategic Plan, which was presented to the financial community and key stakeholders on 23 February 2021. The plan aims to adapt the business model to the changed reference context and to intercept new trends and new customer needs quickly. This will allow the company to restart quickly and effectively and compete successfully in the new normal.

At the same time, the purpose was defined, and the mission and values revised. Great attention also went on the ESG issues and sustainability in business decisions.

Fiera Milano intends to confirm its role as a strategic driving force for the competitiveness and internationalisation of companies and as a solid platform for industrial policy capable of generating value for companies, people and the local area.

Chairman

Carlo Bonomi

**Chief Executive Officer**

Luca Palermo



*Dated 4 January 2021

History of the Group

	<p>The Fiera Campionaria Internazionale was founded in Milan, on the Ramparts of Porta Venezia, and in 1923 found a permanent home in the area now occupied by fieramilanocity.</p>	<p>The Portello site was extended with the opening of three new large pavilions that increased the available exhibition space by 74,000 square metres gross, giving a total of over 348,000 square metres of space.</p>	<p>In December, Fiera Milano SpA was listed on the Italian stock market. Fiera Milano increased its range of activities by acquiring some important exhibition organisers and enhanced its offering in stand-fitting services, catering, trade publications and internet services.</p>			
<p>1920</p>	<p>1946</p>	<p>1997</p>	<p>2000</p>	<p>2002</p>	<p>2005</p>	
<p>On 12 September, the Fiera Campionaria Internazionale inaugurated the new Fiera Milano exhibition site that had been rebuilt following its destruction during the Second World War.</p>		<p>In February, Ente Autonomo Fiera Internazionale di Milano, a private foundation, was constituted. In October, the Foundation passed the management of the exhibition sites, the organisation of exhibitions and supply of exhibition services and the congress activities to Fiera Milano SpA.</p>		<p>On 31 March, the new Fiera Milano exhibition complex on the outskirts of Milan was inaugurated; the site has 345,000 square metres of exhibition space. Some of the pavilions of the downtown site continued in use.</p>		



MiCo – Milano Congressi opened: this is the largest and most modern congress centre in Europe with capacity for 2011 delegates. It is managed by Fiera Milano Congressi and was built by Fondazione Fiera Milano through the conversion of part of the fieramilanocity exhibition site.

Fiera Milano presented its new 2018-2022 Strategic Plan. The Plan focuses on four strategic lines:

- development of the portfolio of third-party exhibitions and congress business;
- enhancement of services;
 - strengthening directly organised exhibitions;
- expansion of international business.

Group structure



* Company in liquidation

Media

Congresses



100%



100%

51%



100%

Hannover Milano Fairs China

Hannover Milano Fairs Shanghai

51%

Hannover Milano Best Exhibitions (Guangzhou)

Hannover Milano XZQ Exhibitions (Shenzhen)

60%

99.99%

Hannover Milano Fairs India

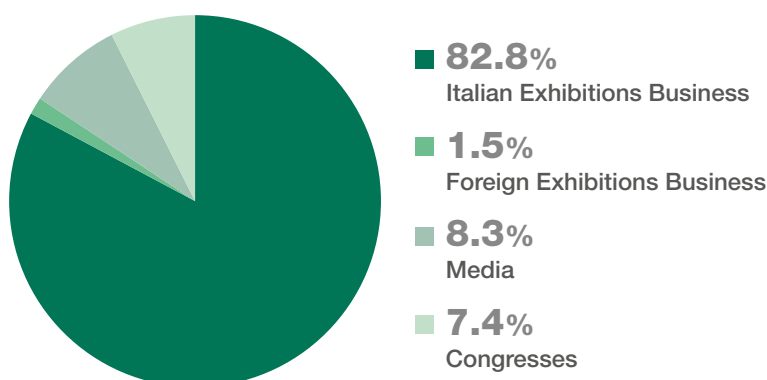


Highlights

Performance

Turnover
74
million euros

10
million



Business

Number of exhibitions
39

Of which abroad
18

Number of exhibitors
12,130

Of which abroad
5,070

Exhibition spaces

Net occupied area
638,230 sqm

of which abroad
287,375

Gross exhibition capacity
399,000 sqm

of which
345,000 sqm in the fieramilano area
54,000 sqm in the fieramilanocity area

Human resources

Number of Group employees
707

of which abroad
102

Women in the Group
60%

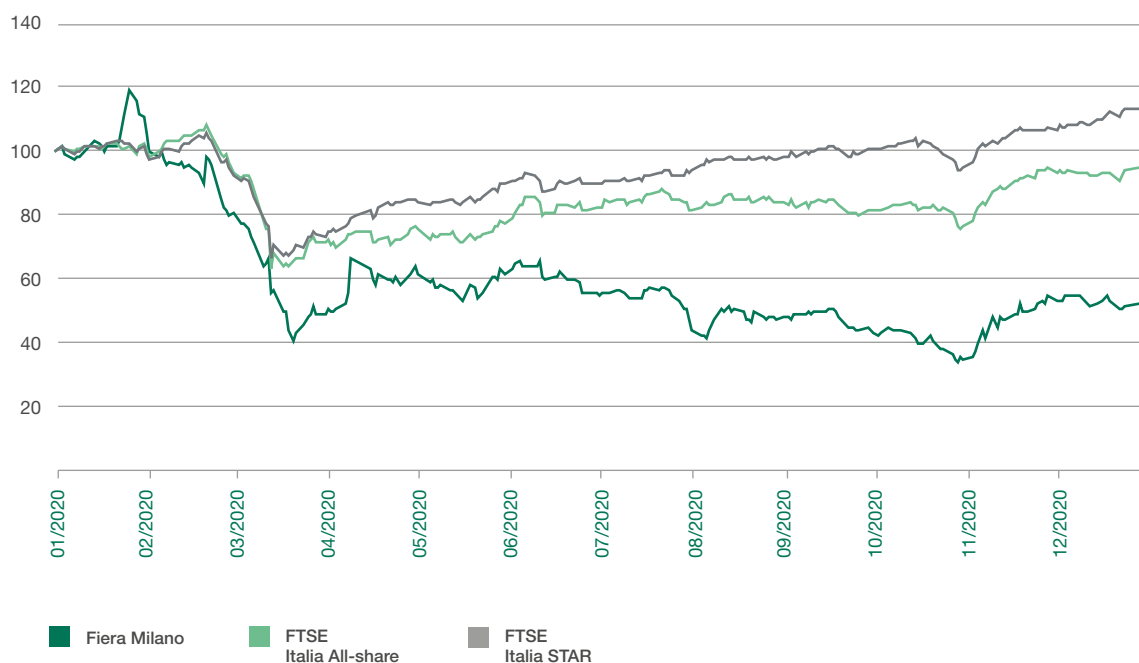
of which
17% Executives
50% Managers

Fiera Milano on the Stock Exchange

Fiera Milano SpA has been listed in the STAR segment of Borsa Italiana SpA's MTA market since 12 December 2002.

The STAR segment (High Performance Equities) is the MTA market segment trading securities with capitalisation of between Euro 40 million and Euro 1 billion issued by companies committed to satisfying the highest requirements of corporate governance and reporting. The chart below shows the performance of Fiera Milano shares in 2020 on the Milan Stock Exchange, compared to that of the FTSE Italia All-Share and FTSE Italia STAR indices. The Fiera Milano share price underperformed by 48%, compared to a 6% drop in the FTSE Italia All-Share index. The FTSE Italia STAR index, on the other hand, was up 14%.

Fiera Milano share performance and the main indices (Base 30.12.2019=100)



Listing and Capitalisation from 02/01/2020 to 31/12/2020

	Prices (Euro)				Capitalisation (millions of Euro)			
	at 02/01/2020	maximum	minimum	as of 31/12/2020	at 02/01/2020	maximum	minimum	as of 31/12/2020
Fiera Milano	5.55	6.54	1.86	2.84	399	470	134	204

Strategy



Source: Fiera Milano, Roland Berger

Fiera Milano Group's strategy, defined in the 2021- 2025 Strategic Plan communicated to the market on 22 February 2020, is based on four strategic lines:

- a **better promotion of services** to capture their full potential;
- **strengthening the portfolio of directly organised exhibitions**, expanding their international scope and launching new events in resilient sectors linked to promising macro-trends;
- **consolidation of leadership in the congress business**, leveraging one of the most modern and largest congress centre in Europe;
- **harnessing the potential of the Rho exhibition area**, to strengthen ties with organisers and attract new exhibitions and events.

The execution of the Strategic Plan is based on a series of enabling and cross-cutting elements that see the quality and nurturing of human capital, product and service excellence, technological innovation and huge investments designed to improve the efficiency and competitiveness of the districts as the fundamental pillars for achieving the set targets.

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*
Luca Palermo	Director**

Mr Fabrizio Curci resigned as Chief Executive Officer and General Manager with effect from 18 June 2020.

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

** At the Shareholders' Meeting of 2 October 2020, the Chairman Mr Carlo Bonomi, co-opted by the Board of Directors on 25 April 2020, was confirmed in his role as Director and Chairman of Fiera Milano SpA. At the same Shareholders' Meeting, Luca Palermo was appointed to the Board of Directors of Fiera Milano S.p.A., bringing the number of members to nine.

Both directors appointed at the Shareholders' Meeting will expire with the entire Board of Directors with the approval of the financial statements at 31 December 2022.

Following his appointment by the Board of Directors on 15 December 2020, Mr Luca Palermo took over as Chief Executive Officer from 1 January 2021.

CONTROL, RISK AND SUSTAINABILITY 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. The Directors' mandates will expire at the Shareholders' Meeting to approve the Financial Statements at 31 December 2022.

The Board of Directors is invested with the broadest 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 is the legal representative of the Company. He is also vested with all powers concerning Fiera Milano's institutional external relations. In the period between 18 June 2020 and 31 December 2020, following the resignation of the Chief Executive Officer, Fabrizio Curci, was also 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.

Convocation of the Ordinary Shareholders' Meeting



FIERA MILANO

FIERA MILANO S.p.A.

Registered office in Milan, Piazzale Carlo Magno 1

Operational and administrative headquarters in Rho (MI), SS del Sempione 28

Share capital Euro 42,445,141.00 fully paid-up.

Milan Business Register,

Tax Code and VAT no. 13194800150

Convocation of the Ordinary Shareholders' Meeting

The Shareholders' Meeting of Fiera Milano S.p.A. (the '**Company**') is convened in a single call for **28 April 2021 at 3 pm**, to discuss and pass resolutions relating to and resulting from the following

Agenda

1. The Financial Statements at 31 December 2020
 - 1.1 Approval of the Financial Statements at 31 December 2020, Report of the Board of Directors on Operations and Report of the Board of Statutory Auditors and of the Independent Auditors. Presentation of the Consolidated Financial Statements at 31 December 2020 and the 2020 Consolidated Disclosure of Non - financial Information pursuant to Italian Legislative Decree no. 254/2016.
 - 1.2 Allocation of the result for the financial year.
2. Appointment of the Board of Statutory Auditors for the financial years 2021-2023:
 - 2.1 appointment of Standing Statutory Auditors and Substitute Statutory Auditors;
 - 2.2 appointment of the Chairman;
 - 2.3 determination of remuneration.
3. Report on the Remuneration Policy and remuneration paid pursuant to Article 123-ter of Legislative Decree 58/98:
 - 3.1 binding decision on the first section;
 - 3.2 non-binding decision on the second section.
4. Approval of the new Incentive Plan pursuant to Article 114-bis of Legislative Decree 58/98.

Representation at the Shareholders' Meeting.

Pursuant to Article 3, paragraph 6, letter b of Italian Legislative Decree no. 183 of 31 December 2020 (Decreto Milleproroghe), as amended by Conversion Law no. 21 of 26 February 2021, which extended to the meetings held by 31 July 2021, among others, the provisions of Art. 106, paragraph 4 of Italian Legislative Decree no. 18 of 17 March 2020, the Company established that attendance at the Shareholders' Meeting shall take place exclusively through Computershare SpA - with registered office in Milan, Via Lorenzo Mascheroni 19 - appointed for this purpose as Designated Representative pursuant to Art. 135-*undecies* of Italian Legislative Decree 58/98 (the Consolidated Finance Act), as third parties are not allowed to participate either in person or by proxy.

The proxy to the Designated Representative pursuant to Article 135-*undecies* may be issued by signing the form 'Proxy Form and Voting Instructions to Computershare S.p.A. as Designated Representative', available from 16 March 2021 (i.e. the date of publication of the notice of call) on the Company's website www.fieramilano.it in the 'Investors' section. The proxy pursuant to Article 135-*undecies* of the Consolidated Finance Act with the voting instructions, together with a copy of a valid document, must be attached to an email message to be sent to operations@pecserviziotitoli.it. A copy may be sent in advance by email to operations@computershare.it by the end of the second trading day before the date of the Shareholders' Meeting (i.e. by 26 April 2021). A proxy thus granted takes effect only for those proposals concerning which voting instructions have been issued. The proxy and voting instructions may be revoked within the same deadline as above (i.e. by 26 April 2021).

Please note that the Appointed Representative may also be granted proxies or sub-proxies pursuant to Article 135-*novies* of the Consolidated Finance Act as an exception to Article 135-*undecies*, paragraph 4, of the Consolidated Finance Act, exclusively using the 'Proxy or Sub-Proxy Form', available from 16 March 2021 (i.e. the date of publication of the call notice) on the Company's website www.fieramilano.it in the "Investors" section. The proxy pursuant to Article 135-*novies* of the Consolidated Finance Act with the voting instructions, together with a copy of a valid document, must be attached to an email message to be sent to operations@pecserviziotitoli.it. A copy may be sent in advance by email to operations@computershare.it.

The intermediary must communicate to the Company, certifying entitlement to participate in the Shareholders' Meeting. This is also necessary in case of the conferral of proxy or sub-proxy to the Company's Designated Representative; therefore, in the absence of the communication mentioned above, the proxy and/or sub-proxy shall be considered invalid.

The Authorised Representative is available for any request or information at the email address operations@computershare.it.

It is understood that participation in the Shareholders' Meeting will be allowed to the Authorised Representative and to the other parties entitled to attend, other than the shareholders, through electronic means of communication that allow the identification and immediate participation of the same, with electronic methods that the Company will communicate.

Information on share capital.

The Company's subscribed and paid-up share capital amounts to Euro 42,445,141.00 and consists of 71,917,829 shares with no nominal value. The shares are indivisible and give the right to one vote each, except for treasury shares which do not confer such right. The Company holds 273,758 treasury shares at today's date, equal to 0.38% of the share capital.

Supplement to the Agenda.

Shareholders who, even jointly, represent at least one fortieth of the Company's share capital may request, in writing, within ten days of the publication of this notice and, in compliance with the provisions of Article 126-*bis* of the Consolidated Finance Act and Article 10.3 of the Articles of Association, additions to the list of items to be discussed, indicating in the request the additional items proposed or further proposals for resolutions on items already on the agenda. Such requests, together with certification confirming the ownership of the shareholding, must reach the Company at its certified email address fieramilano@legalmail.it or the email address investor.relations@fieramilano.it or by registered letter with return receipt at the operational and administrative

offices of the Company at S.S. del Sempione 28, Rho (MI) (Investor Relations Office). By this deadline and using the same means, a report must be sent to the Company's Board of Directors containing the reasons for the additional resolution proposals submitted or relating to further resolution proposals submitted on matters already included in the agenda. The Company shall make the report available to the public, accompanied by its assessments, if any, at the same time as it publishes the news of the supplementation or presentation, following the procedures set out in Article 125-ter, paragraph 1, Consolidated Finance Act. A request to add to the agenda is not permitted for items on which the Shareholders' Meeting resolves, in accordance with the law, on the proposal of the Directors or pursuant to a project or report prepared by them.

Submission of draft resolutions.

Since participation in this Shareholders' Meeting is allowed exclusively through the Appointed Representative, shareholders who intend to submit proposals on the agenda items are invited to send them by 16 April 2021 to the email address investor.relations@fieramilano.it or in hard copy to the Company's operating and administrative offices in Rho (MI), S.S. del Sempione 28 (Investor Relations Office), together with a copy of their identity document and documentation proving their entitlement to exercise their right under the law.

We recommend that proposals are formulated clearly and comprehensively, preferably accompanied by an explanatory report.

After verifying the relevance of the proposals for the agenda, as well as their completeness and compliance with the applicable regulations, the Company will disclose all the proposals (and any accompanying illustrative reports) received, within the deadline above, by publishing them on the Company's website at www.fieramilano.it in the "Investors" section by 19 April 2021.

Entitlement to attend the Shareholders' Meeting.

Pursuant to the law and Article 12 of the Articles of Association, the right to participate in the Shareholders' Meeting and exercise the right to vote is certified by a notification to the Company, made by the authorised intermediary in accordance with its accounting records. The intermediary does this on behalf of the person entitled to vote, based on evidence recorded at the end of the accounting day of the seventh trading day before the date set for the Shareholders' Meeting (i.e. 19 April 2021, so-called 'record date'); Credit and debit records completed in accounts after this deadline do not legitimise the right to vote at the Shareholders' Meeting. Consequently, persons who become owners of the Company's shares only after that date will not be entitled to attend and vote at the Shareholders' Meeting. The notification from the intermediary mentioned above must reach the Company by close of business on the third trading day before the date of the Shareholders' Meeting (i.e. by 23 April 2021).

Participation and voting rights are unaffected if the Company receives notification after this deadline, provided that it takes place before the beginning of the Shareholders' Meeting. Please note that the authorised intermediary notifies the Company at the request of the rights holder.

Right to ask questions on the agenda items.

Holders of voting rights can submit questions on agenda items even before the Shareholders' Meeting, under the provisions of Article 127-ter of the Consolidated Finance Act, sending the questions via email to investor.relations@fieramilano.it or by registered letter with return receipt to the operational and administrative offices of the Company (Investor Relations Office). Such questions must reach the Company by 21 April 2021. The Company will answer the questions at the latest during the Shareholders' Meeting. The Company reserves the right to provide a single answer to the questions with the same content.

Appointment of the Board Of Statutory Auditors.

With reference to item two on the agenda, please note that, pursuant to Article 20 of the Articles of Association, Statutory Auditors will be appointed from the lists submitted by Shareholders who, alone or together with other Shareholders, represent at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting.

Shareholders are invited to deposit at the certified email address fieramilano@legalmail.it, or by registered letter with return receipt at the operational and administrative offices of the Company, in Rho (MI), S.S. del Sempione 28 (Corporate Secretariat Office), at least twenty-five days before the date set for the Shareholders' Meeting (given that the deadline is a public holiday - i.e. 3 April - the Company will consider the lists submitted by 6 April 2021 to be valid), their proposals for appointment to the office of Statutory Auditor, together with information on both the identity of the shareholders who submitted the list and the percentage of shareholding they hold, as well as the certification issued pursuant to law by the authorised intermediaries, showing ownership of the shareholding.

Certifications proving ownership of the shareholding on the date on which the lists are filed can also be produced subsequently, provided that this takes place twenty-one days before the date set for the Shareholders' Meeting (i.e. by 7 April 2021).

If, at the end of the twenty-fifth day preceding the Shareholders' Meeting (i.e. the same deadline of 6 April 2021), only one list has been filed or only lists filed by Shareholders who, pursuant to the combined provisions of Article 144-*quinquies* and Article 144-*sexies*, Section 4, of the Issuers' Regulations, are related to each other, the deadline for filing lists will be extended by an additional three calendar days (i.e., until 9 April 2021) and the lists may be filed by Shareholders who, alone or together with other Shareholders, represent at least 1.25% of the voting stock at the Ordinary Shareholders' Meeting.

Together with the lists, at least twenty-five days before the date set for the Shareholders' Meeting (i.e. the same deadline of 6 April 2021), exhaustive information concerning the personal and professional characteristics of the candidates must also be filed with the list of administrative and control positions held by each candidate in other companies, including non-listed companies (to be updated and promptly communicated to the Company in the event of changes before the Shareholders' Meeting is held). Declarations by the individual candidates accepting their candidacy should also be filed. In these declarations, they should also certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility, as well as that they fulfil the requirements prescribed by current legislation for taking office, including any declaration of independence from the Company, issued in accordance with the criteria of independence set out in the current Corporate Governance Code for listed companies.

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

Documentation and Information.

The Board of Directors' Reports and further documentation relating to items on the agenda, as required by current regulations, will be made available to Shareholders and the public (at the latest 30 March 2021), by the legal deadline at the Company's registered office, the operational and administrative offices, S.S. del Sempione 28, Centro Servizi, Rho (MI), the reception offices, on the Company website www.fieramilano.it (in the 'Investors' section) and on the authorised storage mechanism www.emarketstorage.com. Shareholders are entitled to obtain a copy of such documentation.

Rho (Milan), 16 March 2021

The Chairman of the Board of Directors

Carlo Bonomi

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31 December 2020

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(Report pursuant
to Article 125-ter,
paragraph 1 of Italian
Legislative Decree 58
of 24/02/1998,
as amended)

Summary of results and significant events during the year

The 2020 financial year closed with a net loss of Euro 34,152 thousand, reflecting operating performance that was affected to a large extent by the Covid-19 pandemic, which caused a severe contraction in revenues in the exhibition and congress sector due to the suspension of operations for most of the year.

To counteract the effects of this situation, the Company has implemented important cost reduction actions related, among other things, to the management of exhibition sites and staff.

In this context, during the month of December, Fiera Milano and Fondazione Fiera Milano agreed on a temporary reduction in the rents for the Milan and Rho exhibition sites and the MiCo congress centre for the year 2020. The total amount of the reduction was equal to Euro 14 million and was proportionally allocated on the individual lease agreements in place between Fondazione Fiera Milano, Fiera Milano and Fiera Milano Congressi.

Against a particularly challenging backdrop, Fiera Milano has worked to a) protect the health and safety of its customers, suppliers and employees; (b) reduce the cost base and preserve financial flexibility; c) support customers both operationally and financially; d) contribute to the creation of a protocol for containing the spread of Covid-19, in cooperation with the competent authorities and other exhibition operators, including through industry associations, to ensure that physical events can resume safely; e) accelerate initiatives for the technological and digital development of the Rho exhibition centre.

Fiera Milano was the first Italian exhibition operator – and among the first in Europe – to resume physical events with Milano Unica, held on 8 and 9 September. Following on from lockdown, the event was supported by new technological infrastructure made possible by investments in the Smart District, Digital Signage and the Fiera Milano Platform. Fiera Milano Platform will become an increasingly important strategic business tool, enabling hybrid exhibition formats and expanding the range of services available to the various participants in exhibitions. This customer-centric platform helps improve their experience, driving up acquisition and retention rates through better customer experience and creating communities for each supply chain.

The table on the next page shows the key financial figures of the Group. When reading these figures, it should be remembered that the Group's business is seasonal due to exhibitions that take place every two years or at longer intervals. This makes a comparison between financial years more difficult. During the year, non-recurring transactions were recorded in relation to the temporary reduction in rent granted by Fondazione Fiera Milano for Euro 14 million. There were no atypical and/or unusual transactions. For details and information on related-party transactions, reference is made to the Notes to the Consolidated Financial Statements.

Fiera Milano Group Summary of key figures

(Amounts in € '000)	Full year 31/12/20	Full year 31/12/19
Revenues from sales and services	73,635	279,711
EBITDA ^(a)	10,443	106,054
EBIT	(34,318)	59,598
Net profit/(loss) (continuing operations)	(34,152)	34,328
Net profit/(loss) (discontinued operations)	-	-
Net profit/(loss)	(34,152)	34,328
- Attributable to the shareholders of the controlling entity	(33,943)	34,425
- Attributable to non-controlling interests	(209)	(97)
Net capital employed ^(b)	536,675	512,907
covered by:		
Equity attributable to the Group	62,883	107,276
Equity attributable to non-controlling interests	348	580
Net financial debt/(cash) before IFRS 16 effects	23,872	(68,343)
Total net financial debt/(cash)	473,444	405,051
Investments (continuing operations and assets held for sale)	6,114	9,789
Employees (no. of permanent employees at year end)	707	707

^(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.

In a year affected by a marked contraction in revenues and still characterised by uncertainties linked to the evolution of the Covid-19 pandemic, Fiera Milano took steps to strengthen the financial structure and give greater support to the Group's operations, also in view of the implementation of the new 2021-2025 Strategic Plan.

Operations to meet the Group's financial needs

In April 2020, the Parent Company obtained a loan for Euro 25 million with a duration of 12 months and, in June 2020, an 18-month revolving credit facility for Euro 20 million, both from top-tier banks.

During the year, Fiera Milano S.p.A. also obtained new credit lines amounting to Euro 29 million in addition to the existing ones of Euro 21 million. As a result, loans and credit lines at the end of the year amounted to Euro 95 million, of which Euro 49 million had been used.

Also, in February 2021, two 5-year loans were signed with a pool of banks (Euro 55 million) and a loan with Cassa Depositi e Prestiti S.p.A. (Euro 20 million), with 24 months' grace for a total of Euro 75 million, all backed by SACE's "Italy guarantee" on 90% of the amount disbursed. The resources available to the Group can also count on an additional Euro 7 million recently granted by SIMEST, to be repaid by 31.12.2027 and with a grace period ending 31.12.2023, within the framework of the 394/81 Fund, bringing the total amount of new financing to Euro 82 million.

Amendments to lease agreements with the parent Fondazione

On 15 December 2020, Fiera Milano S.p.A. and Fondazione Fiera Milano signed agreements concerning certain amendments to the existing lease agreements between the same parties, respectively as lessee and lessor, relating to the Rho and Milan exhibition sites (“FieraMilanoCity” or “Internal Complex”).

For the sake of completeness of information, the subsidiary Fiera Milano Congressi S.p.A. (“Fiera Milano Congressi”) has also signed today the agreements modifying the two lease agreements with the Fondazione Fiera Milano, concerning respectively: (i) pavilions 5 and 6, the pertaining areas and the car parks below the entrance square and (ii) pavilion 17;

The amendments to the aforementioned lease agreements qualify as a Transaction of Greater Importance pursuant to the Procedure (“Related Party Procedure”) regarding transactions with related parties adopted by Fiera Milano and to Consob Regulation 17221/2010. The lease agreements between Fiera Milano and Fondazione Fiera Milano had already been disclosed to the market through, inter alia, the publication of the Information Document on 21 March 2014 and the subsequent Information Document published on 14 May 2019, relating only to the Internal Complex. Express reference is made to these documents for anything not mentioned below as regards the content of these agreements.

On the other hand, as regards the 2020 lease contracts, the latter constitutes a modification of a Transaction of Greater Importance between related parties. Pursuant to Article 9.1 of the Company’s Related Parties Procedure, the transaction was therefore approved by the Board of Directors on 15 December 2020, after obtaining the favourable reasoned opinion issued on the same date by the Control and Risk Committee. 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 regard to the aforementioned procedure, Fiera Milano is a small listed company and, as such, benefits from the exemption granted pursuant to Article 10, paragraph 1 of Consob Regulation 17221/2010; therefore, without prejudice to public disclosure obligations, the same controls provided for in the Procedure for Transactions of Lesser Importance are applied to Transactions of Greater Importance.

In the light of the emergency situation linked to the Covid-19 pandemic (so-called Coronavirus), which, resulted in the suspension of the activities of the exhibition and congress sector for reasons of force majeure for a prolonged period during the current year, the parties have agreed a temporary reduction of the rent for the Rho and Milan exhibition sites for the year 2020, as they had become excessively onerous. For the same reasons, the rents charged to Fiera Milano Congressi were also reduced for the year 2020.

The total amount of the reduction is equal to Euro 14 million and is proportionally allocated to the individual lease agreements in place between Fondazione Fiera Milano, Fiera Milano and Fiera Milano Congressi.

The transaction will allow the Company to derive economic and financial benefits and therefore falls within the scope of the various measures to reduce operating costs that Fiera Milano has implemented to deal with the effects of the pandemic on its operations.

As part of the negotiations with the Fondazione Fiera Milano, the Company was assisted by the independent advisor Yard S.p.A. which was assigned the task of assessing the validity of the conditions for requesting a temporary reduction of rent and, on the basis of market practices in view of the current emergency, provide the outline criteria to quantify such a reduction.

In its opinion, which has been attached to the aforementioned Information Document, the advisor concluded that the request for the revision of the rents in question to be founded and legitimate, albeit of a temporary nature as justified by the extraordinary situation caused by the Covid-19 pandemic. Considering all the lease agreements in place between the companies of the Fiera Milano Group and Fondazione Fiera Milano, Yard determined the amount of the discount to be between a minimum of Euro 13.7 million and a maximum of Euro 15.4 million. In determining the amount of the reduction, Yard considered it reasonable that the revision should be based on the distinction between the “lockdown period” and the “no-lockdown period”, considering the months of January and February 2020 as full-rent months.

Other information

- 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.
- On 28 July 2020, pursuant to art. 6.P.5 of the Corporate Governance Code of Borsa Italiana, Fiera Milano S.p.A. announced that it had signed an agreement for the termination of all relationships with Mr 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 288,000. As part of the understandings reached after Dr Curci left his role as executive at Fiera Milano S.p.A., Dr Curci will be paid Euro 190,000 gross, as a general settlement inclusive of mutual releases and waivers. The fees due were 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.
- On 15 December 2020, the Board of Directors of Fiera Milano S.p.A. resolved to appoint Mr Luca Palermo as Chief Executive Officer and General Manager of the Company from 1 January 2021. As of that same date, the management powers temporarily given to the Chairperson Carlo Bonomi were also be revoked and he will be granted powers relating to the management of institutional relations.

Macroeconomic reference background

Macroeconomic trend

The Covid-19 pandemic and the measures taken to contain it led to a major recession: globally in 2020, GDP fell by 3.5%¹, advanced economies declined by 4.9%, while emerging and developing markets saw a contraction of 2.4%.

China is the only country to have maintained GDP growth (+2.3%): the first quarter closed with negative growth for the first time since 1992, while subsequently production and investments recovered, so much so that the third quarter 2020 recorded +6.5%.

United States GDP closed 2020 down 3.4%, breaking an 11-year positive streak: the annual contraction is in fact the first since 2009, when GDP fell by 2.5% during the financial crisis.

The Eurozone saw GDP contract by 7.2%²: Germany fell by 5.4%, France and Spain -9.0% and -11.1% respectively, while Italy closed 2020 with a 9.2% drop. In the first and second quarters of 2020, Eurozone GDP fell by -3.7% and -11.7%, respectively, compared to the previous quarter. Following a slowdown in the pandemic and the consequent relaxation of measures to contain the virus, the third quarter saw an unexpected rebound, at +12.4% compared to the previous quarter; the fourth quarter ended with a contraction of 0.7% due to new measures put in place to contain contagions. The German economy shrunk after 10 years of expansion: manufacturing production fell by 10.4% and, for the first time since 2009, exports and imports fell by 9.9% and 8.6% respectively.

Italian industry has been severely affected by the pandemic, mainly due to the fall in demand, both domestic and foreign, caused by the containment measures introduced in Italy and in the other countries affected by the virus. In the first eleven months of 2020, manufacturing output fell about 13%³ compared to 2019, especially between February and April, when output was (on average) more than 50% lower than pre-Covid. The recovery in the summer months (+29%) was instrumental in limiting losses for the year. In January 2021, there was a slight increase in industrial production (+1.0% compared to December 2020) after the substantial stagnation (-0.1%) in the last month of the year.

The effects of the pandemic have been felt unevenly across sectors: production of essential goods was not affected by lockdown, while demand for consumer durables was deferred. The differences were more pronounced in the first phase of the pandemic, ranging from -92.8% in leather products to -5.5% in pharmaceuticals (April 2020 production compared to January). In 2020 as a whole, after the recovery in the third quarter, the manufacturing sectors worst affected, with drops in activity of over -20%, were fashion (textiles, clothing, leather) and automotive (already in difficulty before the pandemic). In contrast, the food&beverage and pharmaceutical sectors kept their losses in 2020 compared to the previous year to below -5%.

The collapse in demand and industrial production on a global scale led to a contraction in the world goods trade, which is expected to fall by 9.2% in 2020, while expectations for 2021 are for a rebound (+7.2%), which still does not amount to an immediate recovery of pre-crisis levels⁴.

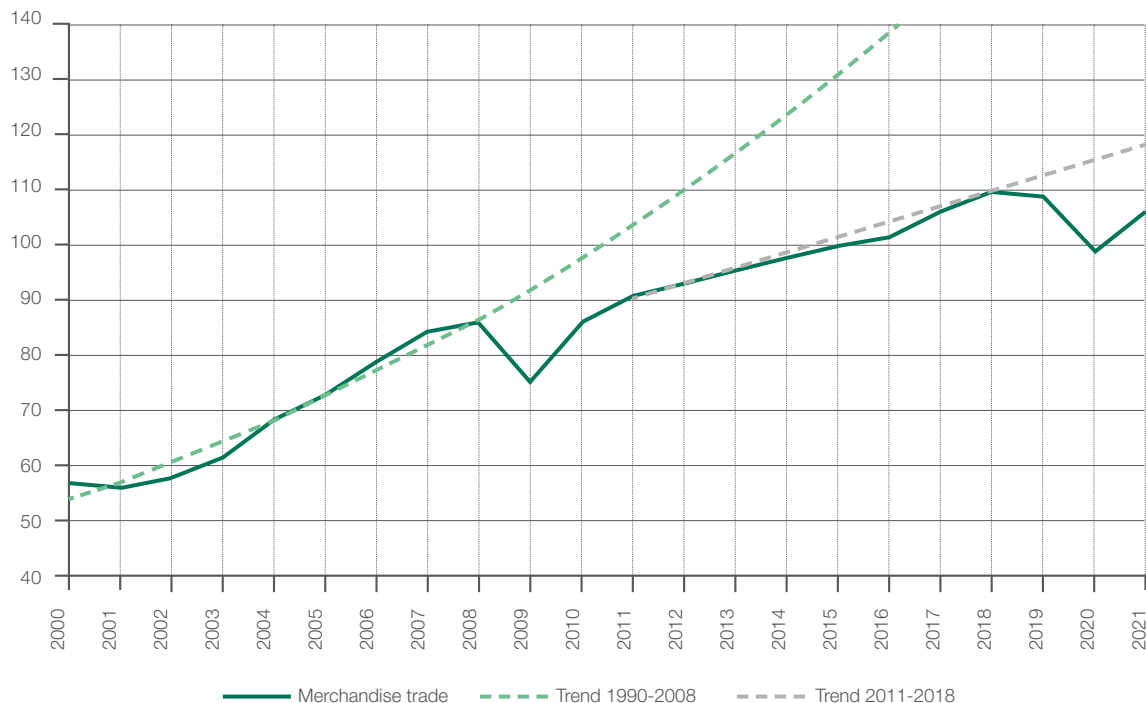
¹ IMF, World Economic Outlook Update, January 2021.

² European Economic Forecast Winter 2021.

³ Confindustria Research Centre: "Congiuntura Flash" January 2021; CSC quick survey on industrial production February 2021.

⁴ WTO, October 2020.

Volume of global trade 2000-2021



Source: WTO, October 2020.

Although the decline in trade during the pandemic was similar to that experienced during the 2008-2009 financial crisis, the economic context is very different. The volume of trade is expected to fall about twice as much as world GDP, whereas during the previous crisis the fall in trade was greater, about six times that of GDP. Restrictions to contain infections are driving the current crisis and have had a greater effect on services, which are still suffering more than industry and whose prospects remain uncertain.

Global air travel has been severely impacted by the pandemic⁵: the number of passengers plummeted by 60% from 4.5 billion in 2019 to 1.8 billion in 2020, equal to the number of passengers carried worldwide in 2003. Forecasts for 2021 are for a recovery, at least in the second half of the year. Total passenger numbers are expected to be 2.8 billion, up from 2020 but still far below the 2019 figure.

The exhibition sector

Exhibitions are among the sectors most affected by the pandemic internationally, along with tourism and air transport. The first signs were seen in January and early February 2020, with cancellations and postponements of exhibitions in Asia and a decline in the presence of exhibitors and visitors from the region at exhibitions in other locations. In February, the full effects were also felt in the rest of the world. As the pandemic spread, organisers began to cancel or postpone exhibitions. Initially it was the individual choice of each organiser, but within a few weeks it was required by governments, as part of more general restrictions that limited people's movements and gatherings.

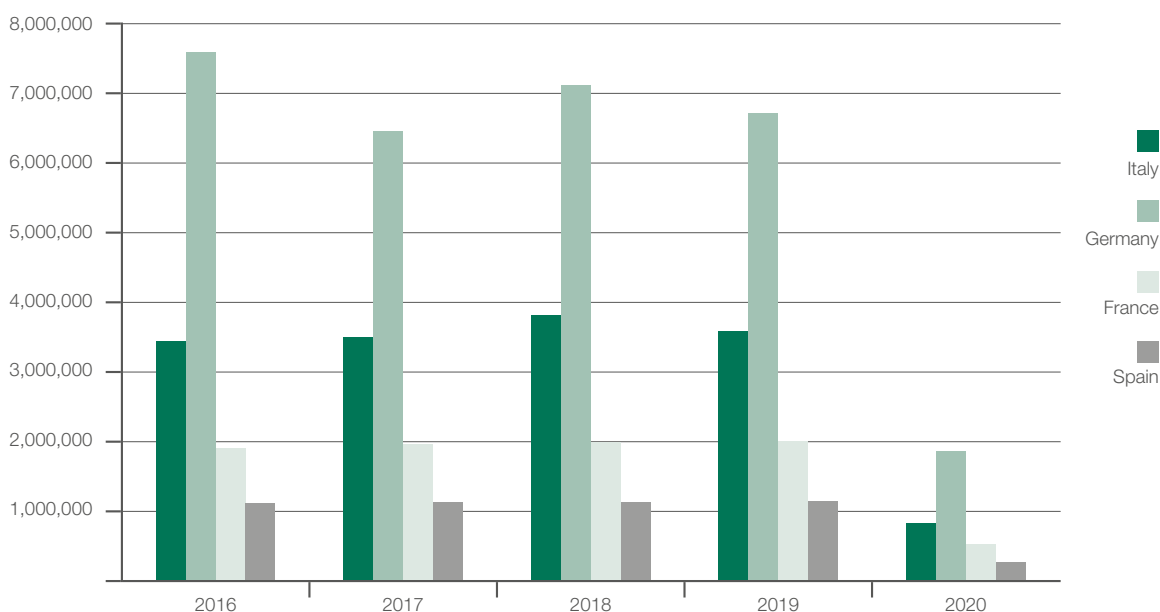
⁵ IATA, November 2020.

Ufi - The Global Association of the Exhibition Industry⁶, on the basis of surveys conducted periodically among its members, has estimated that in 2020 the revenues of the global exhibition system will drop on average by 68%. Revenue declines were most pronounced in Central and South America and Africa Middle East, where 2020 revenues were 23% and 24% of 2019 revenues, respectively. This was followed by Asia (27% of 2019 revenues), Europe (32%), and North America (36%). In terms of operating profit or loss, globally, 52% of respondents said they had experienced a loss and 30% said their profits had fallen by more than 50% compared to 2019.

Europe's leading exhibition-holding countries reported falls of more than 70% in terms of square metres rented compared to 2019. In Italy, exhibitions were prohibited until August. From 1 September, it was possible to resume in-person events, but the sector was halted again from 26 October. In the few months in which it was possible to organise exhibitions (January-February and September-October), events were affected by Covid: in the first part of the year, attendance was down compared to previous years' editions and in the autumn restrictions on international flights and fears linked to the risk of infection affected the running of events, leading to significant reductions in the number of exhibitors, visitors and square metres rented (despite safety protocols put in place by organisers and exhibition sites to contain the risk). Overall, square footage rented in Italy in 2020 was down 76% compared to 2019.

In Germany, of the 355 international, national and regional exhibitions scheduled for 2020, only 114 were able to take place. According to AUMA, the German exhibition association, the decrease in rented space was 72%. France saw a 73% drop in activity and Spain showed similar declines in the main exhibition indicators.

Square metres rented out at international exhibitions



Source: Studi e Sviluppo Fondazione Fiera Milano using CERMES, AUMA, AMR, AFE, and OJS data.

In the absence of physical events, organisers created digital events: webinars, matching, panel discussions, virtual exhibitions, and e-commerce platforms were tested and refined in real time based on feedback from exhibitors and visitors. Until 2019, digital was a well of untapped potential for the exhibition industry. The undoubted advantages of the face-to-face model and its profitability have slowed down the development of digital solutions, so much so that on average revenues from digital services have accounted for only 2%⁷ of the total revenues of exhibition organisers.

⁶ Ufi Global Barometer, January 2021.

⁷ Globex - The global exhibition organising market: assessment and outlook to 2022, AMR International, 2020.

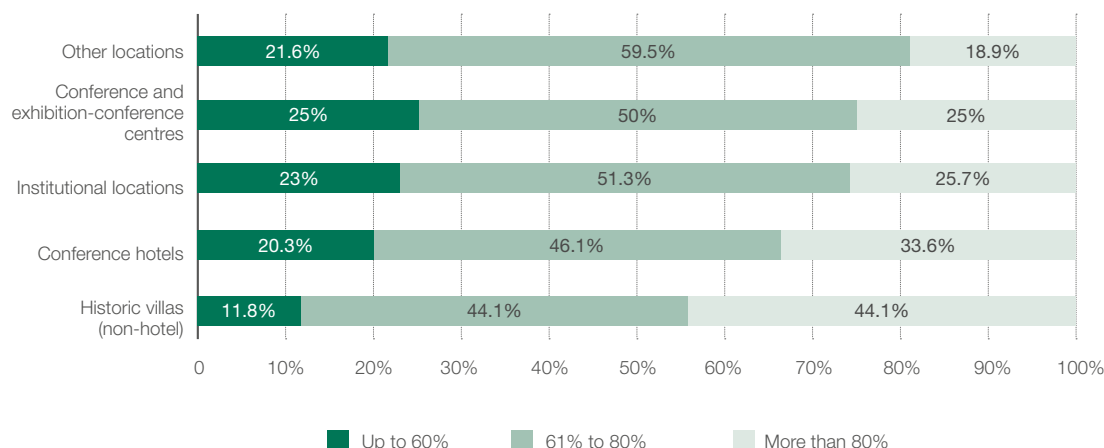
Exhibition sites also used digital solutions for two reasons: on the one hand to convey new formats (e.g. the setting up of recording studios for the production of webinars) and on the other hand to create security protocols, developed in compliance with the guidelines issued by national and international associations in the sector. Heatmaps to monitor traffic and routes inside the pavilions, wayfinding systems to help visitors find their way around the fair, ledwalls that can be updated in real time to provide rapid information, fast-track systems, and online booking of services are just some of the tools used to simplify and make participating in exhibitions safer.

Congress and events sector

The congress and events sector was also among those most affected by the pandemic: in an international survey of event organisers, 88%⁸ said that they were able to organise less than 25% of the events scheduled in 2020, pointing out that many of the events actually held took place earlier in the year. ICCA (International Congress and Convention Association) is the reference association for international association congresses, which rotate between different locations, often in several geographical regions: a survey of its members shows that, in 2020, 70%⁹ were unable to organise one or more of their scheduled events.

The Italian situation is in line with the international scenario and the local exhibitions industry: ASERI (Alta Scuola di Economia e Relazioni Internazionali) at the Catholic University, Rome, estimates that 83% of the events on the calendar will be cancelled throughout Italy in 2020.

Percentage reduction in events hosted compared to 2019



Source: ASERI, 2021

Venues hosting events and congresses (congress centres, exhibition and conference venues, conference hotels) saw more than an 80% drop in revenue in 2020 compared to 2019. Most were forced to abandon planned investments, while others not only confirmed (sometimes only partially) planned investments, but also made unplanned investments, especially in infrastructure/services and technology. As with the exhibition venues, this decision is due to the need to comply with regulations to contain the spread of the virus, but also to the desire to be competitive in a market that will increasingly demand services and technological solutions to help clients to encourage event participation.

⁸ Global DMC Partners_ 2020 Q4 Meetings & Events Pulse Survey.
⁹ The Future of Global Association Meetings - The New Association Reality, 2020.

In 2020, the majority of event organisers used digital solutions as they could not deliver physical events, generating gradual growth throughout the year. According to Global DMC Partners, 52% of organisers in Q2 2020 had used virtual events, while by Q3 the figure had risen to 72% and in Q4 it reached 78% of respondents. Only 15% had not used virtual events and 6% had developed hybrid solutions (part virtual and part physical)¹⁰.

Future outlook and emerging trends

Forecasts for the future are still marked by deep uncertainty hinging on the progress of the vaccination campaign and the consequent easing of restrictions on flights and crowds of people. The international exhibition industry is looking carefully at solutions that allow for a recovery in air travel, which is essential element for organising international exhibitions and congresses. For example, the IATA (International Air Transport Association) is developing a digital health passport, which is a mobile application that allows passengers to catalogue and digitally store all vaccination certificates and the results of Covid-19 tests performed. By doing this, a passenger's health information can be shared with local authorities and airlines, who can verify it by scanning a QR code.

Digital solutions offer a way to serve the main communities of the exhibition and congress world: 54% of event organisers will be doing virtual events in 2021 and 25% will focus on hybrid events. The trend in the world of exhibitions that developed in 2020 will also continue: although multiple surveys¹¹ show that virtual exhibitions are not likely to replace physical ones, it is clear that digital is here to stay. Digital products – not only virtual exhibitions but also webinars, training courses, matching services and content that can be accessed all year round – make it possible to keep the relationship with communities alive and to expand the pool thanks to the absence of physical and temporal limits typical of exhibitions. In a world where it is expected, at least in the short term, that there will be a decrease in the size of physical exhibitions, then hybrid solutions (i.e. those that integrate face-to-face and digital components) are seen as an opportunity.

¹⁰ Global DMC Partners_ 2020 Q4 Meetings & Events Pulse Survey.

¹¹ GRS Exhibition Industry Outlook "The impact of Covid-19"; Ufi Global Barometer; Ufi – Explori Global Recovery Insights 2020.

Income and financial performance for the year ended 31 December 2020

Income performance

The Consolidated Income Statement is presented below.

Consolidated Income Statement

(Amounts in €'000)	2020		2019	
		%		%
Revenues from sales and services	73,635	100	279,711	100
Cost of materials	1,586	2.2	2,489	0.9
Cost of services	45,519	61.8	121,215	43.3
Costs for use of third party assets	453	0.6	486	0.2
Personnel expenses	31,852	43.3	47,432	17.0
Other operating expenses	2,467	3.4	4,778	1.7
Total operating costs	81,877	111.2	176,400	63.1
Other income	16,875	22.9	2,428	0.9
Results of equity-accounted companies	532	0.7	3,768	1.3
Allowance for doubtful accounts and other provisions	(1,278)	(1.7)	3,453	1.2
EBITDA	10,443	14.2	106,054	37.9
Depreciation and amortisation	44,761	60.8	45,171	16.1
Adjustments to asset values	-	-	1,285	0.5
EBIT	(34,318)	(46.6)	59,598	21.3
Financial income/(expenses)	(12,707)	(17.3)	(13,365)	(4.8)
Valuation of financial assets	-	-	-	-
Profit/(loss) before income tax	(47,025)	(63.9)	46,233	16.5
Income tax	(12,873)	(17.5)	11,905	4.3
Profit/(loss) from continuing operations	(34,152)	(46.4)	34,328	12.3
Profit/(loss) from discontinued operations	-	-	-	-
Profit/(loss):	(34,152)	(46.4)	34,328	12.3
- attributable to the shareholders of the controlling entity	(33,943)	(46.1)	34,425	12.3
- attributable to non-controlling interests	(209)	(0.3)	(97)	(0.0)

Revenues from sales and services were Euro 73,635 thousand, a decrease of Euro 206,076 thousand compared to the figure of Euro 279,711 thousand in the 2019 financial year. The decrease in revenues mainly 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 exhibitions, including the annual Salone del Mobile, Mido, Eicma Moto and the 'biennial even numbered years' Mostra Convegno Expocomfort, some events taking place in reduced form, such as the directly organised HOMI Fashion & Jewels, the hosted The Micam autumn and Bimu, and the suspension of congresses. The absence of the biennial odd numbered year exhibitions Host, Made Expo, Tuttofood and Transpotec Logitec should also be noted.

EBITDA amounted to Euro 10,443 thousand compared to Euro 106,054 thousand in 2019, a decrease of Euro 95,611 thousand, mainly due to the trend in revenues. This effect was partially offset by significant cost containment measures implemented from March, relating among other things to the management of exhibition sites and personnel. During December, Fiera Milano and Fondazione Fiera Milano agreed a temporary reduction in rent for the Milan and Rho exhibition sites and of the “MiCo” congress centre for 2020, worth a total Euro 14,000 million. For further details, please refer to Chapter 1 “Accounting standards and criteria used to prepare the financial statements” of the Notes to the consolidated financial statements. The positive impact of IFRS 16 amounted to Euro 47,329 thousand compared with the figure recorded in the previous year (Euro 47,705 thousand).

EBIT was equal to Euro -34,318 thousand compared to Euro 59,598 thousand in 2019, marking a decrease of Euro 93,916 thousand. The negative change mainly reflects the trend in EBITDA. The positive impact of IFRS 16 amounted to Euro 7,764 thousand compared with the figure recorded in the previous year (Euro 7,824 thousand).

Net financial expenses came to Euro 12,707 thousand compared to expenses of Euro 13,365 thousand in 2019. The Euro 658 thousand improvement is mainly due to the lower weight of the financial expenses from payables relating to rights of use on leased assets. The negative impact of IFRS 16 amounted to Euro 12,689 thousand compared with positive Euro 13,590 thousand in the previous year.

Profit/(loss) before tax was equal to Euro -47,025 thousand compared to Euro 46,233 thousand in 2019 and reflects a negative effect of Euro 4,925 thousand due to the application of IFRS 16 compared to 31 December 2019 (Euro 5,766 thousand).

Net profit/(loss) at 31 December 2020 showed a loss of Euro -34,152 thousand, compared to a net profit of Euro 34,328 thousand for the previous year and reflects a negative effect of Euro 3,728 thousand compared to the previous year (Euro 4,645 thousand) due to the first-time adoption of IFRS 16.

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

Net profit is **attributable** as follows:

- Euro -33,943 thousand **to shareholders of the controlling entity;**
- Euro -209 thousand **to non-controlling interests.**

Equity and financial performance

The table below shows the Restated Consolidated Balance Sheet.

Reclassified Consolidated Statement of Financial Position

(Amounts in €'000)	31/12/20	31/12/19
Goodwill	95,036	95,036
Intangible assets with a finite useful life	17,006	14,640
Right-of-use assets	431,668	469,571
Tangible fixed assets	7,040	9,155
Other non-current assets	43,062	34,078
A Non-current assets	593,812	622,480
Inventory and contracts in progress	5,557	2,231
Trade and other receivables	26,705	40,356
B Current assets	32,262	42,587
Trade payables	19,904	41,985
Payments received on account	30,577	49,227
Tax liabilities	3,849	2,979
Provisions for risks and charges and other current liabilities	13,368	36,111
C Current liabilities	67,698	130,302
D Net working capital (B - C)	(35,436)	(87,715)
E Gross capital employed (A + D)	558,376	534,765
Employee benefit provisions	10,062	9,898
Provisions for risks and charges and other non-current liabilities	11,639	11,960
F Non-current liabilities	21,701	21,858
G NET CAPITAL EMPLOYED continuing operations (E - F)	536,675	512,907
H NET CAPITAL EMPLOYED assets held for sale	-	-
TOTAL NET CAPITAL EMPLOYED (G + H)	536,675	512,907
covered by:		
Equity attributable to the Group	62,883	107,276
Equity attributable to non-controlling interests	348	580
I Total equity	63,231	107,856
Cash & cash equivalents	(20,442)	(68,031)
Current financial (assets)/liabilities	93,052	33,730
Non-current financial (assets)/liabilities	400,834	439,352
Net financial position continuing operations	473,444	405,051
Net financial position assets held for sale	-	-
L Net financial position (TOTAL)	473,444	405,051
EQUITY AND NET FINANCIAL POSITION (I + L)	536,675	512,907

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

Total **net capital employed** at 31 December 2020 amounted to Euro 536,675, increasing by Euro 23,768 thousand compared to the figure at 31 December 2019 (Euro 512,907 thousand).

Non-current assets amounted to Euro 593,812 thousand at 31 December 2020 compared to Euro 622,480 thousand at 31 December 2019. The fall of Euro 28,668 thousand relates to the balance between investments for Euro 6,114 thousand, rights of use for Euro 1,766 thousand, depreciation and amortisation for Euro 44,761, receivables for tax consolidation for Euro 12,565 thousand, increases in deferred tax assets for Euro 312 thousand, measurement at equity of equity investments for Euro -3,427 thousand, exchange differences for Euro -1,022 thousand and other changes for Euro -215 thousand.

Net working capital, which is the balance of current assets and current liabilities, went from Euro -87,715 thousand at 31 December 2019 to Euro -35,436 thousand at 31 December 2020. The change mainly relates to the suspension of exhibition and congress activities as a result of the Covid-19 pandemic, which led to the cancellation and postponement of most scheduled events to later dates following the Covid-19 pandemic, as well as greater use of holidays and a reduction in variable remuneration. In structural terms, the Fiera Milano Group has a negative net working capital due to the favourable cash management cycle of exhibitions, as clients pay part of the attendance fee in advance.

As regards **Net financial position** not including IFRS 16 lease liabilities, the Group's net debt at 31 December 2020 amounted to Euro 23,872 thousand, compared to cash of Euro 68,343 thousand at 31 December 2019. The decrease was due to the suspension of exhibition activities following the emergence of Covid-19 from the end of February 2020.

The net financial indebtedness including the IFRS 16 lease liability amounted to Euro 473,444 thousand (Euro 405,051 thousand at 31 December 2019).

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

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

Statement of reconciliation between Fiera Milano SpA and the Consolidated Financial Statements

(€000)	Full year 2020		Full year 2019	
	Equity	Profit/(loss)	Equity	Profit/(loss)
PARENT COMPANY EQUITY AND PROFIT/(LOSS)	65,168	(24,756)	99,373	32,794
Equity and profit/(loss) of consolidated companies	23,008	(9,467)	33,402	3,624
Intragroup dividends	-	-	-	(2,266)
Elimination of carrying value of consolidated investments	(90,612)	-	(93,402)	-
Goodwill arising from acquisitions	12,020	-	12,020	-
Write-down of investments, net of tax effect	52,811	-	55,602	9
Elimination of write-downs of intergroup loans and financing	44	62	78	158
Elimination of intragroup margins	742	9	733	9
Minor consolidation adjustments, net of tax effect	50	-	50	-
TOTAL EQUITY	63,231	(34,152)	107,856	34,328
of which attributable to non-controlling interests	348	(209)	580	(97)
GROUP EQUITY AND PROFIT/(LOSS)	62,883	(33,943)	107,276	34,425

Investments

In the financial year ended at 31 December 2020, investments totalled Euro 6,114 thousand and break down as follows:

Investments

(€'000)	Full year to 31/12/20	Full year to 31/12/19
Intangible fixed assets	5,247	7,969
Tangible fixed assets	867	1,820
Total investments in non-current assets	6,114	9,789

Investments in intangible fixed assets totalled Euro 5,247 thousand and mainly concern:

- the acquisition of the brands Salone Franchising Milano (Euro 150 thousand) and G! Come Giocare (Euro 550 thousand);
- investments referred to costs incurred for the ongoing development of new company IT systems, costing Euro 2,890 thousand;
- investments of the Parent mainly for purchases of software and licences as part of digital transformation projects (Euro 1,657 thousand).

Investments in tangible fixed assets totalled Euro 867 thousand and mainly concern:

- Euro 114 thousand of purchases of furniture and goods to be hired out at exhibitions;
- plant and machinery, electronic machines worth €428 thousand relating to the Parent Company and €192 thousand relating to the Congress Centre, plus €111 thousand of improvements to the Conference Centre.

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

Business performance by operating segment and geographical area

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

Summary of data by operating segment and by geographical area

(Amounts in € ·000)	2020		2019	
Revenues from sales and services				
- By operating segment:		%		%
. Italian Exhibitions Business	63,617	82.8	235,290	81.0
. Foreign Exhibitions Business	1,172	1.5	4,276	1.5
. Media	6,391	8.3	11,106	3.8
. Congresses	5,679	7.4	39,677	13.7
Total revenues gross of adjustments for inter-segment transactions	76,859	100.0	290,349	100.0
. Adjustments for inter-segment transactions	(3,224)		(10,638)	
Total revenues net of adjustments for inter-segment transactions	73,635		279,711	
- By geographic area:				
. Italy	72,553	98.5	275,551	98.5
. Foreign countries	1,082	1.5	4,160	1.5
Total	73,635	100.0	279,711	100.0
EBITDA		%		%
- By operating segment:		on revenues		on revenues
. Italian Exhibitions Business	11,259	17.7	90,559	38.5
. Foreign Exhibitions Business	(796)	(67.9)	3,338	78.1
. Media	19	0.3	816	7.3
. Congresses	(35)	(0.6)	11,341	28.6
. Adjustments	(4)		-	
Total	10,443	14.2	106,054	37.9
- By geographic area:				
. Italy	11,329	15.6	102,827	37.3
. Foreign countries	(886)	(81.9)	3,227	77.6
Total	10,443	14.2	106,054	37.9
EBIT		%		%
- By operating segment:		on revenues		on revenues
. Italian Exhibitions Business	(28,136)	(44.2)	50,707	21.6
. Foreign Exhibitions Business	(1,092)	(93.2)	2,917	68.2
. Media	(71)	(1.1)	(584)	(5.3)
. Congresses	(5,015)	(88.3)	6,558	16.5
. Adjustments	(4)		-	
Total	(34,318)	(46.6)	59,598	21.3
- By geographic area:				
. Italy	(33,136)	(45.7)	56,791	20.6
. Foreign countries	(1,182)	(109.2)	2,807	67.5
Total	(34,318)	(46.6)	59,598	21.3
Employees				
(no. of permanent employees at the end of the period)				
- By operating segment:		%		%
. Italian Exhibitions Business	503	71.1	501	70.8
. Foreign Exhibitions Business	102	14.4	105	14.9
. Media	52	7.4	53	7.5
. Congresses	50	7.1	48	6.8
Total	707	100.0	707	100.0
- By geographic area:				
. Italy	605	85.6	602	85.1
. Foreign countries	102	14.4	105	14.9
Total	707	100.0	707	100.0

Revenues from sales and services, before eliminations for inter-segment transactions, amounted to Euro 76,859 thousand at 31 December 2020, of which 83% generated by the Italian Exhibitions Business, 2% by the Foreign Exhibitions Business, 8% by the Media segment and 7% by the Congresses segment.

- Revenues from the **Italian Exhibitions Business** amounted to Euro 63,617 thousand, decreasing by Euro 171,673 thousand over the previous year (Euro 235,290 thousand). The decrease in revenues mainly 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 exhibitions, including the annual Salone del Mobile, Eicma Moto, Mido and the 'biennial even numbered years' Mostra Convegno Expocomfort, as well as some events taking place in reduced form, such as the directly organised HOMI Fashion & Jewels, and the hosted The Micam autumn and Bimu. The absence of the biennial odd numbered year exhibitions Host, Made Expo, Tuttofood and Transpotec Logitec should also be noted.
- Revenues from the **Foreign Exhibitions Business** amounted to Euro 1,172 thousand, decreasing by Euro 3,104 thousand over the previous year (Euro 4,276 thousand). The decrease is due to the suspension of exhibition activities due to the Covid-19 pandemic which led inter alia to the postponement to 2021 of the Brazilian Exposec exhibition.
- Revenues in the **Media** segment totalled Euro 6,391 thousand, Euro 4,715 thousand lower than the figure for the previous year (Euro 11,106 thousand). The decrease is mainly due to the different exhibition calendar, which has undergone significant changes due to the course of the pandemic, significantly affecting affected billboard advertising and digital services revenues, because the events held delivered less revenues and others were cancelled. It is also worth noting the lower revenue from the publications and events of the Business International division.
- Revenues from **Congresses** amounted to Euro 5,679 thousand, down by Euro 33,998 thousand on the previous year (Euro 39,677 thousand). The decrease was mainly due to the change in the calendar of congresses starting from March following the pandemic outbreak. Consequently, this decrease is attributable to the repositioning of important events in 2021 and subsequent years, including ICTAM, ENIT, Emerson, World Routes and ERA EDTA.

EBITDA was equal to Euro 10,443 thousand, decreasing by Euro 95,611 thousand compared to the previous year, and breaks down by operating segment as follows:

- **Italian Exhibitions Business:** this segment recorded EBITDA of Euro 11,259 thousand compared to Euro 90,559 at 31 December 2019. EBITDA, in addition to reflecting the dynamics described in revenues, was partially offset by significant cost containment measures implemented from March, relating among other things to the management of exhibition sites and personnel. In this context, during the month of December, Fiera Milano and Fondazione Fiera Milano agreed on a temporary reduction of Euro 12,871 thousand in the rents for the Milan and Rho exhibition sites.
- **Foreign Exhibitions Business:** this segment recorded EBITDA of Euro -796 thousand compared to Euro 3,338 at 31 December 2019. The change was mainly due to the aforementioned trend in revenues and the result of the joint venture, recognised at equity, with the partner Deutsche Messe AG in view of the reduction in the size of exhibitions in China due to the pandemic. It should be noted that exhibition activities resumed in China in August.
- **Media:** This segment recorded EBITDA of Euro 19 thousand, falling by Euro 797 thousand over the previous year (Euro 816 thousand). The change reflects the aforementioned trend in revenues, largely offset by the decrease in personnel costs due to the activation of the Ordinary Wage Guarantee Scheme (CIGO), the lower impact of operating costs, the release of surplus provisions and the optimisation of production costs of publications.
- **Congresses:** EBITDA was Euro -35 thousand compared to Euro 11,341 thousand at 31 December 2019, a decrease of Euro 11,376 thousand. The EBITDA result was mainly attributable to the aforementioned trend in revenues. This effect was partially offset by cost containment actions such as: the renegotiation of the main service and maintenance contracts for the months when the Congress Centre was inactive, the temporary rent reduction, recourse to the Wage Supplement Fund and the suspension of promotional activities.

Total EBIT was equal to Euro -34,318 thousand compared to Euro 59,598 thousand in the previous year, and breaks down by operating segment as follows:

- **Italian Exhibitions Business:** this segment recorded EBIT of Euro -28,136 thousand compared to Euro 50,707 thousand at 31 December 2019. The change is mainly attributable to the performance of EBITDA and a lower depreciation due to the completion of the depreciation process for some groups of assets.
- **Foreign Exhibitions Business:** this segment recorded EBIT of Euro -1,092 thousand compared to Euro 2,917 thousand at 31 December 2019. The change was mainly due to the EBITDA trend.
- **Media:** this segment recorded EBIT of Euro -71 thousand, a positive change of Euro 513 thousand on the figure of the previous year (Euro -584 thousand). The increase was mainly due to the absence of value adjustments following impairment tests. 2019 figures include impairment losses for publications equal to Euro 1,173 thousand.
- **Congresses:** EBIT of Euro -5,015 thousand compared to Euro 6,558 thousand at 31 December 2019. The change was mainly due to the trend in EBITDA.

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

Operating figures

The table below gives the figures for events held at the **fieramilano** and **fieramilanocity** sites and those held abroad in the financial year to 31 December 2020 with comparative figures for the previous financial year. More specifically, the table shows the net square metres of exhibition space occupied and the number of participating exhibitors. The events are classified according to how frequently they are held - annual, biennial or multi-annual and figures for exhibitions directly organised by the Group are also given for each of the periods (*the figures have been rounded off to make them easier to read and compare*).

Fiera Milano Group Summary operating figures

	Full year to 31/12/20		Full year to 31/12/19	
	Total	Organised by the Group	Total	Organised by the Group
Number of exhibitions:	39	26	80	43
Italy	21	8	52	15
. annual	20	7	37	9
. biennial	1	1	15	6
. multi-annual	-	-	-	-
Foreign countries	18	18	28	28
. annual	18	18	24	24
. biennial	-	-	4	4
. multi-annual	-	-	-	-
Number of congresses with related exhibition space	5	-	50	-
Net sq.metres of exhibition space:	638,230	386,725	2,045,630	941,600
Italy	350,855	99,350	1,534,400	430,370
. annual (a)	341,040	99,350	1,070,200	148,385
. biennial	9,815	-	464,200	281,985
. multi-annual	-	-	-	-
(a) of which congresses with related exhibition space	8,265	-	72,035	-
Foreign countries	287,375	287,375	511,230	511,230
. annual	287,375	287,375	474,970	474,970
. biennial	-	-	36,260	36,260
. multi-annual	-	-	-	-
Number of exhibitors:	12,130	6,965	39,820	16,810
Italy	7,060	1,895	30,190	7,180
. annual (b)	6,825	1,895	23,250	2,875
. biennial	235	-	6,940	4,305
. multi-annual	-	-	-	-
(b) of which congresses with related exhibition space	205	-	6,075	-
Foreign countries	5,070	5,070	9,630	9,630
. annual	5,070	5,070	8,930	8,930
. biennial	-	-	700	700
. multi-annual	-	-	-	-

The table shows that in 2020, the percentage of total square metres of exhibition space covered by annual exhibitions was approximately 98%. In terms of net exhibition floor space, annual exhibitions covered 628,415 square metres, a decrease of 916,755 square metres compared to the previous year. The change mainly affected the annual exhibitions hosted in Italy (-680,125 square metres, equal to approximately 73%) due to the different exhibition calendar, which underwent significant changes due to the development of Covid-19, as discussed. Biennial exhibitions covered 9,815 net square metres of exhibition space, a decrease of 98% compared to 2019. The decrease of 490,645 square metres was mainly due to cancelled exhibitions and the absence of the directly organised biennial exhibitions in Italy (Host, Tuttofood, Transpotec & Logitec). Added to this effect was the decrease in the number of biennial exhibitions hosted in Italy, which decreased by -172,400 square metres, again due to the cancelled exhibitions and the absence of Made Expo, Euroluce, Lamiera and Simei.

There was a year-on-year decrease compared to 2019 of 44%, or 223,855 net square metres, in the space occupied by exhibitions held abroad, mainly due to the combined effect of the different exhibition calendars in China, India, South Africa and Brazil, which underwent major changes due to the progression of Covid-19, as discussed.

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

Italian exhibition portfolio

Annual exhibition:	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2020	Full year to 31/12/2019	Full year to 31/12/2020	Full year to 31/12/2019
Directly organised				
- Bit	17,365	15,790	255	280
- HOMI Fashion&Jewels (I semester)*	13,215	-	545	-
- HOMI Fashion&Jewels (II semester)	3,900	11,905	155	550
- HOMI*	60,090	-	585	-
- Miart	a)	8,960	135	210
- Promotion Trade Exhibition	4,780	4,500	140	145
- Milan Games Week	a)	b)	80	b)
- Chibimart Summer	c)	3,505	c)	115
- HOMI I semester	d)	72,740	d)	1,185
- HOMI Outdoor	c)	21,335	c)	250
- Sposaltalia	c)	9,650	c)	140
Total annual exhibitions directly organised	99,350	148,385	1,895	2,875
Hosted				
- A new point of view	10,650	e)	265	e)
- Filo*	1,475	-	50	-
- Lineapelle (I semester)	46,150	48,710	1,110	1,115
- Milano Auto Classica	13,790	16,225	210	325
- Milano Unica (Autumn)	12,335	34,110	225	470
- Milano Unica (Spring)	30,575	28,115	450	425
- Mipel (Autumn)	2,530	7,875	70	270
- Mipel (Spring)	7,330	8,275	240	270
- Simac Tanning-Tech	18,250	18,685	295	280
- Smau	1,845	4,680	5	5
- The Micam (Autumn)	19,595	60,365	435	1,245
- The Micam (Spring)	58,065	60,870	1,190	1,255
- The One Milano (February)	10,835	13,970	180	230
- Artigiano in fiera	c)	56,885	c)	1,475
- Cartoomics	f)	12,800	f)	435
- Eicma Moto	c)	117,055	c)	770
- Fa' la cosa giusta	c)	11,345	c)	695
- G! come giocare	c)	6,505	c)	70
- Lineapelle (II semester)	e)	49,830	e)	1,130
- Mido	c)	50,710	c)	1,250

Italian exhibition portfolio

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2020	Full year to 31/12/2019	Full year to 31/12/2020	Full year to 31/12/2019
Annual exhibition:				
- Milan Games Week	b)	12,890	b)	140
- Myplant & garden	c)	24,935	c)	620
- Packaging premiere	c)	4,685	c)	230
- Pets in the city	c)	4,635	c)	90
- Plug-Mi	c)	2,790	c)	30
- Salone del Franchising Milano	c)	3,630	c)	115
- Salone del mobile/ Complemento d'arredo	c)	175,445	c)	1,035
- Smap Expo	c)	835	c)	20
- The One Milano (September)	g)	1,380	g)	70
- Viscom - Visual communication	c)	11,545	c)	235
Total annual exhibitions hosted	233,425	849,780	4,725	14,300
Total annual exhibitions	332,775	998,165	6,620	17,175
Biennial exhibitions				
Directly organised				
- Fruit&Veg Innovation	-	1,820	-	45
- Host	-	140,900	-	2,145
- Sicurezza	-	20,625	-	370
- Smart Building Expo	-	3,405	-	95
- Transpotec & Logitec	-	51,105	-	255
- Tuttofood	-	64,130	-	1,395
Total biennial exhibitions directly organised	-	281,985	-	4,305
Hosted				
- Bimu	9,815	-	235	-
- Made Expo	-	45,930	-	690
- Euroluce	-	38,900	-	360
- Lamiera	-	22,935	-	385
- Vitrum	-	15,520	-	160
- Made in Steel	-	14,280	-	280
- Seeds & Chips	-	11,595	-	250
- Simei	-	30,190	-	465
- Workplace 3.0	-	2,360	-	15
- Farmacistapiù	-	505	-	30
Total biennial exhibitions hosted	9,815	182,215	235	2,635
Total biennial exhibitions	9,815	464,200	235	6,940
TOTAL EXHIBITIONS	342,590	1,462,365	6,855	24,115
- Congresses with related exhibition space	8,265	72,035	205	6,075
TOTAL	350,855	1,534,400	7,060	30,190

* The exhibition was held for the first time.

a) The exhibition took place in digital form.

b) Starting from 2020 the exhibition is directly organised.

c) The exhibition did not take place.

d) The exhibition was reconfigured in two new formats: Fashion&Jewels and Outdoor (1st semester).

e) The exhibition was reconfigured in a new format called A new point of view.

f) The exhibition took place as a sector within Milan Games Week.

g) The exhibition took place as a sector within The Micam (September).

The table below gives details of the exhibitions organised abroad, for which the Group has acted as organiser, business partner or agent. The net exhibition space occupied was 287,375 square metres (*the figures for net square metres of exhibition space have been rounded off to make them easier to read and compare*).

Foreign exhibition portfolio

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/20	Full year to 31/12/19	Full year to 31/12/20	Full year to 31/12/19
Annual exhibition:				
Annual exhibitions in China				
- CeMAT Asia Shanghai	31,435	32,255	640	690
- China International Fastener Show °	11,355	15,810	420	800
- China International Stainless Steel Industry Exhibition °	1,630	0	30	0
- Chinafloor Domotex Shanghai °	30,695	89,030	885	1,605
- Comvac Asia	8,170	9,790	225	280
- E-Pack Tech Shanghai	395	830	25	25
- Industrial Automation Robotic Show South China °	1,765	7,780	135	200
- Industrial Automation Shanghai °	25,405	31,210	555	715
- Industrial Automation Shenzhen	11,595	11,965	325	500
- International Cold Chain Exhibition °*	1,130	0	10	0
- Laser Fair Shenzhen	3,720	6,100	80	250
- Let China Guangzhou	6,425	9,350	220	310
- Metal + Metallurgy	655	3,480	15	130
- Metalworking and CNC Mach. Tool Shanghai °	23,895	33,200	365	540
- Motor Show Chengdu °	72,910	83,500	90	100
- PTC Asia Shanghai	20,640	43,690	890	1,450
- Wuhan Motor Show °	31,645	42,970	60	85
- CEFE Shanghai °	a)	4,125	a)	155
- Heavy Machinery Asia	a)	1,190	a)	50
- GITF International Tour Guangzhou	a)	9,530	a)	215
- Industrial Automation Beijing	a)	3,620	a)	150
- Internet Plus Expo Foshan	a)	16,870	a)	220
- Metal + Tech Foshan	a)	4,335	a)	140
Total annual exhibition in China	283,465	460,630	4,970	8,610
Annual exhibitions in South Africa				
- Cape Town Art Fair	3,910	3,930	100	105
Total annual exhibitions in South Africa	3,910	3,930	100	105
Annual exhibitions in Brasil				
- Ecoenergy	a)	475	a)	25
- Exposec	a)	9,935	a)	190
Total annual exhibitions in Brasil	-	10,410	-	215
Total annual exhibitions	287,375	474,970	5,070	8,930

Foreign exhibition portfolio

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/20	Full year to 31/12/19	Full year to 31/12/20	Full year to 31/12/19
Biennial exhibitions:				
Biennial exhibitions in China				
- China Commercial Vehicle Show [°]	0	27,435	0	180
Total biennial exhibitions in China	-	27,435	-	180
Biennial exhibitions in Brasil				
- Reatech	0	4,695	0	130
- Tubotech	0	1,485	0	235
- Wire South America	0	2,645	0	155
Total biennial exhibitions in Brasil	-	8,825	-	520
Total biennial exhibitions	-	36,260	-	700
TOTAL EXHIBITIONS	287,375	511,230	5,070	9,630

* First edition of this exhibition.

[°] Fiera Milano Group acts as a trading partner.

[¶] The exhibition did not take place.

Fiera Milano Group personnel

Composition and turnover

At 31 December 2020, the Group had 707 permanent employees, unchanged compared to 31 December 2019.

Permanent employees at year end

(units)	31/12/20			31/12/19		
	Total	Italy	Foreign countries	Total	Italy	Foreign countries
Fully consolidated companies:						
Executives	25	24	1	27	25	2
Managers and White collar workers (including Journalists)	597	565	32	592	562	30
Total	622	589	33	619	587	32
Equity-accounted companies ^(a):						
Executives	5	2	3	5	2	3
White collar workers	80	14	66	83	13	70
Total	85	16	69	88	15	73
TOTAL	707	605	102	707	602	105

^(a) the indicated data corresponds to the pro-quota of total employees

Specifically, during 2020, 67 people joined the Group, of which 57 in Italy, due to a consolidation of the commercial and operations areas, and a stabilisation of temporary contracts, consolidating all organisational units; the remaining 10 people were employed abroad and mainly refer to the business reorganisation and a high employee turnover rate.

A total of 67 people left the Group, of whom 54 from Italian companies, mainly due to voluntary resignations and some retirements; 13 people left foreign businesses mainly due to a high employee turnover rate.

The overall turnover rate of employees, calculated as the difference between those joining and those leaving as a percentage of the average number of employees, was 18.8% compared to 21.9% last year.

Fiera Milano Group usually employs staff on temporary contracts to manage peaks of activity related to the exhibition calendar and to start up extraordinary projects. Due to the Covid-19 pandemic, staff on fixed-term contracts decreased from 42 at 31 December 2019 to 14 in 2020, primarily due to the inability to extend existing contracts.

Under agreements with the Milan Polytechnic, Bocconi University, Bicocca University, Cattolica del Sacro Cuore University, IULM University, Carlo Cattaneo University - LIUC, Sole 24 Ore Business School, Academy of Communication, Academy of Fiera Milano Foundation, AFOL Metropolitana, ADECCO, Randstad, Accademia del Lusso of Milan, Gema Business School of Rome, in the early months of 2020 the Fiera Milano Group hosted 43 internships (15 activated in 2020, 28 activated previously) in various company sectors (Purchasing, Sales, Communication, Internal Control, Customer Care, IT, Legal, Marketing, Operation and Technical Area). The average length of the work experience was generally six months.

Employment contracts in force

The Italian companies of the Fiera Milano Group adopt the national collective bargaining agreement for employees of tertiary, distribution and service companies, with the exception of journalists, who are covered by the National Contract for Journalists.

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

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

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

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

Safety measures adopted

The safety of its personnel is of primary importance and Fiera Milano Group makes significant investments on this front. In 2020, personnel with technical roles in the Company safety training.

In response to the Covid-19 pandemic, the new Safety Protocols to illustrate the measures adopted and the conduct to be followed in the workplace were sent to all employees; to be able to carry out remote work, there were also additional suggestions on the subject of ergonomics and working from home.

Covid-19 pandemic - Income support measures

The exhibition/congress sector was one of the worst affected by the crisis caused by the Covid-19 pandemic.

The Group 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. To counter the effects of the pandemic, the Company launched major cost reduction actions, particularly relating to the management costs of sites and personnel expenses.

In relation to personnel, in March 2020, Fiera Milano Group companies started the procedure to request income support.

Applications have been made for support from the Salary Integration Fund (FIS) on a rotating basis for all employees of the Group's subsidiaries, with the exclusion of Fiera Milano Media, which triggered the Ordinary Wage Guarantee Scheme (CIGO) support mechanism for its employees (excluding the Journalist category).

Use of this safety net became urgent and indispensable due to the public health emergency in Italy, caused by the sudden spread of the Covid-19 virus, which has effectively brought commercial activities and exhibitions in Italy to a standstill; The Group therefore found itself needing to manage its human resources that could not objectively and usefully be employed in any activity.

During periods when work was suspended, the Group brought forward the payment of benefits and ensured the regular accrual of contractual rights as in the case of normal employment.

The application for income support, due to the continuation of the pandemic, was extended according to the provisions of the various new regulations, until August 2020 and for the period between September and December 2020. In view of the provisions contained in Budget Law No. 178/2020 and the continuation of the pandemic, income support measures have also been requested for the period January – March 2021.

During this period, in order to be able to maintain a relationship with employees, albeit remotely, the HR department highlighted various initiatives and sites designed to help cultivate different interests during these unique times: *Links* to museums, films, and sites where you can download great classics for free.

Access was also granted to the *Harvard Business Review Press* (HBRP) *eBook Collection* and the Business Source Corporate Plus portal, with access to thousands of publications, including: *Harvard Business Review*, *Forbes*, *Fortune*, *Time*, *ILR Review*, *Journal of Business Strategy*, *Chief Learning Officer*, *California Management Review*.

Training

The Fiera Milano Group's training process in 2020 was once again aimed at helping its people to acquire knowledge and skills that would prove useful in the undertaking of their activities and improving the quality thereof, based on the belief that people's expertise and continuous capacity for learning are a company asset that should be constantly stimulated and cultivated.

Training, due to the health emergency caused by the Covid-19 pandemic, was completely switched from classroom to *e-learning*.

After the first few months, when it was possible to continue with classroom-based training aimed at all employees, on regulatory and procedural updates regarding relations with the Public Administration, the remaining delivery focused on webinars and summits of a technical, specialist and managerial nature.

Thanks to the agreement with the Group company Fiera Milano Media, it was possible to attend, on a monthly basis, several refresher *webinars* and conferences on *Finance*, *Marketing* and *Sales*, *Supply Chain* and *Leadership* topics.

Workplace health and safety training also continued with refresher courses for first aid officers and the workers' safety representatives (RLS). In response to the Covid-19 pandemic, the new Safety Protocols to illustrate the measures adopted and the conduct to be followed in the workplace were sent to all employees.

Journalists belonging to the Group were also able to continue their continuous training remotely, and the fruitful collaboration with the trade associations' (Asseprim and Ebiter) training companies continued, offering in-depth webinars on digital, web-related and smart working issues.

The Fiera Milano Group also begun a process of digital transformation, with the launch of the Digital Workplace project, which has allowed the Group to begin revolutionising the world of work, changing habits and operating models, through the adoption of new tools, including Office 365.

Digital ambassadors have been appointed for each area of the company for the purposes of supporting this period of change stemming from the digital evolution that the Group has embarked on. These are key people who are enthusiastic and want to learn, who will serve as examples and inspirations for their colleagues when it comes to adopting the relevant tools and actively participating in the Digital Workplace project.

In addition to organising specific training on the new Office 365 tools (Teams, Planner Form SharePoint, etc.), an online support community was established for them and an e-learning platform with training videos on using the tools created.

The weekly 'Tips' initiative (IT tips and tricks on the use of tools) was launched by sending a weekly e-mail to the entire population and publishing the news on the company intranet. The project will continue in 2021 with the organisation of plenary sessions aimed at all employees, to deepen their knowledge of individual tools.

The change process has also seen the implementation of new corporate applications that will help streamline and improve processes in the various areas and the consequent technical training on the use of these new tools.

CIPA Fiera Milano focused on providing appropriate guidelines to all employees on actions related to the postponement of its events, the communication approach to be adopted when dealing with clients, and constant information on health and well-being, as well as on preventive measures relating to the Covid-19 pandemic. The company also offered all employees the opportunity to participate in a test event in the form of a trial organised for the purposes of implementing and properly testing the health protocols issued by the Brazilian health authorities as part of training and development for the company's upcoming exhibitions.

Overall 537 people took part in the 51 training courses held, for a total of 2,503 hours.

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 & Risk and Sustainability 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.

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

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

1. Risks related to external 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 the US-China customs war, which has gone through ups and downs, and Brexit.

In 2020, Eurozone GDP fell by 7.2%¹², with Italy among the hardest hit countries (-9.2%).

Regarding the outlook for 2021, according to the European Commission's latest estimates, made mid February 2021, after a particularly difficult first quarter due to new containment measures in many European countries, the economy is expected to rebound in the spring and then in the second half of the year, thanks to the effects of the anti-Covid-19 vaccination campaign. The eurozone is expected to grow by 3.8% in both years in 2021 and 2022. The figure for this year is lower than the autumn estimate (4.2%), while the figure for next year is higher than the previous forecast (3.0%).

Italy may do worse than the average, with growth of 3.4% and 3.5% (in the autumn the forecasts were 4.1% and 2.8%). The spotty economic recovery is partly due to the fact that lockdown is hitting harder in countries where the tourism sector is particularly important.

As far as Italian exports are concerned, 2020 saw a contraction of 9.7%¹³, despite a positive signal from 3.3% growth in the final quarter.

The exhibition sector has been one of the hardest hit by the pandemic as a result of measures banning mass gatherings put in place by the various governments. It is estimated that the decline in 2020 turnover of the global exhibition industry will be about 68%¹⁴. In fact, Europe's main countries reported falls of more than 70% in terms of square metres compared to 2019 (76% in Italy).

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 exhibition 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 exhibition calendar, with a consequent increase in the level of competition among the exhibition players, who will, however, find themselves competing for a presumably reduced pool of potential exhibitors compared to pre-Covid editions.

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 set out in the 2021-2025 Plan, which are based on four main lines: (i) enhancement of traditional and digital services (ii) expansion of own exhibitions (iii) consolidation of the congress business (iv) exploitation of the potential of exhibition facilities.

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 exhibition and congress business. The measures issued since the start of the pandemic have contained changing guidelines depending on the status of the pandemic at the time and cover limited time periods, which has brought increased uncertainty for sector operators. To deal with these critical issues, the Group launched an advocacy initiative with government and regional institutions to safeguard the interests of the Group and the exhibition sector, including through research and identification of the best channels through which to protect their interests (e.g. AEFI and EFI trade associations) and working with other exhibition operators on issues of common interest (e.g. anti-Covid protocol for holding events and conferences). In particular, the Communications Department –through the External Relations Office – deals with the continuous legal/regulatory monitoring, with reports to management.

¹² European Economic Forecast Winter 2021

¹³ ISTAT

¹⁴ Ufi Global Barometer, January 2021

Event cancellation or postponement due to Covid-19

The effects of Covid-19, which were initially felt in China, gradually and then rapidly spread globally, leading the World Health Organization (WHO) to declare the infection from Covid-19 a pandemic in March 2020. The event, which was unprecedented in recent history, had a severe impact on the economic cycle and production activity in that the spread of the pandemic has led the governments of the countries affected to adopt strict containment measures including bans on the movement of goods and people, quarantine requirements and other public emergency measures.

Also at national level, the competent authorities have issued a series of tight restrictions since February 2020, such as suspending events with crowds of people, limiting national and international mobility, social distancing and limiting the numbers of people in certain spaces, all of which have had a significant impact on exhibition and congress activities, in order to contain the spread of the pandemic.

Even with the limitations imposed by social distancing, it was possible to hold some events, congresses and exhibitions in the period between early September and mid-October, before exhibitions and congresses were again prohibited from the second half of October 2020 due to the worsening health situation. The events held in September and October saw an average drop in attendance compared to previous editions of between 70% and 80%, with peaks of up to 90%, mainly due to the restrictions on international mobility (bans on entry from a number of countries announced by government authorities), which had a negative impact on the potential participation of professionals (exhibitors, buyers, visitors, conference participants, etc.) in such events.

The 2020 financial year saw an overall reduction in revenue of approximately 70% compared to forecasts, owing to the cancellation or postponement of scheduled events to later years.

The framework described above has led to operators in the sector accelerating the transition towards new exhibition/congress formats of a hybrid physical + digital nature (the so-called phygital model) and the corresponding activities relating to the development of digital platforms capable of providing new content and services to be made available to customers as part of the new format's value proposition. As far as the proprietary digital platform Fiera Milano Platform is concerned, it is expected to be released by Q2 of 2021.

Some events in the portfolio were therefore held entirely online, such as MIART in September 2020 and Milan Games Week/Cartoomics in November 2020.

The context is currently still uncertain and complex. On the one hand, the availability of the first vaccines (Pfizer BionTech, Moderna and AstraZeneca) announced in November 2020 and the start of vaccination campaigns in most advanced countries by the end of December/beginning of January is a concrete step forward in the fight to eradicate the virus. On the other hand, the recent spread of new so-called 'variants' of Covid-19 (English, Brazilian and South African) introduces a further element of uncertainty, the true extent of which has yet to be fully assessed.

Because of this situation, it is not possible to make an exact judgement as to when there might be a return to exhibition and congress operations. This is currently forecast for May-June of the current year, as the government measures on the reopening of the exhibition facilities hinge on how the pandemic develops. As things currently stand, therefore, further postponements and consequent changes to the exhibition and congress calendar for the 2021 financial year cannot be ruled out, and neither, then, can the corresponding economic and financial impacts.

Cyclical nature and seasonality of the exhibition and congress industry

Organising and hosting exhibitions, exhibitions and congresses is, by its nature, subject to seasonality and demand cyclicity, both of which are particularly relevant to the Italian and European markets. Indeed, they are 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.

The management's current strategy, condensed into the guidelines of the 2021-2025 Plan, namely (i) enhancement of traditional and digital services (ii) expansion of own exhibitions (iii) consolidation of the congress business (iv) exploitation of the potential of exhibition facilities, will in the future allow for greater stability in revenues and margins both during the year and between odd and even 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, in 2020 Fiera Milano Media SpA continued to develop new products in the Business International division (*Education* segment). Specifically, starting in March 2020, in response to the pandemic, Business International's entire managerial and corporate educational programme started operating remotely through digital platforms with networking, matchmaking and participant engagement capabilities. The biggest events held included the high-level training events for C-Levels at The Business Leaders Summit, the AIXA - Artificial Intelligence Expo of Applications festival (dedicated to artificial intelligence applications), the CEO Italian Summit & Awards and the first edition of the Milan Fintech Summit.

Mico DMC 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 considerable number of events organised and hosted in the exhibition sites, a considerable amount of the exhibition space and the related revenues and profitability are linked to a limited number of specific events both directly organised and hosted (e.g. Salone del Mobile, Eicma Moto, Mostra Convegno Expocomfort, Host, Homi, Tuttofood). 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 exhibition operators (ii) the expansion and optimisation of the portfolio of services (e.g.: customised fittings, digital services) to be offered to the organisers of the hosted events and to exhibitors (iii) full operation in 2021 of the "Smart District" and "Digital Signage" projects (digital transformation of the fair infrastructure), which will allow the exhibition and congress 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.

Risks relating to market demands for sustainability certification

The Group is exposed to the risk that in the current or future market context, certain types of client (mainly exhibition and congress organisers and exhibitors), from sectors which are particularly concerned about and sensitive to environmental sustainability matters, may prefer exhibition companies with better or higher profile credentials, in terms of the ESG certifications they hold, than Fiera Milano.

In order to tackle this potential risk, the Group has taken action on a variety of fronts.

In terms of policy, Fiera Milano adopted a “Policy for quality, sustainability, environment and safety” in 2020 with the aim of promoting the economic, environmental and social sustainability of events organised and hosted at the exhibition and congress sites, following principles of good management, security, inclusiveness, integrity and transparency.

Fiera Milano obtained LEED (“Silver”) certification for its service centre, congress centre and office towers at the Rho exhibition site. The MiCo congress centre, managed by the Fiera Milano Congressi subsidiary company, obtained Healthy Venue “Gold” certification from the World Obesity Federation; “Gold” level is awarded to companies that pay extra attention to catering, to the promotion of initiatives and to their employees.

Moreover, parent company Fiera Milano, which was already ISO 9001:2015-certified, continued the process of extending the scope of its Management System to include all phases relating to the design, organisation, implementation and hosting of exhibitions and support services in 2020 with the aim of obtaining ISO 20121:2013 Event Sustainability Management Systems certification in 2021.

The subsidiary Nolostand, which provides stand-fitting and construction services, adopts an integrated management system which includes the following certifications: (i) ISO 9001:2015 – Quality Management System; (ii) ISO 14001:2015 – Environmental Management System; (iii) OHSAS 18001:2007 – Occupational Health and Safety Management System; (iv) ISO 20121:2013 – Event Sustainability Management System. Migration to the ISO 45001:2018 Occupational Health and Safety Management System standard, replacing OHSAS 18001:2007, is planned for the first half of 2021.

Dependence on suppliers – business interruption

Fiera Milano 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 and different contractual terms, using 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. Moreover, with a view to restarting operations in 2021 after the shutdown imposed by Covid-19, the Purchasing Department relies on the *Supplier Quality* unit for periodic monitoring of the financial and operating health of the Group’s main suppliers.

It should finally be noted that a “dependence on suppliers and subcontractors” clause is included in the Group’s All Risks 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 procedural, organizational and technical controls, as outlined below:

- (i) 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
- (ii) data protection – data protection, back-up and retention solutions
- (iii) email protection - solutions for protecting company e-mails from external threats
- (iv) endpoint detect & response – solutions for external threat detection and autonomous endpoint response capability
- (v) network protection – means of ensuring the infrastructural security of the perimeter network, including firewalls, IDSs (Intrusion Detection Systems) and IPSs – (Intrusion Protection Systems)
- (vi) identity and access management (IAM) – technologies that manage digital identity for centralised access to the Group's platforms
- (vii) mobile protection – solutions for protecting mobile devices.

Furthermore, the Group's IT Security department systematically carries out vulnerability assessments and penetration tests (VAPT) aimed at verifying the robustness of the ICT environment's security measures and there are plans to activate the SOC - Security Control Centre service, managed by a service provider that will provide support in detecting security incidents and implementing the corresponding containment and resolution measures, over the course of 2021.

In organisational terms, the Group has adopted a "Crisis management" system, managed by an interfunctional Crisis Team that manages the 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 on the issues of "phishing" and "social engineering" to increase awareness among company personnel of recognising this specific type of cyber attack.

On the insurance front, an insurance policy covering "cyber risk" has been 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.

Also 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.

Over the course of 2020, the 2018-2019 LTI Plan, a medium/long-term incentive plan based on a mixed cash and performance share structure, was completed. The aim was to refer the incentive process of the Group's managerial staff and key personnel to the actual results of the Company and develop policies to attract and retain talented professionals. The Plan addressees included Executive Directors and Executives with strategic responsibilities as well as some key managers.

The Group implemented a *succession & management continuity* plan 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.

Employee commitment, engagement and satisfaction

This is the risk of a decline in employee motivation and a reduced sense of belonging to the Group as a result of the prolonged suspension of exhibition and congress activities, with consequent fears of loss of income and/or employment.

These negative impacts on the well-being and productivity of the Group's human resources add to the general concern of contracting Covid-19; furthermore, the sudden change in working methods, with the mass and prolonged use of 'home-working', has potentially impacted on people's private lives in terms of increased family pressures and difficulties in striking a healthy work-life balance.

The company implemented a number of engagement initiatives over the course of the period in question and provided Covid-19 insurance cover for all Group employees. Furthermore, the PLM (Performance and Leadership Management) system was extended to the entire company population, with certain amendments designed to account for the exceptional nature of the 2020 financial year.

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

The types of suppliers that the Fiera Milano Group employs to provide its services include companies operating in sectors which have a high number of workers (e.g. cleaning, stand fitting, security, catering) with a medium/high level of risk of being exposed to undeclared working practices.

The actual likelihood of engaging suppliers with issues surrounding the above 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.

Fiera Milano carries out document controls on 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 February 2020, a permanent Observatory was set up to combat the irregular and undeclared work, aimed at promoting maximum dissemination of the culture of legality, following the signing of 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.

Third-party dependency and reliability

The value proposition of the 2021-2025 Strategic Plan for the service sector includes the development of partnerships in a number of areas, such as: (i) traditional services (e.g. designers/producers), (ii) digital services (e.g. tech companies, digital marketplace providers), (iii) content services (e.g. publishers). There is therefore a risk of dependence on the know-how of business partners in the development of services (both traditional and digital) as well as risk relating to their reliability in terms of quality, expertise, reputation and integrity.

In order to deal with this type of risk, during the period of the Plan the Group will set up third-party management processes, which will include mechanisms for the due diligence, selection and monitoring of counterparties, with the aim of combining the need for business growth and value creation with appropriate risk appetite and management policies.

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

There is a potential risk that the 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 the 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.

Over the course of 2020, a risk assessment was carried out by the Compliance function for the operational implementation of the Guidelines for the Application of Anti-Corruption Measures and Compliance Programmes and, as a result of this, a series of actions were implemented, including the adoption at both CIPA FM and Fiera Milano Exhibition Africa of a staff search and selection procedure and a procedure for gifts, donations and sponsorships, both inspired by the guidelines of the corresponding parent company procedures.

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 the guidelines issued by key associations and taking into account current legislation, which governs 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 published in 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

Legislative Decree 231/2001 establishes the administrative liability of entities as a consequence of some crimes committed by directors, senior employee executives and third parties operating by appointment or on behalf of the Company or are in any case linked to it by legal relationships relevant to the prevention of offences. 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. 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 Company's financial situation, as well as its reputation.

To meet the requirements of this Legislative Decree, the Company – and the Group companies subject to the legislation – have introduced organisational, management and control models that are constantly monitored and updated. Notwithstanding the adoption of the aforementioned Models, the Group is exposed to the risk of penalties arising from the Model 231s of the Group companies being found to be inadequate. In 2020, activities continued to update the Model 231, overseen by the Parent Compliance department, in order to implement legal developments and changes in the organisational structure of the company. In particular, without prejudice to all further updates made necessary by the provisions that have expanded the catalogue of predicate offences (most recently with Legislative Decree 75/2020), following the issuance of Decree Law No. 124 of 26 October 2019, a new *ad hoc* Special Part of the Model dedicated to Tax Crimes has been drafted.

In 2020, training was provided to company employees on managing relations with the Public Administration and on tax offences.

With regard to foreign subsidiaries, which are not subject to Law 231, over the course of 2020, a risk assessment was carried out by the Compliance function for the operational implementation of the Guidelines for the Application of Anti-Corruption Measures and Compliance Programmes and, as a result of this, a series of actions were implemented, including the adoption at both CIPA FM and Fiera Milano Exhibition Africa of a staff search and selection procedure and a procedure for gifts, donations and sponsorships, both inspired by the guidelines of the corresponding parent company procedures.

Risks connected to third-party liability

In the course of the Group's activities, unforeseen damage may occur to property or persons operating or present at the exhibition and congress facilities managed by the Group. The simultaneous presence of numerous workers with different contracts (employees, suppliers and sub-contractors of the Group, exhibitors' suppliers and sub-contractors, etc.) also makes any attribution of responsibility very difficult in the event of any damage being caused to property or persons, with potential economic, financial and reputational repercussions.

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 established an internal unit (Exhibition Safety), which is responsible for coordinating the various internal and external parties (e.g. ATS) involved in event safety, ensuring that all current procedures are fully adhered to. Lastly, specific third-liability insurance policies have been taken out to cover the relevant risk.

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 or repositioning of events in the exhibition calendar. As a result of the restrictive measures put in place by competent authorities to contain the spread of Covid-19, 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 manages disputes with third-party organisers in relation to the cancellation or re-scheduling of events with a view to balancing the contractual protection of the Group's interests and safeguarding the commercial relationship with the counterparty.

Compliance risk regarding data protection (privacy)

As part of its activities, the Company and the companies within the Group process personal data, including special data, relating to natural persons (e.g. employees, customers, suppliers, etc.) and are each, therefore, required to comply with the provisions of Regulation (EU) 2016/679 ("GDPR"), and any other applicable national and/or EU provisions on personal data protection, including the provisions of the Data Protection Authority. The company, along with the other companies within the Group, is therefore exposed to the risk that the procedures implemented and the measures adopted to protect personal data prove not to be totally adequate and/or that greater supervision of such issues is required in order to avoid possible fines amounting to a maximum of Euro 10 million to Euro 20 million or 4% of the previous year's total annual global turnover, whichever is higher. As things currently stand, the company and the other companies within the Group have adapted to the new regulations set out in the GDPR and adopted the documentation required by the aforementioned legislation. In terms of procedural safeguards, Fiera Milano has adopted a data breach procedure that also applies to subsidiaries 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. Periodic personal data processing activities continued over the course of 2020, as did the updating of registers pursuant to Article 30 of the GDPR.

4. Financial risks

For details, reference is made to the section on the disclosure of financial assets and liabilities, as required by IFRS 7, and Note 31 "Financial and market risk management" in the Notes to the Consolidated Financial Statements.

Non-Financial Statement

“To meet the requirements of Article 5, paragraph 3, letter b of Legislative Decree 254/2016, the Company has prepared the Consolidated Disclosure of Non-Financial Information, which is a separate report. The 2020 Consolidated Disclosure of Non-Financial Information, prepared in accordance with GRI Standards, is available on the Group website.”

Significant events after the end of the year

On 25 January 2021, Fiera Milano Media S.p.A. signed a preliminary contract for the sale of the publishing business unit to Quine Srl, a publisher specialising in technical magazines in the engineering, mechanical, food and construction sectors. The sale, which relates to the specialised publications in the Tech, Homes/Restaurants/Cafes and ICT, personnel and agents sectors, was finalised on 23 February 2021 with the signing of the definitive contract effective from 1 March 2021. The agreed price for the sale of the branch is equal to the difference between assets and liabilities as resulting from the BU's balance sheet, whose goodwill was determined at Euro 1,300 thousand. The value of goodwill may undergo an adjustment, upon the occurrence of certain conditions, not exceeding Euro 300 thousand. The price will be paid in three instalments, the first on the date of signing the final contract, the second by 31 July 2021 and the third by 31 January 2022.

In February 2021, two 5-year loans were signed with a pool of banks (Euro 55 million) and a loan with Cassa Depositi e Prestiti S.p.A. (Euro 20 million), with 24 months' grace for a total of Euro 75 million, all backed by SACE's "Italy guarantee" on 90% of the amount disbursed. The resources available to the Group also include an additional Euro 7 million obtained from resources in Fund 394/81 from SIMEST and expiring on 31/12/2027, which bring the total amount of new funding to Euro 82 million.

On 22 February, the Board of Directors approved the 2021 Strategic Plan called CONN.ECT 2021-2025 (Connections, Exhibitions, Community, Transformation), which aims to respond effectively to the impact of the pandemic, outlining future scenarios and identifying the key factors for successfully competing in a "New Normal" context, where technological innovation and digital transformation will play a leading role. CONN.ECT 2025 attaches considerable importance to sustainability issues, setting specific objectives linked to ESG parameters alongside the traditional earnings and financial targets.

On 2 March 2021, Prime Minister Mario Draghi signed the new decree laying down measures to combat the pandemic and prevent the spread of Covid-19. The decree will be in force until 6 April 2021 and confirms the suspension of exhibition and congress activities.

Business outlook and going-concern assessment

The extreme uncertainty about the course of the pandemic means forecasting for the current year is complex and highly uncertain.

On one hand, the start of vaccination campaigns in most advanced countries is a real step forward in the fight to eradicate the virus. On the other, the recent spread of Covid-19 variants (e.g. English, Brazilian, South African) brings fresh uncertainty, the extent of which is still to be fully assessed. Because of this situation, it is not possible to make an exact judgement as to when there might be a return to exhibition and congress operations. This is currently forecast for May-June of the current year, as the government measures on the reopening of the exhibition facilities hinge on how the pandemic develops.

The new strategic plan therefore contains two possible scenarios.

If in-person exhibitions resume in Q2 2021, an annual turnover is expected in the order of Euro 180-200 million (estimating a net exhibition capacity of about 1 million square metres), an EBITDA (after IFRS 16) in the range of Euro 40-50 million, and a net financial position before IFRS 16 effects of between Euro -5 million cash and Euro 5 million debt.

If, however, the pandemic is not halted in the short term, thus compromising the ability to confirm events scheduled for May and June, then activities would be expected to take place starting from September. In this case, expected turnover would be between Euro 160 and 180 million, due to the loss of about 100 thousand square metres, EBITDA (after IFRS 16) would be in a range of Euro 35-45 million while the net financial position (debt) before IFRS effects 16 would be between Euro 0 and 10 million.

For prudence, neither scenarios include the effects of a new revision of rental agreements in place with Fondazione Fiera Milano and only marginally include any government contributions under the 'de minimis' regime.

In light of the new loans for a total of Euro 82 million obtained in February 2021, the Group now has adequate financial resources to cover its short and medium-term needs, also taking into account the general economic context due to the uncertainty on how Covid-19 pandemic might evolve. The 2021-2025 Strategic Plan notes that, on the resumption of exhibition activities, the Group will be able to generate adequate cash flows to repay the loans received, in compliance with the agreed covenants, although it cannot exclude further postponements and consequent changes to the exhibition and congress calendar, with a related impact on the economic and financial situation of the Company and the Group.

On the basis of that described above, with reference to the forecast earnings in the budget and the plan and taking into account the forecasts of the working capital and the financial and equity situation, the separate and consolidated financial statements have been drawn up on a going-concern basis and consolidated financial statements have been prepared on a going concern basis and the related estimates and uncertainties have been described in this section and in the sections on risk "Cancellation or postponement of events due to Covid-19" and "Use of estimates" and "Liquidity risk" in the Notes to the Financial Statements.

The Board of Directors will continue to monitor the impact of the Covid-19 pandemic on earnings, financial performance and the balance-sheet stability of the Company and the Group.

Income and financial performance of Fiera Milano SpA

Income performance

Fiera Milano SpA Income Statement

	2020		2019	
(amounts in €'000)		%		%
Revenues from sales and services	63,038	100.0	230,011	100.0
Cost of materials	164	0.3	459	0.2
Cost of services	44,461	70.5	104,158	45.3
Costs for use of third party assets	416	0.7	324	0.1
Personnel expenses	24,329	38.6	36,888	16.0
Other operating expenses	1,861	3.0	3,660	1.6
Total operating costs	71,231	113.1	145,489	63.2
Other income	18,598	29.5	5,885	2.6
Allowance for doubtful accounts and other provisions	434	0.7	1,922	0.8
EBITDA	9,971	15.7	88,485	38.6
Depreciation and amortisation	37,520	59.5	37,642	16.4
Adjustments to asset values	-	-	-	-
EBIT	(27,549)	(43.8)	50,843	22.2
Financial income/(expenses)	(7,816)	(12.4)	(6,375)	(2.8)
Valuation of financial assets	(11)	(0.0)	(9)	(0.0)
Profit/(loss) before income tax	(35,376)	(56.2)	44,459	19.4
Income tax	(10,620)	(16.8)	11,665	5.1
Profit/(loss) from continuing operations	(24,756)	(39.4)	32,794	14.3
Profit/(loss) from discontinued operations	-	-	-	-
Profit/(loss)	(24,756)	(39.4)	32,794	14.3

Revenues from sales and services amounted to Euro 63,038 thousand compared to Euro 230,011 thousand in 2019, a decrease of Euro 166,973 thousand. The change in revenues is mainly due to the different exhibition calendar, which underwent significant changes as a result of the Covid-19 pandemic that hit Italy from the end of February 2020. Consequently, the negative change is mainly related to the cancellation of important exhibitions, including the annual Salone del Mobile, Mido, Eicma Moto and the 'biennial even numbered years' Mostra Convegno Expocomfort, as well as some events taking place in reduced form, such as the directly organised HOMI Fashion & Jewels, the hosted The Micam autumn and Bimu.

The absence of the biennial odd numbered year exhibitions Host, Made Expo, Tuttofood and Transpotec Logitec should also be noted.

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

EBITDA amounted to Euro 9,971 thousand compared to Euro 88,485 thousand at 31 December 2019, a decrease of Euro 78,514 thousand, mainly due to the aforementioned trend in revenues. This effect was partially offset by significant cost containment measures implemented from March, relating among other things to the management of exhibition sites and personnel. During December, Fiera Milano SpA and Fondazione Fiera Milano agreed a temporary reduction in rent for the Milan and Rho exhibition sites for 2020, worth a total Euro 12,871 thousand. For further details, please refer to Chapter 1 "Accounting standards and criteria used to prepare the financial statements" of the Notes to the consolidated financial statements. The positive impact of IFRS 16 in the year under review amounted to Euro 41,991 thousand compared with the figure recorded in the previous year (Euro 42,460 thousand).

EBIT totalled Euro -27,549 thousand compared to Euro 50,843 thousand at 31 December 2019, a decrease of Euro 78,392 thousand. The fall was mainly due to the trend in EBITDA. The positive impact of IFRS 16 in the year under review amounted to Euro 7,163 thousand compared with the figure recorded in the previous year (Euro 7,239 thousand).

Net financial expenses were negative amounting to Euro 7,816 thousand compared to expenses of Euro 6,375 thousand at 31 December 2019. The negative change of Euro 1,441 thousand was mainly due to lower dividends distributed. The impact of IFRS 16 in the year under review amounted to Euro -11,701 thousand compared with the figure recorded in the previous year (Euro -12,501 thousand).

The item **Valuation of financial assets** amounted to Euro -11 thousand compared to Euro -9 thousand at 31 December 2019 and refers to the write-down of the investment in the company Fiera Milano India Pvt Ltd. More details are given in the specific item of the Notes to the Financial Statements.

Net profit/loss at 31 December 2020 amounted to a loss of Euro -24,756 thousand, after taxes of Euro -10,620 thousand, compared to a net profit of Euro 32,794 thousand after taxes of Euro 11,665 thousand in the previous financial year and reflects a negative effect of Euro 3,449 thousand due to the first-time adoption of IFRS 16.

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

Equity and financial performance

Fiera Milano SpA Reclassified Statement of Financial Position

(Amounts in €'000)	31/12/20	31/12/19
Goodwill	70,144	70,144
Intangible assets with a finite useful life	14,334	11,078
Tangible fixed assets	398,818	431,919
Right-of-use assets	2,057	2,417
Financial assets	72,735	62,330
A Non-current assets	558,088	577,888
Inventories	3,583	1,088
Trade and other receivables	15,204	24,219
B Current assets	18,787	25,307
Trade payables	14,368	25,309
Pre-payments	21,870	38,672
Tax liabilities	3,063	2,262
Provisions for risks and charges and other current liabilities	15,594	40,100
C Current liabilities	54,895	106,343
D Net working capital (B - C)	(36,108)	(81,036)
E Gross capital employed (A + D)	521,980	496,852
Employee benefit provisions	5,148	4,418
Provisions for risks and charges and other non-current liabilities	7,195	7,973
F Non-current liabilities	12,343	12,391
G NET CAPITAL EMPLOYED continuing operations (E - F)	509,637	484,461
H NET CAPITAL EMPLOYED asset held for sale	-	-
TOTAL NET CAPITAL EMPLOYED (G + H)	509,637	484,461
covered by:		
I Equity	65,168	99,373
Cash & cash equivalents	(17,472)	(63,946)
Current financial (assets)/liabilities	90,330	43,423
Non-current financial (assets)/liabilities	371,611	405,611
Net financial position continuing operations	444,469	385,088
Net financial position asset held for sale	-	-
L Net financial position (TOTAL)	444,469	385,088
EQUITY AND NET FINANCIAL POSITION (I + L)	509,637	484,461

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

Net capital employed totalled Euro 509,637 thousand at 31 December 2020, an increase of Euro 25,176 thousand compared to the figure at 31 December 2019.

Non-current assets amounted to Euro 558,088 thousand at 31 December 2020 compared to Euro 577,888 thousand at 31 December 2019. The change mainly refers to the decrease in the rights of use for leases of buildings and rental cars as a result of the depreciation process. This effect was partially offset by the increase in receivables relating to the remuneration of tax losses for the year carried over to the tax consolidation with Fondazione Fiera Milano.

Net working capital, which is the balance of current assets and current liabilities, changed from a negative figure of Euro -81,036 thousand at 31 December 2019 to a negative figure of Euro -36,108 thousand at 31 December 2020. The change mainly reflected a decrease in trade payables and in advances for future exhibitions and payables to exhibition organisers. This effect was largely due to the suspension of exhibition activities as a result of the Covid-19 pandemic.

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

Shareholders' equity amounted to Euro 65,168 thousand, an increase of Euro 34,205 thousand compared to 31 December 2019. The change is mainly due to the net profit for the year, besides the payment of dividends for 2019.

Net financial position not including IFRS 16 lease liabilities posted net debt of Euro 30,640 thousand, compared to net cash of Euro 50,150 thousand at 31 December 2019, increasing by Euro 80,790 thousand. The decrease was mainly due to the suspension of exhibition activities following the emergence of Covid-19 from the end of February 2020.

Net financial debt including IFRS 16 lease liabilities amounted to Euro 444,469 thousand compared to net financial debt of Euro 385,088 thousand at 31 December 2019.

Investments: In the financial year ended at 31 December 2020, investments totalled Euro 5,589 thousand and break down as follows:

Investments

(€'000)	Full year at 31/12/20	Full year at 31/12/19
Intangible fixed assets	5,161	5,760
Tangible fixed assets	428	372
Financial fixed assets	-	3,260
Total investments in non-current assets	5,589	9,392

Investments in intangible fixed assets totalled Euro 5,161 thousand and refer to the purchase of exhibition brands, the implementation of digital projects, purchases of software and software licenses with limited user rights, as well as costs incurred for activities to develop new company information systems.

Investments in tangible fixed assets totalled Euro 428 thousand and mainly concerned systems at the Rho exhibition site and electronic equipment.

As regards related-party transactions with Group companies, reference is made to Note 49 in the Notes to the Financial Statements of Fiera Milano SpA.

Fiera Milano SpA personnel

Composition and turnover

The Company had 442 permanent employees at 31 December 2020 and the breakdown compared to the previous financial year was as follows:

Permanent employees at year end

(units)	31/12/20	31/12/19
Executives	21	22
Middle management and White collar workers	421	396
Total	442	418

Permanent employees increased by 24 compared to the previous year, mainly due to the allocation to the operating areas of the business of long-term secondees from other Group companies.

47 employees joined the group, of whom 26 transferred from other Group companies, 10 new permanent contracts, consolidating company policy to gradually recruit juniors initially taken on with other contracts, 7 to build up the corporate governance staff team, and 4 to expand the marketing and operations departments. 23 employees left the company, of whom 19 resigned voluntarily and 3 took retirement, plus 1 transfer to another Group company. The personnel that left were from the marketing department and staff positions.

The overall turnover of employees, calculated as the difference between those joining and those leaving the Company as a percentage of the average number of employees, was 15.7% in 2020 compared to 17.8% in 2019.

Movement in employees

	2020	2019
New employees	47	35
Leavers	23	40
Employee turnover	15.7%	17.8%
Internal mobility	6	30

Fiera Milano SpA usually employs staff on temporary contracts to manage peaks of activity related to the exhibition calendar and to start up extraordinary projects. Due to the Covid-19 pandemic, personnel on temporary contracts fell from 26 employees in 2019 to 10 employees in 2020.

Fixed-term contracts

	Full year a 31/12/20	Full year a 31/12/19	Change
Executives	-	-	-
White collar workers	10	26	(16)
Total	10	26	(16)

Part-time employees went from 53 in 2019 to 49 in 2020, 41 of whom were horizontal part-time employees and 8 vertical part-time employees.

Employees of Fiera Milano SpA fall into three macrocategories:

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

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

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

Breakdown by length of service

	31/12/20	31/12/19
< 10 years	29%	31%
From 10 to 20 years	46%	44%
> 20 years	25%	25%
Total	100%	100%

Employment contracts in force

National Collective Bargaining and Supplementary Agreement

Fiera Milano SpA uses the National Collective Employment Agreement for employees of companies in the tertiary, distribution and services sectors and also a supplementary company contract for non-executive employees, valid 4 March 2019 - 31 December 2022.

The new Supplementary Company Contract has brought with it a number of new developments in terms of working hours, social clauses and support for family life and parenthood, as well as welfare. As regards working hours and the work organisation, the aim of the contract is to harmonise and bring in line company organisational requirements, which are specific to the exhibition industry, with peak times and periods of less intensity, with the personal and professional needs of people, in order to promote a greater balance between professional and personal life. New social and family institutions have also been set up.

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

The success of the Corporate Welfare Plan continued in 2020; this plan incorporates benefits, personal services and services to ensure an optimum work-life balance. The Company sets aside an equal sum for each employee to use on these benefits. The “*WellFair*” plan is accessible on-line and permits employees to choose the services that best suit them from amongst those identified by the Company under the provisions of applicable law. It allows each individual to construct his/her own benefit package and to manage it as he/ she sees fits until the credit allocated him/her has been used up.

Equal Opportunities and Non-Discrimination

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

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

The competent functions must:

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

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

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

In 2020, female employees numbered 265 representing 60% of total employees.

Safety

The safety of all its employees is fundamental for Fiera Milano SpA and it makes significant investments to ensure their safety. In 2020, personnel with technical roles in the Company safety training.

Training

As regards the 2020 training programme of Fiera Milano SpA, reference is made to the section "Training" in the chapter "Fiera Milano Group personnel".

Other information

1. Equity investments held by members of the Administrative and Control Bodies and by General Managers and Executives with strategic responsibilities

The table below shows equity investments in Fiera Milano SpA and its subsidiaries held by members of the Administrative and Control Bodies, the General Managers and Executives with Strategic Responsibilities, as well as by their spouses not legally separated and children that are minors, directly or through subsidiary companies, trust companies or intermediaries that appeared in the shareholders' register at 31 December 2020 or from communications received or information obtained directly from the relevant parties.

Name and surname	Position	Company in which shares are held	No. of shares held at 31.12.2019	No. of shares acquired	No. of shares sold	No. of shares held at 31.12.2020
Directors						
Carlo Bonomi	Chairperson	Fiera Milano SpA	-	-	-	-
Luca Palermo	Director	Fiera Milano SpA	-	-	-	-
Alberto Baldan	Director	Fiera Milano SpA	-	-	-	-
Stefania Chiaruttini	Director	Fiera Milano SpA	-	-	-	-
Anna Gatti	Director	Fiera Milano SpA	-	-	-	-
Francesca Golfetto	Director	Fiera Milano SpA	-	-	-	-
Angelo Meregalli	Director	Fiera Milano SpA	-	-	-	-
Marina Natale	Director	Fiera Milano SpA	-	-	-	-
Elena Vasco	Director	Fiera Milano SpA	-	-	-	-
Statutory Auditors						
Riccardo Raul Bauer	Chairperson	Fiera Milano SpA	-	-	-	-
Daniele Federico Monarca	Standing Statutory Auditor	Fiera Milano SpA	-	-	-	-
Mariella Tagliabue	Standing Statutory Auditor	Fiera Milano SpA	-	-	-	-
No. of Executives with strategic responsibilities	Company in which shares are held		No. of shares held at 31.12.2019	No. of shares acquired*	No. of shares sold	No. of shares held at 31.12.2020
Strategic Executives in charge	Fiera Milano SpA	no. 1	-	66,786	-	66,786

* Assignment of shares on April 20, 2020 following the 2018-2019 performance share plan.

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

Report on corporate governance and ownership structure at 31 December 2020

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

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

1. Issuer Profile

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

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

Fiera Milano qualifies as a Small and Medium Enterprise (hereinafter '**SME**') under Article 1, paragraph 1.w-*quater*.1 of Legislative Decree 58 of 24 February 1998 (hereinafter the '**Consolidated Finance Act**'). the capitalisation of the Company, in fact, is Euro 204,246,634 at 30 December 2020, with revenue of Euro 63,038,339 at 31 December 2020.

* * * *

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

2. Disclosure on the ownership structure (Article 123-bis, paragraph 1, Consolidated Finance Act) at 15 March 2021

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

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

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

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

At 31 December 2020, the Company had no share-based incentive schemes involving an increase, against payment or free of charge, in the share capital.

On 22 February 2021, the Board of Directors of Fiera Milano approved, pursuant to Article 114-bis of the Consolidated Law on Financial Intermediation, for submission to the next Shareholders' Meeting - which, in accordance with the calendar communicated to Borsa Italiana S.p.A., will be called for 28 April 2021 - a new medium - and long-term incentive plan called 'Performance Shares Plan 2021-2022', structured as 'performance shares' and the related estimates and uncertainties have been described in this section and in the sections on risk under "Cancellation or postponement of events for Covid-19" and "Use of estimates" and "Liquidity risk" in the Notes to the Financial Statements.

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

There are no restrictions on the transfer of shares.

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

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

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

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

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

No shares with special rights have been issued.

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

At 31 December 2020, there were no employee stock option plans.

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

There are no restrictions on voting rights.

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

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

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

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

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

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

In 2020, the Shareholders' Meeting gave no authorisation to the Board of Directors to increase the share capital pursuant to Article 2443 of the Italian Civil Code.

The Ordinary Shareholders' Meeting of 20 April 2020 authorised the Board of Directors to acquire treasury shares for 18 months. The authorisation stipulated that (i) the maximum number of shares acquired, including those already owned by the Company and its subsidiaries, could not exceed 5% of shares making up the share capital of the Company, (ii) the purchase price of each share could not be higher than the greater of the highest price of the last independent transaction and the current highest independent offer price on the trading date on which the acquisition is made, whilst respecting the requirement that the unit price of the shares must not be 10% higher or lower than the reference price of Fiera Milano shares on the MTA market organised and operated by Borsa Italiana on the trading day preceding any single transaction, (iii) shares could be disposed of in one or more transactions even before the authority to acquire the shares had been completed, and (iv) the disposal price could not be lower than the lowest price at which the shares were acquired; this restriction on the disposal price does not apply if the shares are disposed of as part of a stock option plan.

The Company did not implement the aforementioned plan.

At the date of this Report, Fiera Milano directly held 273,758 treasury shares, equal to 0.38% of the share capital.

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

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

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

Fiera Milano exercises direction and control over its direct subsidiaries. At 31 December 2020, the Company exercised direction and control over: i) wholly owned companies, i.e. Fiera Milano Congressi S.p.A., Fiera Milano Media S.p.A. and Nolostand S.p.A.; and ii) the subsidiary Made Eventi S.r.l.

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

3. Compliance (Article 123-bis, Paragraph 2.A), Consolidated Finance Act)

Following the disclosure already received on 11 February 2020, at the Board of Directors' meeting on 15 December 2020, Fiera Milano adopted the new Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana in January 2020.

The Corporate Governance Code is publicly available on the website of the Committee for *Corporate Governance* at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

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

4. Board of Directors

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

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

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

As required by law and by the Articles of Association, the appointment of members of the Board of Directors is from lists presented by shareholders who, either alone or in concert with other shareholders, hold at least 2.5% of the Company share capital, as established by the Articles of Association and by Consob Resolution 44 of 29 January 2021. The lists must be filed with the registered office of the Company at least twenty-five days prior to the date set for the Shareholders' Meeting on first call and must be made publicly available at least twenty-one days prior to this date in compliance with current regulations.

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

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

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

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

- the number of Directors respects the principle of gender balance, in compliance with applicable regulations¹⁵;
- the way in which the lists are drawn up and the substitution mechanisms for replacing persons during their term of office guarantee compliance with the principle of gender balance;
- the mechanisms used should the elected body not respect the principle of gender balance ensure that some or all of the last persons elected from the list that obtained the highest number of votes and that are of the gender most represented must step down to ensure compliance with the principle of gender balance, and must be replaced by the first persons that failed to be elected on the same list and belong to the less represented gender.

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

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

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

The Board of Directors assesses the existence of the independence requirements based on all the criteria and recommendations set out in the Corporate Governance Code: (i) on the initial appointment of a new Director qualifying as independent; (ii) on the re-appointment of all Directors qualifying as independent.

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

The complete Articles of Association are available on the Company website www.fieramilano.it in the section Investors/Corporate Governance/Articles of Association.

In December 2020, the Board of Directors of Fiera Milano, taking into account the criteria identified by the Corporate Governance Code applicable from 1 January 2021, defined the quantitative criteria to be used to assess the significance of existing relationships for the assessment of the fulfilment of the independence requirement.

In particular, the Board of Directors decided to use, in determining the materiality threshold of the 'significant commercial relationship' and 'significant additional remuneration' referred to in Recommendation 7 letters c) and d)¹⁶ the criteria already adopted by the Company in the Procedure for Related Party Transactions, which qualifies commercial relationships with individuals within the threshold of Euro 50,000.00. as Small Amounts.

¹⁵ Article 14.4 of the Articles of Association has been brought into line with regulatory provisions by resolution of the Board of Directors on 10 March 2020, duly registered with the Register of Companies;

¹⁶ Recommendation 7 of the Corporate Governance Code:

c) if, directly or indirectly (e.g. through subsidiaries or companies of which they are an executive director, or as a partner in a professional firm or consulting company), they have, or have had in the preceding three financial years, a significant commercial, financial or professional relationship: (i) with the company or its subsidiaries, or its executive directors or top management; (ii) with a party who, together with others through a shareholders' agreement, controls the company; or, if the parent company is a company or entity, with its executive directors or top management;

d) if they receive, or have received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration additional to the fixed remuneration for the office and to that provided for participation in the committees recommended by the Code or provided for by the regulations in force.

In the current Board of Directors, the majority of directors are independent according to all applicable laws (Consolidated Finance Act) and regulations (Corporate Governance Code, whose requirements must be met in full by Fiera Milano directors to qualify as independent).

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

- a) are a significant shareholder of the company;
- b) if they are, or have been in the preceding three financial years, an executive director or an employee: of the company, a strategically important subsidiary of the company or a company under common control;
- c) if, directly or indirectly (e.g. through subsidiaries or companies of which they are an executive director, or as a partner of a professional firm or a consulting company), they have or have had in the previous three financial years a significant commercial, financial or professional relationship (i.e. by resolution of the aforementioned Board of Directors of December 2020, a commercial, financial or professional relationship exceeding EUR 50,000);
- d) if they receive, or have received in the previous three financial years, from the company, one of its subsidiaries or the parent company, a significant remuneration (i.e. by resolution of the aforementioned Board of Directors of December 2020, a remuneration exceeding Euro 50,000) in addition to the fixed remuneration for the office and to that provided for participation in the committees recommended by the Code or provided for by the regulations in force.;
- e) if they have been a Director of the company for more than nine financial years, even if not consecutive, in the last twelve financial years;
- f) are an executive Director in another company in which an executive Director of the issuer is also a Director;
- g) are a shareholder or Director of a company or entity belonging to the group of the company that is appointed as auditor to the Company;
- h) is closely related to a person in any of the situations described above.

Succession plans

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

The Company thus implemented the succession plan during 2020.

Following the resignation submitted by the Chief Executive Officer, Fabrizio Curci, on 3 June 2020, effective as of 18 June 2020, the Succession Plan was launched and the Company, through the competent structures, chose Mr Luca Albino Palermo as the new Chief Executive Officer.

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

The current Board of Directors was appointed by the Shareholders' Meeting of 20 April 2020 and the term of office will expire with the Shareholders' Meeting called to approve the financial statements at 31 December 2022.

On 22 April 2020, the newly elected Chairman Mr Antonio Caorsi tendered his resignation from the position of Director and Chairman of the Company with effect from the date of the next Board of Directors' meeting, subsequently set as an emergency measure for 25 April 2020. At the last Board of Directors meeting, the majority shareholder, Fondazione Ente Internazionale Autonomo Fiera di Milano, recommended that, pursuant to Article 2386, paragraph 1, of the Italian Civil Code, Mr Carlo Bonomi be appointed as a new director of the Company and its Chairman.

Following the resignation of Mr Fabrizio Curci on 3 June 2020, effective as of 18 June 2020, the Company implemented the CEO Succession Plan, approved in March 2019, by appointing a new independent director, Mr Luca Albino Palermo, at the Shareholders' Meeting of 2 October 2020.

At the same Shareholders' Meeting of 2 October 2020, Mr Carlo Bonomi was also confirmed as Director and Chairman of the Company.

The Board of Directors of 15 December 2020 then appointed Mr Luca Albino Palermo as CEO and General Manager of Fiera Milano with effect from 1 January 2021.

The Board of Directors is currently composed of nine Directors. A brief CV/resume for each Director in office at 31 December 2020 giving their main personal and professional details, as well as a list of positions held, is given below.

- **Carlo Bonomi**, Chairman, confirmed by the shareholders' meeting of 2 October 2020 following his appointment pursuant to Article 2386 of the Italian Civil Code by the Board of Directors on 25 April 2020 (**Chairman**).

Born in Crema (CR) on 2 August 1966, he is a businessman in the biomedical sector.

His career has been marked by an interest in research and working in highly innovative companies.

He is currently Chairman of the Board of Directors of Sidam S.r.l., BTC Medical Europe S.r.l., Ocean S.r.l. and Marsupium S.r.l. and is an independent Director of Springrowth SGR S.p.A. and Dulevo International S.p.A..

Former President of Assolombarda, he was elected President of Confindustria in 2020.

- **Luca Albino Palermo**, Chief Executive Officer, appointed director by the Shareholders' Meeting of 2 October 2020 and Chief Executive Officer (and General Manager) by the Board of Directors of 15 December 2020 with effect from 1 January 2021 (**non-independent executive director - Chief Executive Officer**).

Born in Ivrea (TO) on 29 October 1970, he graduated in Economics and Business from the University of Pavia and completed the General Management Programme at Harvard Business School. He also took an Executive Master's Degree in marketing (IMD) and an Executive Master's Degree in strategy (Sole 24 Ore Business School).

He was Regional Trade Marketing Manager at Robert Bosch S.p.A., CRM Senior Project Manager at Matrix S.p.A., General Manager at Acroservizi S.p.A. and Regional Sales Director at Vodafone Italia N.V.

More recently, he took on the role of CEO in Nexive Italia S.p.A. in Logista Italia S.p.A. and until December 2020 was CEO and General Manager of Edenred Italia S.r.l., as well as a member of the Board of Directors of Edenred Italia Fin S.r.l.

- **Alberto Baldan**, Director, appointed by the Shareholders' Meeting of 20 April 2020, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).

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

- **Stefania Chiaruttini**, Director, reappointed to the position of Director by the Shareholders' Meeting of 20 April 2020, is independent pursuant to Article 148, paragraph 3, of the Consolidated Finance Act and pursuant to the Corporate Governance Code (**independent non-executive Director**).

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

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

Specialising in criminal economics law, market fraud and corporate crises, she has also gained experience with banks and financial institutions as commissioner, member of supervisory committees and curator appointed by the Ministry for the Economy. Over the course of her career she has specialised in corporate crises and has been a consultant -on behalf of business executives and courts- as well as judicial curator and commissioner.

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

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

Ms Chiaruttini also has over 20 years of experience in Corporate Governance and listed companies holding corporate positions held in important listed companies, such as, most notably: member of the Supervisory Board of Banco BPM and Statutory Auditor in SNAM S.p.A.

She is currently Chairman of the Board of Statutory Auditors of United Ventures One S.p.A. SICAF EuVeca and United Ventures SGR S.p.A., Statutory Auditor of Banco di Desio S.p.A. and also a member of the Board of Directors of Magifin S.p.A and Illimity SGR S.p.A.

- **Anna Gatti**, Director, appointed by the Shareholders' Meeting of 20 April 2020, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).

Born in Pavia (PV) on 30 January 1972, she has a degree in Business Administration and a PhD in Business Administration and Management from Bocconi University. She continued her academic career with the 'Post-doctoral Program in Organizational Behavior' at Stanford University in Palo Alto and obtained her PhD in Criminology from the University of Trento.

She has been a Research Fellow at the University of California Berkeley and a Senior Economist for the World Health Organisation. Subsequently, Dr. Gatti held the positions of Head of International Consumer Operations at Google, Head of International Online Sales and Operations and Head of Strategic Partnership Operations at Youtube and Senior Director of Advertising and New Monetization at Skype/MSFT.

Co-founder of the start-up Loop.ai Labs- Artificial Intelligence, from 2012 to 2015 she served as CEO.

A former member of the Board of Directors of several listed companies, such as Buongiorno S.p.A., Piquadro S.p.A., Gtech/IGT S.p.A., and Banzai S.p.A., she is currently a member of the Board of Directors of Lastminute Group, Ray Way S.p.A. and Intesa San Paolo S.p.A.

Dr. Gatti is also a registered professional journalist.

- **Francesca Golfetto**, Director, reappointed to the position of Director by the Shareholders' Meeting of 20 April 2020, is independent pursuant to Article 148, paragraph 3, of the Consolidated Finance Act and pursuant to the Corporate Governance Code (**independent non-executive Director**).

Born in Mirano (Venice) on 4 October 1950, she graduated in Economics from the University of Venice Ca' Foscari. She was a Visiting Scholar at Oxford University, the Said Business School and the University of Toronto, and has taught at the Universities of Turin, Venice, Toronto and Oxford. She is currently a tenured Professor of Management at Bocconi University, Milan. She is a management consultant in corporate and market strategy. She is the author of numerous international publications on management, also on the exhibition sector. She is a Chartered Accountant and Auditor and is on the register of consultants of the Milan Court for corporate valuations. She has been a member of boards of directors, both of listed and unlisted companies, of control and risk management committees, remuneration committees, and supervisory committees of companies in extraordinary administration. She is currently an independent director of Dea Capital S.p.A.

- **Angelo Meregalli**, Director, appointed by the Shareholders' Meeting of 20 April 2020, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).

Born in Milan on 17 October 1967, he holds a degree in Aeronautical Engineering from the Polytechnic of Milan and began his career holding technical and commercial roles for important multinationals in the aviation industry and industrial sector. After an MBA from SDA Bocconi, he joined Booz Allen & Hamilton, working in management consulting for the pharmaceutical, automotive and tech industries. He then went on to work for the UniCredit Group, where he spent ten years in payments and household and SME loans, with responsibility for risk management, and national and international business development. He oversaw the goodwill of two consumer credit companies in Bulgaria and Romania, for the UniCredit Group, before becoming Head of the European Division of Retail Payment Systems. In 2012 he became Managing Director of PayPal Italia. He continued his career with Fintech, holding regional and later global roles. At present, he is Head of Global M&A and Strategic Partners Go-to-Market and divides his time between Europe and the Silicon Valley.

- **Marina Natale**, Director, reappointed to the position of Director by the Shareholders' Meeting of 20 April 2020, is independent pursuant to Article 148, paragraph 3, of the Consolidated Finance Act and pursuant to the Corporate Governance Code (**independent non-executive Director**).

Born in Saronno (Varese) on 13 May 1962, she graduated with honours in Economics from Cattolica University, Milan.

She has held numerous positions in Unicredit S.p.A., the last of which as Deputy General Manager, after being appointed CFO in 2009 and having managed the most important external growth operations of the Group.

She is currently CEO of AMCO S.p.A., a member of the Investors Committee of the Italian Recovery Fund (formerly Atlante II), a member of the Board of Directors of Webuild S.p.A.

- **Elena Vasco**, Director, reappointed to the position of Director by the Shareholders' Meeting of 20 April 2020, is independent pursuant to Article 148, paragraph 3, of the Consolidated Finance Act and pursuant to the Corporate Governance Code (**independent non-executive Director**).

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

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

She is also currently a director of the listed companies DeA Capital S.p.A. and Cattolica Assicurazioni. She is also Deputy Chairman of the Board of Directors of Fondazione La Triennale di Milano.

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

On the other hand, with effect from 1 January 2021, the Chairman was entrusted - in line with the provisions of Art. 18.2 of the Articles of Association - with the task of looking after and implementing institutional external relations, including internationally, through ordinary and extraordinary activities, also considering the current pandemic, reporting periodically to the Board of Directors.

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

Note that the number of independent directors shown above exceeds the minimum ratio to the total number of Board Directors, is not only significant as required under applicable laws and regulations, but represents the majority of the directors in office.

The Board of Directors verified the independence requirements of the Directors at its Board meeting on 22 February 2021, by obtaining self-certification from each Director, now held on Company records. On the aforementioned date, the Board of Statutory Auditors, as part of its duties required by law, certified that the Board of Directors had correctly applied the criteria and procedures for ascertaining and evaluating the independence of its members. The Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors therefore confirmed that the independence requirements were met by the aforementioned Directors.

Profiles of the members of the Board of Directors may be found on the Company website www.fieramilano.it in the section *Investors/Corporate Governance/Corporate Bodies*.

- **Diversity criteria and policies**

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

Under the current Articles of Association, the composition of the Board of Directors must meet the legal requirements for gender balance. Moreover, the composition of the Board must reflect adequate diversity in terms of skills, experience, age, gender and international profile.¹⁷

Also, on 10 July 2017, the Board of Directors adopted the 'Regulations of the Board of Directors of Fiera Milano S.p.A.', drafted in accordance with the provisions of current legislation and the previous Corporate Governance Code approved by Borsa Italiana S.p.A. in July 2018 and which is expected to be updated during the 2021 financial year to reflect the changes introduced by the Corporate Governance Code; in any case, the Regulation already defines the requirements that directors must meet in addition to those provided for by law.

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

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

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

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

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

¹⁷ Fiera Milano's Articles of Association underwent an initial amendment process, by the Board of Directors, in March 2020, to make them consistent with the new provisions of Law 160/2019 regarding the gender distribution of members of corporate bodies.

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

Fiera Milano S.p.A.

Listed companies and/or banks, financial or insurance entities and/or those of material size (Italian/Foreign)

	Executive positions	Non-executive positions or positions without control		Total no. of positions
Chief Executive Officer	no	2		5
	Executive positions	Non-executive positions or positions without control		Total no. of positions
		In companies in which Fiera Milano S.p.A. has NO shareholding	In companies in which Fiera Milano S.p.A. has a shareholding	
Chairman	no	3	5	8
	Executive positions	Non-executive positions or positions without control		Total no. of positions
		When executive positions are also held		
		5		
		When executive positions are NOT held		
Non-executive Directors	3	7		10

In accordance with the Regulation:

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

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

• **Induction programme**

The year 2020 saw the renewal of the Board of Directors, most of which was made up of directors who had already held the same office in the previous term of office. The directors reappointed in office had, therefore, already received, during their previous term of office, adequate information on the exhibition sector in which Fiera Milano operates, on the business organisation and its evolution and on the reference legal framework. Similar training was provided during dedicated meetings by the then CEO Mr Fabrizio Curci to the newly elected board members: Anna Gatti and Carlo Bonomi.

Moreover, at meetings held during the year under review, the Board of Directors was given constant and timely notification of measures to update the corporate processes and procedures and the development of the organisational structure of the Fiera Milano Group.

The highly unusual circumstances in which Fiera Milano found itself operating during the 2020 financial year meant that it needed to look in depth at business and organisational issues to deal with the ongoing health emergency.

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

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

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

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

Under Article 17.2 of the Articles of Association, as most recently amended by the Shareholders' Meeting of 2 October 2020¹⁸, in addition to the responsibilities that by law may not be delegated, the Board of Directors also has exclusive responsibility for:

- (a) the purchase, subscription, and transfer, on its own account, of shares, shareholdings or interests in other companies, including newly established companies, and the transfer of option rights, except transactions concerning the mere investment of liquidity;
- (b) the approval of strategic guidelines and policies, industrial and financial plans of all risk assumption and risk management policies, with no exceptions, as well as evaluation of the functionality, efficiency and effectiveness of the internal control systems of the Company;
- (c) the spin-off of property and movable assets to other companies, both those in the process of being established and those already established;
- (d) any form of loan taken out by the Company exceeding the limit of 30% of equity;
- (e) agreements for mortgages, encumbrances or other guarantee rights of any type whatsoever on all or relevant parts of the Company's bonds, property or assets;
- (f) budget approval;
- (g) bank guarantees to third parties granted by the Company;
- (h) the conclusion of property contracts, with the sole exception of (i) real estate rental contracts concluded for the performance of the Company's business for periods not exceeding six years and (ii) real estate rental contracts concluded for the benefit of Company employees included in the approved budget and for periods not exceeding four years;
- (i) the award of consulting, service and other assignments exceeding Euro 100,000.00 (one hundred thousand) not envisaged in the budget;
- (j) the appointment of the General Manager - and possibly one or two Deputy General Managers – as well as the appointment of the Chief Operating Officer and Senior Executives – on the proposal of the Chief Executive Officer if appointed or of the Chairman and the determination of the relevant powers;
- (k) the appointment or termination of the position of Financial Reporting Officer;
- (l) the appointment of the Supervisory Committee;
- (m) the establishment and disbanding of internal Committees of the Board of Directors, the appointment, removal, and remuneration of their members and approval of their operating procedures;
- (n) the appointment and removal of the Internal Audit Manager as proposed by the Chief Executive Officer, after having obtained the opinion of the Board of Statutory Auditors and of the Independent Directors.

¹⁸ It should be noted that the Extraordinary Shareholders' Meeting of 2 October 2020, in order to allow for easier management of the Company in compliance with stringent governance requirements, approved the amendment of articles 9, 10, 15, 17, 18, 20, 21 and 24 of the Articles of Association, as illustrated in detail at the aforementioned Shareholders' Meeting.

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

- preparing and approving the business plan, as proposed by the Chief Executive Officer, and the strategic objectives contained therein;
- all extraordinary administrative measures.

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

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

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

The corporate calendar is available on the Company website www.fieramilano.it in the section *Investors/Documents/Financial Calendar*.

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

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

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

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

The Board of Directors decided that the appropriate advance period for documentation given to Directors and Statutory Auditors ahead of Board meetings, as indicated in the Regulations of the Board of Directors, was three days prior to the date of a meeting, except in emergency situations when the documentation will be made available as soon as possible. The documents relating to approval of the draft financial statements and interim financial reports must instead be submitted at least seven days prior to the date set for the Board meeting.

With the Company Secretariat's support, the Chairman ascertains that the information mentioned above has been provided to the Directors and the Statutory Auditors, confirming this at the start of the meeting. During the year ended 31 December 2020, compliance with deadlines was a constant focus of the Chairman, to ensure the adoption of suitable Board decisions, and deadlines were, generally, met.

To simplify the directors' review activities, the supporting documentation is accompanied by a presentation memorandum by the competent corporate function, indicating the main points of attention of the documentation being presented.

In 2020, the Company launched a project to digitise Board meetings, adopting a new application for the IT management of board meetings. The new application allows easier consultation of the documentation, ensuring maximum confidentiality and allows immediate sharing of any notes or memos between all directors and auditors. This application was used for all Board of Directors meetings and for Fiera Milano's internal committees.

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

During the year ended 31 December 2020, the Board of Directors held 18 meetings, a sharp increase on the year before, in light of the actions required to address the ongoing pandemic and the CEO's resignation, which necessitated more meetings. All the meetings were regularly and assiduously attended by the Directors (the number of meetings attended by each member of the Board of Directors is shown in Table 1). The average duration of the Board meetings was approximately 2 hours 30 minutes. At the date of approval of this Report, one Board meeting had been held during the current year.

The members of the Board of Directors have declared and have guaranteed that they will effectively carry out their roles and dedicate the necessary time to them. This was also confirmed by the significant number of Board meetings held in 2020 and by the high attendance rate of Directors at those meetings.

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

4.4 Delegated Corporate Bodies

- **Chairman of the Board of Directors**

On 20 April 2020, the Ordinary Shareholders' Meeting of Fiera Milano appointed the new Board of Directors of the Company, identifying Antonio Caorsi as the Company's new Chairman.

On 22 April 2020, the newly elected Chairman Mr Antonio Caorsi resigned from the position of Director and Chairman of the Company with effect from the date of the next Board of Directors' meeting, immediately convened as an emergency measure for 25 April 2020.

At the last Board of Directors meeting, the majority shareholder, Fondazione Ente Internazionale Autonomo Fiera di Milano, recommended that, pursuant to Article 2386, paragraph 1, of the Italian Civil Code, Mr Carlo Bonomi be appointed as a new director of the Company and its Chairman, since he meets the independence requirements of the Company's Articles of Association.

At the Shareholders' Meeting of 2 October 2020, Carlo Bonomi was also confirmed as Director and Chairman of the Company.

As already mentioned, at the meeting of the Board of Directors held on 15 December 2020, the Chairman was entrusted – with effect from 1 January 2021 and in line with the provisions of Art. 18.2 of the Articles of Association – with looking after and implementing institutional external relations, including at international level, through ordinary and extraordinary activities, also considering the current pandemic, reporting periodically to the Board of Directors.

Also, the Chairman, following specific statutory provisions, performs additional functions: in particular, he convenes and sets the agenda for the Board of Directors, encourages internal discussion, promotes the actual operation of the corporate governance system, ensuring the balance of powers with respect to the Chief Executive Officer. The Chairman of the Board of Directors coordinates the work of the Board and ensures that adequate information regarding items on the agenda of meetings is provided to all members. Specifically, the Chairman ensures that (i) the Directors receive sufficiently in advance any documentation regarding matters to be discussed at the meeting or, at least, basic information on these matters; (ii) the documentation on matters to be discussed and, in particular provided to the Non-executive Directors, is both qualitatively and quantitatively sufficient as regards the items on the agenda.

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

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

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

- **Chief Executive Officer**

On 20 April 2020, the Ordinary Shareholders' Meeting of Fiera Milano appointed the Company's new Board of Directors, inviting the Board to appoint Mr Fabrizio Curci Chief Executive Officer. The Board of Directors did so in their meeting of the same date.

Subsequently, on 3 June, Fabrizio Curci resigned with effect from 18 June 2020; with the CEO Succession Plan launched on the same date, the Board of Directors conferred operating powers on Mr Carlo Bonomi, Chairman of the Board of Directors, ensuring continuity and stability of management.

Therefore, Mr Luca Albino Palermo was appointed director by the Shareholders' Meeting of 2 October 2020, which also confirmed the appointment of the Chairman, Carlo Bonomi.

The Board of Directors of 15 December then appointed Mr Luca Albino Palermo as CEO and General Manager of Fiera Milano with effect from 1 January 2021.

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

With effect from the same date, 1 January 2021, all management powers were also revoked from the Chairman, Mr Carlo Bonomi.

In particular, the Board of Directors' resolution mentioned above granted Mr Palermo the following powers:

1. To conclude, amend and terminate real estate lease agreements concluded for the performance of the Company's business for annual rents not exceeding Euro 2,000,000.00 (two million point zero zero) per individual transaction and for periods not exceeding six years, and real estate lease contracts concluded for the benefit of the Company's employees, included in the budget approved by the Board of Directors and for periods not exceeding four years.
2. To negotiate and carry out cash transactions in foreign currencies for a maximum amount of Euro 2,000,000.00 (two million point zero zero);
3. To acquire, dispose of and negotiate derivative contracts (swaps, futures and options) on condition that such transactions may only be carried out to hedge interest rate, price, and exchange rate risks and to hedge against fluctuations in share prices or other financial instruments held by the Company, and always for a notional amount not exceeding Euro 2,000,000.00 (two million point zero zero) per transaction.
4. To comply with legal requirements governing the circulation of shares and dividend distributions with the authority to sign declarations;
5. To negotiate, sign, amend, withdraw, rescind or terminate contracts, agreements, letters of intent, memoranda of understanding, non-binding offers, and in general documents and/or non-binding acts of any kind having as their object the exploration and the opening of negotiations for the evaluation of M&A transactions of any kind, with no limit on the amount.
6. To negotiate and finalise, under any form, loan agreements and financing, including discounting and factoring transactions, for single transaction amounts representing no more than 30% (thirty per cent) of the equity of the Company, as well as to request and accept credit facilities for a maximum amount not exceeding 30% (thirty per cent) of the equity of the Company;
7. In the interests of the Company and/or in the interests of and/or for the benefit of directly or indirectly controlled companies or entities and for sums not exceeding Euro 5,000,000.00 (five million point zero zero): To request bank and/or insurance guarantees, letters of guarantee and, in general, reliance letters, to sign the relative agreements, furnish guarantees of all types, sign indemnities and/or warranties, endorsements, comfort letters, and finalise and sign financing transactions and/or bank guarantees.

8. To request without limits bank and/or insurance guarantees, letters of guarantee and general reliance letters in compliance associated with a request for reimbursement of taxes and/or duties to the Company.
9. To grant in the interests of and/or for the benefit of directly or indirectly controlled companies or entities, and for an amount not exceeding Euro 1,000,000.00 (one million point zero zero), non-refundable payments, for future capital increases and/or for any reason whatsoever should the company or entity need them.
10. To negotiate, authorise and underwrite transactions for the temporary use of liquidity through the use of Fiera Milano's available financial resources within the limit of Euro 20,000,000.00 (twenty million point zero zero) in value of the individual investment.
11. To represent the Company both in Italy and abroad in all matters and requirements relating to taxes, duties, and national insurance contributions and, for example, sign as the legal representative the annual tax returns, the VAT returns, the annual withholding tax forms; to sign, present and negotiate statements, appeals, claims and disputes with the Tax and Customs Authorities, the Tax Commissions of all levels, including the Central Tax Commission, and the Judicial Authority.
12. To represent the Company, both actively and passively, in Italy and abroad, before judicial, civil and criminal authorities, administrative authorities in any area and level of jurisdiction also before courts of appeal and the high court, appointing and dismissing as necessary defence lawyers, solicitors, counsellors, consultants and expert witnesses and all with the power to table formal complaints on behalf of the Company; to submit disputes to formal or informal arbitration.
13. To negotiate and settle legal and out-of-court disputes, make out-of-court settlements for a maximum of Euro 1,000,000.00 (one million point zero zero) per dispute; including but not limited to disputes concerning the Company's receivables, tax disputes and labour disputes governed by Title IV of Book II of the Code of Civil Procedure, appointing and dismissing lawyers, defence counsel, consultants and experts for this purpose.
14. For non-management category personnel and for management category personnel, the power to hire, promote, transfer, exercise disciplinary power and dismiss, determining their duties, placement, remuneration, both fixed and variable, and any ancillary and/or extra agreements to the employment contract, while respecting the employment policies under Article 17.2 letter (j) of the Articles of Association;
15. To release certificates and returns for employee income, wage slips and any other matters concerning employees and social security and social and national insurance agencies and other public and/or private entities.
16. To represent the Company, in Italy and abroad, carrying out all duties and transactions with any private or public Body and Administration, including Municipal, Provincial, Regional and State ones, and with social and welfare agencies, trade unions and organisations for employers and employees, law enforcement agencies, social security agencies, the Azienda Socio Sanitaria Territoriale (Local Health Authorities), Agenzia di Tutela della Salute (the Health Protection Agency, Istituti di Ricovero e Cura a Carattere Scientifico (Research/Teaching Hospitals), employment offices and mediation and arbitration organisations; to sign national, local and company trade union agreements.
17. To represent the Company, in Italy and abroad, in matters under Legislative Decree 58 of 24 February 1998 and before Borsa Italiana S.p.A., the Commissione Nazionale per le Società e la Borsa (Consob) or other bodies that manage and/or govern regulated financial markets, the Ufficio Italiano dei Cambi, Monte Titoli S.p.A., the Italian Monopolies and Mergers Authority, the Italian Communications Regulator, the Bank of Italy, courts, Business Registers, Chambers of Commerce and Industry, government ministries and any other control and public bodies, associations, legal entities or individuals, shareholders and with the power to sign any declarations, documents and/or communications, statements, and certificates considered necessary and/or appropriate.
18. To represent the Company at meetings of shareholders, associations, foundations, consortia and entities in which the Company has a shareholding.
19. On behalf of the Company, to instigate any preventive or enforcement, seizure, and injunction measures, attachment orders and revoke these; to protest against bills of exchange; to issue a garnishee statement to the judicial authorities while adhering to the provisions of applicable law, with special reference to the provisions of Article 547 et seq. of the Civil Procedure Code.

20. To intervene in bankruptcy proceedings, file creditor claims in those bankruptcy proceedings, sign agreements, demand partial or final distribution, intercede in arrangements with creditors and approve or reject them.
21. To sign statements regarding regulatory status and compliance, consular invoices, import and export certificates and forms, and to carry out any required transactions with customs with the authorisation to make and collect any necessary deposits, sign application statements and forms.
22. To sign reports regarding inspections of any kind by public officials with the power to instigate disputes, make declarations, express reservations and provide corrections and clarifications.
23. To issue instructions, organise, manage and control, with fully independent decision-making and spending powers, compliance as part of the Company's activities of all obligations envisaged in Regulation (EU) 2016/679 - the General Data Protection Regulation - and Italian regulations on personal data protection and related amendments, as well as adopt all measures necessary for this purpose, and to represent the Company as data processing controller with the right to sub-delegate all or part of the aforementioned powers and/or assign the duty of complying with such obligations to other internal parties (executives, employees) or external parties (consultants).
24. To assign and revoke responsibilities and general and/or special powers for specific acts or categories of acts within the limits of the powers assigned.
25. In accordance with Article 19 of the Articles of Association, to have signing authority and legal representation on behalf of the Company, either with third parties or in legal matters concerning Fiera Milano, for all matters delegated by the Board of Directors, preceding his name with the words 'Chief Executive Officer'.
26. And any other management or representation powers for the ordinary management of the Company but specifically excluding any related to the extraordinary management of the Company.
27. To implement the decisions taken by the Board of Directors, also through coordination of subordinate bodies, and ensuring their timely execution.
28. Regarding the payment of direct and indirect taxes and social security contributions resulting from the payment of such taxes and contributions in accordance with the law and the payment of dividends to shareholders by resolution of the Shareholders' Meeting, notwithstanding the above limits, the CEO may make the relevant payments without any limitation on the amount.

By the same resolution, Mr Palermo was also appointed:

- a. Director in charge of setting up and maintaining the internal control and risk management system pursuant to Article 6 of the Corporate Governance Code.
- b. With the express exclusion of any other party, Employer for preventive purposes pursuant to Art. 2, paragraph 1, lett. b) of Legislative Decree 81/08, for the Rho and Fieramilanocity sites and for any future locations that the Company will acquire, as well as in relation to any other place, including foreign ones, within which Fiera Milano carries out, even temporarily, its work, with the automatic exclusion of any sites that may be closed in the future, granting it all the managerial, decision-making and spending powers - none excluded and without the need for a detailed list - necessary for the implementation of the entire regulatory system in force on health, safety at work, occupational hygiene and accident prevention, contained, among other things, in Legislative Decree 81/2008, with the right to delegate powers and functions, except only those that cannot be delegated by the Employer, in compliance with the requirements, limits and conditions laid down by law.
- c. With the express exclusion of any other person, Head of Safety and Environmental Protection, for the Rho and Fieramilanocity sites, and for any future sites that the Company may acquire, as well as in relation to any other site, including foreign sites, in which Fiera Milano may carry out its work, even temporarily, with the automatic exclusion of any sites that may be closed in the future, granting it all the decision-making, managerial, executive and spending powers - none excluded and without the need for a detailed list - necessary to ensure compliance with all current, issued and to be issued environmental protection laws and regulations, as well as with all regulatory and implementing provisions and all provisions of the competent Authorities, also issued at local level, with the right to delegate powers and functions in compliance with the requirements, limits and conditions set by law.

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

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

Specifically, as General Manager, Mr Palermo's responsibility is:

1. To conclude, amend and terminate consultancy and cooperative agreements, contracts for the use of intellectual property and professional services in general for an amount or commitment not exceeding Euro 1,000,000.00 (one million point zero zero) per transaction, without prejudice to the fact that the Board of Directors remains responsible for appointments, consultancies and services for over Euro 100,000.00 (one hundred thousand point zero) that are not within budget limits.
2. To assign mandates to banks, credit institutions, financial and trust companies to carry out equity services on behalf of the Company, negotiating the relative conditions and making the necessary payments.
3. To carry out banking transactions, including opening bank accounts, making deposit agreements, transferring cash and cash equivalents among banking institutions and using the current account and overdraft facilities within the credit limits previously requested and obtained by the Company.
4. To negotiate, enter into, amend, withdraw from or terminate contracts, business proposals, documents and/or deeds of any nature whatsoever concerning the sale and/or provision of consumer goods or services, with no limitation on amount.
5. Negotiate, conclude, amend, execute and terminate for any reason, title or cause whatsoever all contracts, documents and/or acts of any nature whatsoever concerning the purchase of individual goods or services necessary for the Company's business, which entail the Company's assumption of commitments within the economic limit of Euro 2,000,000.00 (two million point zero zero) for each individual transaction.
6. To conclude, amend and terminate insurance contracts covering all types of risks, lease and factoring contracts for sums not exceeding Euro 5,000,000.00 (five million point zero zero) for any single transaction.
7. To conclude, amend and terminate tender contracts of any kind, including services, works, and transport contracts, commission agreements, deposit contracts, agency and sale contracts, loan for use, hire, agency and carrier services agreements for sums not exceeding Euro 20,000,000.00 (twenty million point zero zero) for any transaction.
8. To represent the Company, in Italy and abroad, in tenders and, in general, any procedures for the award of contracts of any kind, from public or private entities and their agents and sub- agents, stipulating and signing contracts in the name of and on behalf of the Company, giving expressions of interest, applications, financial quotations or any other relevant statement or declaration defining prices, agreements and conditions, constituting and releasing security deposits, receipt of payments, issuing valid receipts and disclaimers to the cashiers, offices and officials in charge of payment and signing the relevant contracts.
9. To dispose of, destroy or scrap machinery, equipment, plant, vehicles and any other type of asset having completed any formalities required by the public registers for ownership and including the cancellation of mortgages.
10. To buy, sell, register, grant or conclude licences for the use of patents, trademarks, models, domains and/or websites, publications, copyrights and all intellectual property rights in general, provided they are inherent to the corporate purpose.
11. To oversee the organisation of work, define the Company's organisation chart and ensure that all company functions act in coordination with each other, defining each function's tasks and responsibilities, setting objectives, and measuring their achievement.
12. To adopt all necessary measures to ensure the regular operation of the Company.
13. To make available and/or authorise the payment of the salaries and contributions of Fiera Milano employees, referred to each month, and taking any action to ensure the above and carrying out and/or subscribing to any means useful or necessary to compile the forms for the payment of costs related to the monthly wages (i.e. national insurance contributions and statutory deductions) and the payment of these costs.

14. To coordinate and optimise all Company operations and projects to enhance their efficiency and ensure they work towards the aims of the Company.
15. To ensure strict compliance with laws, internal regulations and instructions.
16. With the power to assign special powers of attorney for certain acts or categories of acts, within the limits of the powers received.

4.5 Self-appraisal by the Board of Directors

In compliance with the provisions of the new Corporate Governance Code, the Board of Directors - taking into account the renewal of the management body at the Shareholders' Meeting of 20 April 2020, and the fact that the majority shareholder for the presentation of the list of the new management body from which the Board of Directors was entirely drawn had been provided with the Guidelines on the composition of the new Board of Directors of Fiera Milano S.p.A. for the three years 2020-2022 - decided to make use of the provisions of Recommendation 22 of the Corporate Governance Code¹⁹ limiting the 2020 appraisal to the verification of the independence and professionalism requirements of its members, postponing the overall assessment to 2021, including verification of the rules of operation of the Board itself and the Committees set up.

The appraisal of the fulfilment of the independence and professionalism requirements of the members of the management body is carried out in accordance with the Regulations of the Board of Directors of Fiera Milano.

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

The self-appraisal Process is carried out by the Board of Directors, supported in its activities by the Appointments and Remuneration Committee, which is supported by the Company Secretariat in carrying out the necessary activities.

The self-appraisal involves the following steps:

- gathering of qualitative information on the directors, including updates on their independence, professionalism requirements, positions held and any related party relationships;
- gathering information on attendance, meeting duration and matters discussed;
- assessment of the qualitative information obtained regarding compliance with the law, best governance practices and the Regulations of the Board of Directors regarding board member profiles;
- formalisation of the results in the relevant document indicating the methodology used and the results obtained.

In particular:

as part of the self-appraisal carried out concerning the financial year ended 31 December 2020, the documentation and questionnaires examined revealed the following:

- all members meet the requirements under Article 2382 of the Italian Civil Code;
- the Board of Directors comprises seven independent directors out of a total of nine, meeting the requirement of the Corporate Governance Code (which requires a significant number of directors to be independent);
- the Board of Directors guarantees the diversity of its members; specifically:
 - gender diversity is well represented on the Board, with one more than one third of the directors being male, i.e. the least represented gender;
 - generational diversity is well represented on the Board, as members are from different age groups and professional backgrounds;
 - professional diversity is well represented on the Board, as members are specialist professionals operating in diverse product sectors of interest for Fiera Milano;

¹⁹ The self-assessment is conducted at least every three years, in the run-up to the renewal of the governing body

- each Board Director has good knowledge of and experience in at least three of the competency areas indicated;
- overall, in relation to the number Board Directors, the Board has a high level of competency in each area appraised.

4.6 Independent Directors

During 2020, the Independent Directors actively contributed to corporate decisions adopted. In this respect, – as detailed below – at 31 December 2020 the Appointments and Remuneration Committee and the Control and Risk and Sustainability Committee is composed entirely of Independent Directors.

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

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

4.7 Lead Independent Director

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

For this reason, as Fiera Milano is under no such obligation, at the meeting of 20 April 2020 the Board of Directors decided not to appoint a Lead Independent Director.

5. Committees of the Board of Directors (Article 123-bis, paragraph 2.d), Consolidated Finance Act)

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

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

In particular, as regards the Appointments and Remuneration Committee, the Company decided to continue grouping together the activities relating to remuneration and appointments under a single committee, in view of the fact that the approach was confirmed capable of achieving the objectives established by the Corporate Governance Code, and given the limited size of the Company and the high degree of ownership concentration at 31 December 2020.

Similarly, the company decided to include among the Control and Risk Committee's typical tasks the verification of issues relevant to the generation of long-term value and the sustainable success of the company, changing the name of this committee to the Control, Risk and Sustainability Committee.

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

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

5.1 Appointments and Remuneration Committee

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

The Appointments and Remuneration Committee, in accordance with its Rules and the Company's Articles of Association, comprises at least three Non-executive Directors, the majority of whom are Independent Directors. At least one member of the Committee has adequate knowledge and experience of financial matters or remuneration policies. This is assessed at the time of their appointment.

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

An update of the relevant Regulations was approved at the meeting of the Board of Directors on 15 December 2020; consequently, at 31 December 2020, the Committee's functions are as follows:

Functions of the Committee in terms of remuneration:

- a) assists the Board of Directors in drawing up the remuneration policy, for its presentation to the Shareholders' Meeting called to approve the financial statements as required by law;
- b) submits proposals and expresses opinions on the remuneration of executive directors, directors holding special offices and top management²⁰, regarding the various forms of remuneration and economic treatment;
- c) it assists the Board of Directors in drawing up share-based remuneration plans for executive directors, directors holding special offices and top management;
- d) it presents proposals and expresses opinions on the setting of performance targets (MBO, LTI Plans and/or stock option plans, if any) connected to the determination of the variable remuneration of executive directors, directors holding special offices and top management;
- e) it proposes the definition, in relation to executive directors and directors holding special offices, of end-of-office indemnities for Directors, as well as non-competition agreements;
- f) it monitors the practical implementation of the Remuneration Policy, in particular, verifying the actual achievement of performance targets;
- g) it periodically assesses the adequacy and overall consistency of the Remuneration Policy for executive directors, directors holding special offices and top management;
- h) it informs the shareholders' meeting about procedures for exercising its functions, in reports to be presented in accordance with applicable law.

Functions of the Committee in terms of appointments:

- i) the Committee puts the names of possible candidates for Director to the Board, should one or more Directors be unable to carry out their duties in the course of the financial year (Article 2386, paragraph 1, Italian Civil Code) ensuring that the requirements for both a minimum number of Independent Directors and gender balance are met;
- j) it supports the Board of Directors in the preparation, approval, management and implementation of the Succession Plan for the CEO and other executive directors;
- k) supports the Board of Directors in the self-appraisal process of the Board of Directors and its committees;
- l) it supports the Board of Directors in the process designed to express, ahead of the renewal of the Board of Directors, an opinion on the optimal quantitative and qualitative composition of the Board of Directors and its committees, also taking into account the results of the self-assessment process.

²⁰ Top management means senior managers who are not members of the Board of Directors and who have the power and responsibility for planning, directing and controlling the activities of the company and its group; it being understood that the Committee shall refer, for identification from time to time of the same, to the top management identified in the Remuneration Report drawn up pursuant to Article 123-ter of the Consolidated Finance Act.

The Appointments and Remuneration Committee, appointed by the Board of Directors on 20 April 2020, until the approval of the financial statements as at 31 December 2022, is composed of: Alberto Baldan, Marina Natale and Elena Vasco, who acts as Chairman. Members of the Appointments and Remuneration Committee have the necessary experience to carry out their assigned duties with respect both to appointments and remuneration.

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

During the year ended 31 December 2020, the Committee held 9 duly minuted meetings and carried out its responsibility to table proposals to the Board of Directors. The average duration of the meetings of this Committee was approximately 1 and a half hours. At the date of approval of this Report, 1 meeting had been held in the current financial year.

At least one statutory auditor and the Human Resources Director of Fiera Milano attend the Committee meetings.

In compliance with the provisions of the Corporate Governance Code, as also set out in the new Committee Regulation, the Chairman of the Committee shall inform the Board of Directors, at the earliest opportunity, on the issues discussed at previous meetings. This is without prejudice to the half-yearly written report that must be submitted to the management body.

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

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

- for appointments:
 - it examines the candidature of Mr Carlo Bonomi as Director and Chairman of the Company following the resignation of the Chairman Mr Antonio Caorsi; also in the light of the communication received from the majority shareholder Fondazione Ente Autonomo Fiera Internazionale di Milano (hereinafter, 'Fondazione') - whereby Fondazione, in compliance with the provisions of its Articles of Association that provide for the mandatory appointment of the Chairman of Fiera Milano, invited the Company to consider the candidacy of Mr Carlo Bonomi for the position of director and Chairman of the Board of Directors of Fiera Milano - the Committee assessed the candidacy favourably, presenting its findings to the Board of Directors on 25 April 2020, which resolved to co-opt and appoint Mr Carlo Bonomi as Chairman;
 - triggering of the Succession Plan following the resignation on 3 June 2020 of Fabrizio Curci as CEO and General Manager of Fiera Milano with effect from 18 June 2020;
 - holding of meetings with the potential candidates for the position of new CEO included on the shortlist prepared by the headhunting company conducting the search and favourable assessment of the appointment of Mr Luca Palermo as Director by the Shareholders' Meeting of 2 October 2020 also following the preference expressed by the shareholder Fondazione Fiera Milano.
- for remuneration:
 - review of the Remuneration Report pursuant to Article 123-ter of the Consolidated Finance Act and in particular the remuneration policy to be presented for approval to the Board of Directors and the Shareholders' Meeting convened to approve the financial statements for the year;
 - proposals for the payment of MBO bonuses for the Chief Executive Officer and the Executive with Strategic Responsibilities for the 2019 financial year;
 - review of the short-term incentive plan (MBO) for the Chief Executive Officer and for the Executive with strategic responsibilities for 2020;
 - presentation of performance targets linked to the incentive plans for 2019;
 - consideration of whether to refer the approval of the new LTI 2020-2022 plan to the Board of Directors appointed for the three years 2020-22;
 - determination of the remuneration due for the three years 2020-2022 to the Committee and the Control and Risk Committee;
 - assessment of the remuneration due to the Chief Executive Officer and General Manager, Mr Fabrizio Curci, following the termination of his office;
 - assessments regarding the postponement of the approval of the 2020-2022 LTI Plan;

- assessment of the remuneration package of the new Chief Operating Officer;
- assessment of the additional remuneration to be paid to the Chairman in light of the additional management powers granted for the period June-December 2020;
- initial assessments of the one-off amounts to be paid to staff for overtime work in 2020 in light of the ongoing pandemic.

5.2 Control, Risk and Sustainability Committee

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

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

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

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

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

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

An update of the Committee's Regulations was approved at the meeting of the Board of Directors on 15 December 2020; consequently, at 31 December 2020, the Committee's functions are as follows:

- after consulting the Financial Reporting Officer, the Independent Auditors and the Board of Statutory Auditors, to assess the correct adoption of accounting standards, as well as their consistent application across the Group for the purpose of preparing the consolidated financial statements;
- to assess the suitability of periodic financial and non-financial information to correctly represent not only the company's management, but also its business model and strategies;
- to examine the content of periodic information of a non-financial nature relevant to the internal control and risk management system, including supervision of the dynamics of interaction with stakeholders relevant to the areas of sustainability pursuant to Legislative Decree 254/2016;
- to express specific opinions on aspects regarding the identification of main corporate risks;
- to assess the measures adopted or to be adopted by the Company to ensure the effectiveness and impartiality of judgement of the company's risk management and compliance functions, verifying that those functions have adequate professionalism and resources;
- to monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department of Fiera Milano S.p.A. and supervising activities, to ensure that conditions of independence and objectivity, competence and professional diligence are met, in compliance with the Code of Ethics of Fiera Milano and international standards. Specifically, the Committee:
 - reviews the periodic assessment reports of the Internal Audit Department containing information on activities carried out, the assessment of the internal control and risk management system, and any other important evaluations;
 - requests the Internal Audit Department to carry out audits/controls, where deemed appropriate, for specific areas of operations, and, at the same time, notifies the Chairman of the Board of Statutory Auditors;

- reviews information received from the Internal Control Director and promptly informs the Board of Directors of its own evaluations, in the case of: i) serious deficiencies in the system to prevent irregularities and fraudulent acts or irregularities or fraudulent acts committed by employees that hold key positions in the internal control and risk management system; ii) circumstances that may harm the independence of the Internal Audit Department;
- after preliminary research, supports the assessments and decisions of the Board of Directors on matters concerning the risk management of prejudicial events that have come to the attention of the Board of Directors;
- supports the Board of Directors in defining the guidelines of the internal control and risk management system in line with the company's strategies;
- advises on the activities of departments in the case of judicial investigations in Italy and/or abroad, for which the Chief Executive Officer and/or Chairman of the Company and/or a Board Director and/or an officer reporting directly to the Chief Executive Officer, also if no longer in office, have received information of their being investigated regarding the predicate crimes in Legislative Decree 231/2001, referable to the relative mandate and area of responsibility;
- carries out all further duties assigned by the Board of Directors.

The Committee gives a preliminary opinion to the Board of Directors on the following matters:

- the description, contained in the corporate governance report, of the main features of the internal control and risk management system and the methods of coordination between the parties involved in it, expressing its overall assessment of the adequacy of the system itself and giving an account of the choices made regarding the composition of the supervisory body appointed pursuant to Legislative Decree 231/2001;
- the interests of the Company regarding minor or significant related-party transactions, and the substantial fairness of conditions, pursuant to company procedures in force adopted in accordance with Consob Resolution 17221/10 and related organisational implementing rules;
- the proposed appointment or removal of the Internal Control Director, ensuring that they have the necessary resources to carry out their role, and whether their remuneration is consistent with Company policy, assisted in this matter by the Appointments and Remuneration Committee;
- the adoption and subsequent updating of Guidelines for the Financial Reporting Officer;
- annual approval of the audit plan prepared by the Internal Control Director.

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

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

During the year ended 31 December 2020, the Control, Risk and Sustainability Committee held 12 duly minuted meetings. The average duration of the meetings of this Committee was approximately 2 hours. At the date of the approval of this Report, 2 meetings had been held in the current financial year.

At least one statutory auditor and the Internal Control Director of Fiera Milano attend the Committee meetings.

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

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

In compliance with the provisions of the Corporate Governance Code, as also set out in the new Committee Regulation, the Chairman of the Committee shall inform the Board of Directors, at the earliest opportunity, on the issues discussed at previous meetings, without prejudice to the half-yearly written report that must be submitted to the management body.

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

- examination of the Impairment Test procedure for the financial statements as at 31 December 2019;
- Impairment Test results as at 31 December 2019;
- procedures and activities under Law No. 262/2005;
- draft of the Financial Statements as at 31 December 2019 and the Management Report, the Consolidated Financial Statements as at 31 December 2019 and the Management Report;
- the Disclosure of Non-Financial Information at 31 December 2019;
- 2020 Internal Audit and Compliance Plan;
- Risk Assessment ERM;
- Covid-19
 - the 'Ospedale Fiera Milano' project - examination of the project at the meeting of 23 March 2020 as regards the reasonableness of the fee for the provision of the service by the subsidiary Nolostand;
 - Lease agreements - examination of the proposal to amend the payment terms of the lease agreements for the Rho - Pero exhibition centre and the Milan - Fieramilanocity exhibition centre at the meeting on 30 March 2020;
 - assessment of financial and business impacts and of the economic, financial and asset situation;
 - updating the Audit Plan;
 - assessment of the actions implemented by the Group to protect health and safety;
 - assessment of the criteria for carrying out the impairment test on the half-yearly report as at 30 June 2020, in light of the current emergency;
 - Risk Assessment ERM - focus on risks related to the Covid-19 emergency;
 - assessment of the protocols to contain the spread of the new coronavirus and start of exhibition activities;
- assessment of the risks arising from the potential litigation concerning the total fees due to the Chief Executive Officer and General Manager Mr Fabrizio Curci for the termination of the above-mentioned offices;
- Impairment Test results as at 30 June 2020;
- consolidated half-yearly report as at 30 June 2020;
- Risk Assessment ERM as at 30 June 2020;
- analysis and monitoring of existing relations with Fondazione;
- assessment of possible risks arising from expiring procurement contracts;
- assessment of the proposal concerning the request for i) SACE guaranteed financing, ii) SIMEST subsidised financing, and iii) confirmation of the extension of the revocable credit lines.

The Committee also:

- expressed a positive opinion on the Company's interest in carrying out the transaction of greater importance with a related party (i.e. Fondazione) concerning the reduction of the rent for the year 2020 for the Fiera Milano Rho and Fiera Milano City exhibition sites;
- conducted - in relation to the 2019 financial year - the self-appraisal to verify the adequacy of its composition and operating rules;
- carried out the assessment of related party transactions falling within its remit;
- examined - during the meeting held on 1 December 2020 - the proposal to amend the Regulations and the proposal to change its name to 'Risk Control and Sustainability Committee', which were approved by resolution of the Company's Board of Directors on 15 December 2020.

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

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

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

6. Remuneration of the Board of Directors

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

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

7. Internal Control and Risk Management System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Monitoring the administrative and accounting procedures**

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

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

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

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

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

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

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

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

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

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

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

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

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

On 20 April 2020, the Board of Directors delegated responsibilities under the Corporate Governance Code governing internal control and the risk management system to the previous Chief Executive Officer, Fabrizio Curci. Following Mr Curci's resignation, effective as of 18 June 2020, the Board of Directors transferred these prerogatives to the Chairman, Mr Carlo Bonomi, and at the same time conferred on the director, Ms Stefania Chiaruttini, Chairman of the Control and Risk Committee and independent director, a control and guarantee role with respect to the position taken on by Chairman Bonomi as 'Director in charge of the internal control and risk management system', as a mere guarantee function and in the absence of any entitlement to design and manage the internal control and risk management system.

This structure remained in place until 31 December 2020, because the current Chief Executive Officer Luca Palermo, appointed with effect from 1 January 2021, was given the role of Director in charge of setting up and maintaining the internal control and risk management system pursuant to Article 6 of the Corporate Governance Code.

7.2 Head of Internal Audit (the 'Internal Audit Department')

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

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

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

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

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

In particular, the Head of Internal Audit:

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

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

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

7.3 Organisation model pursuant to Legislative Decree 231/01

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

As a result of its need to guarantee transparency and fairness in its business dealings, the Company considered it appropriate to adopt an Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter the '**Model 231**'), which was most recently the subject of two important amendments approved at the meetings held on 29 July 2020 and 10 November 2020 and an update to the General Part of the 231 Model approved on 10 March 2020.

On the occasion of the first update, the list of predicate offences was amended in the light of regulatory changes that extended the list of offences included in Legislative Decree 231/2001, including Tax Crimes (introduced into Legislative Decree 231/01 by Decree Law No. 124 of 26 October 2019).

Subsequently, a new Special Part of Model 231 was introduced in July 2020: special Section no. 14 Tax Crimes, in relation to the so-called Tax Crimes, referred to in Article 25-*quinquiesdecies* of Legislative Decree no. 231/2001. The activity, focused on the drafting of the new special section, also entailed the need to update special sections no. 1 Offences against the Public Administration and Bribery among Private Individuals, no. 2 Corporate Offences, no. 3 Market Abuse, no. 4 Transnational Crimes, no. 6 Offences of Receiving of Stolen Goods, Money Laundering, Use of Money, Goods or Benefits of Unlawful Origin and Self Laundering, no. 8 Organised Crime Offences and no. 9 Offences against Industry and Trade.

On the occasion of the said update, noting the publication in the Official Journal of Legislative Decree No. 75 of 14 July 2020 on the 'Implementation of Directive (EU) 2017/1371 on the fight against fraud affecting the financial interests of the Union by means of criminal law' (the 'PIF Directive'), it was anticipated that Model 231 would need to be updated in light of the significant and numerous changes in administrative liability introduced with effect from 30 July 2020.

Lastly, Model 231 was then updated in November 2020 to comply with the so-called PIF Directive, through the integration of (i) the General Section, which led to the addition of the list of predicate offences (ii) Special Section no. 1 Offences against the Public Administration and Bribery among Private Individuals and (iii) Special Section no. 14 Tax Crimes.

Please note that on the occasion of the above-mentioned updates of the special parts of the Model, which took place in July and November, a Risk Assessment activity was carried out. In particular, to identify the risks of occurrence of the new predicate offences and their relevance to the activities actually carried out by the Company, the relevant internal documents were examined (procedures, policies, proxy and delegation system, organisation chart, function chart, etc.) and interviews were conducted with the Company representatives who, each for their specific area of competence, supervise the so-called sensitive areas. The Risk Assessment activity therefore made it possible to:

- identify so-called sensitive activities;
- identify the control protocols already adopted by the Company and possibly suggest strengthening them;
- identify further control protocols or protective measures to be implemented/strengthened in areas at higher risk of offence.

Based on the feedback received from the interviewees and the documentation analysed, both the likelihood of the commission of new predicate offences and the level of alignment with the control standards were assessed. The risk assessment work was followed by a gap analysis and an action plan to define the risk minimisation actions to be taken and the relative priorities.

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

The Company's Model 231 is currently composed of:

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

As an attachment, the Code of Ethics of the Fiera Milano Group (hereinafter the '**Code of Ethics**' or '**Code**') is included to complete and form an integral part of Model 231.

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

The general section of Model 231 of the Company is available on the website www.fieramilano.it, in the section *Investors/Corporate Governance/Model 231 - General Section*, as is the Code of Ethics, published in the section *Investors/Corporate Governance/Code of Ethics*.

Following the update to Model 231 and, to continue the training of recent years, information and training initiatives for all corporate employees were implemented.

Following the more general training that took place at the end of 2019 on Model 231, two further training activities were carried out in the financial year 2020: a first training activity in person and addressed to all employees took place on 12 February 2020 concerning relations with the public administration. Subsequently, in December 2020, a second training activity on Tax Crimes was carried out via e-learning.

To guarantee the functioning, effectiveness and compliance with the Model 231, the Company has set up a collective body known as the Supervisory Committee. The current Body, appointed on 20 April 2020, comprises the Chairman, Piero Antonio Capitini, the external member Luigi Bricocoli and the internal member Basilio Postiglione, also Head of the Internal Control Department of Fiera Milano. This Committee is tasked with the control and updating of the Model 231 to ensure that it is both efficient and effective, as well as coordinating its own activities with those of other bodies and internal audit departments.

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

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

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

As regards subsidiaries operating under foreign jurisdictions, which are not required to adhere to the provisions of Legislative Decree 231/01 and which do not have their own Organisation, Management and Control Models pursuant to the above-mentioned Decree 231, the Group Code of Ethics, the guidelines for anti-corruption and other compliance programmes are adopted, to provide a systematic reference framework of crime prevention regulations and standards.

7.4 Independent Auditors

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

7.5 Financial Reporting Officer

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

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

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

The Guidelines for the Management of Information Flows (hereinafter the '**Guidelines**') are also in force. The purpose of the Guidelines is to define the management of minimum information flows between the various Fiera Milano Group companies and between the parent company's control bodies (i.e. the Board of Directors, the Board of Statutory Auditors, the Supervisory Board, the internal committees of Fiera Milano, the Internal Control Department, the Risk Management Department, the Compliance Function, the Financial Reporting Officer under Law 262/2005), in order to promote the exchange of information among company boards and Group companies, to guarantee more efficient and effective process management.

8. Board Of Statutory Auditors

8.1 Appointment of Statutory Auditors

The Articles of Association currently require that the appointment of Statutory Auditors is on the basis of lists presented by the shareholders; the Articles state that the position of Chairman of the Board of Statutory Auditors is granted to the first candidate on the second list by number of votes and who is in no way related, even indirectly, to those shareholders who presented, or acted in concert to present, or voted for the first – placed list by number of votes. Only those shareholders who, individually or together, represent at least 2.5% of the share capital and are entitled to vote in the ordinary shareholders' meeting have the right to present a list, as required by the Articles of Association and by Consob Resolution 44 of 29 January 2021. A shareholder who intends to present a list of candidates and who does not own a controlling interest or the relative majority of the share capital of the Company must deposit a declaration stating the absence of any relationship with the controlling shareholders, as required by the regulatory provisions. The lists must be filed with the registered office of the Company at least twenty-five days prior to the date set for the Shareholders' Meeting on first call and must be made publicly available at least twenty-one days prior to this date.

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

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

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

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

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

The complete Articles of Association are available on the Company website www.fieramilano.it in the section Investorss/Corporate Governance/Articles of Association.

8.2 Diversity criteria and policies

Under Article 20 of the Articles of Association and in compliance with provisions of the Corporate Governance Code, the Board of Statutory Auditors is well represented in terms of gender diversity - as it has three Standing Statutory Auditors of which at least one is of the least represented gender and two Substitute Statutory Auditors, one of each gender - and also in terms of generational diversity as its members come from various age groups and professional backgrounds²¹.

The replacement procedure complies with the requirement for gender balance.

²¹ It should be noted that Fiera Milano's Articles of Association underwent an initial amendment in 2020, by the Board of Directors, in March 2020, to make them consistent with the new provisions of Law 160/2019 on the subject of gender distribution of members of corporate bodies.

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

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

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

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

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

Riccardo Raul Bauer, Chairman of the Board of Statutory Auditors of Fiera Milano since 23 April 2018 as well as Standing Statutory Auditor of Fiera Milano Congressi S.p.A., since 3 April 2019, and of Nolostand S.p.A. since 8 April 2020. Born in Milan on 12 January 1951, he graduated in Economics from Cattolica University, Milan in 1983. He has been a practising Chartered Accountant since 1984 and is on the National Register of Auditors.

He has held and currently holds many administration and control positions, including Chairman of the Board of Statutory Auditors of DPI - Diamond Investments S.r.l. and Magifin S.r.l. Chairman of the Board of Statutory Auditors of Ospedale Israelitico and Close Logistics S.r.l., Member of the Board of Statutory Auditors of Space Lab S.p.A., Integrae SIM and Fondazione MEIS, Member of the Board of Auditors of Istituto Pitigliani and Chairman of the Audit Commission of the Order of Chartered Accountants and Accounting Experts of Milan.

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

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

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

He has held several administration and control positions and is currently Standing Statutory Auditor of Costruzioni Giuseppe Maltauro S.p.A., Independent Director of BFC Blue Financial Communication S.p.A., Independent Director of BFC Space S.r.l., Partner/Co-founder and CEO di Pigreco Corporate Finance S.r.l., Standing Statutory Auditor of Foodness S.p.A., First Advisory S.r.l., Investitori First S.p.A., D.P.I. S.p.A. in liquidation, Magifin S.p.A., and Standing Statutory Auditor with Statutory Audit Responsibilities of FHS&C S.p.A.

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

Mariella Tagliabue, Standing Statutory Auditor of Fiera Milano since 23 April 2018. Chair of the Board of Statutory Auditors of Ipack Ima S.r.l. (joint venture Fiera Milano- UCIMA) since 3 April 2019 and Chair of the Board of Statutory Auditors of Made Eventi S.r.l. (Fiera Milano Group) from 5 December 2019.

Born in Monza on 31 August 1970, she graduated with honours in Economics from Cattolica University, Milan in 1994.

She is a chartered accountant, auditor and technical consultant and is on the Register of Technical Consultants of the Court of Milan. Adjunct professor for the *Master in Credit Risk Management* Faculty of Banking, Finance and Insurance Sciences at Cattolica University. She is a technical consultant on financial statements, extraordinary corporate transactions and business assessment. Author of publications on international accounting standards.

From 1994 to 2004, she worked at KPMG S.p.A., where she held the position of Senior Manager Audit Financial Services.

She currently holds positions in two other issuing companies: Chairman of the Board of Statutory Auditors of Anima Holding S.p.A. and Standing Statutory Auditor and Member of the Supervisory Board ('SB') of Nexi S.p.A., she is a member of the Board of Auditors of Fondazione Telethon, Standing Statutory Auditor and member of the SB of Nexi Payments S.p.A. and Mercury Payment Services S.p.A.

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

Daniele Beretta, Substitute Statutory Auditor of Fiera Milano since 23 April 2018 and Standing Statutory Auditor of Fiera Milano Congressi S.p.A. since 3 April 2019.

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

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

He is an adjunct professor at the Faculty of Banking Science, Cattolica University, Milan.

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

Marina Scandurra, Substitute Statutory Auditor of Fiera Milano since 23 April 2018, as well as Sole Auditor of MiCo DMC S.r.l. since 3 April 2018.

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

Currently she holds the following corporate offices: Member of the Supervisory Board of GEDI Gruppo Editoriale S.p.A. and MPS Capital Services S.p.A. Member of the Board of Statutory Auditors of Italia Trasporto Aereo S.p.A., Camfin Alternative Assets S.p.A., Morini S.p.A. and Transmed S.p.A.

She is also Chairman of the Board of Statutory Auditors of Citelum Napoli Illuminazione S.c.a.r.l. and Stretto di Messina S.p.A. in liquidation, and a member of the Board of Directors of MPS Capital Services S.p.A..

During 2020, the Board of Statutory Auditors met 16 times. The average duration of the meetings of the current Board of Statutory Auditors was approximately 3 hours. At the date of approval of this Report, three meetings had been held in the current financial year.

8.4 Role and functions of the Board of Statutory Auditors

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

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

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

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

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

The Board of Statutory Auditors participates in the meetings of the Risk and Sustainability Committee and the meetings of the Appointments and Remuneration Committee.

8.5 Self-appraisal by the Board of Statutory Auditors

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

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

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

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

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

The self-appraisal, started by the Chairman of the Board of Statutory Auditors, was carried out by each Statutory Auditor completing a questionnaire; the results were presented to the Board of Statutory Auditors, which formalised it in an ad hoc document presented to the Board of Directors at its meeting of 22 February 2021.

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

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

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

In particular, each Statutory Auditor completed:

- the self-appraisal questionnaire;
- the checklist certifying professional requirements and expertise;
- a personal details record;

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

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

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

- the size of the Board is adequate for it to carry out its functions;
- the composition of the Board is balanced, and diverse professional expertise guaranteeing appropriate oversight of different areas is well represented; in particular, the following competences are well represented:
 - accounting expertise in consulting and interpreting financial reporting;
 - financial expertise and expertise in extraordinary operations;
 - expertise in risk management;
 - expertise in statutory auditing;
 - expertise in taxation;
 - knowledge of internal audit processes;

and the following areas of expertise are also well represented:

- knowledge of management and business organisation processes;
- experience/skills in the sector and in the specific markets in which the company operates;
- experience in listed companies;
- ability to supervise the adequacy and effective functioning of the organisational structure, regarding risk management, internal audit and financial reporting processes. each member of the Board declares they have sufficient time available to carry out their duties, in view of the scope and complexity, and also the nature, dimension, sectors of activity, organisational configuration and other characteristics of the Company;
- the functioning of the Board is generally adequate for the requirements of Fiera Milano; specifically:
 - members always attend the Board's meetings;
 - members are actively involved in discussions;
 - the Board's meetings are specifically and clearly recorded in the minutes;
 - the minutes are adequate and the register of meetings is duly updated and kept;
 - there is a team spirit and mutual trust;
 - the maximum number of positions that may be held is observed;
 - the auditors are willing to take part in company activities;
 - the work carried out by the Board overall is effective;
- information flows between the Board of Statutory Auditors and other company boards are adequate.
- the position of the Chairman is key; specifically:
 - meetings of the Board are managed effectively;
 - they have a steering function in the Board's organisation;
 - they coordinate with the Chairmen of other company bodies and top managers of the Company;
 - information flows with company functions are correctly managed;
 - they ensure necessary leadership.

During 2020, the Company addressed the critical business issues arising from the Covid-19 pandemic providing the Board of Statutory Auditors with in-depth information on the following matters at numerous meetings of the Board of Directors:

- critical issues in the exhibition sector
- Specific risks and trends in Fiera Milano's national and international markets.

In view of the expiry of the term of office following the approval of the financial statements as at 31 December 2020, the Board of Statutory Auditors recommends that the incoming auditing body be provided with suitable *induction* activities, including training on the strategic guidelines to be approved in February 2021, as provided to the current members of the Board of Statutory Auditors. It is also recommended that internal training focuses particularly on sustainability issues.

9. Procedures adopted by the Company

9.1 Insider Dealing Code

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

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

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

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

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

9.2 Treatment of Corporate Disclosures

The Company has adopted a ‘Procedure for the internal management and external disclosure of inside information and register maintenance (hereinafter, the **‘Procedure**’), as well as the related ‘Implementing measures of the procedure for the internal management and external disclosure of inside information and register maintenance’ (hereinafter, the **‘Implementing Measures**’), last updated in December 2020.

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

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

9.3 Procedure for Related-Party Transactions

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

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

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

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

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

The Procedure is available on the Company website, www.fieramilano.it, in the section *Investors/Corporate Governance/Related Parties Procedure*.

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

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

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

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

10. Shareholder Relations

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

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

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

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

11. Shareholders' Meetings (Article 123-bis, paragraph 2.c), Consolidated Finance Act)

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

Also in accordance with the provisions of Article 9.C.3 of the Corporate Governance Code adopted by Borsa Italiana in July 2018, the Shareholders' Meeting of 23 April 2013 adopted Regulations that govern the conduct of Ordinary and Extraordinary Shareholders' Meetings. These Rules are publicly available on the Company website www.fieramilano.it, in the section Investors/Corporate Governance/Shareholders' Meetings.

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

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

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

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

12. Additional corporate governance practices (Article 123-bis, paragraph 2.a), Consolidated Finance Act)

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

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

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

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

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

12.2 Guidelines on Direction and Coordination

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

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

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

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

The Guidelines were approved by the Board of Directors of the Parent on 31 July 2019 and, subsequently, in order for them to be adopted, the Regulations were presented to the Shareholders' Meetings of the individual companies of the Group so that each could independently adopt them as the basis for their own operations. They were then presented at the Fiera Milano Shareholders' Meeting of 20 April 2020.

13. Changes after the end of the reporting period

For the sake of completeness, it should be noted that on 22 February 2021, Fiera Milano approved the new 2021-2025 strategic plan, integrating sustainability into its business decisions. In order to create value for all Stakeholders, not only economic and financial targets will be pursued, but also targets linked to social and environmental topics.

14. Recommendations of the Corporate Governance Committee for 2021 (letter dated 22 December 2020)

In a letter dated 22 December 2020, the Chairman of the Corporate Governance Committee sent the Committee's 2020 report to the chairmen of the boards of directors of the listed companies, and for information to the CEOs and chairmen of the control bodies, and also referred to the adoption of the new Corporate Governance Code published by the Committee on 31 January 2020, and its specific features, emphasising the one-year period given to companies to adapt to the new provisions.

In the same communication, the Chairman reconsidered the set of recommendations provided in the last four years, formulating some specific indications in the areas marked by the persistence of significant weaknesses, whose overcoming appears key to a better application of the most innovative aspects of the new Corporate Governance Code. In detail, the recommendations focused on the following issues:

- a. sustainability;
- b. quality of information to the board of directors;
- c. application of the independence criteria;
- d. self-appraisal by the administrative body;
- e. appointment and succession of directors;
- f. remuneration policies.

These recommendations - immediately brought to the attention of the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors - were shared with the entire Board of Directors of Fiera Milano at the meeting held on 22 February 2021. On that occasion, the Board of Directors verified that the Company is aligned with all the recommendations issued by the Corporate Governance Committee.

In particular, having examined the recommendations and the specific points of concern raised for each of them, it is considered that Fiera Milano:

1. sustainability: the issue of sustainability is already integrated into Fiera Milano's business activities, long-term strategies and the internal control and risk management system, and remuneration policy. Moreover, as of 1 January 2021, the tasks of the Risk Committee, now called the Control, Risk and Sustainability Committee, have included specific issues related to the company's sustainable success.
2. quality of information to the Board of Directors: as already noted last year, Fiera Milano has already set a three-day deadline in the Regulations of the Board of Directors for providing board directors and auditors with documents on items to discuss, apart from financial statement documents, which must be given to the Board at least one week beforehand (as stated in the Guidelines of the Financial Reporting Officer). With the adoption from 1 January 2020 of the new digital system for managing board meetings, it became even simpler for directors to review documentation to be discussed;
3. application of the independence criteria: there are no criteria set out in the Corporate Governance Code not taken into account in qualifying the independence criteria. In addition, at the Board meeting of 15 December 2020, the Board of Directors set out the quantitative criteria to be used to assess the significance of the relationships under review.
4. self-appraisal by the Board of Directors: the directors played an active role in the drafting of the 2021-2022 strategic plan by participating in specific interviews conducted individually and in informal collegial meetings held in two separate meetings; the Board has also, over the years, ensured constant oversight of the board review process.
5. appointment and succession of directors: Fiera Milano has had a Succession Plan in place since March 2019, which was implemented during 2020 to identify the new CEO. In the context of the activities related to corporate appointments, the Appointments and Remuneration Committee reports in detail on the activities carried out concerning the two distinct activities for which it is responsible. In particular, on the expiry of the term of the previous management body, the aforementioned Committee prepared a document containing the guidelines issued by the current directors for the appointment of the new Board of Directors of the Company for the three years 2020-2022, released to the market on 11 February 2020.
6. Remuneration policies: Fiera Milano acknowledges the commitment required of its non-executive directors to carry out their role; for this reason directors who sit on individual committees receive additional remuneration. Also, Fiera Milano, supported by the work of the Appointments and Remuneration Committee, continues to set fixed and variable remuneration, the latter with short- and long-term objectives, including those related to non-financial and sustainability objectives. In compliance with the existing Remuneration Policy, ad hoc bonuses are only granted in exceptional cases and guaranteed by an authorisation process involving the highest levels of the company.

Tables

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

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

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

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

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

BOARD OF DIRECTORS

Position	Member	Year of birth	Date first appointed	In office from/ until		Non-exec.	Independent under the Code	Independent under the Cons. Fin. Act	BoD attendance *	No. of other positions held **	Control and Risk Management Committee		Appointments and Remuneration Committee	
				List	Exec.						***	*	***	*
Chairman	Carlo Bonomi ^o	1966	25.04.2020	b	c	(X)			10/11	1				
Director	Luca Albino Palermo	1970	2.10.2020	b	c	X			3/3	0				
Director	Marina Natale	1962	21.04.2017	a	c	X	X	X	18/18	2			M	9/9
Director	Alberto Baldan	1960	21.04.2017	a	c	X	X	X	16/18	3			M	9/9
Director	Stefania Chiaruttini	1962	21.04.2017	a	c	X	X	X	18/18	5	P	12/12		
Director	Anna Gatti	1972	20.04.2020	d	c	X	X	X	11/12	3				
Director	Francesca Golfetto	1950	21.04.2017	a	c	X	X	X	17/18	1	M	12/12		
Director	Angelo Meregalli	1967	21.04.2017	a	c	X	X	X	18/18	0	M	11/12		
Director	Elena Vasco	1964	21.04.2017	a	c	X	X	X	17/18	2			P	9/9

DIRECTORS NO LONGER IN CHARGE DURING THE ANNUAL FINANCIAL YEAR

Chairman	Antoni Caorsi	1959	20.04.2020	d	c	X			2/2	0				
Chairman	Lorenzo Caprio	1957	21.04.2017	a	c	X		X	6/6	1				
Chief Executive Officer	Fabrizio Curci ^o	1972	25.07.2017	a	c	X			10/10	0				
Director	Gianpietro Corbari	1961	21.04.2017	a	c	X	X	X	4/6	1				

Board of Directors										Control and Risk Management Committee		Appointments and Remuneration Committee	
Number of meetings held in the financial year ended 31 December 2020										18	12		9
Shareholding required by non-controlling shareholders to present lists (under Article 147-ter of the TUF):													2.50%

NOTES

- * This column shows the attendance rate of Directors at Board Meetings and Committee Meetings. Specifically, the number of meetings they attended is indicated against the total number of meetings they should have attended (no. of attendances/no. of meetings held during the person's actual period in office).
- ** This column shows the number of other directorships or statutory auditorships held in other companies listed on regulated markets, including foreign ones, in financial, banking, insurance or large companies.
- *** This column shows the role of the director on the committee: 'C': chairman; 'M': member.
- ^o The symbol indicates the director in charge of the internal control and risk management system: this role was held by the CEO, Mr Curci, until the termination of office (18 June 2020). On 18 June 2020, Chairman Bonomi took on the role of 'Director in charge of the internal control and risk management system', as a guarantee function only and in the absence of any right to design and manage the internal control system.
- ^(x) On 18 June 2020, the Board of Directors granted operating powers to Mr Carlo Bonomi, ensuring continuity and stability of management following the resignation of the Chief Executive Officer, Mr Curci.
- a Appointed by the Shareholders' Meeting of 21 April 2017 for the three-year term expiring with the approval of the financial statements at 31 December 2019 (Mr Curci was appointed Chief Executive Officer at the Shareholders' Meeting of 25 July 2017, where the number of Directors was increased to nine). Please note that directors Baldan, Chiaruttini, Golfetto, Meregalli, Natale and Vasco were re-appointed by the Shareholders' Meeting of 20 April 2020 for the three-year term expiring with the approval of the 2022 financial statements.
- b Appointed by the Shareholders' Meeting of 2 October 2020 for a three-year term ending with the approval of the Financial Statements at 31 December 2022. Please note that Mr Bonomi was co-opted pursuant to Article 1386 of the Italian Civil Code by the Board of Directors on 25 April 2020 and confirmed by the Shareholders' Meeting of 2 October 2020.
- c Appointed from the only list presented by the majority shareholder Fondazione E. A. Fiera Internazionale di Milano.
- d Appointed by the Shareholders' Meeting of 20 April 2020 for a three-year period ending with the approval of the Financial Statements at 31 December 2022.

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS

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

Number of meetings held in the financial year to 31 December 2020 16

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

NOTES

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

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

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

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

Proposals for the Ordinary Shareholders' Meeting

Extraordinary and Ordinary Shareholders' Meeting of Fiera Milano S.p.A. convened for 28 April 2021 at 3pm. in a single call.

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

1. the Financial Statements at 31 December 2020:

- 0.1 **Approval of the Financial Statements at 31 December 2020, Report of the Board of Directors on Operations and Report of the Board of Statutory Auditors and of the Independent Auditors. Presentation of the Consolidated Financial Statements at 31 December 2020 and the 2020 Consolidated Disclosure of Non - financial Information pursuant to Italian Legislative Decree no. 254/2016.**
- 0.2 **Allocation of the result for the financial year.**

Dear Shareholders,

The preliminary Financial Statements at 31 December 2020, that we submit for your attention, closed with a loss of Euro 24,755,603.60.

We would also like to draw your attention to the Group Consolidated Financial Statements at 31 December 2020, which, although not subject to approval by the Shareholders' Meeting, are supplementary to the information provided in the Financial Statements of Fiera Milano S.p.A.

Given the above, we submit the following for your approval

resolution proposals

- 1.1 **Approval of the Financial Statements at 31 December 2020, Report of the Board of Directors on Operations and Report of the Board of Statutory Auditors and of the Independent Auditors. Presentation of the Consolidated Financial Statements at 31 December 2020 and the 2020 Consolidated Disclosure of Non-financial Information pursuant to Legislative Decree no. 254/2016.**

'The Shareholders' Meeting of Fiera Milano S.p.A., having considered the Management Report of the Board of Directors, the Report of the Board of Statutory Auditors and the report of the Independent Auditors, and having examined the Financial Statements at 31 December 2020,

resolves

to approve the Financial Statements for the year ended 31 December 2020, consisting of the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements, which shows a loss of Euro 24,755,603.60 as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, as well as the related Report of the Board of Directors on Operations.

1.2 Allocation of the result for the financial year

'The Shareholders' Meeting of Fiera Milano S.p.A., having considered the Management Report of the Board of Directors, the Report of the Board of Statutory Auditors and the report of the Independent Auditors, and having examined the Financial Statements at 31 December 2020,

resolves

to approve the proposal formulated by the Board of Directors to cover the loss of Euro 24,755,603.60.

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

2. Structure of the Board Of Statutory Auditors

2.1 Appointment of Standing Statutory Auditors and Substitute Statutory Auditors;

2.2 Appointment of the Chairman;

2.3 Determination of remuneration.

Dear Shareholders,

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.

We therefore invite you, pursuant to Article 2364, paragraph 1, point 2) of the Italian Civil Code, to appoint the new Board of Statutory Auditors - which, pursuant to Article 2400 of the Italian Civil Code, will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2023 - in accordance with applicable laws and regulations, as well as the provisions of the Articles of Association, made available on the Company's website www.fieramilano.it in the Investors/Governance/Statute section.

In this regard, we remind you that:

- pursuant to Article 20.1 of the Articles of Association, the Board of Statutory Auditors, whose composition must ensure that the least represented gender includes a number of standing auditors at least equal to the number required by the law and regulations in force at the time²², is composed of three Standing Statutory Auditors and two Substitute Statutory Auditors;
- pursuant to Article 2400 of the Italian Civil Code, the term of office of the Board of Statutory Auditors is three financial years. Therefore, the newly appointed Board of Statutory Auditors will remain in office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023;
- outgoing Auditors may be re-elected;
- the Statutory Auditors must meet the requirements of the laws and regulations in force. In any case, they must be chosen from among persons who can be classified as independent also based on the criteria laid down for directors in the Corporate Governance Code of Listed Companies of Borsa Italiana S.p.A.;
- persons who hold the same office in more than four companies listed on regulated markets or in companies issuing financial instruments widely distributed among the public may not hold the office of Statutory Auditor and, if elected, shall forfeit their office;
- the Board of Statutory Auditors is appointed from lists of candidates presented by Shareholders who, under the Articles of Association, current legal provisions and Consob Executive Resolution no. 44 of 29/01/2021, represent a total of at least 2.5% of the share capital;

²² Pursuant to Article 148, paragraph 1-bis of the Consolidated Law on Finance, at least two-fifths of the regular members of the Board of Statutory Auditors must belong to the less represented gender.

- statutory Auditors are appointed based on lists submitted by shareholders: one for the appointment of Standing Statutory Auditors and the other for Substitute Statutory Auditors.
- the presentation of the lists of candidates to join the Board of Statutory Auditors and their eventual appointment must take place in compliance with the provisions of Article 20.2 of the Articles of Association and current legal provisions. Lists submitted without complying with the above provisions shall be deemed not to have been submitted;
- Pursuant to the law and to Art. 20.2 of the Articles of Association, the position of Chairman of the Board of Statutory Auditors is granted to the first candidate on the second list by number of votes and who is in no way related, even indirectly, in accordance with the provisions of the laws and regulations in force, with those shareholders who presented, or acted in concert to present, or voted for the first-placed list by number of votes.
- if only one list is submitted or if no list is submitted at all, the Shareholders' Meeting will appoint the Board of Statutory Auditors as provided for by law and with the majorities required by law, ensuring a gender balance.
- pursuant to Article 2400, final paragraph of the Italian Civil Code, at the time of appointment of the members of the Board of Statutory Auditors and before their acceptance of the appointment, the Shareholders' Meeting shall be informed of the administration and control positions held by each of them in other companies.

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

- Fiera Milano S.p.A., as it is listed on the STAR segment of the Italian Stock Exchange of Borsa Italiana S.p.A. (hereinafter '**Borsa Italiana**'), complies with the standards of corporate governance, transparency of information and liquidity under the quality standards of the STAR segment. therefore, in accordance with the Borsa Italiana Regulations and related Instructions, it ensures that the Statutory Auditors are chosen from among persons who can be classified as independent also based on the criteria laid down for directors by the Corporate Governance Code of Listed Companies of Borsa Italiana;
- the nomination proposals must be filed at the registered office or, preferably, at the operational and administrative offices of the Company, in Rho (Mi), S.S. del Sempione n. 28, at least twenty-five days before the date set for the Shareholders' Meeting on single call and must be accompanied by:
 - i. information about the identity of the shareholders who have submitted the list and the percentage of the share capital held by them, as well as the certification, issued according to the law by the persons authorised to do so, proving ownership of the shareholding;
 - ii. certificates proving ownership of the shareholding on the date on which the lists are filed may also be produced subsequently, provided that this takes place in the twenty-one days before the date set for the Shareholders' Meeting on first call;
 - iii. declarations in which the individual candidates accept, under their own responsibility, the candidacy and certify the non-existence of causes of ineligibility and incompatibility - also with reference to the limit on the accumulation of offices - and the existence of the requisites prescribed by current legislation for the assumption of the office, including the integrity requirements provided for in Article 148, paragraph 4, of Italian Legislative Decree 58/1998, referred to in Article 148 paragraph 4 of Legislative Decree no. 58/1998, as well as, in general, the existence of the requirements prescribed by current legislation for taking office;
 - iv. *cv/resume* regarding the personal and professional characteristics of each candidate, with a list of the directorship and control positions, also in the past, held in other companies;
 - v. in the event of submission of a list by shareholders other than those who hold, even jointly, a controlling or relative majority interest in the Company's capital, this list must be accompanied by a declaration by the shareholders submitting it, certifying the absence of any relationship with one or more reference shareholders as defined by current legislation.
- the Company will publish the lists at least twenty-one days before the Shareholders' Meeting, in line with the provisions of the Articles of Association and Article 144-octies of the Regulations referred to in Consob Resolution no. 11971/1999 and subsequent amendments and additions (hereinafter, the '**Issuers' Regulations**').

Finally, pursuant to Article 144-*sexies*, paragraph 5, of the Issuers' Regulations, if at the end of the twenty-fifth day preceding the shareholders' meeting only one list has been filed for the appointment of the members of the Board of Statutory Auditors, or only lists submitted by shareholders who, based on the provisions of Article 144-*sexies*, paragraph 4, of the Issuers' Regulations, are connected with each other pursuant to Article 144-*quinquies* of the Issuers' Regulations, lists may be submitted up to the third day following the expiry of the aforementioned deadline. 144-*sexies*, and the investment in the share capital required for the submission of lists is reduced by half (1.25% of the share capital).

We also invite you to determine - pursuant to Article 2364, paragraph 1, point 3) of the Italian Civil Code - the total annual remuneration due to the Standing Statutory Auditors and the annual remuneration due to the Chairman of the Board of Statutory Auditors.

Shareholders are therefore invited, in addition to submitting the lists for the appointment of Board of Statutory Auditors, as specified above, to formulate proposals for resolutions on the items on the Agenda as set out in points 2.1, 2.2 and 2.3 below:

resolution proposals

2.1 Appointment of Standing Statutory Auditors and Substitute Statutory Auditors;

Shareholders are invited to submit the lists for the appointment of members of the Board of Statutory Auditors pursuant to Article 20 of the Articles of Association.

2.2 Appointment of the Chairman.

If no lists are submitted, or if only one list is submitted, the shareholders are invited to appoint the Chairman of the Board of Statutory Auditors by submitting a resolution proposal as follows:

'The Shareholders' Meeting of Fiera Milano S.p.A.,

resolves

to appoint [●] born in [●] on [●] as Chairman of the Board of Statutory Auditors'

2.3 Determination of remuneration.

Shareholders are invited to set the maximum total amount of annual remuneration, including all taxes and contributions payable by the Company, due to the Statutory Auditors and the Chairman of the Board of Statutory Auditors, by submitting a resolution proposal as follows:

'The Shareholders' Meeting of Fiera Milano S.p.A., ,

resolves

to set a remuneration for the members of the Board of Statutory Auditors of a total gross amount of Euro [●] for each year of office, of which EUR [●] for the Chairman and EUR [●] for each Standing Statutory Auditor'.

3. Report on the Remuneration Policy and remuneration paid pursuant to Article 123-ter of Italian Legislative Decree 58/98:

3.1 binding decision on the first section;

3.2 non-binding decision on the second section.

Dear Shareholders,

On 15 March 2021, the Board of Directors approved, under current legal provisions, the Report on remuneration policy and payments prepared pursuant to Article 123-ter of the Consolidated Finance Act (the '**Report**'), which will be made available to the public on 30 March 2021.

Pursuant to paragraph 3-ter of Article 123-ter of the TUF, the Shareholders' Meeting is asked to vote, by binding resolution, in favour or against, Section One of the Report and, pursuant to paragraph 6 of the same provision, by non-binding resolution, in favour or against, Section Two of the Report.

Given the preceding, the Directors submit for your consideration Section One of the Report mentioned above. This section describes the Company's remuneration policy (the '**Policy**'), by which the Board of Directors determines the remuneration of its members and, specifically, of Directors with special responsibilities, members of the Committees and the other Executives with strategic responsibilities in the Group.

On the other hand, Section Two provides an adequate representation of each of the items comprising the remuneration of the members of the Board of Directors, of the other Executives with Strategic Responsibilities and members of the Company's Board of Statutory Auditors. It describes in detail the remuneration paid, in the year concerned, in any capacity and in any form, by the Company, its subsidiaries or associated companies.

The Policy is the result of a clear and transparent process in which the Board of Directors of the Company and the Appointments and Remuneration Committee play central roles.

The Company's Board of Directors, on the proposal of the Appointments and Remuneration Committee, adopted the Policy, drafted also in light of the provisions of Article 5 of the Code of Corporate Governance and related recommendations and the amendments to the Issuers' Regulations in the implementing provisions of Article 123-ter of the Consolidated Law on Finance, as amended by Legislative Decree no. 49/2019.

Specifically, the Policy of the Company aims to:

- attract, motivate and retain resources with the professional qualities required to pursue the Group's objectives profitably;
- align management and shareholder interests, pursuing the priority objective of sustainable value creation in the medium/long-term by forging a strong link between remuneration on the one hand and individual and Group performance on the other;
- reward merit to properly recognise the individual contributions made by employees.

For the Remuneration Report's specific contents, please refer to the document which will be made available on the Company's website at the address www.fieramilano.it in the 'Investors Governance' section.

Given the above, we submit the following for your approval

resolution proposals

3.1 Approval of section one

'The Shareholders' Meeting of Fiera Milano S.p.A. for the Report on remuneration policy and payments made pursuant to Article 123-ter of Italian Legislative Decree 58/98 and, in particular, Section One,

resolves

3.1 to approve the contents of Section One of the Report on the remuneration policy and payments made prepared pursuant to Article 123-ter of Legislative Decree 58/98, concerning the Company's policy on the remuneration of the members of the Board of Directors, and in particular the Directors with special duties, the members of the Committees and the Executives with Strategic Responsibilities in the Group, as well as the procedures used for the adoption and implementation of this policy.

3.2 Advisory vote on section two

'The Shareholders' Meeting of Fiera Milano S.p.A. for the Report on remuneration policy and payments made pursuant to Article 123-ter of Italian Legislative Decree 58/98 and, in particular, Section Two,

resolves

3.2 to approve the content of Section Two of the Report on remuneration policy and payments made prepared pursuant to Article 123-ter of Italian Legislative Decree No. 58/98, concerning the remuneration awarded to members of the Board of Directors, Executives with Strategic Responsibilities and members of the Company's Board of Statutory Auditors.

4. Approval of the new Incentive Plan pursuant to Article 114-bis of Legislative Decree 58/98.

Dear Shareholders,

On 15 March 2021, the Board of Directors, in consideration of the changes in the governance and managerial structure of Fiera Milano, resolved to submit for your review, pursuant to Article 114-bis of the Consolidated Finance Act, a medium- and long-term incentive plan - structured in the form of *performance shares* – called the '2021-2022 Performance Shares Plan' (the '**Plan**').

Please note that the terms of the Plan are set out in the Information Document drawn up in accordance with the law.

For the specific contents of the Information Document relating to the Plan submitted for your examination, please refer to the document that will be available, as from 30 March 2021, on the Company's website at www.fieramilano.it in the Investors/Governance section.

In addition to approving the guidelines of the Plan contained in this document, the Shareholders' Meeting is also called upon to resolve to grant the Board of Directors all powers necessary or appropriate to implement the Plan, in particular (by way of example only) all powers to (i) identify, include or exclude the Beneficiaries, (ii) determine the number of shares to be assigned free of charge to each Beneficiary, determine the amount of bonuses and the number of shares to be assigned to each Beneficiary, (iii) define the contents of the share assignment forms and define the values envisaged as objectives of the Plan, (iv) verify compliance with the conditions for the award of bonuses and shares that can actually be assigned as identified by the Plan Regulations, (v) make the assignments to the Beneficiaries; (vi) prepare and approve the Rules of the Plan and make any amendments that may be necessary and/or appropriate, also to adapt to extraordinary events that have occurred, (vii) draw up and/or finalise any document that may be necessary or appropriate regarding the Plan, including the disclosure to the market in line with the applicable laws and regulations, and (viii) perform any act, fulfilment, formality or communication that may be necessary or appropriate for managing and/or implementing the Plan, with the right to delegate its powers, duties and responsibilities regarding the execution and application of the Plan.

Given the above, we submit the following for your approval

proposed resolution

"The Shareholders' Meeting of Fiera Milano S.p.A., having acknowledged the Information Document relating to the Plan,

- *having considered Articles 114-bis of Legislative Decree 58/98 and 84-bis of CONSOB Regulation No. 11971 of 14 May 1999, as amended and supplemented;*
- *having acknowledged the illustrative Report of the Board of Directors and the Information Document drafted pursuant to the aforementioned Article 114-bis of Legislative Decree 58/98;*

resolves

- 1) *to approve the 2021-2022 Performance Shares Plan drafted pursuant to Article 114-bis of Legislative Decree 58/98, in the terms broadly described above and as better described in the Information Document relating to the Plan published pursuant to applicable regulations;*
- 2) *to vest the Board of Directors with the broadest powers necessary or appropriate to fully and completely implement the 2021-2022 Performance Shares Plan, including but not limited to the power to: (i) identify, include or exclude the Beneficiaries, (ii) determine the number of shares to be assigned free of charge to each Beneficiary, determine the amount of bonuses and the number of shares to be assigned to each Beneficiary, (iii) define the contents of the share assignment forms and define the values envisaged as objectives of the Plan, (iv) verify compliance with the conditions for the award of bonuses and shares that can actually be assigned as identified by the Plan Regulations, (v) make the assignments to the Beneficiaries; (vi) prepare and approve the Rules of the Performance Shares Plan 2021-2022 and make any amendments that may be necessary and/or appropriate, also to adapt to extraordinary events that have occurred, (vii) draw up and/or finalise any document that may be necessary or appropriate regarding the Performance Shares Plan 2021-2022, including the disclosure to the market in line with the applicable laws and regulations, and (viii) perform any act, fulfilment, formality or communication that may be necessary or appropriate for managing and/or implementing the Performance Shares Plan 2021-2022, with the right to delegate its powers, duties and responsibilities regarding the execution and application of the Performance Shares Plan 2021-2022.*

Rho (Milan), 16 March 2021

p. The Board of Directors

The Chairman

Carlo Bonomi

Fiera Milano Group Consolidated Financial Statements at 31 December 2020

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Consolidated Statement of Financial Position

notes		31/12/20	31/12/19
			(€ '000)
	ASSETS		
	Non-current assets		
4	Property, plant and equipment	7,040	9,155
5	Right-of-use assets	431,668	469,571
49	<i>of which from related parties</i>	426,153	462,382
	Investments in non-core property	-	-
6	Goodwill	95,036	95,036
7	Intangible assets with a finite useful life	17,006	14,640
8	Equity accounted investments	16,226	19,905
9	Other investments	82	32
10-49	Other financial assets	5,127	50
11	Trade and other receivables	23,471	11,170
49	<i>of which from related parties</i>	23,373	11,071
12	Deferred tax assets	3,283	2,971
	Total	598,939	622,530
	Current assets		
13	Trade and other receivables	26,705	40,356
49	<i>of which from related parties</i>	8,678	3,404
14-49	Inventories	5,557	2,231
	Contracts in progress	-	-
15	Financial assets	1,320	1,320
49	<i>of which from related parties</i>	1,320	1,320
16	Cash and cash equivalents	20,442	68,031
	Total	54,024	111,938
	Assets held for sale		
	Assets held for sale	-	-
	Total assets	652,963	734,468
	EQUITY AND LIABILITIES		
17	Equity		
	Share capital	42,284	41,645
	Share premium reserve	10,256	9,324
	Revaluation reserve	-	-
	Other reserves	1,708	4,400
	Retained earnings	42,578	17,482
	Profit/(loss) for the year	(33,943)	34,425
	Total Group equity	62,883	107,276
	Equity attributable to non-controlling interests	348	580
	Total equity	63,231	107,856
	Non-current liabilities		
	Bonds in issue	-	-
	Bank borrowings	-	-
18	Financial liabilities related to the right-of-use of assets	405,961	439,402
49	<i>of which from related parties</i>	401,848	433,693
	Other financial liabilities	-	-
19	Provision for risks and charges	379	1,833
20	Employee benefit provisions	10,062	9,898
21	Deferred tax liabilities	11,260	10,127
	Other liabilities	-	-
	Total	427,662	461,260
	Current liabilities		
	Bonds in issue	-	-
22	Bank borrowings	49,018	1
23	Trade payables	19,904	41,985
24-49	Advances	30,577	49,227
25	Financial liabilities related to the right-of-use of assets	43,611	33,992
49	<i>of which from related parties</i>	42,068	32,423
26	Other financial liabilities	1,743	1,057
49	<i>of which from related parties</i>	1,313	449
27	Provision for risks and charges	1,777	5,225
28	Tax liabilities	3,849	2,979
29	Other liabilities	11,591	30,886
49	<i>of which to related parties</i>	453	8,438
	Total	162,070	165,352
	Liabilities held for sale		
	Liabilities held for sale	-	-
	Total liabilities	652,963	734,468

Consolidated Statement of Comprehensive Income

		(€ '000)	
notes		2020	2019
33	Revenues from sales and services	73,635	279,711
49	of which with related parties	4,682	586
	Total revenues	73,635	279,711
34	Cost of materials	1,586	2,489
35	Cost of services	45,519	121,215
49	of which with related parties	276	5,833
36-49	Cost of use of third-party assets	453	486
37-49	Personnel costs	31,852	47,432
38-49	Other operating expenses	2,467	4,778
	Total operating expenses	81,877	176,400
39	Other income	16,875	2,428
49	of which with related parties	14,913	820
50	of which non recurring transactions	14,000	-
40	Results of equity accounted associates and joint ventures	532	3,768
41	Provisions for doubtful receivables and other provisions	(1,278)	3,453
	EBITDA	10,443	106,054
42	Depreciation of property, plant and equipment and right-of-use assets	42,513	43,208
49	of which with related parties	37,955	38,339
	Depreciation of property investments	-	-
42	Amortisation of intangible assets	2,248	1,963
43	Adjustments to asset values	-	1,285
	EBIT	(34,318)	59,598
44-49	Financial income and similar	274	479
45	Financial expenses and similar	12,981	13,844
49	of which with related parties	12,568	13,391
	Valuation of financial assets	-	-
	Profit/(loss) before tax	(47,025)	46,233
46	Income tax	(12,873)	11,905
49	of which with related parties	(12,535)	7,762
	Profit/(loss) from continuing operations	(34,152)	34,328
	Profit/(loss) from discontinued operations	-	-
	Profit/(loss) of the year	(34,152)	34,328
47	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	(33,943)	34,425
	Non-controlling interests	(209)	(97)
17	Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss		
	Revaluation of defined benefit schemes	(34)	(806)
	Tax effects	8	193
17	Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss		
	Currency translation differences of foreign subsidiaries	(869)	49
2	Other comprehensive income/(loss) of equity accounted associates and joint ventures that will not be reclassified subsequently to profit or loss		
	Revaluation of defined benefit schemes	15	(28)
	Tax effects	(4)	7
	Currency translation differences of foreign subsidiaries	(252)	(37)
	Other comprehensive income/(loss) net of related tax effects	(1,136)	(622)
	Total comprehensive income/(loss) for the year	(35,288)	33,706
	Total comprehensive income/(loss) for the year attributable to:		
	The shareholders of the controlling entity	(35,056)	33,804
	Non-controlling interests	(232)	(98)
48	Earnings/(losses) per share (€)		
	Basic	(0.4752)	0.4850
	Diluted	(0.4752)	0.4850

Consolidated Statement of Changes in Equity

(€ '000)

note 17	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit/(loss) for the year	Total Group equity	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial year attributable to non-controlling interests	Total non-controlling interests	Total equity
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	-	-	721	-	-	721	-	-	-	721
Expenses related to the share capital increase	-	(55)	-	-	-	(55)	-	-	-	(55)
Liquidation of La Fabbrica del Libro SpA	-	-	-	-	-	-	(18)	-	(18)	(18)
Acquisition of MADE eventi Srl	-	-	-	-	-	-	634	-	634	634
Remeasurement of defined benefit plans	-	-	-	(634)	-	(634)	-	-	-	(634)
Total comprehensive income for the financial year	-	-	12	-	34,425	34,437	-	(97)	(97)	34,340
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	-	-	-	(15)	-	(15)	(23)	-	(23)	(38)
Total comprehensive income for the financial year	-	-	(1,121)	-	(33,943)	(35,064)	-	(209)	(209)	(35,273)
Balance at 31 December 2020	42,284	10,256	1,708	42,578	(33,943)	62,883	557	(209)	348	63,231

Notes to the consolidated financial statements

On 15 March 2021, the Board of Directors approved the Fiera Milano Group Consolidated Financial Statements at 31 December 2020 and authorised their publication.

The Fiera Milano Group is active in all the key areas of the exhibition and congress industry and is one of the largest integrated exhibition companies worldwide.

The Group business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering 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 higher concentration of exhibitions in the six months from January to June; (ii) exhibitions with a multiannual frequency.

Further details on Group structure are provided in the relevant section of the Management Report.

Covid-19 and its effects on the consolidated financial statements

The results of the financial year 2020 have been strongly impacted by the suspension of exhibition 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 exhibition and congress activities.

As a result, the activity calendars have been rescheduled, resulting in the cancellation of important events, including the biennial Mostra Convegno Expocomfort and the annual Eicma Moto and Il Salone del Mobile.

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 balance sheet position, the results of operations for the year, the net financial position and the risks and uncertainties associated with it are set out in the specific paragraphs: 'Summary of results and significant events during the year', 'External and strategic risks', 'Business outlook and going concern evaluation' of the Report on Operations and 'Liquidity risk' of the Notes to the Consolidated Financial Statements.

1) Accounting standards and consolidation criteria

1.1 Standards used to prepare the Financial Statements

The Consolidated Financial Statements were prepared in accordance with IAS/IFRS accounting standards in force at 31 December 2020, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, relative interpretative documents and the provisions of Article 9 of Italian Legislative Decree 38/2005.

The accounting standards used to prepare the present Consolidated Financial Statements are the same as those used to prepare the Financial Statements at 31 December 2019, except for those applicable from 1 January 2020 described below.

Given the capital and financial position for 2020, the 2021-2025 financial forecasts, approved by the Board of Directors on 22 February 2021, and taking into account the forecasts for working capital performance and the financial and capital position of the Group, the Financial Statements and Consolidated Financial Statements were prepared on a going concern basis. This is fully described in the Report on Operations in the section 'Business outlook and going concern evaluation'.

The Financial Statements are prepared in Euros and all figures are rounded to the nearest thousand Euros unless otherwise indicated. The Financial Statements give comparative data for the previous financial year.

In 2020, no atypical and/or unusual transactions took place.

The risks and uncertainties affecting business and the Group are described in the Board of Directors' Report on Operations in the section on the 'Risk factors affecting Fiera Milano Group' in Note 31, and in paragraph 1.6 'Use of Estimates' in the Notes.

These Financial Statements have been audited by the independent auditors EY SpA.

1.2 New accounting standards, interpretations and amendments adopted

The Group has adopted for the first time some accounting standards and amendments that are applicable to financial periods beginning on or after 1 January 2020.

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.

Please note that, starting from the current financial year, thanks to a special implementation of the management information system, it is possible to report personnel costs by exhibition, enabling the direct correlation of this cost to each individual exhibition, as is the case for other costs deriving from the provision of services. The figure for the year, Euro 2,301 thousand, will be recognised in the income statement in the period in which the event takes place.

The nature and impact of each new accounting standard or amendment is given below:

- **IFRS16 amendment - Leases**

The amendment, adopted on 9 October 2020, was introduced to neutralise changes in lease payments resulting from agreements between parties taking account of the negative effects of Covid-19. Without this, IFRS 16 would have required lessees to recalculate their financial liability to the lessor and the right-of-use asset as liabilities and assets, respectively, on their balance sheets.

The Group applied the relief introduced by the new paragraphs 46A and 46B - under the heading 'Lease modifications'. This inclusion of the principle means that the lessee will not deem any concessions on the payment of rents due to Covid-19 to be an amendment to the original agreement; Therefore, these changes were recognised as if the contract had not been amended, with a direct impact on the income statement under 'Other income'.

In order to apply this exemption, all the following conditions were met:

- the concession on payments is a direct consequence of the Covid-19 pandemic;
- the change in payment either left the same amount to be paid as in the original terms or reduced the amount;

- the reduction in payments refers only to those originally due until June 2021;
- there are no material changes to any other leasing terms or conditions.

The application of the amendment to the reductions in royalty payments, due to the Covid-19 pandemic, concerned the contracts in force with the controlling shareholder Fondazione Fiera Milano and had the following effects on the figures in the consolidated financial statements:

- improvement in total net financial debt of Euro 16,174 thousand;
- improvement in EBITDA of Euro 14,000 thousand;
- improvement in profit/(loss) of Euro 10,647 thousand.

Please note that, during 2020, there were no other significant changes for the leases in place at 31 December 2019.

- **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 to provide goods or services to customers, generate income from investments (such as dividends or interest) or generate other income from ordinary activities.

This change to the definition of a business, applicable to acquisitions occurring on or after 1 January 2020, had no impact on the Group's 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.

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

It aims to clarify the definition of 'material figure' 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 IFRS Conceptual Framework's references 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.

This amendment applicable from 1 January 2020, had no impact on the Group's consolidated financial statements.

The main changes introduced by amendments to and interpretations of standards applicable from 2021 are presented below.

- **Amendment IFRS 4 - Insurance contracts**

The Regulation, published in the Official Journal of the European Union on 16 December 2020, makes amendments to IFRS 4 that seek to address the temporary accounting consequences of the mismatch between the effective date of IFRS 9 Financial Instruments and the effective date of the future IFRS 17 Insurance Contracts. In particular, the amendments extend the expiry of the temporary exemption from applying IFRS 9 until 2023 so as to align the effective date of IFRS 9 with the new IFRS 17.

The amendments shall apply from 1 January 2021 for financial years beginning on or after 1 January 2021.

- IAS 39 and IFRS 4, 7, 9 and 16 - *Adaptation to the reform of interest rate reference indices*

The Regulation, published in the Official Journal of the European Union on 14 January 2021, involves changes to the standards and provides for a specific accounting treatment for allocating over time changes in the value of financial instruments or leasing contracts due to the replacement of the reference index for determining interest rates.

Businesses shall apply the amendments, at the latest, from the commencement date of their first reporting period starting on or after 1 January 2021.

1.3 Form and content of the Consolidated Financial Statements

With regard to the form and content of the Consolidated Financial Statements, the Group has made the following decisions:

- the Consolidated Statement of Financial Position is presented with separate sections for Assets, Liabilities, and Equity. Assets and liabilities are also recognised according to their classification as current, non-current and held for sale;
- The income statement is classified according to the nature of the costs; it is presented in two statements, the first (income statement) showing the components of the result for the year; on the other hand, the second (comprehensive income statement), starting with the result for the year, contains the revenue and cost items that are recognised in equity and not in profit or loss for the period;
- the Consolidated Statement of Cash Flows is presented using the indirect method;
- the Consolidated Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

1.4 Scope and principles of consolidation

These Consolidated Financial Statements include the Parent Company Fiera Milano SpA, its subsidiaries and companies under joint control.

The Consolidated Financial Statements are based on the financial statements at 31 December 2020 approved by the boards of directors of the companies included in the scope of consolidation and prepared according to Group accounting policies and IAS/IFRS.

In relation to the scope of consolidation, please note that on 1 September 2020, the Parent Company's Shareholders' Meeting approved the final liquidation balance sheet and distribution plan of the Russian subsidiary LLC Fiera Milano with registered office in Moscow. The deletion from the local Business Register took place on 27 November 2020.

The list of companies included in the scope of consolidation at 31 December 2020 is provided in Annex 1.

Subsidiaries

Subsidiaries are consolidated from the date when control is effectively transferred to the Group and are deconsolidated on the date when control is transferred to third parties.

The carrying amount of consolidated investments is set off against the corresponding portion of equity at the acquisition date, in view of the assumption of the liabilities and assets shown in the respective financial statements of the subsidiaries consolidated on a line-by-line basis. Acquisitions of subsidiaries are recognised using the purchase method, as required by IFRS 3 – Business Combinations revised in 2008.

The total capital and reserves of subsidiaries that qualify as non-controlling interests are recognised in equity under 'Capital and reserves: non-controlling interests'. The portion of consolidated profit or loss attributable to non-controlling interests is shown under 'Net profit (loss) - non-controlling interests'.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and joint ventures.

In the transition from proportionate consolidation to the equity method, the interest in the joint venture is recognised at the beginning of the earliest period presented. At initial recognition, that initial investment shall be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. If the goodwill previously belonged to a larger cash-generating unit, or to a group of cash-generating units, the entity shall allocate goodwill to the joint venture on the basis of the relative carrying amounts of the joint venture and the cash-generating unit or group of cash-generating units to which it belonged.

Intercompany transactions

Profits and losses not yet realised that stem from transactions between consolidated companies are eliminated, as are all payables and receivables, costs and revenues, unrealised gains and losses and all other transactions between consolidated companies.

Translation of accounts prepared in currencies other than the Euro

At the end of the reporting period, the assets and liabilities of consolidated companies with an accounting currency that is not the Euro are translated into the presentation currency of the Group's consolidated accounts at the exchange rate in force on that date. Income Statement items are translated at the average exchange rate for the year and translation differences arising on the adjustment of opening equity at the closing spot rates and the differences arising from the different methods used to translate profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

The exchange rates used for the translation into Euros of the 2020 and 2019 financial statements of foreign companies are shown in the table below:

	average 2020	average 2019	31/12/20	31/12/19
South African rand	18.7655	16.1757	18.0219	15.7773
Brazilian reals	5.8943	4.4134	6.3735	4.5157
Russian rouble	82.7248	72.4553	91.4671	69.9563
Indian rupee	84.6392	78.8361	89.6605	80.187

Source: Bank of Italy

1.5 Summary of accounting standards and measurement criteria

Business combinations

Business combinations are accounted for by applying the purchase method in accordance with IFRS 3 Business Combinations, revised in 2008. Under this method, the amount transferred in a business combination is measured at fair value, determined as the sum of fair values of the assets transferred and the liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. All other costs associated with the transaction are recognised in the Statement of Comprehensive Income when they are incurred.

Contingent considerations, considered part of the transfer price, are measured at fair value at the acquisition date. Subsequent changes to the fair value are recognised through other comprehensive income.

The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date.

Goodwill is measured as the difference between the aggregate of the considerations transferred for the business combination, the equity value pertaining to non-controlling interests and the fair value of any previously held equity interest in the acquired entity and the fair value of net assets acquired and liabilities assumed at the acquisition date. If the difference between the net acquisition-date amounts of the assets and liabilities exceeds the considerations transferred, the equity value pertaining to non-controlling interests and the fair value of any previously held equity interest in the acquired entity, the excess is immediately recognised in the Statement of Comprehensive Income as income deriving from the transaction.

Minority interests in equity at the acquisition date may be measured at fair value or in proportion to the minority interest in the identifiable assets of the acquired entity. The choice of measurement method is made transaction by transaction.

In the fair value measurement process for business combinations, the Fiera Milano Group uses available information and, for more material business combinations, also uses the support of external appraisals.

Business combinations transacted prior to 1 January 2010 are recognised using the previous version of IFRS 3.

Business combinations achieved in stages

When a business combination is achieved in stages (step acquisition), the Group's previously held share of the entity's assets and liabilities are measured at fair value at the date that control is obtained and any resulting adjustments are recognised in the statement of comprehensive income. Therefore, previously held investments are recognised as though they had been sold and reacquired at the date that control is obtained.

Put options

In relation to non-hedging derivatives, both the IASB and the Italian Civil Code envisage that after initial measurement, subsequent measurement must be at fair value and any changes recognised through profit and loss.

Granting put options to minority shareholders gives them the right to request the Group buys back their shares at a future date. Paragraph 23 of IAS 32 establishes that a contractual right to receive cash or another financial asset from an entity constitutes a financial liability for the present value of the exercise price of the option. Therefore, where the entity does not have the unconditional right to avoid delivering cash or other financial instruments when a put option on shares of subsidiaries is exercised, it must recognise the financial liability. The financial liability is initially recognised at fair value corresponding to the present value of the amount to be reimbursed, estimated on the best information available, and changes in the fair value between one financial period and another are recognised in the income statement under financial income/expenses.

If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity.

Transactions involving non-controlling interests

Changes to a percentage interest in a subsidiary where control is retained are accounted for as equity transactions. Consequently, for acquisitions after gaining control, any gain or loss between the acquisition cost and the corresponding share of equity is recognised directly in equity attributable to the owners of the Parent. Any capital gain on the partial disposal of an investment in a subsidiary where control is retained is likewise recognised directly in equity attributable to the owners of the Parent.

In cases where the partial disposal of subsidiaries results in loss of control, the residual investment is adjusted to the related fair value and the remeasurement qualifies as a capital gain (loss) on the transaction.

Tangible fixed assets

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including directly attributable expense, adjusted for accumulated depreciation.

Tangible assets are systematically depreciated each year on a straight-line basis, using economic/technical rates determined by the residual useful life of the assets.

Routine maintenance costs are charged to the income statement when they are incurred.

The replacement costs of identifiable components of complex assets are allocated to the assets and depreciated over their useful lives. The residual carrying amount of the components being replaced is recognised in the income statement.

Improvements to third party assets are recognised in property, plant and equipment based on the nature of the cost incurred; the depreciation period corresponds to the lesser of the residual useful life of the tangible asset and the residual period of the lease.

The depreciation rates applied are listed below:

• Office furniture and machinery	12%
• Exhibition furniture and equipment	27%
• Components for stands to be hired out	40%
• Metal components to be hired out	13.5%
• Sundry machinery and equipment	15%
• Motor vehicles	25%
• Electronic equipment	20%
• Plant and machinery	10%
• Telecommunication systems	20%
• Alarm systems	30%
• Furnishings	10%-12%

If there is any indication of impairment, the tangible assets are impairment tested using the procedure illustrated in the paragraph 'Impairment of assets'.

Intangible fixed assets

An intangible asset is recognised only if it is identifiable and controllable, is expected to generate future economic benefits, and its cost can be reliably measured.

Goodwill and intangible assets with an indefinite useful life

Goodwill arising from business combinations is initially recognised at cost on the acquisition date, as indicated in the paragraph above on Business Combinations and, for impairment test purposes, allocated to a cash generating unit or group of cash generating units which benefit from the synergies permitted by the acquisition that generated the goodwill. After initial recognition, goodwill is measured at cost less any impairment loss stemming from the impairment tests (see the paragraph 'Impairment of assets'). An intangible asset is considered to have an indefinite useful life when no limit can be foreseen to the period during which the asset can generate cash inflows for the Group. Intangible assets with an indefinite useful life and goodwill are not subject to amortisation.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are measured at purchase or production cost, including any contingent costs, and systematically amortised on a straight-line basis over their estimated useful life. If there is any indication of impairment, they are impairment tested using the procedure illustrated in the paragraph 'Impairment of assets'.

Since the last quarter of 2008, trademarks of exhibitions (i.e. exhibitor lists, visitor lists and the actual trademark of the exhibition) and of publications have been reclassified from goodwill and intangible assets with an indefinite life to intangible assets with a finite useful life. The initial choice was based on the consideration that the businesses underlying these assets, i.e. exhibitions and specialist publications, do not lend themselves to a precise assessment of their lifetime. In essence, at the time of the initial choice, no factors of a general economic, regulatory or legal nature or factors specific to the entity or to the sector in which it is active emerged such as to set a foreseeable limit on the period during which the asset was expected to generate net cash inflows.

However, general trends in national and international markets, together with the internal competitive dynamics of the reference sectors for exhibitions and specialist publications, led to a reconsideration of these initial assumptions. After comparing the practices of the main Italian and foreign competitors, it was concluded that an estimated finite useful life of 20 years was appropriate in most cases, both for exhibitions and publications.

Where an estimate of the reference time horizon for certain intangible assets was shown to be more uncertain, the useful life was set at 10 years.

Therefore, the amortisation rates applied are listed below:

- Exhibition trademarks 5% or 10%
- Other trademarks and publications 5% or 10%

Industrial patents, intellectual property rights, licences and concession agreements are amortised over three to ten years from the year they were acquired.

Research costs are recognised in the income statement at the time they are incurred. In compliance with IAS 38, development costs relating to specific projects, including the launch of new exhibitions, are capitalised when it is probable that the generation of future economic benefits is reasonably certain and when their costs can be reliably measured and amortised in the period when the expected future benefits are realised for the same project. The carrying amount of costs is reviewed annually at the end of the reporting period or more often if there are any particular reasons for doing so, to analyse the fair value and ascertain any indication of impairment.

Impairment of assets

Goodwill and other intangible assets with an indefinite life are systematically tested for impairment at the end of the reporting period, or more often if impairment indicators emerge.

Tangible and intangible assets with a finite useful life that are depreciated or amortised are tested for impairment only when there are indications of impairment.

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 binding agreements, prices listed on an active market, or the best information available considering recent transactions involving identical or similar assets in the same business sector, are used as reference. 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.

If subsequently there is an indication that an impairment loss, other than for goodwill, may have decreased or no longer exists, the carrying amount of the asset is adjusted to the new estimate of the recoverable value. However, this value may not exceed the value which would have been recognised if there had been no impairment. Reversal of impairment is recognised in the income statement.

Leased assets

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, determining its terms and conditions of use and, though not explained, its upkeep over time.

The adoption of IFRS 16 has significantly affected the figure of the Lessee; it is no longer required to distinguish between operating and finance lease, as the distinction between the two types is superseded by the distinction between lease and service concession arrangements. Therefore, in the case of leases, a single accounting model independent of the characteristics of the contract itself will apply, as better described in section 1.2 'New accounting standards, interpretations and amendments adopted'.

The most significant Rights Of Use which are determined in the Fiera Milano Group as a result of the application of IFRS 16 do not generate independent cash flows and therefore the check of their recoverable amount is carried out exclusively within the CGUs to which they belong.

Control and identifiability of an asset

Two material elements are considered to determine whether an asset in question is leased or part of a service concession arrangement: control and identifiability of the asset.

With regard to control this concerns the management by the lessee on the use and obtaining of economic benefits deriving from the use of the property, identified, subject to the contract.

On the other hand, identifiability exists whenever an asset can be uniquely identified, provided that there is no right of substitution for the duration of the contract in favour of the lessor, who would be allowed to continue to have control of the asset.

The Group as lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low value. The Group recognises the liabilities relating to the lease payments and the right-of-use asset, which is the asset underlying the contract.

i) Right-of-Use Assets

The Group recognises the right-of-use assets at the inception date of the lease (i.e., the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasuring of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before commencement less any awards granted. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

- Capital properties 1-12 years old;
- Car fleet 1-4 years old

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment. Please refer to paragraph 1.6 'Use of estimates'.

ii) Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not yet paid at that date. Payments due include fixed payments (including in-substance fixed payments) less any lease awards to be received, variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of

a purchase option if it is reasonably certain that this option will be exercised by the Group and payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognised as an expense in the period (unless they were incurred to produce inventories) in which the event or condition giving rise to the payment occurs.

In calculating the present value of the payments due, the Group uses the incremental borrowing rate at the commencement date if the implicit interest rate cannot be easily determined. After the commencement date, the lease liability amount increases to account for interest on the lease liability and decreases to account for payments made. In addition, the carrying amount of lease liabilities is restated in the event of any changes to the lease or for the revision of the contractual terms for the change in payments; it is also restated if there are changes in the valuation of the option to purchase the underlying asset or changes in future payments resulting from a change in the index or rate used to determine such payments.

iii) short-term leases and leases of low value

The Group applies the exemption for the recognition of short-term leases relating to machinery and equipment (i.e., leases that have a duration of 12 months or less from the inception date and do not contain a purchase option). The Group has also applied the exemption for leases relating to low-value assets with reference to lease contracts for office equipment whose value is considered low. Short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

The Group as lessor

Lease contracts that essentially leave the Group with all the risks and benefits associated with ownership of the asset are classified as operating leases. Income from operating leases must be recognised on a straight-line basis over the lease term, and are included as revenue in the income statement due to their operating nature. Initial negotiation costs are added to the carrying amount of the leased asset and recognised over the term of the contract on the same basis as lease income. Unplanned leases are recognised as revenue in the period in which they are accrued.

Financial assets

IFRS 9 requires that if specific options are not exercised, financial instruments are classified according to the following criteria:

- Business Model defined by the entity for financial instruments management, and
- characteristics of the contractual cash flows of the financial instruments.

IFRS 9 envisages three asset categories:

- Assets held to collect the contractual cash flows (or Hold to Collect; HTC), measured at amortised cost;
- Assets held to collect the contractual cash flows and to be sold (or Hold to Collect and Sell; HTCS), designated at fair value through profit or loss (FVTPL) or through other comprehensive income (FVOCI);
- *Other financial* assets designated at *fair value* through profit or loss. This residual category can include all business models other than those mentioned above.

The financial assets are initially recognised at fair value, normally represented by the transaction price, plus any accessory charges on the purchase.

The amortised cost criterion offers the best representation in the financial statements for financial assets comprising debt securities and receivables, in that it allows the interest to be spread over the holding period, in compliance with accrual accounting.

Subsequent measurement after initial recognition is at amortised cost or fair value, and these methods are applied according to the category of the financial instrument concerned.

With regard to the classification of financial liabilities, IFRS 9 envisages a general rule by which the entity measures the financial liabilities at amortised cost using the effective interest method (as previously under IAS 39). As regards assets and liabilities measured at fair value, any changes in value are recognised in the income statement, therefore helping to determine the profit or loss for the year. However, if the changes are caused by a change in credit risk, the changes in fair value are recognised in equity.

Assets classed as held to maturity are recognised among current financial assets if the maturity is less than twelve months, or as non-current if greater. They are subsequently measured at amortised cost. The latter is calculated using the effective interest method, taking into account any purchase discounts or premiums and spreading them over the entire period up to maturity, less any impairment.

Loans and receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the Companies belonging to the Group measure the realisable value of these receivables taking account of estimated future cash flows.

Available-for-sale assets are recognised as non-current assets, unless they are to be divested within twelve months from the end of the reporting period, and are measured at fair value. Profits or losses from fair value measurement are recognised in other comprehensive income and aggregated in a specific equity reserve until they are sold, recovered or otherwise derecognised.

Equity investments

Equity investments fall under the scope of application of the IFRS 9 classification and measurement criteria for equity investments, excluding equity interests in subsidiaries, associates and joint ventures and companies under their control which are instead classed as equity instruments under IAS 32. In this residual category, the investments are designated at *fair value* through other comprehensive income.

Investments in associates identified as joint ventures are measured using the equity method, which envisages recognition in a specific item of comprehensive income of the Group share of the profit or loss of companies over which it exercises significant influence.

Inventories

Inventories are measured at the lower of purchase cost and net estimated realisable value. The Group's inventories consist mainly of outstanding costs relating to activities in future years.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank demand deposits and cash investments with an original maturity of not more than three months. The definition of cash and cash equivalents in the Consolidated Statement of Cash Flows is the same as that for the Statement of Financial Position.

Assets and liabilities held for sale

This category includes assets and liabilities or disposal groups/discontinued operations where the carrying amount will be recovered primarily through a sale rather than through continued use.

For this to happen, the following conditions must be met:

- the assets (or disposal groups) must be available for immediate sale in their present condition;
- the sale must be highly probable, i. e. the company must be committed to a programme for their disposal; activities to identify a buyer must have been initiated; and completion of the sale must be scheduled to take place within one year of the date of classification in this category.

Assets held for sale are measured at the lower of their net carrying amount and their fair value less costs to sell.

If an asset that is depreciated or amortised is reclassified to this item, the depreciation or amortisation process is discontinued at the time of reclassification.

In compliance with IFRS 5, figures for discontinued operations are presented as follows:

- in two specific items of the Consolidated Statement of Financial Position: Assets held for sale and Liabilities held for sale;
- in a specific item of the Consolidated Statement of Comprehensive Income: Profit/(loss) from discontinued operations

Equity

Treasury shares

The nominal value of treasury shares is deducted from share capital and any amount in excess of nominal value is deducted from the share premium reserve.

Under IAS/IFRS regarding the acquisition of treasury shares, the nominal value of the shares is deducted from share capital while the difference between the nominal value and the acquisition value is deducted from the share premium reserve. Regarding the sale of treasury shares, the share capital and the share premium reserve are reconstituted by the same amounts as the reductions applied when the shares were acquired while any gains/losses from the sale is recognised in equity, under other reserves, with no impact on the income statement. The shares taken as reference for the calculation of gains/losses on disposal are selected using the FIFO method.

Stock Grant

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.

Costs of capital transactions

Costs directly attributable to capital transactions are recognised as a direct reduction of equity.

Trade payables, tax liabilities, advances and other liabilities

Payables, advances and other liabilities are initially recognised at fair value. After that, they are measured at amortised cost. Payables are derecognised when the underlying financial obligations have been discharged.

If they have a due date exceeding twelve months, the liabilities are discounted to present value using an interest rate reflecting market assessments of the time value of money and specific risks connected with the liability concerned. Discounted interest is classified in financial expenses.

Derivative instruments

A derivative is a financial instrument or other form of contract with the following characteristics: (i) its value changes in response to the change in an interest rate, the price of a financial instrument, a commodity price, a foreign exchange rate, a price or rates index, a credit rating, or another pre-established underlying variable; (ii) it requires no net initial investment or, if initial investment is required, is smaller than would be required for a contract from which a similar response to changes in market factors would be expected; (iii) it is settled at a future date. Derivatives are classified as financial instruments and therefore adjusted to fair value at the end of each year. The effects of fair value adjustments are recognised in the income statement as financial income/expenses.

Provisions for risks and charges

Provisions for risks and charges are allocated when the Group must meet a present obligation (legal or implicit) stemming from a past event, the amount of which can be reliably estimated and for settlement of which an outflow of resources is probable. If expectations of resource outflow go beyond the next financial year, the obligation is recognised at its present value through discounting of future cash flows at a rate that also considers the time value of money and the liability's risk.

Risks for which manifestation of a liability is only possible, not probable, are shown in the paragraph 'Disclosure on guarantees given, undertakings and other contingent liabilities', and no provisions are allocated for these.

Bank borrowings and other financial liabilities

Financial payables are initially recognised at cost, represented by the fair value of the funds received net of accessory charges incurred in acquiring the loan. After initial recognition, borrowings are measured at amortised cost, calculated using the effective interest rate method. Amortised cost is calculated by taking into account issuance costs and any discount or premium envisaged at the time of settlement.

Employee benefits

Employee benefits paid out upon or after termination of the employment relationship consist mainly of employee severance indemnities (trattamento di fine rapporto or TFR), which are governed by Article 2120 of the Italian Civil Code.

In compliance with IAS 19, employee severance indemnities are considered a defined benefit plan, i. e. a plan consisting of benefits provided post-employment, which constitutes a future obligation for which the Group assumes actuarial risks and related investments. As required by IAS 19, the Group uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service costs. This calculation requires the application of objective and mutually compatible actuarial assumptions concerning demographic variables (mortality rate, employee turnover) and financial variables (discount rate, future increases in salary levels). The Fiera Milano Group recognises the change in actuarial gains and losses (remeasurement) in other comprehensive income. From 1 January 2007, following the social security reform, cumulative employee severance indemnities are allocated to pension funds or to the INPS treasury fund, or, in the case of companies with fewer than 50 employees, may remain within the company as in previous years. Employees were given the option until 30 June 2007 to choose the destination of their severance indemnities.

In that regard, the allocation of accrued employee severance indemnities to pension funds or to INPS means that a portion of these indemnities will be classified as a defined contribution plan in that the company's obligation is solely the payment of contributions either to the pension fund or to INPS. The liability related to the past severance indemnities continues to represent a defined benefit plan to be measured according to actuarial assumptions.

Employee termination benefits not included in the employee severance indemnities (TFR) are recognised as liabilities and employee expenses when the enterprise is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or provides termination benefits as a result of an incentive to voluntary redundancy. The benefits owed to employees for termination of their employment do not give any future economic benefits to the enterprise and are therefore recognised immediately as a cost.

Revenue recognition

Revenues are recognised when contractual obligations are fully satisfied and the customer acquires control of the assets transferred. They are recognised at the *fair value* of the consideration received or receivable, taking into account any trade discounts and quantity-based reductions granted.

Revenue from the provision of services is recognised when the service is provided. In compliance with paragraph 31 et seq. of IFRS 15, services relating to exhibitions and congresses are considered to be transferred to the customer during the exhibitions and events, as this is the period in which most of the related costs are incurred. Likewise, such revenues are recognised during the exhibition or event as the funds used and costs incurred are also spread over the exhibition/event duration.

When it is probable that an exhibition's total costs will exceed its total revenues, the expected loss is recognised as a cost in a specific provision.

Operating costs

Costs are recognised when they relate to goods and services sold or used in the financial year or on an accrual accounting basis when their future usefulness cannot be precisely identified.

Personnel expenses include both the fixed and variable remuneration of Directors taking account of the effective period of service.

Costs that are not eligible to be recognised in assets are recognised in the income statement in the period in which they are incurred.

Other income

This item has a residual nature and includes revenues from grants and subsidies.

Financial income and expenses

Financial income and expenses are recognised in the accounts based on timing that considers the effective return/expense of the asset/liability concerned.

Taxes

Income taxes are recognised, for each company, according to estimated taxable income in compliance with current tax rates and regulations in the countries where the Group operates. Income taxes are recognised in the income statement, except those relating to items charged or credited directly in equity, the tax effect of which is recognised in equity.

Deferred taxes are measured according to the taxable temporary differences existing between the carrying amounts of assets and liabilities and their tax base and are classified among non-current assets and liabilities.

Deferred tax assets are recognised to the extent that there is likely to be sufficient future taxable income against which the positive balance can be utilised. The carrying amount of deferred tax assets is subject to review at the end of each reporting period.

Deferred tax assets and liabilities are measured according to the tax rates expected to be applied in the period when the deferrals materialise, considering the tax rates in force or those that are scheduled to come into force subsequently.

Current and deferred tax assets and liabilities are offset only when they are levied by the same tax authority and when there is a legal right to offsetting.

Note 47 provides further information on the tax consolidation.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the end of the reporting period. Foreign exchange differences generated by the extinction of monetary items or their translation at different exchange rates from those at which they were translated at the time of initial recognition in the period or in previous periods are recognised in the income statement. Exchange rate differences are recognised in financial income and expenses.

Dividends

Dividend income is recognised when the shareholders' right to receive payment has been established. This is normally the date of the Annual Shareholders' Meeting that approves the dividend distribution.

Earnings per share

Basic earnings (losses) per share are calculated by dividing the Group profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding in the period, excluding treasury shares.

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of shares outstanding to allow for all dilutive potential ordinary shares.

1.6 Use of estimates

Preparation of the financial statements and related notes using IFRS requires estimates and assumptions to be made that affect the amounts of assets and liabilities in the Statement of Financial Position and disclosures concerning contingent assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates are used 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* at least annually, or more often if impairment indicators emerge. The impairment test calls for a discretionary estimate of the values in use of the cash-generating unit to which the goodwill is attributed, in turn based on the estimate of future cash flows of the CGU and their discounting at a specified discount rate.

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.

- *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. The Directors must make a significant discretionary assessment of 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* are subject to discretionary estimates using the best available information at the date of these Financial Statements and based on historic and future data regarding the likely outcome of legal disputes or events, for which assessment of the risk profiles and likely financial impact is uncertain and complex and could result in an adjustment to the estimates.

Reference should be made to the specific paragraph in the notes to the Financial Statements for the use of estimates on financial risks. Measurement of the provision for risks refers to the best information available at the end of the reporting period.

The plans used to carry out the impairment tests are based on certain expectations and assumptions of future performance that by their very nature are subject to uncertainties. Therefore, results could differ from estimates.

The plan will be continually assessed by the Directors regarding the effective realisation of the initiatives and forecasts and the effects on the financial and economic performance of the Group.

2) Information on Joint ventures

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; this share went from 40.16% in 2019 to 44.80% in 2020.

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

	(€'000)	
Hannover Milano Global Germany GmbH	31/12/20	31/12/19
Current assets	3,446	4,179
Non-current assets	8,864	9,261
Current liabilities	10,606	17,284
Net financial debt/(cash)	(12,636)	(27,072)
Equity	14,340	23,228
Book value of the joint venture	7,100	10,629
Hannover Milano Global Germany GmbH	2020	2019
Total revenues and other income	29,010	53,277
Total operating costs	(25,297)	(37,821)
Depreciation and amortisation	(390)	(541)
Interest income	319	399
Interest payable	-	(9)
Profit/(loss) before tax	3,642	15,305
Income tax	2,179	4,634
Profit/(loss) for the year	1,463	10,671
Profit/(loss) attributable to the shareholders of the controlling entity	1,547	10,421
Group profit/(loss)	693	4,185

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

	(€'000)	
Ipack Ima Srl	31/12/20	31/12/19
Current assets	2,610	948
Non-current assets	5,015	5,243
Current liabilities	3,480	1,181
Non-current liabilities	713	900
Net financial debt/(cash)	561	717
Equity	2,871	3,393
Book value of the joint venture	1,407	1,663

Ipack Ima Srl	2020	2019
Total revenues and other income	5	250
Total operating costs	(474)	(1,413)
Depreciation and amortisation	(228)	(279)
Interest payable	(18)	(15)
Profit/(loss) before tax	(715)	(1,457)
Income tax	(181)	(362)
Profit/(loss) for the year	(534)	(1,095)
Group profit/(loss)	(262)	(537)

The Group holds a 51% stake in MiCo DMC Srl (indirectly through Fiera Milano Congressi SpA), which was initially consolidated on a line-by-line basis.

On 4 December 2018, the governance agreement regarding MiCo DMC Srl with the partner AIM Group International SpA was amended, establishing a greater degree of collaboration for business management decisions. Under IFRS 11, these agreements mean the company is categorised as a joint venture, meaning that from 31 December 2018 the value of the investment is consolidated at equity.

The main balance sheet items of the joint venture and the Group share are summarised in the following table:

	(€'000)	
MiCo DMC Srl	31/12/20	31/12/19
Current assets	893	2,560
Non-current assets	238	117
Current liabilities	1,405	2,508
Non-current liabilities	186	158
Net financial debt/(cash)	(1,041)	(361)
Equity	581	372
Book value of the joint venture	296	190

MiCo DMC Srl	2020	2019
Total revenues and other income	2,443	12,026
Total operating costs	(2,317)	(11,640)
Depreciation and amortisation	(65)	(28)
Interest payable	(4)	(6)
Profit/(loss) before tax	57	352
Income tax	(141)	118
Profit/(loss) for the year	198	234
Group profit/(loss)	101	120

At 31 December 2020 and at 31 December 2019, there were no contingent liabilities or material obligations relating to the investment of the Parent Company in the joint ventures.

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, which is regularly reviewed and used by the top decision makers in the Group, gives information by segment and also by individual company.

The internal organisation structure and the performance measurement system is shaped by the strategic direction of the Group, with a view to greater integration of sales and operating processes. In particular, all activities carried out by Fiera Milano SpA, Nolostand SpA, Ipack Ima Srl and in MADE eventi Srl are grouped into a single operating segment 'Italian Exhibitions Business', as described in greater detail in Note 6 on Cash Generating Units.

Consequently, based on the management approach, the operating segments were defined as follows:

- **Italian Exhibitions Business:** this segment covers all activities for the organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces; through the provision of stand-fitting, technical and site services associated with exhibition and congress business; and through the provision of project support and ancillary services. This includes the business of staging exhibitions (and providing final services to exhibitors and visitors):

- that are directly organised by the Group or in partnership with third parties;
- organised by third parties, through contracting out of spaces and services.

These activities are carried out by the Parent Company Fiera Milano SpA, Ipack Ima Srl, Nolostand SpA and MADE eventi Srl.

- **Foreign Exhibitions Business:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support and of ancillary services. 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 registered office in New Delhi;
- Fiera Milano Exhibitions Africa PTY Ltd based in 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 figures by segment for the financial years at 31 December 2019 and 31 December 2020.

Income Statement to 31/12/19

(€'000)

	Italian Exhibitions Business	Foreign Exhibitions Business	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	228,933	4,160	7,736	38,882		279,711
Revenues from intersegment sales and services	6,357	116	3,370	795	(10,638)	
Total revenues	235,290	4,276	11,106	39,677	(10,638)	279,711
<i>of which from Italy</i>						275,551
<i>of which from foreign activities</i>						4,160
Cost of materials	2,181	12	221	76	(1)	2,489
Cost of services	99,484	3,607	6,086	24,720	(12,682)	121,215
Cost for use of third-party assets	422	191	91	45	(263)	486
Personnel expenses	39,317	1,308	3,889	3,733	(815)	47,432
Other operating expenses	4,304	72	50	356	(4)	4,778
Total operating expenses	145,708	5,190	10,337	28,930	(13,765)	176,400
Other income	4,263	100	595	597	(3,127)	2,428
Profit/(loss) of equity accounted companies	(537)	4,185		120		3,768
Allowance for doubtful accounts and other provisions	2,749	33	548	123		3,453
EBITDA	90,559	3,338	816	11,341	-	106,054
<i>of which from Italy</i>						102,827
<i>of which from foreign activities</i>						3,227
Depreciation of property, plant and equipment and right-of-use assets	38,207	160	90	4,751		43,208
Depreciation of property investments						
Amortisation of intangible assets	1,533	261	137	32		1,963
Adjustments to asset values	112		1,173			1,285
EBIT	50,707	2,917	(584)	6,558	-	59,598
<i>of which from Italy</i>						56,791
<i>of which from foreign activities</i>						2,807
Financial income and similar						479
Financial expenses and similar						13,844
Valuation of financial assets						
Profit/(loss) before income tax						46,233
Income tax						11,905
Profit/(loss) from continuing operations						34,328
Profit/(loss) from discontinued operations						-
Profit/(loss) for the year						34,328
Profit/(loss) attributable to non-controlling interests						(97)
Group profit/(loss)						34,425

Statement of Financial Position Data at 31/12/19

(€'000)

	Investments	of which related to Right-of-use assets	Depreciation and amortisation of non-current assets	of which related to Right-of-use assets
Italian Exhibitions Business	482,258	473,662	39,740	36,375
Foreign Exhibitions Business	537	402	421	20
Media	288	287	227	83
Congresses	36,158	35,101	4,783	3,403
Adjustments	-	-	-	-
Total	519,241	509,452	45,171	39,881

Income Statement to 31/12/20

	Italian Exhibitions Business	Foreign Exhibitions Business	Media	Congresses	Adjustments	Consolidated
	(€'000)					
Revenues from sales and services to third-parties	62,631	1,082	4,556	5,366		73,635
Revenues from intersegment sales and services	986	90	1,835	313	(3,224)	
Total revenues	63,617	1,172	6,391	5,679	(3,224)	73,635
<i>of which from Italy</i>						72,553
<i>of which from foreign activities</i>						1,082
Cost of materials	1,444	5	132	22	(17)	1,586
Cost of services	39,772	1,330	3,992	5,183	(4,758)	45,519
Cost for use of third-party assets	528	123	101	25	(324)	453
Personnel expenses	26,072	1,038	2,768	2,429	(455)	31,852
Other operating expenses	1,917	249	34	267		2,467
Total operating expenses	69,733	2,745	7,027	7,926	(5,554)	81,877
Other income	16,704	84	240	2,181	(2,334)	16,875
Profit/(loss) of equity accounted companies	(262)	693		101		532
Allowance for doubtful accounts and other provisions	(933)	0	(415)	70		(1,278)
EBITDA	11,259	(796)	19	(35)	(4)	10,443
<i>of which from Italy</i>						11,329
<i>of which from foreign activities</i>						(886)
Depreciation of property, plant and equipment and right-of-use assets	37,363	107	89	4,954		42,513
Depreciation of property investments						
Amortisation of intangible assets	2,032	189	1	26		2,248
Adjustments to asset values						
EBIT	(28,136)	(1,092)	(71)	(5,015)	(4)	(34,318)
<i>of which from Italy</i>						(33,136)
<i>of which from foreign activities</i>						(1,182)
Financial income and similar						274
Financial expenses and similar						12,981
Valuation of financial assets						
Profit/(loss) before income tax						(47,025)
Income tax						(12,873)
Profit/(loss) from continuing operations						(34,152)
Profit/(loss) from discontinued operations						-
Profit/(loss) for the year						(34,152)
Profit/(loss) attributable to non-controlling interests						(209)
Group profit/(loss)						(33,943)

Statement of Financial Position Data at 31/12/20

	Investments	of which related to Right-of-use assets	Depreciation and amortisation of non-current assets	of which related to Right-of-use assets
	(€'000)			
Italian Exhibitions Business	7,469	1,766	39,395	36,013
Foreign Exhibitions Business	25	-	296	59
Media	-	-	90	83
Congresses	386	-	4,980	3,410
Adjustments	-	-	-	-
Total	7,880	1,766	44,761	39,565

Notes to the consolidated financial statements

STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

4) Property, plant and equipment

The breakdown and changes in the last two financial years are given below:

Property, plant and equipment

(€'000)

	Changes during the financial year									Balance at 31/12/19
	Balance at 31/12/18	Incr.	Decr.	Depr.	Impairment	Currency translation differences	Acquired business	Reclassifi- cation	Other	
Plant and machinery										
. historic cost	18,918	58	49	-	-	-	-	-	(11)	18,916
. depreciation	16,914	-	49	459	-	-	-	(7)	-	17,317
Net	2,004	58	-	459	-	-	-	7	(11)	1,599
Industrial and commercial equipment										
. historic cost	36,442	243	894	-	1,973	-	-	-	-	33,818
. depreciation	33,858	-	866	1,136	1,861	-	-	7	-	32,274
Net	2,584	243	28	1,136	112	-	-	(7)	-	1,544
Other assets										
. historic cost	58,322	1,497	557	-	-	21	114	13	(4)	59,406
. depreciation	52,098	-	547	1,732	-	19	92	-	-	53,394
Net	6,224	1,497	10	1,732	-	2	22	13	(4)	6,012
Total property, plant and equipment										
. historic cost	113,682	1,798	1,500	-	1,973	21	114	13	(15)	112,140
. depreciation	102,870	-	1,462	3,327	1,861	19	92	-	-	102,985
Net	10,812	1,798	38	3,327	112	2	22	13	(15)	9,155

Property, plant and equipment

(€'000)

	Changes during the financial year									Balance at 31/12/20
	Balance at 31/12/19	Incr.	Decr.	Depr.	Impairment	Currency translation differences	Acquired business	Reclassification	Other	
Plant and machinery										
. historic cost	18,916	129	-	-	-	-	-	-	-	19,045
. depreciation	17,317	-	-	380	-	-	-	-	-	17,697
Net	1,599	129	-	380	-	-	-	-	-	1,348
Industrial and commercial equipment										
. historic cost	33,818	75	67	-	-	-	-	-	-	33,826
. depreciation	32,274	-	67	765	-	-	-	-	-	32,972
Net	1,544	75	-	765	-	-	-	-	-	854
Other assets										
. historic cost	59,406	663	19	-	-	(159)	-	-	-	59,891
. depreciation	53,394	-	18	1,803	-	(126)	-	-	-	55,053
Net	6,012	663	1	1,803	-	(33)	-	-	-	4,838
Total property, plant and equipment										
. historic cost	112,140	867	86	-	-	(159)	-	-	-	112,762
. depreciation	102,985	-	85	2,948	-	(126)	-	-	-	105,722
Net	9,155	867	1	2,948	-	(33)	-	-	-	7,040

The breakdown and changes in the various items were as follows:

Plant and machinery

This item totalled Euro 1,348 thousand, net of depreciation for the year of Euro 380 thousand, and was mainly for electrical, heating, alarm and audiovisual systems.

The increase of Euro 129 thousand refers mainly to Parent Company investments in plant and machinery for the Rho exhibition site.

Industrial and commercial equipment

This item totalled Euro 854 thousand, net of depreciation for the year of Euro 765 thousand, and was mainly for equipment and furnishings related to the exhibition business.

The increases amounted to Euro 75 thousand, comprising investments by Nolostand SpA for the purchase of exhibition equipment and assets to be hired out during exhibitions.

Other assets

This item totalled Euro 4,838 thousand net of depreciation for the year of Euro 1,803 thousand; Euro 2,920 thousand was for improvements to the assets of Fondazione Fiera Milano and Euro 1,918 thousand was for furniture, furnishings, minor equipment, vehicles and electronic equipment.

The Euro 663 thousand increase breaks down as follows:

- Euro 303 thousand pertaining to Fiera Milano Congressi SpA, of which Euro 111 thousand related to the renovation and upgrading of the Momec, Mico Nord and Mico Sud congress facilities leased by Fondazione to the company, and to the purchase of audio-video equipment for Euro 192 thousand;
- to the Parent Company for Euro 315 thousand related to investments in the digital area;
- the remaining Euro 45 thousand pertaining to other companies.

Depreciation of improvements to third-party assets is calculated on the residual duration of the real estate lease to which they refer.

5) Rights of use of leased assets

The breakdown and changes in the last two financial years are given below:

	Changes during the financial year						Balance at 31/12/19
	Balance at 31/12/18	Incr.	Decr.	Depr.	Acquired business	Reclassification	
Right-of-use assets (€'000)							
Leased property							
. historic cost	-	508,664	-	-	332	-	508,996
. depreciation	-	-	-	39,757	-	-	39,757
Net	-	508,664	-	39,757	332	-	469,239
Leased corporate fleet							
. historic cost	-	456	-	-	-	-	456
. depreciation	-	-	-	124	-	-	124
Net	-	456	-	124	-	-	332
Total Right-of-use assets							
. historic cost	-	509,120	-	-	332	-	509,452
. depreciation	-	-	-	39,881	-	-	39,881
Net	-	509,120	-	39,881	332	-	469,571

Right-of-use assets

(€'000)

	Balance at 31/12/19	Changes during the financial year					Balance at 31/12/20
		Incr.	Decr.	Depr.	Acquired business	Currency translation differences	
Leased property							
. historic cost	508,996	1,726	-	-	-	(111)	510,611
. depreciation	39,757	-	-	39,429	-	(7)	79,179
Net	469,239	1,726	-	39,429	-	(104)	431,432
Leased corporate fleet							
. historic cost	456	40	-	-	-	-	496
. depreciation	124	-	-	136	-	-	260
Net	332	40	-	136	-	-	236
Total Right-of-use assets							
. historic cost	509,452	1,766	-	-	-	(111)	511,107
. depreciation	39,881	-	-	39,565	-	(7)	79,439
Net	469,571	1,766	-	39,565	-	(104)	431,668

The breakdown and changes in the various items during the year were as follows:

Right-of-use properties

The item totalled Euro 431,432 thousand, less depreciation for the year of Euro 39,429 thousand, and refers to the recognition of leases of right-of-use property following the application of IFRS 16 in force as from 1 January 2019. The increase of Euro 1,726 thousand mainly refers to the monetary revaluation of the lease agreement for the exhibition centres.

Right-of-use vehicles

The item totalled Euro 236 thousand, less depreciation for the year of Euro 136 thousand, and refers to the recognition of the right-of-use relating to the company car fleet following the application of the new IFRS 16 in force as from 1 January 2019.

The item Right-of-use assets includes Euro 426,153 of related-party transactions (Euro 462,382 thousand at 31 December 2019). For more details, see note 49 on these transactions.

6) Goodwill

The breakdown and changes of the item in the last two financial years are given below:

	Changes during the financial year					Balance at 31/12/19
	Balance at 31/12/18	Incr.	Decr.	Transfers to joint venture	Currency translation differences	
Goodwill						(€'000)
. historic cost	110,724	909	-	-	-	111,633
. amortisation	16,597	-	-	-	-	16,597
Net	94,127	909	-	-	-	95,036

	Changes during the financial year					Balance at 31/12/20
	Balance at 31/12/19	Incr.	Decr.	Transfers to joint venture	Currency translation differences	
Goodwill						(€'000)
. historic cost	111,633	-	-	-	-	111,633
. amortisation	16,597	-	-	-	-	16,597
Net	95,036	-	-	-	-	95,036

As described in the section on measurement criteria, goodwill is subject to annual impairment tests at the end of each reporting period or more frequently if there are any indications of impairment, with the assistance of a qualified independent expert. Paragraph 1.6 'Use of estimates' gives details of the methods used for the impairment tests.

Goodwill is allocated to the different cash generating units (CGUs) or group of CGUs that gave rise to the goodwill.

To identify 'the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets' (IAS 36 – Impairment of Assets), each different Group reportable segment was designated a CGU.

In the new reportable segment 'Italian Exhibitions Business', the CGUs correspond to individual exhibitions and include the activities carried out by the Parent Company Fiera Milano SpA, by Nolostand SpA and MADE eventi Srl.

In the reportable segment 'Foreign Exhibitions Business', the situation is different in countries where the Group holds its own exhibitions (such as Brazil) from countries where the Group operates through joint venture arrangements and trademark user licence agreements (such as China and India). In the first case, the CGUs correspond to individual exhibitions; in the second, the CGUs are represented by the individual reference market.

Various CGUs can be identified in the Reportable Segment 'Media': one CGU includes all activities related to seminars and congresses ('events and training' CGU). Other CGUs include publishing titles by industry (HO. RE.CA and technology sector), digital services and advertising and sponsorship activities.

Lastly, in the Reportable Segment 'Congresses', two CGUs can be identified: for the activities of Fiera Milano Congressi SpA and its subsidiary MiCo DMC Srl.

In order to avoid using arbitrary allocation criteria for the impairment tests, goodwill was allocated based on appropriate groupings that reflect both the strategic vision of the company and how the goodwill was generated.

The goodwill allocations are as follows:

- The CGU Italian Exhibitions Business for a total of Euro 83,634 thousand: includes the CGUs corresponding to all the events organised or hosted by Fiera Milano SpA and Made Eventi Srl, including the set-up services provided by Nolostand SpA. The goodwill of Fiera Milano SpA (Euro 70,144 thousand), the goodwill of Nolostand SpA (Euro 12,581 thousand) and the goodwill of Made eventi Srl (EUR 909 thousand) are allocated to this cash-generating unit. The goodwill of Fiera Milano SpA breaks down as follows: Euro 29,841 thousand deriving from Fondazione Fiera Milano's transfer of the exhibition company to Fiera Milano SpA on 17 December 2001; 40,223 thousand derive from the acquisitions of companies organising exhibitions that were subsequently incorporated into Fiera Milano SpA as part of various merger operations; finally, Euro 80 thousand derived from the Parent Company's acquisition of the 'Information Communication Technology' business unit of the subsidiary Expopage SpA, now Fiera Milano Media SpA. Nolostand's goodwill arises from Nolostand SpA's acquisition of the 'standard fittings' business unit.
- 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. Fiera Milano Media SpA's goodwill is allocated to this cash-generating unit, which equalled Euro 5,947 thousand, deriving from the acquisition of publishing companies subsequently incorporated into Fiera Milano Media.
- The Congress cash-generating unit: it includes the goodwill of Euro 5,455 thousand deriving from the acquisition of Fiera Milano Congressi SpA.

The recoverable amount of the cash-generating units or groups of cash-generating units, to which individual goodwill has been allocated, is tested by determining value in use.

The discounted cash flow method is used for impairment, based on financial forecasts approved by the respective Boards of Directors of the Group companies. The time horizon for the test at 31.12.2020 is five financial years (2021-2025).

Cash flow projections beyond the business plan period are generally made using the average gross operating profit for the last two years of the financial forecasts and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement investments. The last two years (2024-2025) of the financial forecasts are considered a correct basis for calculating the normal cash flow after the plan period. To this end, the 2021-2025 plan approved by Fiera Milano SpA on 22 February 2021, envisages a return to pre-Covid-19 economic performance overall in the last two years, in line with external evidence on the performance of the exhibition sector in Italy and Europe.

The terminal value is measured as a perpetual annuity obtained by capitalising the normalised cash flow, using a discount rate calculated by reference country for the various CGUs. Zero growth in real terms was assumed, considering only the level of medium/long-term inflation forecast in the specific monetary area of reference. Only the Publishing and Digital Services CGU grouping did not include the forecast medium/long-term inflation rate in the growth factor, which therefore appears as a negative factor in real terms.

The WACC (Weighted Average Cost of Capital) used for activities in Italy includes: (i) a risk free rate of 1.15%; (ii) a Market Risk Premium of 6.20%; (iii) a levered beta at the sector average of 1.094; (iv) a specific risk premium that varied in the different CGUs; (v) a cost of debt equal to 2.39%; (vi) a debt to equity ratio of 25% (industry target).

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 used in the different CGUs varies on the basis of: (i) the different risk free rate (assumed to be equal to the yield on 10-year government bond of the CGU's country of reference; (ii) the different specific risk coefficient covering execution risk relating to the forecast cash flows. This risk factor reflects the figures deriving from historic deviations between forecast and final figures, as well as forward-looking assessments of business initiatives; (iii) the different cost of debt based on the expected inflation rate in the individual reference monetary areas of each CGU.

A summary of the results is given in the table below:

CGUs/Groups of CGUs	WACC
Italian Exhibitions Business	7.15%
Publishing and Digital Services	8.65%
Congresses	7.15%

There was no indication of impairment in any goodwill amount.

Sensitivity analyses were carried on existing goodwill out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive result in both cases.

Finally, further sensitivity analyses were performed on the recoverable amount to take account of the uncertainty still weighing on the health and economic context, simulating scenarios that were worse than the plan assumptions. In particular: (i) the impact of the resumption of exhibition activities during 2021 was quantified at a later date than in the approved 2021-2025 projections, and (ii) the impact of the terminal value calculation was quantified based on the average EBITDA of the last four years of the plan, thus including years significantly affected by the economic consequences of the Covid-19 pandemic. These analyses lead us to conclude that intangible assets do not present a significant risk of impairment.

For the CGUs most impacted by the application of IFRS 16, a test was also performed on the values that emerged following the application of this standard (with the definition of consistent cash flows), confirming the results achieved.

Moreover, the item 'Right-of-use assets' does not generate independent cash flows; therefore, the recoverable amount, determined as the higher of value in use and fair value less the costs to sell, can only be assessed within the CGUs to which it belongs.

7) Intangible assets with a finite useful life

The breakdown and changes in the last two financial years are given below:

Intangible assets with a finite useful life

(€'000)

	Changes during the financial year								Balance at 31/12/19	
	Balance at 31/12/18	Incr.	Decr.	Depr.	Impairment	Currency translation differences	Acquired business	Reclassification		
Trademarks and publishing titles										
. historic cost	37,011	2,820	1	-	16,344	(45)	1,263	-	-	24,704
. amortisation	28,055	-	1	995	15,171	(13)	13	-	-	13,878
Net	8,956	2,820	-	995	1,173	(32)	1,250	-	-	10,826
Concessions, licenses and similar rights										
. historic cost	4,137	656	-	-	-	-	252	96	-	5,141
. amortisation	3,674	-	-	234	-	2	247	-	-	4,157
Net	463	656	-	234	-	(2)	5	96	-	984
Industrial patents and intellectual property rights										
. historic cost	38,347	1,191	-	-	-	(4)	-	121	-	39,655
. amortisation	37,231	-	-	734	-	(2)	-	-	-	37,963
Net	1,116	1,191	-	734	-	(2)	-	121	-	1,692
Intangible fixed assets under construction										
. historic cost	256	1,138	26	-	-	-	-	(230)	-	1,138
Net	256	1,138	26	-	-	-	-	(230)	-	1,138
Total intangible assets with a finite useful life										
. historic cost	79,751	5,805	27	-	16,344	(49)	1,515	(13)	-	70,638
. amortisation	68,960	-	1	1,963	15,171	(13)	260	-	-	55,998
Net	10,791	5,805	26	1,963	1,173	(36)	1,255	(13)	-	14,640

Intangible assets with a finite useful life

(€'000)

	Changes during the financial year								Balance at 31/12/20
	Balance at 31/12/19	Incr.	Decr.	Depr.	Impairment	Currency translation differences	Acquired business	Reclassification	
Trademarks and publishing titles									
. historic cost	24,704	700	-	-	-	(1,514)	-	(75)	23,890
. amortisation	13,878	-	-	1,029	-	(901)	-	(75)	14,006
Net	10,826	700	-	1,029	-	(613)	-	-	9,884
Concessions, licenses and similar rights									
. historic cost	5,141	32	-	-	-	-	-	-	5,173
. amortisation	4,157	-	-	400	-	-	-	-	4,557
Net	984	32	-	400	-	-	-	-	616
Industrial patents and intellectual property rights									
. historic cost	39,655	1,625	1,535	-	-	(84)	-	-	39,661
. amortisation	37,963	-	1,535	819	-	(64)	-	-	37,183
Net	1,692	1,625	-	819	-	(20)	-	-	2,478
Intangible fixed assets under construction									
. historic cost	1,138	2,890	-	-	-	-	-	-	4,028
Net	1,138	2,890	-	-	-	-	-	-	4,028
Total intangible assets with a finite useful life									
. historic cost	70,638	5,247	1,535	-	-	(1,598)	-	(75)	72,752
. amortisation	55,998	-	1,535	2,248	-	(965)	-	(75)	55,746
Net	14,640	5,247	-	2,248	-	(633)	-	-	17,006

Trademarks and publications

This item amounted to Euro 9,884 thousand and consisted of the following exhibition trademarks:

- Milan Games Weekend Euro 2,144 thousand;
- Host Euro 1,298 thousand;
- Mipap Milano Prêt-à-Porter Euro 1,220 thousand;
- MADE expo Euro 1,181 thousand;
- Promotion Trade Exhibition Euro 1,066 thousand;
- Exposec Euro 645 thousand;
- Fisp Euro 630 thousand;
- G! Come Giocare Euro 548 thousand;
- Transpotec & Logitec Euro 340 thousand;
- Cartoomics Euro 273 thousand;
- Milan Franchising Show Euro 149 thousand;
- Festivity Euro 120 thousand;

- Tubotech Euro 99 thousand;
- Miart Euro 89 thousand;
- BtoBio Expo Euro 66 thousand;
- Tuttofood Euro 8 thousand;
- Fruit&Veg Innovation Euro 8 thousand.

Most trademarks are for the directly organised exhibitions of the Group.

The trademarks came under Group control through various business combinations that took place over time. Since the last quarter of 2008, the associated exhibitions and publications have been amortised based on the assessment of their finite useful life (previously accounted as assets with an indefinite useful life).

In order to further consolidate the portfolio of directly organised events, the following brands were purchased:

- GI Come Giocare in the gaming sector, purchased on 1 December 2020 for a total of Euro 550 thousand, i.e., a share of 67.5%.
- Salone Franchising Milano in the franchising sector, purchased on 1 December 2020 for Euro 150 thousand, i.e., a share of 52.50%. As a result of this transaction, Fiera Milano SpA's stake increased from 15% to 67.50%.

For the purpose of the impairment testing of trademarks to which Fiera Milano assigns a finite useful life, the external and internal sources of information specified in paragraphs 12-14 of IAS 36 were examined and no signs of impairment were found.

Exhibition trademarks are amortised over a useful life of 10-20 years. The useful life of each trademark is calculated, assuming for each specific intangible asset that its presence in its reference market is ongoing, the competitive position and its operating profitability.

Other changes in this item were as follows:

- Euro 1,029 thousand as amortisation;
- Euro 613 thousand as negative exchange rate effects.

Concessions, licences and similar rights

The item was Euro 616 thousand, net of amortisation for the year of Euro 400 thousand. The increase of Euro 32 thousand refers to the purchase by the Parent Company of software licences with rights of use limited in time.

Time-limited software licences are amortised over a period of three years.

Industrial patents and intellectual property rights

This item was Euro 2,478 thousand, net of amortisation for the year of Euro 819 thousand. The total increase of Euro 1,625 thousand refers mainly to costs associated with the implementation of digital projects and software purchases sustained by the Parent Company.

Amortisation is calculated on the estimated useful life of the asset, which is three years.

Assets under development and advances

This item totalled Euro 4,028 thousand and refers to costs incurred for the development of new IT systems of the Parent Company. On completion, the asset will be reclassified under the corresponding item of fixed assets and it will start to be depreciated.

8) Equity-accounted investments

This item totalled Euro 16,226 thousand (Euro 19,905 thousand at 31 December 2019), with breakdown as follows:

- Euro 13,774 thousand for the 49% shareholding in Hannover Milano Global Germany GmbH;
- Euro 2,111 thousand for the 49% shareholding in Ipack Ima Srl;
- Euro 341 thousand for the 51% shareholding in MiCo DMC Srl.

The changes in this item were as follows:

	Balance at 31/12/19	Changes during the financial year			Currency translation differences	Balance at 31/12/20
		Results	Dividend distribution	Other		
Equity-accounted investments	19,905	532	(3,970)	11	(252)	16,226
Total	19,905	532	(3,970)	11	(252)	16,226

Further details are provided in Note 2 - Disclosure on Joint Ventures and Business Combinations.

9) Other investments

This item amounted to Euro 82 thousand (Euro 32 thousand at 31 December 2019). Euro 32 thousand represents the membership fee for the Golden Card Committee and Euro 50 thousand for the Associazione Milano&Partners.

10) Other financial assets

This item totalled Euro 5,127 thousand (Euro 50 thousand at 31 December 2019) and the breakdown was as follows:

Other financial assets	(€'000)		
	31/12/20	31/12/19	Change
Mutual investment funds	5,077	-	5,077
Long term financing to joint venture	50	50	-
Total	5,127	50	5,077

Units in mutual funds are measured at fair value calculated based on the market value as at 31 December 2020.

Other financial liabilities included Euro 50 thousand (Euro 50 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

11) Trade and other receivables

This item totalled Euro 23,471 thousand (Euro 11,170 thousand at 31 December 2019) and the breakdown was as follows:

Trade and other receivables	(€'000)		
	31/12/20	31/12/19	Change
Receivables from the controlling shareholder for tax consolidation	10,808	11,071	(263)
Other receivables from the controlling shareholder	12,565	-	12,565
Other guarantee deposits	98	99	(1)
Total	23,471	11,170	12,301

These included:

- other receivables from the controlling shareholder of Euro 10,808 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 396 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;
- receivables from the Parent Company for tax consolidation in the amount of Euro 12,565 thousand (zero balance as at 31 December 2019). They refer to the balance of credit items for the contribution of tax losses for the year to the tax consolidation with Fondazione Fiera Milano. These receivables were recognised against the assessment of the recoverability of losses within the time horizon of the approved plans;
- other guarantee deposits totalling Euro 98 thousand (Euro 99 thousand at 31 December 2019).

Trade and other receivables included Euro 23,373 thousand (Euro 11,071 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

12) Deferred tax assets

This item totalled Euro 3,283 thousand (Euro 2,971 thousand at 31 December 2019) and were the net balance of deferred tax assets and liabilities in each consolidated company.

An analysis of the changes in deferred tax assets is given in Note 46 to the Income Statement.

Current assets

13) Trade and other receivables

Trade and other receivables

	31/12/20	31/12/19	Change
Trade receivables	12,545	31,282	(18,737)
Trade receivables from the controlling shareholder	8,271	2,963	5,308
Trade receivables from joint venture	178	47	131
Trade receivables from associates	119	-	119
Other receivables	4,085	4,163	(78)
Prepaid expenses from the controlling shareholder	110	394	(284)
Accrued income and prepaid expenses	1,397	1,507	(110)
Total	26,705	40,356	(13,651)

This item totalled Euro 26,705 thousand (Euro 40,356 thousand at 31 December 2019).

The main types of receivables are described below.

Trade receivables come to Euro 12,545 thousand (Euro 31,282 thousand at 31 December 2019) net of the provision for doubtful receivables of Euro 5,685 thousand. These represent receivables from organisers, exhibitors, and others for services relating to the availability of the exhibition spaces and the provision of services related to the exhibitions and congresses. The change was mainly due to lower activity volume related to the different exhibition calendar following the Covid-19 pandemic, which led to the suspension and postponement of most of the calendar events to later dates.

The figure for receivables was adjusted for the provision for doubtful receivables in order to bring the nominal value of the receivables that were deemed difficult to recover in line with the estimated recoverable amount.

The change in this provision during the year was as follows:

	31/12/19	Provisions	Utilisation and other changes	(€'000) 31/12/20
Provision for doubtful receivables	3,500	2,562	377	5,685

The provision mainly refers to the assessment of the recoverability of a specific receivable from an exhibition organiser. Use of the provision refers to receivables that were found to be unrecoverable in the financial year under review.

Other receivables from the controlling entity of Euro 8,271 thousand (Euro 2,963 thousand at 31 December 2019) are broken down as follows:

- Euro 3,833 thousand (Euro 1,122 thousand at 31 December 2019) for Group VAT receivables;
- Other receivables of Euro 4,438 thousand (Euro 1,838 thousand at 31 December 2019). The change mainly refers to Fiera Milano Congressi SpA for trade receivables relating to the chargeback of costs concerning the installation of mobile walls for the conference rooms in hall 4.

Other receivables totalled Euro 4,085 thousand (Euro 4,163 thousand at 31 December 2019), comprising:

- Euro 1,375 thousand (Euro 1,370 thousand at 31 December 2019) for advances to suppliers;
- Euro 237 thousand (Euro 386 thousand at 31 December 2019) for other tax receivables, mainly referring to Cipa FM for Euro 187 thousand and other companies for Euro 50 thousand;
- VAT receivables amounting to Euro 480 thousand (Euro 892 thousand at 31 December 2019) mainly referring to the VAT receivable of the company MADE eventi Srl that does not fall within the scope of the Group's VAT settlement;
- Euro 322 thousand (Euro 317 thousand at 31 December 2019) of receivables for tax credits on employee severance indemnities;
- receivables from employees for Euro 639 thousand (Euro 142 thousand at 31 December 2019);
- Inail advances and receivables for Euro 407 thousand (Euro 128 thousand at 31 December 2019);
- other receivables for Euro 625 thousand (Euro 928 thousand at 31 December 2019).

Accruals amounting to Euro 1,397 thousand (Euro 1,507 thousand at 31 December 2019) referred to insurance premiums and other costs accruing to future years.

Trade and other receivables included Euro 8,678 thousand (Euro 3,404 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

14) Inventories

This item totalled Euro 5,557 thousand (Euro 2,231 thousand at 31 December 2019) and the breakdown was as follows:

Inventories	31/12/20	31/12/19	(€'000) Change
Raw materials, subsidiary materials and consumables	19	12	7
Deferred costs	5,538	2,219	3,319
Total	5,557	2,231	3,326

Deferred costs referred to exhibitions and congresses to be held after 31 December 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 particular case amounts to Euro 2,301 thousand.

The table below gives a breakdown by exhibition:

Exhibition	(€'000)		
	31/12/20	31/12/19	Change
Tuttofood	1,255	105	1,150
Host	1,104	30	1,074
Made Expo	765	-	765
Fesqua	430	409	21
Transpotec & Logitec	351	2	349
Fisp	312	320	(8)
PrintAall	230	-	230
Exposec	210	121	89
Sicurezza	184	-	184
Bit	129	172	(43)
HOMI	110	227	(117)
Miart	-	190	(190)
Cartoomics	-	121	(121)
Congresses and other exhibitions	458	522	(64)
Total	5,538	2,219	3,319

Inventories included Euro 140 thousand (Euro 207 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

15) Current financial assets

This item totalled Euro 1,320 thousand (Euro 1,320 thousand at 31 December 2019) and the breakdown was as follows:

Financial assets	(€'000)		
	31/12/20	31/12/19	Change
Short term financing to joint venture	1,320	1,320	-
Total	1,320	1,320	-

This item refers to the loan of Euro 1,303 thousand granted by the Parent Company to the joint venture Ipack Ima Srl, at a rate of 1%, and the loan of Euro 17 thousand granted by Fiera Milano Congressi SpA to the joint venture MiCo DMC Srl at a rate of 3%.

The entire item refers to related-party transactions (Euro 1,320 thousand at 31 December 2019). For more details, see note 49 on these transactions.

16) Cash and cash equivalents

This item totalled Euro 20,442 thousand (Euro 68,031 thousand at 31 December 2019) and were almost entirely bank deposits to meet short-term cash requirements.

The change compared to the previous financial year was mainly due to the suspension of exhibition activities during the Covid-19 emergency and to the distribution of dividends. This effect was partially offset by loans and credit lines obtained by the Parent Company for Euro 49,000 thousand.

The cash flows, with comparative data at 31 December 2019, are shown in the Consolidated Statement of Cash Flows.

EQUITY AND LIABILITIES

17) Equity

The breakdown of consolidated equity was as follows:

Equity	31/12/20	31/12/19	Change
			(€'000)
Share capital	42,284	41,645	639
<i>of which treasury shares</i>	<i>(161)</i>	<i>(800)</i>	639
Share premium reserve	10,256	9,324	932
<i>of which treasury shares</i>	<i>(2,272)</i>	<i>(3,204)</i>	932
Other reserves	1,708	4,400	(2,692)
Retained profits/(losses)	42,578	17,482	25,096
Profit/(loss) for the year	(33,943)	34,425	(68,368)
Group equity	62,883	107,276	(44,393)
Capital and reserves attributable to non-controlling interests	557	677	(120)
Profit/(loss) attributable to non-controlling interests	(209)	(97)	(112)
Equity attributable to non-controlling interests	348	580	(232)
Total	63,231	107,856	(44,625)

The amounts and changes in the items were as follows:

Share capital

At 31 December 2020, this item was Euro 42,284 thousand (Euro 41,645 thousand at 31 December, 2019), net of treasury shares for Euro 161 thousand. The Parent Company's fully paid-up share capital was made up of 71,917,829 ordinary shares, with no restrictions on the distribution of dividends or repayment of share capital, except as legally provided for treasury shares.

A breakdown of the shares outstanding is shown in the following table:

	at 31 December 2019	Change			at 31 December 2020
		Capital Increase	Sale	Free grant of ordinary shares allocated to the Directors	
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.

The Parent Company's Extraordinary Shareholders' Meeting of 31 July 2015, at the same time as approving the share capital increase, also approved the cancellation of the nominal value of the shares representing the share capital. Therefore, since that date the nominal value is calculated by dividing the share capital by the number of shares outstanding. At 31 December 2020, this gave an implicit nominal value of Euro 0.59 per share.

At 31 December 2020, the Parent Company held 273,758 treasury shares. The change in treasury shares relates to the stock grants awarded under the Performance Shares Plan included in the 2018-2019 management incentives plan.

Share premium reserve

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

The change over the course of the year reflected the settlement of stock grants as previously commented under share capital.

Other reserves

This item totalled Euro 1,708 thousand (Euro 4,400 thousand at 31 December 2019), with breakdown as follows:

- Euro 8,489 thousand from the Parent Company legal reserve;
- Euro -6,781 thousand from the currency translation reserve;

Retained earnings

This entry was Euro 42,578 thousand (Euro 17,482 thousand at 31 December 2019).

Changes in the period under review were as follows:

- Euro 34,425 thousand increase from the results of the previous financial year;
- decrease of Euro 9,314 thousand for distribution of dividends;
- a decrease of Euro 15 thousand for the remeasurement of defined benefit plans, net of the tax effect.

Profit/(loss)

Group net loss for the year ending 31 December 2020 was Euro 33,943 thousand (profit of Euro 34,425 thousand at 31 December 2019).

Capital and reserves attributable to non-controlling interests

This item totalled Euro 557 thousand (Euro 677 thousand at 31 December 2019).

Changes in the period under review were as follows:

- a decrease of Euro 97 thousand for the allocation of the profit/loss of the previous financial year;
- a decrease of Euro 23 thousand for the remeasurement of defined benefit plans, net of the tax effect.

Net profit (loss) - non-controlling interests

The net loss attributable to non-controlling interests was Euro 209 thousand (Euro -97 thousand at 31 December 2019).

LIABILITIES

Non-current liabilities

18) Financial liabilities related to the right-of-use of assets

This item totalled Euro 405,961 thousand (Euro 439,402 thousand at 31 December 2019) and the breakdown was as follows:

Financial liabilities related to the right-of-use of assets

	31/12/20	31/12/19	Change
Financial liabilities related to the right-of-use of assets	405,961	439,402	(33,441)
Total	405,961	439,402	(33,441)

(€'000)

It refers to the medium/long-term portion of the lease liability. The liability refers to the obligation to make the payments provided for by the leases for properties and the car fleet deriving from the application of IFRS 16 in force as from 1 January 2019. Changes in cash flows are shown in note 30 'Financial assets and financial liabilities'.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 401,848 thousand (Euro 433,693 at 31 December 2019). For more details, see note 49 on these transactions.

19) Provisions for risks and charges

This item totalled Euro 379 thousand (Euro 1,833 thousand at 31 December 2019) and the breakdown was as follows:

Provisions for risks and charges

	31/12/19	Provisions	Write-back of provisions	Reclassifications	31/12/20
Other provisions for risks and charges	1,833	117	1,152	(419)	379
Total	1,833	117	1,152	(419)	379

(€'000)

The item provisions for risks and charges concerns the subsidiary Fiera Milano Media SpA for EUR 379 thousand and refers to the Supplementary indemnity reserve for agents.

The decrease relates mainly to the release of the excess portion of the provision for risks established in the previous year for a damage claim that the insurance company covered fully, and for the reclassification of a portion of the provision to the provisions for current liabilities and charges.

20) Employee benefit provisions

This item totalled Euro 10,062 thousand (Euro 9,898 thousand at 31 December 2019).

Provisions for defined benefit plans, calculated using actuarial methods, were for employee severance indemnities that had accrued at 31 December 2020 and with breakdown as follows:

Employee benefit provisions

	31/12/19	Actuarial evaluation	Indemnities and advances paid	Transfers from joint venture	(€'000) 31/12/20
Defined benefit plans	9,898	493	348	19	10,062
Total	9,898	493	348	19	10,062

	(€'000)
Actuarial evaluation	(€'000)
Personnel costs:	
- indemnities related to defined benefit plans	361
Financial expenses:	
- actualisation charges	69
Other comprehensive income	
- Remeasurement of defined benefit plans	63
Total	493

The Group uses a duly certified professional to determine the actuarial amounts.

The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans were as follows:

Demographic assumptions

Mortality rate	Based on the ISTAT 2011 mortality tables by gender to which has applied a 20% falling mortality connected
Probability of disability	Based on the disability tables used in the INPS 2010 forecast model
Probability of termination of employment	Based on the probable employee turnover rate equal to 7,5% per annum of the companies being valued
Retirement probability	Assumption that the basic requirements needed to receive the compulsory general insurance (Assicurazione Generale Obbligatoria) were met
Probability of early retirement	Assumption of 3% per annum and an average amount of 70% of the staff-leaving indemnities of all the companies valued.

Economic and financial assumption for calculation of severance indemnity provisions

	31/12/20	31/12/19
Annual technical discount rate	0.35%	0.70%
Annual inflation rate	1.00%	1.00%
Annual rate of increase in total employees' salary	2.00%	2.50%
Annual rate of increase in severance indemnity provisions	2.25%	2.62%

The discount rate was calculated with reference to the Eurozone Iboxx Corporate AA index for a period equal to or greater than 10 years.

The following table gives a sensitivity analysis for the liability as changes arise in the main assumptions used.

Effect of defined benefit plans on debt

(€'000)

Economic and financial assumptions	Range	Base figure (excluding the CEO's termination benefit)	Increase in assumptions	Decrease in assumptions
Annual technical discount rate	+/- 0.5%	10,062	9,581	10,582
Annual rate of increase in total employees' salary	+/- 0.5%	10,062	10,322	9,824
Economic and financial assumptions				
Life expectancy	+/- 1 year	10,062	10,111	10,011

21) Deferred tax liabilities

Deferred tax liabilities

(€'000)

	31/12/20	31/12/19	Change
Deferred tax liabilities	11,260	10,127	1,133
Total	11,260	10,127	1,133

This item totalled Euro 11,260 thousand (Euro 10,127 thousand at 31 December 2019) and is the net balance of deferred tax assets and deferred tax liabilities for each company included in the area of consolidation.

The item includes:

- Euro 9,327 thousand for the IRES deferred tax provision;
- Euro 1,933 thousand for the IRAP deferred tax provision.

An analysis of the changes in deferred tax liabilities is given in Note 46 to the Income Statement.

Current liabilities

22) Bank borrowings

This item totalled Euro 49,018 thousand (Euro 1 thousand at 31 December 2019) and the breakdown was as follows:

Bank borrowings	31/12/20	31/12/19	Change
Credit lines	24,005	1	24,004
Bank loans	25,013	-	25,013
Total	49,018	1	49,017

(€'000)

Bank borrowings concern the Parent Company, in particular:

- Euro 24,005 thousand (Euro1 thousand at 31 December 2019) in utilisation of short-term credit lines taken out to meet treasury needs.

These utilisations refer for Euro 20,000 thousand to an 18-month revolving credit facility granted by Banco BPM expiring on 15 December 2021, (fully utilised as at 31 December 2020), subject to the measurement on a half-yearly basis of financial covenants as from 30 June 2020, as well as to a credit line of Euro 4,000 thousand granted by Credito Valtellinese expiring on 25 January 2021 (fully utilised as at 31 December 2020). Both credit lines are remunerated at a zero-*floor* Euribor and a spread of 0.50%. The *covenants* agreed under the loan were met at 30 June and 31 December 2020.

The credit lines subject to conditions include a line of credit with Banca Nazionale del Lavoro SpA that can be used in part for advances on domestic flows and in part for advances on invoices with assignment of credit. Under the agreement for the credit line, each year Fiera Milano SpA channels through the bank commercial cash inflows in the form of payments, bank transfers, POS payments and notice payment forms (MAV) for an amount equal to the nominal amount of the credit line. At 31 December 2020, this credit line had not been used.

- Euro 25,013 thousand (zero at 31 December, 2019) the short-term loan of Euro 25,000 thousand granted on 30 April 2020 by the Unione di Banche Italiane SpA, repayable in four quarterly instalments in arrears from 31 July 2020 until 30 April 2021 with a fixed rate of 0.70% (APR of 0.90%), of which the first three instalments made up of the interest only and the fourth instalment of the remaining financed amount.

23) Trade payables

This item totalled Euro 19,904 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 is mainly due to lower activity volume related to the different exhibition calendar following the Covid-19 pandemic, which led to the suspension and postponement of some calendar events to later dates.

24) Advances

This item totalled Euro 30,577 thousand (Euro 49,227 thousand at 31 December 2019).

These refer to advances invoiced to customers for exhibitions and congresses to be held after the end of the year. Revenue recognition is delayed until the exhibition is held.

The change over the previous year is mainly due to the biennial or multiannual frequency of some events and the effect of the Covid-19 pandemic, which led to changes in the calendar for the exhibition and congress business.

Advances

	31/12/20	31/12/19	Change
			(€'000)
Mostra Convegno Expocomfort	4,384	8,681	(4,297)
Host	4,381	3,381	1,000
Salone del mobile/Complemento d'arredo	2,248	2,354	(106)
Tuttofood	1,780	598	1,182
Mido	1,414	2,608	(1,194)
Fisp	1,308	1,020	288
Plast	1,224	43	1,181
Exposec	906	613	293
Fesqua	796	774	22
Ipac-Ima	650	194	456
Myplant & garden	580	317	263
Sicurezza	550	-	550
Emo	500	-	500
CPhI	462	462	-
Eurocucina	442	487	(45)
Transpotec & Logitec	414	-	414
Miart	347	159	188
Eicma Moto	330	-	330
Made Expo	313	-	313
Sposaltalia	304	212	92
Euroluce	286	-	286
Fire Show	282	209	73
Homi	252	8,213	(7,961)
Salone Internazionale del Bagno	225	277	(52)
Print4all	193	-	193
Lamiera	165	-	165
Meat Tech	121	27	94
The Micam (spring)	-	3,109	(3,109)
Lineapelle I semestre	-	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)
Bimu	-	409	(409)
Bit	-	318	(318)
Xylexpo	-	262	(262)
Venditalia	-	261	(261)
Cartoomics	-	153	(153)
Mipel (spring)	-	143	(143)
Congresses and other exhibitions	5,720	8,238	(2,518)
Total	30,577	49,227	(18,650)

Advances included Euro 771 thousand (Euro 218 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

25) Financial liabilities related to the right-of-use of assets

This item totalled Euro 43,611 thousand (Euro 33,992 thousand at 31 December 2019) and the breakdown was as follows:

Financial liabilities related to the right-of-use of assets

	31/12/20	31/12/19	Change
Financial liabilities related to the right-of-use of assets	43,611	33,992	9,619
Total	43,611	33,992	9,619

It refers to the short-term portion of the *lease liability*. The liability refers to the obligation to make the payments provided for by the leases for properties and the car fleet and is recognised in accordance with IFRS 16 in force as from 1 January 2019. The increase mainly relates to the temporary change in the terms of payment for exhibition centre leases negotiated with the controlling shareholder Fondazione Fiera Milano, which provides for lease payments to be made quarterly in arrears instead of quarterly in advance from the second quarter of 2020.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 42,068 thousand (Euro 32,423 thousand at 31 December 2019). For more details, see note 49 on these transactions.

26) Other financial liabilities

This item totalled Euro 1,743 thousand (Euro 1,057 thousand at 31 December 2019) and the breakdown was as follows:

Other financial liabilities

	31/12/20	31/12/19	Change
Financial payables to the controlling shareholder	1,313	449	864
Other financial payables	430	608	(178)
Total	1,743	1,057	686

The item 'Financial payables to the Parent' refers to the balance in the correspondent current account held by the Parent Company with Fondazione Fiera Milano. The fixed rate was equal to the 1-month Euribor plus a spread of 0.75%.

'Other financial payables' mainly related to the valuation of the amount payable to acquire the remaining minority interests of Cipa FM.

Other financial liabilities included Euro 1,313 thousand (Euro 449 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

27) Provisions for risks and charges

This item totalled Euro 1,777 thousand (Euro 5,225 thousand at 31 December 2019) and the breakdown was as follows:

Provisions for risks and charges

							(€'000)
	31/12/19	Provisions	Write-back of provisions	Utilisation	Reclassifications	Currency translation differences	31/12/20
Losses on exhibitions	500	-	246	254	-	-	-
Other provisions for risks and charges	4,725	256	2,663	486	(474)	419	1,777
Total	5,225	256	2,909	740	(474)	419	1,777

This item mainly refers to:

- Euro 1,172 thousand relating to Cipa FM for risks connected to the corporate reorganisation and tax provisions.
- Euro 545 thousand to the Parent Company's provision for sundry risks set up to cover legal disputes.

Utilisations relate to releases of excess provisions made in previous years for various types of risk.

28) Current tax liabilities

This item totalled Euro 3,849 thousand (Euro 2,979 thousand at 31 December 2019) and the breakdown was as follows:

Tax liabilities

	(€'000)		
	31/12/20	31/12/19	Change
Income tax payable for employees (IRPEF)	3,426	1,320	2,106
Income tax payable on profits for the year	182	1,303	(1,121)
Income tax payable for temporary employees and project workers (IRPEF)	144	154	(10)
Other tax liabilities	97	202	(105)
Total	3,849	2,979	870

The change is mainly due to the increase in payables for withholding taxes on employees' income and similar, due to the suspension of payments following the government's measures adopted for the Covid-19 health emergency. This effect was partially offset by lower current tax liabilities for the year (IRAP).

29) Other current liabilities

This item totaled Euro 11,591 thousand (Euro 30,886 thousand at 31 December 2019) and the breakdown was as follows:

Other liabilities	(€'000)		
	31/12/20	31/12/19	Change
Payables to pension and social security entities	4,110	2,413	1,697
Payables to exhibition organisers and others	3,696	10,750	(7,054)
Payables to employees	2,056	8,447	(6,391)
Payables to directors and statutory auditors	251	204	47
Payables to the controlling shareholder	134	581	(447)
Payables to related parties	114	85	29
Payables to exhibition organisers in joint venture	36	18	18
Trade payables to joint venture	32	483	(451)
Payables to the controlling shareholder for tax consolidation	-	6,508	(6,508)
Group VAT payables	10	668	(658)
Other payables	750	312	438
Deferred income to related parties	64	64	-
Deferred income to the controlling shareholder	61	-	61
Deferred income to joint venture	2	31	(29)
Other accrued liabilities	275	322	(47)
Total	11,591	30,886	(19,295)

The change is mainly due to the lower volume of business caused by changes to the exhibition calendar following the Covid-19 outbreak as well as the decrease in payables to personnel, mainly due to the absence of costs related to the variable part of salaries.

Other liabilities included Euro 453 thousand (Euro 8,438 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

30) Financial assets and financial liabilities

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

Group Net Financial Position

(amounts in € '000)	31/12/20	31/12/19	change
A. Cash (including bank balances)	20,442	68,031	(47,589)
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A+B+C)	20,442	68,031	(47,589)
E. Current financial assets	1,320	1,320	-
- E.1 of which Current financial assets to other related parties	1,320	1,320	-
F. Current bank borrowings	49,018	1	49,017
G. Current portion of non-current debt	-	-	-
H. Other current financial liabilities	1,743	1,057	686
- H.1 of which Other current financial liabilities to the controlling shareholder	1,313	449	864
I. Current financial debt (F+G+H)	50,761	1,058	49,703
J. Current net financial debt (cash) (I-E-D)	28,999	(68,293)	97,292
K. Non-current financial assets	5,127	50	5,077
- 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)	(5,127)	(50)	(5,077)
Net financial debt/(cash) from continuing operations (J+O)	23,872	(68,343)	92,215
Net financial debt/(cash) from assets held for sale	-	-	-
P. Net financial debt/(cash) before IFRS 16 effects	23,872	(68,343)	92,215
Q. Current financial liabilities related to the right of use of assets	43,611	33,992	9,619
- Q.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	42,068	32,423	9,645
R. Non-current financial liabilities related to the right of use of assets	405,961	439,402	(33,441)
- R.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	401,848	433,693	(31,845)
IFRS 16 financial effects	449,572	473,394	(23,822)
S. Total net financial debt/(cash) (P+Q+R)	473,444	405,051	68,393

Net financial position not including IFRS 16 lease liabilities, shows net debt at 31 December 2020 amounted to Euro 23,872 thousand, compared to net cash of Euro 68,343 thousand at 31 December 2019.

The decrease was due to the suspension of exhibition activities after Covid-19 emerged at the end of February 2020.

The net financial indebtedness including the IFRS 16 lease liability amounted to Euro 473,444 thousand (Euro 405,051 thousand at 31 December 2019).

Additional information on the financial instruments of the Group is given below to enable a better assessment of:

- the importance of the financial instruments to the Statement of Financial Position and Income Statement;
- the extent and type of risks deriving from the financial instruments to which the Group was exposed during the current and previous financial years and the relevant risk management procedures.

Classes of financial instruments

The items in the Statement of Financial Position and the types of risk related to financial instruments at 31 December 2020 and 31 December 2019 are shown in the following table.

Risk class

(€'000)	Notes	FY 31/12/20	FY 31/12/19	Liquidity risk	Interest rate risk	Credit risk
NON-CURRENT ASSETS						
Other financial assets	10	5,127	50	X		X
Trade and other receivables	11	23,471	11,170			X
CURRENT ASSETS						
Trade and other receivables	13	26,705	40,356			X
Financial assets	15	1,320	1,320	X		X
Cash and cash equivalents	16	20,442	68,031			
NON-CURRENT LIABILITIES						
Financial liabilities related to the right-of-use of assets	18	405,961	439,402	X	X	
CURRENT LIABILITIES						
Bank borrowings	22	49,018	1	X	X	
Trade payables	23	19,904	41,985	X		
Financial liabilities related to the right-of-use of assets	25	43,611	33,992	X	X	
Other financial liabilities	26	1,743	1,057	X	X	
Other current liabilities	29	11,591	30,886	X		

Significance of financial instruments

Financial instruments and their relative significance, as regards the Statement of Financial Position and Income Statement at 31 December 2019 and 31 December 2020, are shown in the following tables.

Financial assets and liabilities shown in the accounts

(€'000)	Notes	FY 31/12/19	Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement
NON-CURRENT ASSETS								
Other financial assets	10	50	-	-	-	50	50	-
Trade and other receivables	11	11,170	-	-	-	11,170	11,170	93
CURRENT ASSETS								
Trade and other receivables	13	40,356	-	-	-	40,356	40,356	(394)
Financial assets	15	1,320	-	-	-	1,320	1,320	13
Cash and cash equivalents	16	68,031	-	-	-	-	68,031	163
NON-CURRENT LIABILITIES								
Financial liabilities related to the right-of-use of assets	18	439,402	-	439,402	-	-	439,402	(13,590)
CURRENT LIABILITIES								
Bank borrowings	22	1	-	1	-	-	1	(30)
Trade payables	23	41,985	-	41,985	-	-	41,985	-
Financial liabilities related to the right-of-use of assets	25	33,992	-	33,992	-	-	33,992	-
Other financial liabilities	26	1,057	-	1,057	-	-	1,057	(2)
Other current liabilities	29	30,886	-	24,378	-	-	30,886	-

Financial assets and liabilities shown in the accounts

(€'000)	Notes	FY 31/12/20	Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement
NON-CURRENT ASSETS								
Other financial assets	10	5,127	5,077	-	-	50	5,127	79
Trade and other receivables	11	23,471	-	-	-	10,906	23,471	6
CURRENT ASSETS								
Trade and other receivables	13	26,705	-	-	-	26,705	26,705	(2,595)
Financial assets	15	1,320	-	-	-	1,320	1,320	16
Cash and cash equivalents	16	20,442	-	-	-	-	20,442	51
NON-CURRENT LIABILITIES								
Financial liabilities related to the right-of-use of assets	18	405,961	-	405,961	-	-	405,961	(12,689)
CURRENT LIABILITIES								
Bank borrowings	22	49,018	-	49,018	-	-	49,018	(152)
Trade payables	23	19,904	-	19,904	-	-	19,904	-
Financial liabilities related to the right-of-use of assets	25	43,611	-	43,611	-	-	43,611	-
Other financial liabilities	26	1,743	-	1,743	-	-	1,743	(56)
Other current liabilities	29	11,591	-	11,591	-	-	11,591	-

As shown in the above tables, the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value; financial instruments include guarantee deposits under lease agreements and borrowings and non-current instruments.

The financial instruments are classifiable under Level 3 of the fair value hierarchy of IFRS 13.

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

Changes in liabilities from financing activities

	31/12/19	Changes in financial flows		Non-monetary changes Exchange rate effect	(€'000)
		Increase	Decrease		31/12/20
Financial liabilities related to the right-of-use of assets	439,402	-	-	(33,441)	405,961
Total change in non-current financial payables	439,402	-	-	(33,441)	405,961
Credit lines	1	24,004	-	-	24,005
Bank loans	-	25,013	-	-	25,013
Financial liabilities related to the right-of-use of assets	33,992	-	26,145	35,764	43,611
Current financial debt with the controlling shareholder	449	53,931	53,067	-	1,313
Current payables for acquisition of shareholdings	608	-	-	(178)	430
Total change in current financial payables	35,050	102,948	79,212	35,586	94,372
Total liabilities from financing activities	474,452	102,948	79,212	2,145	500,333

31) 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.

31.1 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 MADE eventi Srl e Ipack Ima Srl, 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 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 Covid-19 emergency did not reveal further specific risks have arisen regarding the recoverability of receivables.

The categories of credit risk at 31 December 2019 and at 31 December 2020 and the breakdown of past due amounts are shown in the following tables:

(€'000)	FY 31/12/2019		Breakdown of late payments (days)					Provision
	Receivables	Due	Overdue	0-90	91-180	181-270	>270	
Organisers	4,531	1,857	4,197	2,746	-	-	1,451	1,523
Exhibitors	9,642	7,746	2,198	874	245	339	740	302
Other	17,109	14,212	4,572	2,908	96	166	1,402	1,675
Total	31,282	23,815	10,967	6,528	341	505	3,593	3,500

(€'000)	FY 31/12/2020		Breakdown of late payments (days)					Provision
	Receivables	Due	Overdue	0-90	91-180	181-270	>270	
Organisers	2,801	4,260	2,047	594	-	-	1,453	3,506
Exhibitors	1,785	741	1,355	194	29	6	1,126	311
Other	7,959	6,276	3,551	2,176	95	46	1,234	1,868
Total	12,545	11,277	6,953	2,964	124	52	3,813	5,685

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

Changes in the provision for doubtful receivables at 31 December 2019 and 31 December 2020 by risk category are shown in the following tables:

(€'000)	Balance at 31/12/2018				Balance at 31/12/2019
Class	Provision	Provisions	Utilisation	Other changes	Provision
Organisers	1,572	-	49	-	1,523
Exhibitors	551	203	452	-	302
Other	1,451	191	990	1,023	1,675
Total	3,574	394	1,491	1,023	3,500

(€'000)	Balance at 31/12/2019				Balance at 31/12/2020
Class	Provision	Provisions	Utilisation	Other changes	Provision
Organisers	1,523	2,000	17	-	3,506
Exhibitors	302	81	72	-	311
Other	1,675	481	345	57	1,868
Total	3,500	2,562	434	57	5,685

31.2 Liquidity risk

Although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in business volumes caused both by the seasonal and cyclic nature of the exhibition business and the protracted restrictions on exhibition activities caused by the Covid-19 pandemic, could affect its financial results and its ability to generate cash flows.

In this respect, note the performance of the net debt/cash which at 31 December 2020 recorded net debt, not including the IFRS 16 lease liability, of Euro 23,872 thousand, a clear deterioration on 31 December 2019, consistent with the positive operating performance.

The aim of the Group's risk management, also in the presence of financial debt, is to guarantee an adequate level of liquidity, minimising the related costs and maintaining a balance between the duration and composition of debt.

In relation to this, to satisfy the financial needs of the reference context noted above, the Parent Company obtained a loan for Euro 25 million from the Unione di Banche Italiane SpA in April 2020, with a duration of 12 months and, in June 2020, an 18-month revolving credit facility for Euro 20 million (fully used as at 31 December 2020), the latter subject to the measurement of financial *covenants* on a half-yearly basis as from 30 June 2020. At 30 June and 31 December 2020, these *covenants* had been fulfilled.

During the year, the Parent Company also obtained new credit lines for a total of Euro 29 million in addition to the existing ones of Euro 21 million.

As a result, loans and credit lines at the end of the financial year totalled Euro 95 million, of which Euro 49 million were used.

In January 2021, a new credit line with a maturity of Euro 5 million was obtained from Banca Popolare di Sondrio.

In February 2021, two five-year loans were entered into, with 24 months of pre-amortisation for a total of Euro 75 million. Ninety per cent of the amount disbursed is covered by SACE's guarantee under the 'Garanzia Italia' programme pursuant to Article 1 of Italian Legislative Decree no. 23/2020, converted, with amendments, into Italian Law no. 40/2020 (the so-called 'Liquidity Decree'). In particular, a loan was entered into with a pool of leading banks (Intesa Sanpaolo, Banco BPM and Unicredit) for Euro 55 million and a loan with Cassa Depositi e Prestiti for Euro 20 million, subject to the biannual calculation of financial covenants starting from 30 June 2021.

Finally, in February the Parent Company finally obtained a Euro 7 million loan from SIMEST, granted within the framework of the funds available in section 91 of the Fund 394/8, pursuant to Article 1, paragraphs 2 and 14, of Italian Legislative Decree no. 13 of 2020 August 104, converted, with amendments, by Law no. 6 of 2020 October 126, and Article 3, paragraph 1, no. 28, of Italian Legislative Decree no. 137 of 2020 October 137. The loan matures on 31.12.2027, with the pre-amortisation period ending on 31.12.2023.

Due to the above, the Group now has adequate financial resources to cover its short- and medium-term financial requirements, even taking into account the general economic context, which is still marked by uncertainty around the progress of the Covid-19 pandemic. The 2021-2025 strategic plan, presented to the market on 22 February 2021, shows that with the resumption of exhibition activities, the Group will once again be able to generate cash flows adequate to repay the loans received, in compliance with the agreed covenants and the balance sheet and financial position. However, at present, changes in the exhibition calendar for the year 2021 cannot be excluded, with possible further economic and financial impacts on the Group.

The tables below give the breakdown of financial liabilities by maturity and an estimate of related interest expense due to maturity at 31 December 2019 and 31 December 2020.

Financial liabilities

(€'000)	Balance at 31/12/2019	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	1	1							
Other current financial liabilities	1,057	449		608					
Current interest payable		1							
Financial liabilities related to the right-of-use of assets	473,394	8,413	8,470	17,108	17,331	17,567	35,769	73,598	295,138
Non-current interest payable		3,246	3,187	6,198	5,955	5,712	10,679	18,291	30,225
Trade payables	41,985	41,985							
Total	516,437	54,095	11,657	23,914	23,286	23,279	46,448	91,889	325,363

Financial liabilities

(€'000)	Balance at 31/12/2020	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	49,018	24,005	25,013						
Current interest payable		59	43						
Other current financial liabilities	1,743	1,313		430					
Current interest payable		2							
Financial liabilities related to the right-of-use of assets	449,572	17,267	8,723	17,627	17,851	18,035	36,837	74,615	258,617
Non-current interest payable		3,019	2,959	5,733	5,485	5,238	9,703	16,277	22,721
Trade payables	19,904	19,904							
Total	520,237	65,569	36,738	23,790	23,336	23,273	46,540	90,892	281,338

31.3 Market risk

The Group reserves the right to use appropriate hedging instruments if market risks become significant.

a) Interest rate risk

The Group has access to credit lines at competitive rates and is able to manage interest rate fluctuations. Moreover, the Group constantly monitors market conditions in order to intervene promptly should conditions change.

Note 22 gives the composition of bank borrowings.

The tables below give interest rate sensitivity analyses that show the financial expenses and income that a +/-0.5% change in interest rates would have had on equity and on the income statement for 2019 and 2020.

(€'000)	Total at 31/12/19	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	67,993	53,341	163	0.31%	432	(101)
Current loans to joint venture	1,370	766	13	1.70%	17	9
Current account with the controlling shareholder	(449)	(7)	-	0.75%	-	-
Bank overdrafts	(1)	-	-	-	-	-
Current and non-current bank borrowings	-	(2,027)	(30)	1.48%	(40)	(20)
Other current and non-current financial liabilities	(608)	(608)	-	-	-	-
Financial liabilities related to the right-of-use of assets	(473,394)	(498,455)	(13,590)	2.73%	(16,100)	(11,116)

* average for the financial year

(€'000)	Total at 31/12/20	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	20,421	41,049	51	0.12%	254	(156)
Mutual Investments Funds	5,077	5,000	77	1.55%	102	52
Current loans to joint venture	1,370	1,350	18	1.33%	25	11
Current account with the controlling shareholder	(1,313)	(7,429)	(56)	0.75%	(93)	(19)
Current and non-current bank borrowings	(49,018)	(20,631)	(137)	0.66%	(239)	(33)
Other current and non-current financial liabilities	(430)	(430)	-	-	-	-
Financial liabilities related to the right-of-use of assets	(449,572)	(465,028)	(12,689)	2.73%	(15,032)	(10,382)

* average for the financial year

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 intragroup 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 intragroup 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.

32) Disclosure on guarantees given, undertakings and other contingent liabilities**Guarantees given**

These totalled Euro 4,964 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 501 thousand for the surety issued to the Tax Authority on behalf of the Parent Company La Fabbrica del Libro SpA liquidated on 10 November 2019 to guarantee the request for VAT refund for tax year 2019;
- 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 on 10 November 2019 to cover offsets made as part of Group VAT consolidation.
- Euro 124 thousand for guarantees given against lease agreements of the subsidiaries Nolostand SpA and MADE eventi Srl.

Contingent liabilities

There are several pending legal disputes, for which the legal consultant has estimated a potential liability of Euro 2,083 thousand.

INCOME STATEMENT

33) Revenues from sales and services

This item totalled Euro 73,635 thousand (Euro 279,711 thousand at 31 December 2019).

The breakdown of revenues was as follows:

Revenues from sales and services		(€'000)	
	2020	2019	Change
Facility fee for use of exhibition area	19,459	72,936	(53,477)
Rental of stands, fittings and equipment	18,235	61,360	(43,125)
Fees exhibitors area	16,746	82,948	(66,202)
Advertising space and services	6,504	10,890	(4,386)
Miscellaneous fees and royalties	4,410	3,467	943
Catering and canteen services	1,745	11,525	(9,780)
Revenues from exhibition and congress organisation services	1,726	12,881	(11,155)
Exhibition site services	1,682	8,762	(7,080)
Telephone and internet services	920	1,761	(841)
Supplementary exhibition services	676	4,953	(4,277)
Access surveillance and customer care services	414	2,412	(1,998)
Congress organisation	357	750	(393)
Exhibition insurance services	338	1,227	(889)
Ticket office sales	183	1,330	(1,147)
Administrative services	154	1,160	(1,006)
Multimedia and on-line catalogue services	53	162	(109)
Editorial product sales	33	1,187	(1,154)
Total	73,635	279,711	(206,076)

The decrease in revenues is mainly due to 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 exhibitions, including the annual Salone del Mobile, Mido and Eicma Moto and the 'biennial even numbered years' Mostra Convegno Expocomfort, as well as some events taking place in reduced form, such as the directly organised HOMI Fashion & Jewels, the hosted The Micam autumn and Bimu s well as the suspension of congress activities. The absence of the biennial odd numbered year exhibitions Host, Made Expo, Tuttofood and Transpotec & Logitec should also be noted.

The item Revenues from sales and services included Euro 4,682 thousand (Euro 586 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

34) Cost of materials

This item totalled Euro 1,586 thousand (Euro 2,489 thousand at 31 December 2019).

The breakdown of this entry was as follows:

Cost of materials		(€'000)	
	2020	2019	Change
Subsidiary materials and consumables	1,362	1,889	(527)
Raw materials	138	209	(71)
Printed materials, forms and stationery	77	348	(271)
Finished goods and packaging	16	35	(19)
Change in inventories of raw materials	(7)	8	(15)
Total	1,586	2,489	(903)

35) Costs of services

This item totalled Euro 45,519 thousand (Euro 121,215 thousand at 31 December 2019).

The breakdown of this entry was as follows:

Cost of services		(€'000)	
	2020	2019	Change
Maintenance	6,366	7,363	(997)
Equipment hire	5,491	25,123	(19,632)
Energy costs	5,434	9,558	(4,124)
Stands and equipment for exhibitions	5,345	18,407	(13,062)
Advertising	2,761	7,159	(4,398)
Security and gate services	2,331	5,959	(3,628)
IT services	2,195	1,626	569
Initiatives promotional to the events	2,134	10,043	(7,909)
Technical, legal, commercial and administrative advice	2,064	4,272	(2,208)
Insurance	1,884	1,223	661
Cleaning and waste disposal	1,745	6,315	(4,570)
Telephone and internet expenses	1,608	2,433	(825)
Professional services and various collaborations	1,188	2,865	(1,677)
Technical, legal, commercial and administrative services	1,104	1,342	(238)
Commissions and fees	858	2,534	(1,676)
Catering services	702	3,700	(2,998)
Technical assistance and ancillary services	539	1,674	(1,135)
Conference and congress services	352	743	(391)
Remuneration of Statutory Auditors	249	247	2
Transport	224	1,102	(878)
Ticketing	212	475	(263)
Other	2,353	6,117	(3,764)
Uses of provisions	(276)	(286)	10
Change in suspended costs for future exhibitions	(1,344)	1,221	(2,565)
Total	45,519	121,215	(75,696)

Costs 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 exhibition calendar following the Covid-19 pandemic, which led to the suspension and postponement of most calendar events to later dates as well as the cost containment actions started in March.

Costs of services included Euro 276 thousand (Euro 5,833 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

36) Cost for use of third-party assets

This item totalled Euro 453 thousand (Euro 486 thousand at 31 December 2019) and the breakdown was as follows:

Cost of use of third-party assets				(€'000)
	2020	2019	Change	
Rent and expenses for exhibition sites	254	258	(4)	
Vehicle hire - service	153	161	(8)	
Office equipment and photocopier hire	46	67	(21)	
Total	453	486	(33)	

Cost of use of third-party assets do not include transactions with related parties (Euro 7 thousand at 31 December 2019).

37) Personnel Costs

This item totalled Euro 31,852 thousand (Euro 47,432 thousand at 31 December 2019) and the breakdown was as follows:

Personnel costs				(€'000)
	2020	2019	Change	
Salaries	22,859	32,358	(9,499)	
Social Security payments	7,133	9,927	(2,794)	
Defined contribution plan charges	1,864	1,697	167	
Directors' remuneration	906	950	(44)	
Defined benefit plan charges	361	527	(166)	
Redundancy incentives	162	2,786	(2,624)	
External and temporary employees	97	326	(229)	
Seconded employees from subsidiaries	10	225	(215)	
Change in suspended costs for future exhibitions	(2,301)	-	(2,301)	
Other expenses	1,128	1,711	(583)	
Uses of provisions	(367)	(3,075)	2,708	
Total	31,852	47,432	(15,580)	

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.

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.

Personnel costs included Euro 10 thousand (Euro 225 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

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

Breakdown of personnel by category

	2020	2019	Change
Managers	31	31	-
Middle managers and white collar workers	704	710	(6)
<i>of which equity accounted companies:</i>			
Managers	4	3	1
Middle managers and white collar workers	83	77	6
Total personnel	735	741	(6)

38) Other operating expenses

This item totalled Euro 2,467 thousand (Euro 4,778 thousand at 31 December 2019) and the breakdown was as follows:

	2020	2019	Change
Taxes and duties	1,324	2,863	(1,539)
Contributions and donations	676	681	(5)
Doubtful receivables	407	579	(172)
Copyright royalties (SIAE)	71	329	(258)
Gifts and promotional merchandise	-	28	(28)
Capital losses from tangible asset	-	95	(95)
Other expenses	493	782	(289)
Uses of provisions	(504)	(579)	75
Total	2,467	4,778	(2,311)

The decrease mainly relates to the reduction of the variable part of the waste tax linked to lower collection volumes due to the current pandemic.

Other operating expenses included Euro 230 thousand (Euro 233 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

39) Other income

This item totalled Euro 16,875 thousand (Euro 2,428 thousand at 31 December 2019) and the breakdown was as follows:

Other income	(€'000)		
	2020	2019	Change
Other recovered costs	1,038	1,039	(1)
Office rent and expenses	571	514	57
Contributions to income	377	72	305
Recovery of expenses for seconded employees	144	195	(51)
Changes in estim. for accruals made in prior years	23	68	(45)
Insurance indemnities	16	17	(1)
Capital gains on non-current assets	-	13	(13)
Other income	14,706	510	14,196
Total	16,875	2,428	14,447

The change mainly refers to the non-recurring income related to the temporary reduction for the year 2020 of the rents for the Rho and Milan exhibition centres. The controlling shareholder Fondazione Fiera Milano granted this due to the Covid-19 emergency that led to the prolonged suspension of the exhibition and congress sector activities during the current financial year. The total amount of the reduction of Euro 14,000 thousand was proportionally allocated to the individual lease contracts in place between Fondazione Fiera Milano, Fiera Milano SpA and Fiera Milano Congressi SpA.

Contributions to income include Euro 374 thousand received by Fiera Milano Congressi SpA from the emergency fund for companies and cultural institutions, intended to support operators in the exhibition and congress sector.

Other income included Euro 14,913 thousand (Euro 820 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

40) Results of equity accounted associates and joint ventures

This item totalled Euro 532 thousand (Euro 3,768 thousand at 31 December 2019) and relates to the following investments in *joint ventures*:

- Hannover Milano Global Germany GmH for Euro 693 thousand (Euro 4,185 thousand at 31 December 2019);
- Ipack Ima Srl for Euro -262 thousand (Euro -537 thousand at 31 December 2019);
- MiCo DMC Srl for Euro 101 thousand (Euro 120 thousand at 31 December 2019).

41) Allowance for doubtful accounts and other provisions

This item totalled Euro -1,278 thousand (Euro 3,453 thousand at 31 December 2019).

Changes in these provisions are shown in the following table:

Provisions for doubtful receivables and other provisions				(€'000)
	2020	2019	Change	
Provisions for doubtful receivables	2,595	394	2,201	
Other disputes	131	2,562	(2,431)	
Disputes with personnel	84	1,089	(1,005)	
Reorganisation of personnel	-	830	(830)	
Losses on future exhibitions	-	500	(500)	
Write-back of provisions	(4,088)	(1,922)	(2,166)	
Total	(1,278)	3,453	(4,731)	

Notes 13, 19 and 27 provide further details on changes in the provision for doubtful receivables and provisions for risks for the year.

42) Depreciation and Amortisation**Depreciation of property, plant and equipment and right-of-use assets**

This item totalled Euro 42,513 thousand (Euro 43,208 thousand at 31 December 2019).

Details of depreciation are provided in the Explanatory Notes under the item Property, plant and equipment and under Right-of-use assets.

Depreciation of property, plant and equipment and right-of-use assets includes related-party transactions of Euro 37,955 thousand (Euro 38,339 thousand at 31 December 2019). For more details, see note 49 on these transactions.

Amortisation of intangible assets

This item totalled Euro 2,248 thousand (Euro 1,963 thousand at 31 December 2019).

Details of amortisation are given in the Explanatory Notes on the item Intangible assets with a finite useful life.

43) Adjustments to asset values

This item was zero (Euro 1,285 thousand at 31 December 2019).

The breakdown for this item is given in the following table:

Adjustments to asset values				(€'000)
	2020	2019	Change	
Impairment of exhibition trademarks and publications	-	1,173	(1,173)	
Write-downs of Property, Plant and Equipment	-	112	(112)	
Total	-	1,285	(1,285)	

44) Financial income and similar

This item totalled Euro 274 thousand (Euro 479 thousand at 31 December 2019) and the breakdown was as follows:

Financial income and similar				(€'000)
	2020	2019	Change	
Interest income on bank deposits	51	163	(112)	
Exchange rate gains	32	76	(44)	
Other financial income from joint venture	18	13	5	
Interest income from cautionary deposits related to the rent of the exhibition site	5	83	(78)	
Interest income on receivables from the controlling shareholder	1	9	(8)	
Other financial income	167	135	32	
Total	274	479	(205)	

Financial income and similar included Euro 24 thousand (Euro 105 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

45) Financial expenses and similar

This item totalled Euro 12,981 thousand (Euro 13,844 thousand at 31 December 2019) and the breakdown was as follows:

Financial expenses and similar				(€'000)
	2020	2019	Change	
Interests on financial leasing with the controlling shareholder	12,512	13,389	(877)	
Interest on financial leasing	177	201	(24)	
Interest payable on bank accounts	152	43	109	
Charges on discounting defined benefit plans	69	131	(62)	
Interest payable on the current account with the controlling shareholder Fondazione Fiera Milano	56	2	54	
Exchange rate losses	14	61	(47)	
Other financial expenses	1	17	(16)	
Total	12,981	13,844	(863)	

Expenses on leases refer to the lease liability deriving from the application of IFRS 16 in force as from 1 January 2019.

Financial expenses and similar included Euro 12,568 thousand (Euro 13,391 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

46) Taxes on income

Income taxes were Euro -12,873 thousand (Euro 11,905 thousand at 31 December 2019).

Income tax	(€'000)		
	2020	2019	Change
Current income tax	(13,279)	9,998	(23,277)
Deferred income tax	406	1,907	(1,501)
Total	(12,873)	11,905	(24,778)

The lower tax burden was mainly related to the income from tax consolidation with Fondazione Fiera Milano.

The breakdown of current taxes at 31 December 2020 was as follows:

Current income tax	(€'000)		
	2020	2019	Change
Current income tax (IRAP)	(800)	2,429	(3,229)
Other current income tax	56	(193)	249
Expenses from tax consolidation	-	7,779	(7,779)
Income from tax consolidation	(12,535)	(17)	(12,518)
Total	(13,279)	9,998	(23,277)

Income from tax consolidation reflects the income recognised by Fondazione Fiera Milano for the contribution of the IRES tax loss accrued in the current year (amounting to Euro 52,154 thousand). This will be paid after it has been offset against the IRES taxable income in the tax consolidation and based on the assessment of its recoverability within the time horizon of the approved plans.

Current taxes were positively affected, for Euro 800 thousand, from the IRAP exemption introduced by Article 24 of Italian Legislative Decree no. 34 of 19 May 2020, the so-called 'Decreto Rilancio' ('Relaunch Decree'). The relief provided for, among other things, the exemption of the payment of the IRAP balance for the tax period ending 31 December 2019.

A breakdown of deferred tax assets and deferred tax liabilities is given in the following table:

					(€'000)
	31/12/19	Recognised in the Income Statement	Recognised in equity	Recognised in equity	31/12/20
Deferred income taxes					
Deferred tax assets					
Excess amortisation, depreciation and write-downs	1,692	(162)	-	(270)	1,260
Provisions for risks and charges	1,381	(1,070)	-	(40)	271
Doubtful receivables	768	510	-	-	1,278
Tax losses carried forward	924	(4)	-	-	920
Other temporary differences	3,978	(392)	-	(589)	2,997
Total	8,743	(1,118)	-	(899)	6,726
Deferred tax liabilities					
Goodwill amortisation and deferred taxes on acquisition of intangible assets	15,510	(573)	-	(476)	14,461
Other temporary differences	389	(139)	(8)	-	242
Total	15,899	(712)	(8)	(476)	14,703
Net deferred income taxes	(7,156)	(406)	8	(423)	(7,977)
<i>of which: Deferred tax assets</i>	<i>2,971</i>				<i>3,283</i>
<i>Deferred tax liabilities</i>	<i>10,127</i>				<i>11,260</i>

The changes in deferred tax assets is due to the release of deferred tax assets recognised in previous years in connection with provisions for risks.

The change in deferred tax liabilities was mainly due to the greater releases of tax provisions allocated in previous financial periods for impairment losses on trademarks and for amortisation and depreciation reabsorbed in the period under review.

	(€'000)
Reconciliation of theoretical and effective corporation tax charge (IRES)	
Consolidated profit/(loss) before income tax	(47,025)
Percentage applicable for corporation income tax (IRES)	24%
Theoretical IRES tax charge (corporation income tax)	(11,286)
Difference between theoretical and effective tax charges:	
ACE benefit	(211)
Foreign taxation	(166)
Tax relief	(78)
Other	(332)
Effective IRES tax charge	(12,073)

Reconciliation of theoretical and effective corporation tax charge (IRAP)		(€'000)
EBIT		(34,318)
Personnel expenses		31,852
Consolidated taxable base for purposes of IRAP		(2,466)
Statutory rate applicable for corporation income tax (IRAP)		3.9%
Theoretical IRAP tax charge (corporation income tax)		-
Difference between theoretical and effective tax charges:		
IRAP exemption		(800)
Effective IRAP tax charge		(800)

The item 'Income taxes' included Euro -12,535 thousand (Euro 7,762 thousand at 31 December 2019) for related-party transactions. For more details, see note 49 on these transactions.

47) Net profit (loss) for the year attributable to owners of the controlling entity

Group net loss at 31 December 2020 was Euro 33,943 thousand compared to the profit of Euro 34,425 thousand at 31 December 2019.

48) Earnings per share

In 2020 earnings per share was Euro 0.4752 compared to Euro 0.4850 for the year ended 31 December 2019, calculated by dividing the net profit (loss) by the weighted average number of Fiera Milano SpA shares outstanding during the year.

	2020	2019
Profit/(loss) (€'000)	(33,943)	34,425
Average no. of shares in circulation ('000)	71,428	70,979
Basic earnings/(losses) per issued share (€)	(0.4752)	0.4850
Earnings/(losses) per fully diluted no. of shares (€)	(0.4752)	0.4850

The value used as the numerator to calculate basic and profit (loss) and diluted profit (loss) per share was Euro -33,943 thousand at 31 December 2020 (Euro 34,425 thousand at 31 December 2019).

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

('000)	2020	2019
Weighted average no. of shares used for calculation of EPS	71,428	70,979
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	71,428	70,979

During the year, no financial instruments were issued, including shares that could potentially be issued and that could dilute future basic earnings per share, and there have been no transactions involving the ordinary shares or ordinary shares to be issued in the future since the end of the reporting period.

49) 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.

All the Italian subsidiaries, except for MADE eventi Srl, as consolidated companies, also opted for the Italian tax consolidation for IRES tax purposes with a compulsory duration of three years.

The adoption of the tax consolidation system gives the Fiera Milano Group an undoubted economic and financial advantage, in particular due to the possibility of immediately using the Group's tax losses realised in years applicable under the scheme to offset the income of the consolidated companies, thereby immediately realising tax savings deriving from the use of these losses.

Internal legal relations between the companies participating in the tax consolidation are governed by a regulation which also envisages a standard procedure for correct compliance with tax obligations and the associated responsibilities of the participating companies.

In the Statement of Financial Position, 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 Rho and Milan exhibition sites 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 and the exclusion of some of the Milan exhibition site, mainly used as parking areas. For this reduction, starting from 1 June 2019, Fiera Milano will make an annual lease payment of Euro 1,413 thousand, index-linked 100% to changes in the ISTAT index, in four quarterly instalments, to Fondazione Fiera Milano.

According to the terms described above, the amendment to the lease agreement 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 Control and Risk Committee's favourable reasoned opinion 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, please note that Fiera Milano is a smaller listed company and, as such, benefits from the exemption granted pursuant to Art. 10, paragraph 1, of Consob Regulation 17221/2010.

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

Temporary reduction of rents with Fiera Milano SpA due to Covid-19 emergency

With effect from the second quarter of 2020, in light of the serious impact of Covid-19, Fondazione Fiera Milano granted a temporary amendment to the terms of payment of the rentals under both Lease Agreements for the year 2020 so that payment is made quarterly in arrears rather than quarterly in advance.

On 15 December 2020, the Parent Company and Fondazione Fiera Milano signed agreements concerning certain amendments to the existing lease agreements between the same parties, respectively as lessee and lessor, for the Rho and Milan exhibition centres.

The amendments to the above leases qualify as Transactions of Greater Importance under the Related Parties Procedure and Consob Regulation 17221/2010. On the other hand, the 2020 lease contracts constitute a modification of a Transaction of Greater Importance between related parties. Pursuant to Article 9.1 of the Parent Company's Related Parties Procedure, the transaction was, therefore, approved by the Board of Directors of the Parent Company on 15 December 2020, after obtaining the favourable opinion issued on the same date by the Control and Risk Committee. 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 SpA's operational and administrative offices, on the website and on the authorised storage mechanism. Concerning the above-mentioned procedure, please note that Fiera Milano SpA is a smaller listed company and that, as such, it benefits from the exemption granted under Article 10, paragraph 1, of Consob Regulation 17221/2010. Therefore, without prejudice to public disclosure obligations, the same controls envisaged under the Procedure for Transactions of Lesser Importance are applied to Transactions of Greater Importance.

In light of the Covid-19 pandemic emergency, which, due to force majeure, led to the prolonged suspension of the exhibition sector's activities during the current financial year, the parties agreed to a temporary reduction in the rents for the Rho and Milan exhibition centres for the year 2020, deeming them too onerous. They also agreed to the extension to the whole of 2021 of the deferred payment of the quarterly instalments of the rents provided for in the Lease Contracts already agreed for 2020.

The total reduction is Euro 12,871 thousand.

The reductions made were accounted for in accordance with IFRS 16 Leases, with a direct impact on the income statement under 'Other income', as described in more detail in Chapter 1.2 'New Accounting standards, interpretations and amendments adopted'. This income refers to non-recurring transactions and is shown separately in the relevant item.

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. In particular, the rent for the first year of the lease was agreed to be Euro 750 thousand and to increase this amount by Euro 750 thousand in the following three years until the full quota of the rent was reached, equal to Euro 3,000 thousand. Once the full quota of the fixed rent was reached, no variable component of rent has been payable since 2015.

Temporary reduction of rents with Fiera Milano Congressi SpA due to Covid-19 emergency

In light of the Covid-19 pandemic emergency, which, due to force majeure, led to the prolonged suspension of the congress sector’s activities during the current financial year, the parties agreed to a temporary reduction in the rents for the Milan congress centres for the year 2020, deeming them too onerous. They also agreed to the extension to the whole of 2021 of the deferred payment of the quarterly instalments of the rents provided for in the Lease Contracts already agreed for 2020.

The total reduction is Euro 1,129 thousand.

The reductions made were accounted for in accordance with IFRS 16 Leases, with a direct impact on the income statement under ‘Other income’, as described in more detail in Chapter 1.2 ‘Accounting standards and criteria used to prepare the Financial Statements’. This income refers to non-recurring transactions and is shown separately in the relevant item.

The amendments to the above leases qualify as Transactions of Greater Importance under the Related Parties Procedure and Consob Regulation 17221/2010. For further details, please refer to the paragraph ‘Temporary reduction of rents with Fiera Milano SpA due to Covid-19 emergency’.

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

In 2016, Fiera Milano SpA and some of the Italian subsidiaries did not renew the option to participate in the tax consolidation of Fiera Milano SpA and opted instead to participate in the tax consolidation of Fondazione Fiera Milano acting as the consolidating entity. This option was renewed for the three years 2019, 2020 and 2021.

The Regulation adopted for the tax consolidation of Fondazione Fiera Milano provides that the tax losses of consolidated companies, generated in each of the years that the option is valid, may be utilised to offset the tax payables in the same financial year of companies participating in the tax consolidation, after the tax losses of Fiera Milano SpA and the consolidating entity have been calculated; the tax losses of consolidated companies are remunerated to the extent of the effective benefit achieved by the tax consolidation.

V. Contract for supply of services

Fiera Milano SpA has an annual contract with Fondazione Fiera Milano for the reciprocal 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.

Given the national state of emergency, government authorities, including the Civil Protection Department, asked Fondazione Fiera Milano to make Halls 1 and 2 of the **fieramilanocity** complex available to provide more intensive care beds for Covid-19 patients. Therefore, Fondazione Fiera Milano negotiated with Fiera Milano SpA an addendum to the Service Contract signed on 23 March 2020. This concerned the assignment to Fiera Milano SpA of some special services and other ancillary services within the above-mentioned halls. The services are charged by Fiera Milano SpA to Fondazione Fiera Milano at cost, increased by 5% by way of reimbursement of general costs incurred. The amount for services provided at 31 December 2020 was Euro 4,217 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 is Euro 1.00. As its corporate purpose includes development of the exhibition sector, Fondazione Fiera Milano decided to retain ownership of the Fiera Milano trademark and did not include it in the ‘Exhibition Management Business’ unit transferred to the Parent Company in 2001, but envisaging that Fiera Milano would use the trademark for an extended period of time and without incurring costs for its use.

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

VII. 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 the 30 September 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 leases' specific terms. The balance of any invoices 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 by establishing a 'Corporate Think Tank' for the joint analysis, comparison, and assessment of how 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. 'Fiera Milano' brand development and enhancement

On 17 December 2019, Fondazione Fiera Milano entered into an agreement with Fiera Milano SpA to enhance 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 2020 related activities, Fondazione Fiera Milano provided reimbursement of Euro 100 thousand. This agreement was terminated by mutual consent with effect from 1 January 2021.

X. Real estate sublease agreements

On 21 March 2019, pursuant to Article 5 of Consob Regulation 17221 of 12 March 2010 as amended on Related-Party Transactions, Fiera Milano published the Information Document on agreements relative to the sub-leasing of the roofing of exhibition spaces at Rho-Però 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 SpA (60%), a company of the A2A Group, and by Fondazione Fiera Milano (40%).

Related-party transactions with joint ventures

On 3 November 2020, the joint venture Hannover Milano Global Germany GmbH, owned by Fiera Milano SpA and Deutsche Messe AG, approved the 2019 Financial Statements and approved a dividend distribution of Euro 9,700 thousand. The portion pertaining to the Fiera Milano Group amounting to Euro 3,970 thousand was collected in November 2020.

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%. At 31 December 2020, the loan was used up for a nominal amount of Euro 1,300 thousand.

Ipack Ima Srl also has commercial relations with the Group for the two multi-year 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.

Relations with the Group are associated with the remainder of the ten-year loan granted by the controlling entity Fiera Milano Congressi SpA on 18 May 2015 for the nominal sum of Euro 50 thousand at a rate of 3% and with the provision of destination management logistics services.

Transactions with other related parties

The main transactions are:

- liabilities in respect of Federlegno Arredo Eventi SpA and Federlegno Arredo following the transfer of employees from MADE eventi Srl during 2019. In view of this transfer, the Company recorded a payable corresponding to the payments accrued by employees;
- revenues for Fiera Parking SpA, a company wholly owned by Fondazione Fiera Milano. On 5 July 2018 Fiera Milano SpA signed 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.

Transactions with related parties that are not consolidated are shown in the following table.

Related party entries in the Statement of Financial Position and Income Statement in the financial year to 31 December 2020

(€'000)	Increments of Right-of-use assets	Non-current financial assets	Trade and other non-current receivables	Trade and other current receivables	Inventories	Current financial assets	Non-current Financial liabilities related to the right-of-use of assets	Advances	Current financial liabilities related to the right-of-use of assets	Other Current financial liabilities	Other current liabilities	Revenues from sales and services	Cost of services	Personnel Expenses	Other operating expenses	Other income	Depreciation of property, plant and equipment and right-of-use assets	Financial income and similar	Financial income and similar	Income tax	
Controlling shareholder and other Group companies																					
Fondazione Fiera Milano	1,726		23,373	8,381			401,848		42,068	1,313	205	4,555	(889)		223	14,483	37,955	6	12,568	(12,535)	
Companies under joint control																					
lpack Ima Srl				20		1,303		771			38	2		10		276			16		
MiCo DMC Srl		50		158	140	17					32	29	1,165		7	150			2		
Other related parties																					
Federlegno Arredo											40										
Federlegno Arredo Eventi SpA											74										
Fiera Parking SpA				119							64	96				4					
Total related parties transactions	1,726	50	23,373	8,678	140	1,320	401,848	771	42,068	1,313	453	4,682	276	10	230	14,913	37,955	24	12,568	(12,535)	
Total reported	-	5,127	23,471	26,705	5,557	1,320	405,961	30,577	43,611	1,743	11,591	73,635	45,519	31,852	2,467	16,875	42,513	274	12,961	(12,873)	
% Rel. party transactions/ Total reported	-	1%	100%	32%	3%	100%	99%	3%	96%	75%	4%	6%	1%	-	9%	88%	89%	9%	97%	97%	

Information on the remuneration paid to the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities at 31 December 2020 is given in the table included in the section 'Other information'.

Statement of related party cash flow

	2020	2019
	(€'000)	
Cash flow from operating activities		
Revenues and income	19,595	1,406
<i>of which non recurring transactions</i>	14,000	-
Costs and expenses	(38,471)	(44,637)
Financial income	24	105
Financial expenses on leased assets (IFRS 16)	(12,512)	(13,389)
Financial expenses	(56)	(2)
Losses/income from tax consolidation	12,535	(7,762)
Changes in trade and other receivables	(17,019)	4,529
Changes in inventories	67	103
Change in advances	553	218
Change in other current liabilities	(7,985)	4,564
Total	(43,269)	(54,865)
Cash flow from investment activities		
Investments in non-current activities		
. Tangible and intangible	-	-
. Other non-current assets	-	-
Total	-	-
Cash flow from financing activities		
Change in current financial assets	-	(1,306)
Change in current financial liabilities	864	(229)
Change in current financial liabilities related to the right-of-use of assets	(24,483)	(32,104)
Total	(23,619)	(33,639)
Cash Flow in the period	(66,888)	(88,504)

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
FY to 31.12.20:			
Total	(54,358)	(2,193)	9,237
Related party transactions	(43,269)	-	(23,619)
FY to 31.12.19:			
Total	93,130	(5,689)	(47,919)
Related party transactions	(54,865)	-	(33,639)

50) Other information

Material non-recurring events and transactions

Material non-recurring transactions during the year, indicated pursuant to Consob Resolution No. 15519 of 27 July 2006, refer to the controlling shareholder Fondazione Fiera Milano, which granted a temporary reduction in the rents for the Rho and Milan exhibition centres for 2020. This reduction totalled Euro 14,000 thousand and is reported separately under Other income.

For the effects of these transactions on the balance sheet, profit and loss account and financial position, please refer to Note 49 Related party transactions.

Transactions relating to atypical and/or unusual operations

In compliance with the Consob Communication of 28 July 2006, it is stated that no unusual and/or atypical operations were carried out by the Group in 2020 as defined in the aforementioned Communication.

Information required pursuant to Italian Law 124/2017

Pursuant to Law no. 124/2017, we note that the Parent Company made use of the exemption from payment of the IRAP balance introduced in Article 24 of Italian Legislative Decree no. 34 of 19 May 2020, known as the Relaunch Decree, for a total of Euro 800 thousand. Also, as part of the contributions envisaged by the same decree and intended to support entities operating in the congress and tourism sector, Fiera Milano Congressi received Euro 374 thousand and the joint venture MiCo DMC Srl received Euro 722 thousand, recognised under shareholders' equity.

Significant events after the end of the year

On 25 January 2021, Fiera Milano Media S.p.A. signed a preliminary contract for the sale of the publishing business unit to Quine Srl, a publisher specialising in technical magazines in the engineering, mechanical, food and construction sectors. The sale, which relates to the specialised publications in the Tech, Homes/Restaurants/Cafes and ICT, personnel and agents sectors, was finalised on 23 February 2021 with the signing of the definitive contract effective from 1 March 2021. The agreed price for the sale of the branch is equal to the difference between assets and liabilities as resulting from the BU's balance sheet, whose goodwill was determined at Euro 1,300 thousand. The value of goodwill may undergo an adjustment, upon the occurrence of certain conditions, not exceeding Euro 300 thousand. The price will be paid in three instalments, the first on the date of signing the final contract, the second by 31 July 2021 and the third by 31 January 2022.

In February 2021, two 5-year loans were signed with a pool of banks (Euro 55 million) and a loan with Cassa Depositi e Prestiti SpA. (Euro 20 million), with 24 months' grace for a total of Euro 75 million, all backed by SACE's 'Italy guarantee' on 90% of the amount disbursed. The resources available to the Group also include an additional Euro 7 million obtained from resources in Fund 394/81 from SIMEST and expiring on 31/12/2027, which bring the total amount of new funding to Euro 82 million.

On 22 February, the Board of Directors of the Parent Company approved the 2021 Strategic Plan called CONN. ECT 2021-2025 (Connections, Exhibitions, Community, Transformation), which aims to respond effectively to the impact of the pandemic, outlining future scenarios and identifying the key factors for successfully competing in a 'New Normal' context, where technological innovation and digital transformation will play a leading role. CONN. ECT 2025 attaches considerable importance to sustainability issues, setting specific objectives linked to ESG parameters alongside the traditional earnings and financial targets.

On 2 March 2021, Prime Minister Mario Draghi signed the new decree laying down measures to combat the pandemic and prevent the spread of Covid-19. The decree will be in force until 6 April 2021 and confirms the suspension of exhibition and congress activities.

Remuneration of the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities

Executives with strategic responsibilities are those that have the power and responsibility, both direct and indirect, for the planning, management and control of 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 for this category of Executives was Euro 1,555 thousand at 31 December 2020 (Euro 2,819 thousand at 31 December 2019) and the breakdown was as follows:

Remuneration	2020		
	Directors	Statutory Auditors	Others
Short-term benefits	642	172	505
Post-employment benefits	-	-	46
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	190
Cost related "Medium-term Incentive Plan"	-	-	-
Total	642	172	741

(€'000)

Remuneration	2019		
	Directors	Statutory Auditors	Others
Short-term benefits	681	146	1,137
Post-employment benefits	-	-	76
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Cost related "Medium-term Incentive Plan"	-	-	779
Total	681	146	1,992

(€'000)

At 31 December 2020, the outstanding amount payable to this category was Euro 198 thousand (Euro 638 thousand at 31 December 2019).

Information under Article 149-duodecies of the Consob Issuers' Regulation

The fees paid for services provided by the independent auditors in 2020 are shown in the table on the following page.

Service provided	Service provider	Client	Fees for financial year 2020
Auditing	EY SpA	Parent Company - Fiera Milano SpA	194
Auditing	network EY	Subsidiaries	163
Other services (*)	EY SpA	Parent Company - Fiera Milano SpA	20
		Total	377

(€'000)

(*) Limited review of non-financial statement

Rho (Milan), 15 March 2021

on behalf of the Board of Directors

The Chairman

Carlo Bonomi

Attachment 1

List of companies included in the consolidation area and other investments at 31 December 2020

Company name and registered office	Main activity	Share capital (000) ⁽¹⁾	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, na Avenida Angélica, 2491, 20º andar, conjuntos 203 e 204	Organisation of exhibitions outside of Italy	R \$ 97,981	100	99.99	0.01	99.99 Fiera Milano SpA 0.01 Nolostand SpA
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
Fiera Milano Exhibitions Africa Pty Ltd Cape Town, 4th Floor, Brewster Building - 77 Hout Street	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, Messegelaende	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	49		49 Fiera Milano SpA
Mico DMC S.r.l. Milan, p.le Carlo Magno 1	Management of congresses	10	51		51	51 Fiera Milano Congressi SpA
D) List of companies accounted at cost						
Comitato Golden Card Cinisello Balsamo, viale Fulvio Testi 128	Other activities	3	33.33	33.33		33.33 Fiera Milano SpA
Convention Bureau Italia Scrl Florence, piazza Adua 1	Other activities	8	2		2	2 Fiera Milano Congressi SpA
Associazione Milano&Partners Milan	Other activities	50				Fiera Milano Congressi SpA

⁽¹⁾ Euro or other currencies as specifically indicated

⁽²⁾ Company in liquidation

Declaration relating to the Consolidated Financial Statements in accordance with Article 154-bis, paragraph 5, Italian Legislative Decree no. 58 of 24 February 1998

1. The undersigned, Luca Palermo, as Chief Executive Officer, and Marco Pacini, as Financial Reporting Officer of Fiera Milano SpA, having noted the provisions of article 154-bis, paragraphs 3 and 4, Italian Legislative Decree 58 of 24 February 1998, attest to:
 - the appropriateness in relation to the characteristics of the business and
 - the effective application of administrative and accounting procedures for preparation of the consolidated financial statements at 31 December 2020.

2. It is also declared that:
 - 2.1 the Consolidated Financial Statements at 31 December 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 report on operations includes a reliable analysis of the performance and results of operations and the situation of the Issuer and of the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rho (Milan), 15 March 2021

Signed
CEO
Luca Palermo

Signed
Financial Reporting Officer
Marco Pacini

Independent Auditor's Report



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fiera Milano Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of Fiera Milano S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

EY S.p.A.
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Capitale Sociale Euro 2.525.000,00 i.v.
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We identified the following key audit matters:

Key Audit Matter	Audit Response
<p>Impacts of Covid-19 and evaluation of the going concern assumption</p> <p>As of 31 December 2020 the equity of the company, including the loss for the year equal to 24,8 million euros, amounted to 65,2 million euros and the net financial position before IFRS 16 application amounts to 30,6 million euros and 444,5 million euros post-application of IFRS 16.</p> <p>The result for the year was strongly impacted by the Covid-19 epidemic (so-called Coronavirus), which effects started in the first months of 2020 and are still in progress, imposing important limitations to the operational activity of exhibition and congress sector and involving negative economic and financial impacts for the Fiera Milano Group.</p> <p>On February 22, 2021 the Board of Directors of Fiera Milano S.p.A. approved the 2021-2025 Multi-year Plan of Group (the "Plan"), which considers the negative impacts consequences of the Covid-19 emergency, and updates the previous Plan.</p> <p>The assumptions underlying the Plan projections of financial needs and the subsequent evaluations regarding the assumption of going concern are for their nature complex and imply the use of the judgment by the directors. In particular the assumptions relating to the timing of return to normal operation and the scheduling of trade fairs and congress events are featured from the still persistent uncertainty in relation to duration of the Covid-19 epidemic and restrictive measures introduced in order to contain the epidemic.</p> <p>These assumptions are subject to continuous developments resulting from the health emergency linked to the Covid-19 virus and the uncertainties typical of the sector and of any forecast projection and could affect the results that will actually be achieved as well as the related timing of manifestation.</p>	<p>The audit procedures in response to the key audit matter, among other things, included:</p> <ul style="list-style-type: none"> (i) the analysis of the reasonableness of the key assumptions of the Plan approved by the Board of Directors on February 22, 2021 and the understanding of the elements underlying the assessment of the directors regarding the going concern assumption; (ii) the analysis of the differences between the forecast data included in the 2021-2025 Plan and the corresponding data included in the previous Plan; (iii) the assessment of the ability of the Group to meet their financial commitments over the 12 months after the balance sheet date; (iv) examination of the events that occurred after the closing of the financial year, with particular reference to the new bank loans obtained by the Parent Company. <p>Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements, including the events after the end of the financial year, and the consistency of the information provided in the management report regarding this aspect.</p>



Key Audit Matter	Audit Response
<p>Valuation of goodwill and intangible assets with definite useful life</p> <p>As of December 31, 2020 the carrying amount of goodwill and intangible assets with definite useful life was euro 95 million and euro 17 million, respectively, which were allocated to the Grup's Cash Generating Units (CGUs).</p> <p>Goodwill is tested for impairment at least annually at the end of the reporting period, or more often, if there is any indication of impairment. Intangible assets with definite useful life, which are being depreciated, are tested for impairment only when there is an indication of impairment.</p> <p>The processes and methodologies to estimate and determine the recoverable amount of the CGUs, in terms of value in use, are based on complex assumptions that, due to their nature, imply the use of judgement by Management, in particular with reference to impact of Covid-19 on the cash flow forecasts for the period covered by the 2021-2025 Group business plan, the normalized cash flows used to estimate terminal value and the discount rate and long term growth rates applied.</p> <p>Considering the materiality of the carrying amount of such assets and the level of judgement and complexity of the assumptions used in estimating the recoverable amount of goodwill and intangible assets with definite useful life, due to the significant impact of the Covid-19 pandemic on the Group's results, we have determined that this area constitutes a key audit matter.</p> <p>The Company included disclosures related to the nature and the key assumptions used for impairment test in note 1.6 "Use of estimates" 6 "Goodwill" and note 7 "Intangible assets with a finite useful life".</p>	<p>Our audit procedures in response to this key audit matter included, among others: (i) understanding of the procedure adopted by the company regarding the valuation of goodwill and intangible assets with defined useful life and investments, taking into account the impairment test procedure approved by the Board of Directors;; (ii) verification of the perimeter of the CGUs and of the allocation of the respective book values; (iii) reviewing of the report prepared by the external expert who supported management in performing the impairment test, including the valuation of their competence, capabilities and objectivity; (iv) assessing the significant assumptions underlying future cash flow projections, including the determination of the weighted average cost of capital, the discount rate and the long-term growth rates used in estimating the terminal value, and performing sensitivity analyses; (v) assessing the variances between actual results and the previous forecasts as assumed by the Group; (vi) testing the mathematical accuracy of the impairment test calculation; (vii) verifying the consistency of the forecast of future cash flows of the CGUs with the Group business plan for the period 2021-2025.</p> <p>In performing our audit procedures we also involved our valuation specialists who assisted us in the assessment of assumptions and methodologies utilized by the Group, and performed independent calculations and sensitivity analyses of key assumptions.</p> <p>Lastly, we assessed the adequacy of the disclosures made in the notes to the financial statements relating to evaluation of goodwill, intangible assets with definite useful lives and investments.</p>



Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the parent Company Fiera Milano S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; have designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our



conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Fiera Milano S.p.A., in the general meeting held on 29 April 2014 engaged us to perform the audits of the separate and consolidated financial statements for of the years ending 31 December 2014 to 31 December 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.



Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Ownership Structure of Fiera Milano Group as at 31 December 2020 including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Fiera Milano Group as at 31 December 2020 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Management Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Fiera Milano Group as at 31 December 2020 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, 29 March 2021

EY S.p.A.
Signed by: Federico Lodrini, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Fiera Milano SpA

Financial Statements

at 31 December 2020

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Fiera Milano SpA Statement of Financial Position

notes		31/12/20	31/12/19
	ASSETS		
	Non-current assets		
2-43	Property, plant and equipment	2,057,423	2,417,152
3	Right-of-use assets	398,817,854	431,919,377
43	<i>of which from related parties</i>	398,638,660	431,576,747
	Investments in non-core property	-	-
4	Goodwill	70,144,099	70,144,099
5	Intangible assets with a finite useful life	14,334,188	11,077,988
6	Investments	51,155,364	51,166,391
7	Other financial assets	5,077,332	-
8	Trade and other receivables	21,579,256	11,163,419
43	<i>of which from related parties</i>	21,487,032	11,071,195
	Deferred tax assets	-	-
	Total	563,165,516	577,888,426
	Current assets		
9	Trade and other receivables	15,203,912	24,219,318
43	<i>of which from related parties</i>	5,871,983	3,810,597
10-43	Inventories	3,583,177	1,088,259
	Contracts in progress	-	-
11	Financial assets	3,217,612	1,605,048
43	<i>of which from related parties</i>	3,217,612	1,605,048
12	Cash and cash equivalents	17,472,171	63,946,063
	Total	39,476,872	90,858,688
	Assets held for sale		
	Assets held for sale	-	-
	Total	-	-
	Total assets	602,642,388	668,747,114
	EQUITY AND LIABILITIES		
13	Equity		
	Share capital	42,283,624	41,644,917
	Share premium reserve	8,557,350	7,625,105
	Revaluation reserve	-	-
	Other reserves	8,489,028	10,059,980
	Retained earnings	30,594,454	7,249,637
	Profit/(loss) for the year	(24,755,604)	32,793,582
	Total	65,168,852	99,373,221
	Non-current liabilities		
	Bonds in issue	-	-
	Bank borrowings	-	-
14	Financial liabilities related to the right-of-use of assets	376,688,461	405,611,021
43	<i>of which to related parties</i>	376,627,148	405,429,386
	Other financial liabilities	-	-
15	Provision for risks and charges	-	1,507,783
16	Employee benefit provisions	5,147,542	4,417,723
17	Deferred tax liabilities	7,195,429	6,464,979
	Other non-current liabilities	-	-
	Total	389,031,432	418,001,506
	Current liabilities		
	Bonds in issue	-	-
18	Bank borrowings	49,017,669	437
19	Trade-payables	14,367,932	25,309,534
20-43	Advances	21,869,814	38,671,784
21	Financial liabilities related to the right-of-use of assets	37,141,354	29,627,159
43	<i>of which to related parties</i>	37,021,036	29,464,142
22	Other financial liabilities	7,388,597	15,400,917
43	<i>of which to related parties</i>	7,388,597	15,400,917
23	Provision for risks and charges	544,747	1,476,832
24	Tax liabilities	3,063,464	2,261,547
25	Other liabilities	15,048,527	38,624,177
43	<i>of which to related parties</i>	6,379,842	19,041,747
	Total	148,442,104	151,372,387
	Liabilities held for sale		
	Liabilities held for sale	-	-
	Total	-	-
	Total liabilities	602,642,388	668,747,114

Fiera Milano SpA Statement of Comprehensive Income

		(euro)	
notes		2020	2019
29	Revenues from sales and services	63,038,339	230,011,092
43	<i>of which with related parties</i>	5,052,806	3,676,144
	Total revenues	63,038,339	230,011,092
30-43	Cost of materials	163,680	458,869
31	Cost of services	44,460,954	104,157,767
43	<i>of which with related parties</i>	18,397,340	41,859,162
32-43	Cost of use of third-party assets	416,348	324,201
33-43	Personnel costs	24,329,039	36,887,576
34-43	Other operating expenses	1,861,069	3,660,192
	Total operating expenses	71,231,090	145,488,605
35	Other income	18,597,692	5,885,172
43	<i>of which with related parties</i>	17,434,052	4,784,638
44	<i>of which non recurring transactions</i>	12,871,235	-
36	Provisions for doubtful receivables and other provisions	434,049	1,921,844
	EBITDA	9,970,892	88,485,815
37	Depreciation of property, plant and equipment and right-of-use assets	35,615,353	36,176,901
43	<i>of which with related parties</i>	34,664,232	35,047,778
	Depreciation of property investments	-	-
37	Amortisation of intangible assets	1,904,867	1,465,379
	Adjustments to asset values	-	-
	EBIT	(27,549,328)	50,843,535
38	Financial income and similar	4,192,932	6,323,901
43	<i>of which with related parties</i>	4,010,505	6,101,682
39	Financial expenses and similar	12,008,794	12,699,331
43	<i>of which with related parties</i>	11,818,605	12,570,136
40	Valuation of financial assets	(11,027)	(9,052)
	Profit/(loss) before tax	(35,376,217)	44,459,053
41	Income tax	(10,620,613)	11,665,471
43	<i>of which with related parties</i>	(10,649,615)	6,288,091
	Profit/(loss) from continuing operations	(24,755,604)	32,793,582
	Profit/(loss) from discontinued operations	-	-
42	Profit/(loss) for the year	(24,755,604)	32,793,582
	Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss		
	Revaluation of defined benefit schemes	(177,680)	(180,387)
	Tax effects	(42,644)	(43,293)
	Other comprehensive income/(loss) net of related tax effects	(135,036)	(137,094)
	Total comprehensive income/(loss) for the year	(24,890,640)	32,656,488

Fiera Milano SpA Statement of Cash Flows

		(euro)	
notes		2020	2019
	Net cash at beginning of year	63,946,063	16,986,314
	Cash flow from operating activities		
12	Net cash arising from operations	(34,463,927)	95,182,974
43	<i>of which with related parties</i>	(52,453,745)	(42,836,552)
26	Interest paid	(205,109)	(131,550)
26	Interest paid on financial liabilities related to the right-of-use of assets	(11,701,137)	(12,501,311)
26	Interest received	275,734	264,876
41	Income taxes paid	-	(988,552)
	Total	(46,094,439)	81,826,437
	Cash flow from investing activities		
2-43	Investments in tangible assets	(427,957)	(372,265)
2	Write-downs of tangible assets	-	35,353
5	Investments in intangible assets	(5,161,068)	(5,760,478)
6	Subsidiary company share capital transactions	-	(3,260,000)
38	Dividends received	3,970,407	5,980,640
	Total	(1,618,618)	(3,376,750)
	Cash flow from financing activities		
13	Equity	-	-
7	Non-current financial liabilities	(5,077,332)	-
11-26-43	Current financial assets	(1,888,298)	1,091,229
21	Current financial liabilities related to the right-of-use of assets	(23,691,498)	(29,403,217)
43	<i>of which with related parties</i>	(23,528,477)	(29,232,161)
18-22-26	Current financial liabilities	41,210,021	6,049,295
43	<i>of which with related parties</i>	(8,012,320)	9,431,497
13	Dividends paid	(9,313,728)	(9,227,245)
	Total	1,239,165	(31,489,938)
	Cash flow for the year	(46,473,892)	46,959,749
	Net cash from assets held for sale	-	-
	Net cash at the end of year	17,472,171	63,946,063

		(euro)	
		2020	2019
	Cash flow from operating activities		
	Result including non-operating activities	(24,755,604)	32,793,582
	Adjustments for:		
	Depreciation and Amortisation	37,520,220	37,642,280
	Provisions, write-downs and impairment	434,049	1,921,844
	Valuation of financial activities	11,027	9,052
	Capital gains and losses	-	(10,141)
	Financial income	(3,970,407)	(5,980,640)
	Financial expenses related to the right-of-use of assets	11,701,137	12,501,311
	Net change in employee provisions	552,139	(609,359)
	Personnel costs "Performance Shares Plan"	-	722,150
	Changes in deferred taxes	773,093	3,352,870
	Inventories	(2,494,918)	1,697,576
	Trade and other receivables	(3,299,847)	4,342,409
	Trade payables	(10,941,602)	5,452,982
	Pre-payments	(16,801,970)	(3,071,095)
	Tax payables	801,917	1,937,374
	Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(20,413,589)	(1,162,620)
	Payables to Organisers	(3,579,572)	3,643,399
	Total	(34,463,927)	95,182,974

Fiera Milano SpA Statement of Changes in Equity

(euro)

Note 13	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit/(loss) for the financial year	Total
Balance at 31 December 2018	41,644,917	7,680,270	9,337,830	52,731	16,561,245	75,276,993
Loss for the year covered by:						
- dividend distribution	-	-	-	-	(9,227,245)	(9,227,245)
- retained earnings	-	-	-	7,334,000	(7,334,000)	-
Fair value stock grant	-	-	722,150	-	-	722,150
Expenses related to the share capital increase	-	(55,165)	-	-	-	(55,165)
Remeasurement of defined benefit plans	-	-	-	(137,094)	-	(137,094)
Total comprehensive income/(loss) for the financial year at 31.12.19	-	-	-	-	32,793,582	32,793,582
Balance at 31 December 2019	41,644,917	7,625,105	10,059,980	7,249,637	32,793,582	99,373,221
Loss for the year covered by:						
- dividend distribution	-	-	-	-	(9,313,729)	(9,313,729)
- retained earnings	-	-	-	23,479,853	(23,479,853)	-
Fair value stock grant	638,707	932,245	(1,570,952)	-	-	-
Remeasurement of defined benefit plans	-	-	-	(135,036)	-	(135,036)
Total comprehensive income/(loss) for the financial year at 31.12.20	-	-	-	-	(24,755,604)	(24,755,604)
Balance at 31 December 2020	42,283,624	8,557,350	8,489,028	30,594,454	(24,755,604)	65,168,852

Notes to the financial statements

On 15 March 2021, the Board of Directors approved the Fiera Milano SpA Financial Statements at 31 December 2020 and authorised their publication.

Fiera Milano SpA, as Parent Company, has also prepared the Consolidated Financial Statements at 31 December 2020.

Fiera Milano SpA, also through its subsidiaries, is active in all the characteristic areas of the exhibition industry, and the Company is one of the largest integrated companies in this sector worldwide.

The Company business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering project support and ancillary services. This includes the business of staging exhibitions (and providing final services to exhibitors and visitors).

The business of the Company has dual seasonality: (i) a higher concentration of exhibitions in the six months from January to June; (ii) exhibitions with a multiannual frequency.

Covid-19 and effects on the financial statements

The results of the financial year 2020 have been strongly impacted by the suspension of exhibition 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 exhibitions 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 exhibition activities.

As a result, the activity calendars have been rescheduled, resulting in the cancellation of important events, including the biennial Mostra Convegno Expocomfort and the annual Il Salone del Mobile and Eicma Moto.

In order to counter the effects of this situation, the Company has launched major cost reduction actions, particularly relating to the management costs of the districts and personnel expenses.

The impact of the Covid-19 pandemic on the balance sheet position, the results of operations for the year, the net financial position and the risks and uncertainties associated with it are set out in the specific paragraphs: 'Summary of results and significant events during the year', 'External and strategic risks', 'Business outlook and going concern evaluation' of the Report on Operations and 'Liquidity risk' of the Notes to the Financial Statements.

1) Accounting standards and criteria used to prepare the financial statements

1.1 Standards used to prepare the Financial Statements

The Financial Statements were prepared under IAS and IFRS accounting standards in force at 31 December 2020, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, with the related interpretative documents, and Article 9 of Italian Legislative Decree 38/2005.

The accounting standards used to prepare the present Financial Statements are the same as those used to prepare the Financial Statements at 31 December 2019, except for those applicable from 1 January 2020 described below.

Given the capital and financial position for 2020, the 2021-2025 financial forecasts, approved by the Board of Directors on 22 February 2021, and taking into account the forecasts for working capital performance and the financial and capital position, the Financial Statements and Consolidated Financial Statements were prepared on a going concern basis. This is fully described in the Report on Operations in the section 'Business outlook and going concern evaluation'.

The Financial Statements are prepared in Euros, and all figures are rounded to the nearest thousand Euros unless otherwise indicated. The Financial Statements give comparative data for the previous financial year.

In 2020, no atypical and/or unusual transactions took place.

The risks and uncertainties affecting business and the Company are described in the Board of Directors' Report on Operations in the section on the 'Risk factors affecting Fiera Milano Group' in Note 27 and paragraph 1.5 'Use of Estimates' in the Notes.

These Financial Statements have been audited by the independent auditors EY SpA.

1.2 New accounting standards, interpretations and amendments adopted

For the first time, the Company has adopted some accounting standards and amendments that are applicable to financial periods beginning on or after 1 January 2020.

The Company has not opted for early adoption of any standards, interpretations or amendments that have been issued but for which adoption is not yet mandatory.

Please note that, starting from the current financial year, thanks to a special implementation of the management information system, it is possible to report personnel costs by exhibition, enabling the direct correlation of this cost to each individual exhibition, as is the case for other costs deriving from the provision of services. The figure for the year, Euro 1,729 thousand, will be recognised in the income statement in the period in which the event takes place.

The nature and impact of each new accounting standard or amendment is given below:

- **IFRS16 amendment - Leases**

The amendment, adopted on 9 October 2020, was introduced to neutralise changes in lease payments resulting from agreements between parties taking account of the negative effects of Covid-19. Without this, IFRS 16 would have required lessees to recalculate their financial liability to the lessor and the right-of-use asset as liabilities and assets, respectively, on their balance sheets.

The Company applied the supplement to IFRS16 with new paragraphs 46A and 46B - under the heading 'Lease amendments'. This inclusion of the principle means that the lessee will not deem any concessions on the payment of rents due to Covid-19 to be an amendment to the original agreement; Therefore, these changes were recognised as if the contract had not been amended, with a direct impact on the income statement under 'Other income'.

In order to apply this exemption, all the following conditions were met:

- the concession on payments is a direct consequence of the Covid-19 pandemic;
- the change in payment either left the same amount to be paid as in the original terms or reduced the amount;
- the reduction in payments refers only to those originally due until June 2021;
- there are no material changes to any other leasing terms or conditions.

The application of the amendment to the reductions in royalty payments, due to the Covid-19 pandemic, concerned the contracts in force with the controlling shareholder Fondazione Fiera Milano and had the following effects on the figures in the financial statements:

- improvement in total net financial debt of Euro 14,885 thousand;
- improvement in EBITDA of Euro 12,871 thousand;
- improvement in profit/(loss) of Euro 9,782 thousand.

Please note that, during 2020, there were no other significant changes for the leases in place at 31 December 2019.

- **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 to provide goods or services to customers, generate income from investments (such as dividends or interest) or generate other income from ordinary activities.

This change to the definition of a business, applicable to acquisitions occurring on or after 1 January 2020, had no impact on the Company's 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. This amendment has had no impact on the Company's financial statements.

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

The amendment aims to clarify the definition of 'material figure' in order to help companies assess whether information is to be included in their financial statements. This amendment has had no impact on the Company's 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 IFRS Conceptual Framework's references 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. This amendment applicable from 1 January 2020, had no impact on the Company's financial statements.

The main changes introduced by amendments to and interpretations of standards applicable from 2021 are presented below.

- **Amendment IFRS 4 - Insurance contracts**

The Regulation, published in the Official Journal of the European Union on 16 December 2020, makes amendments to IFRS 4 that seek to address the temporary accounting consequences of the mismatch between the effective date of IFRS 9 Financial Instruments and the effective date of the future IFRS 17 Insurance Contracts. In particular, the amendments extend the expiry of the temporary exemption from applying IFRS 9 until 2023 so as to align the effective date of IFRS 9 with the new IFRS 17.

The amendments shall apply from 1 January 2021 for financial years beginning on or after 1 January 2021.

- **IAS 39 and IFRS 4, 7, 9 and 16 - Adaptation to the reform of interest rate reference indices**

The Regulation, published in the Official Journal of the European Union on 14 January 2021, involves changes to the standards and provides for a specific accounting treatment for allocating over time changes in the value of financial instruments or leasing contracts due to the replacement of the reference index for determining interest rates.

Businesses shall apply the amendments, at the latest, from the commencement date of their first reporting period starting on or after 1 January 2021.

1.3 Form and content of the Financial Statements

With regard to the form and content of the Financial Statements, Fiera Milano SpA has made the following decisions:

- the Statement of Financial Position is presented with separate sections for Assets, Liabilities, and Equity. Assets and liabilities are also recognised according to their classification as current, non-current and held for sale;

- the Statement of Comprehensive Income is shown as a single statement in a continuous format and items are analysed by nature since this approach provides reliable information that is more relevant than classification by function;
- the Statement of Cash Flows is presented using the indirect method;
- the Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

1.4 Summary of accounting standards and measurement criteria

Business combinations

Business combinations are accounted for by applying the purchase method in accordance with IFRS 3 Business Combinations, revised in 2008. Under this method, the amount transferred in a business combination is measured at fair value, determined as the sum of fair values of the assets transferred and the liabilities assumed by the Company at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. All other costs associated with the transaction are recognised in the Statement of Comprehensive Income when they are incurred.

Contingent considerations, considered part of the transfer price, are measured at fair value at the acquisition date. Subsequent changes to the fair value are recognised through other comprehensive income.

The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date.

Goodwill is measured as the difference between the aggregate of the considerations transferred for the business combination, the equity value of non-controlling interests and the fair value of any previously held equity interest in the acquired entity and the fair value of net assets acquired, and liabilities assumed at the acquisition date. If the difference between the net acquisition-date amounts of the assets and liabilities exceeds the considerations transferred, the equity value of non-controlling interests and the fair value of any previously held equity interest in the acquired entity, the excess is immediately recognised in the Statement of Comprehensive Income as income deriving from the transaction.

In the fair value measurement process for business combinations, the Company uses available information and, for more material business combinations, also uses the support of external appraisals.

Business combinations achieved in stages

When a business combination is achieved in stages (step acquisition), the Company's previously held share of the entity's assets and liabilities are measured at fair value at the date that control is obtained and any resulting adjustments are recognised in the statement of comprehensive income. Therefore, previously held investments are recognised as though they had been sold and reacquired at the date that control is obtained.

Business combinations under common control

Business combinations under common control (i. e. between entities controlled by the same party or parties) are excluded from the scope of IFRS 3 - Business Combinations. In the absence of a standard that deals specifically with this type of transaction, adoption of the most suitable treatment must be guided by the general scope of IAS 8, i. e. providing a reliable and truthful representation of the transaction and applying the principle of substance over form.

Under OPI 1 (Assirevi Preliminary Opinions on IFRS) on the 'Accounting treatment of business combinations under common control in the separate and in the consolidated financial statements', economic substance refers to the generation of value added which results in a significant change in cash inflows from the net assets transferred before and after the transaction. Should it be impossible to estimate a significant increase in future cash inflows from the assets transferred, the choice of how the transaction is accounted should be governed by prudence, which results in the application of the accounting principle of value continuity. This principle entails recognition in the financial statements of values equal to those that would have existed if the net assets involved in the combination had always been combined. Therefore, the net assets must be recognised at their carrying

amounts in the relevant accounts before the transaction or, if available, at the values in the Consolidated Financial Statements of the controlling shareholder Fiera Milano SpA. Where the transfer values are higher than the historic values, the excess must be eliminated by a downward adjustment to the equity of the acquirer, charged to a specific reserve.

Tangible fixed assets

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including directly attributable expense, adjusted for accumulated depreciation.

Tangible assets are systematically depreciated each year on a straight-line basis, using economic/technical rates determined by the residual useful life of the assets.

Routine maintenance costs are charged to the income statement when they are incurred.

The replacement costs of identifiable components of complex assets are allocated to the assets and depreciated over their useful lives. The residual carrying amount of the components being replaced is recognised in the income statement.

Improvements to third party assets are recognised in property, plant and equipment based on the nature of the cost incurred; the depreciation period corresponds to the lesser of the residual useful life of the tangible asset and the residual period of the lease.

The depreciation rates applied are listed below:

• Office furniture and machinery	12%
• Exhibition furniture and equipment	27%
• Sundry machinery and equipment	15%
• Electronic equipment	20%
• Plant and machinery	10%
• Telecommunication systems	20%
• Alarm systems	30%
• Furnishings	12%

If there is any indication of impairment, the tangible assets are impairment tested using the procedure illustrated in the paragraph 'Impairment of assets'.

Intangible fixed assets

An intangible asset is recognised only if it is identifiable and controllable, is expected to generate future economic benefits, and its cost can be reliably measured.

Goodwill and intangible assets with an indefinite useful life

Goodwill arising from *business combinations* is initially recognised at cost on the acquisition date, as indicated in the paragraph above on *Non Business Combinations* and, for *impairment test* purposes, allocated to a *cash generating unit* or group of *cash generating units* which benefit from the synergies permitted by the acquisition that generated the goodwill. After initial recognition, goodwill is measured at cost less any impairment loss stemming from the impairment tests (see the paragraph 'Impairment of assets'). An intangible asset is considered to have an indefinite useful life when no limit can be foreseen to the period during which the asset can generate cash inflows. Intangible assets with an indefinite useful life and goodwill are not subject to amortisation.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are measured at purchase or production cost, including any contingent costs, and systematically amortised on a straight-line basis over their estimated useful life. If there is any indication of impairment, they are impairment tested using the procedure illustrated in the paragraph 'Impairment of assets'.

Industrial patents, intellectual property rights, licences and concession agreements are amortised over three years from the year they were acquired.

Exhibition trademarks are amortised on the basis of a useful life of between ten and twenty years, estimated on the competitive dynamics of the industry and a comparison of the practices adopted by leading Italian and foreign competitors.

Research costs are recognised in the income statement at the time they are incurred. In compliance with IAS 38, development costs relating to specific projects, including the launch of new exhibitions, are capitalised when it is probable that the generation of future economic benefits is reasonably certain and when their costs can be reliably measured and amortised in the period when the expected future benefits are realised for the same project. The carrying amount of costs is reviewed annually at the end of the reporting period or more often if there are any particular reasons for doing so, to analyse the fair value and ascertain any indication of impairment.

Impairment of assets

Goodwill and other intangible assets with an indefinite life are systematically tested for impairment at the end of the reporting period, or more often if impairment indicators emerge.

Tangible and intangible assets with a finite useful life that are depreciated or amortised are tested for impairment only when there are indications of impairment.

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 sale price is the amount obtainable from an asset's sale in a transaction between willing and able third parties, less costs to sell. In the absence of binding agreements, prices listed on an active market, or the best information available considering recent transactions involving identical or similar assets in the same business sector, are used as reference. The value in use is calculated by discounting, at an appropriate rate expressing the weighted average cost of capital of a company with a similar risk profile and debt profile, the expected cash flows from use of the asset (or group of assets, i. e. cash generating units) and its disposal at the end of its useful life.

If subsequently there is an indication that an impairment loss, other than for goodwill, may have decreased or no longer exists, the carrying amount of the asset is adjusted to the new estimate of the recoverable value. However, this value may not exceed the value which would have been recognised if there had been no impairment. Reversal of impairment is recognised in the income statement.

Leased assets

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, determining its terms and conditions of use and, though not explained, its upkeep over time.

The adoption of IFRS 16 has significantly affected the figure of the Lessee; it is no longer required to distinguish between operating and finance lease, as the distinction between the two types is superseded by the distinction between lease and service concession arrangements. Therefore, in the case of leases, a single accounting model independent of the characteristics of the contract itself will apply, as better described in section 1.2 'New accounting standards, interpretations and amendments adopted'.

The most significant Rights Of Use which are determined in the Company as a result of the application of IFRS 16 do not generate independent cash flows and therefore, the check of their recoverable amount is carried out exclusively within the CGU to which 'Italian Exhibitions Business' belongs.

Control and identifiability of an asset

Two material elements are considered to determine whether an asset in question is leased or part of a service concession arrangement: control and identifiability of the asset.

With regard to control this concerns the management by the lessee on the use and obtaining of economic benefits deriving from the use of the property, identified, subject to the contract.

On the other hand, identifiability exists whenever an asset can be uniquely identified, provided that there is no right of substitution for the duration of the contract in favour of the lessor, who would be allowed to continue to have control of the asset.

The Company as lessee

The Company adopts a single recognition and measurement model for all leases, except for short-term leases and low-value leases. The Company recognises the liabilities relating to the lease payments and the right-of-use asset, which is the asset underlying the contract.

i) Right-of-Use Assets

The Company recognises the right-of-use assets at the inception date of the lease (i.e., the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasuring of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before commencement less any awards granted. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

- Capital properties 1-12 years old;
- Car fleet 1-4 years old

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment. Please refer to paragraph 1.5 'Use of estimates'.

ii) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not yet paid at that date. Payments due include fixed payments (including in-substance fixed payments) less any lease awards to be received, variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Company and payments of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period (unless they were incurred to produce inventories) in which the event or condition giving rise to the payment occurs.

In calculating the present value of the payments due, the Company uses the incremental borrowing rate at the commencement date if the implicit interest rate cannot be easily determined. After the commencement date, the lease liability amount increases to account for interest on the lease liability and decreases to account for payments made. In addition, the carrying amount of lease liabilities is restated in the event of any changes to the lease or for the revision of the contractual terms for the change in payments; it is also restated if there are changes in the valuation of the option to purchase the underlying asset or changes in future payments resulting from a change in the index or rate used to determine such payments.

iii) short-term leases or leases of low value

The Company applies the exemption for the recognition of short-term leases relating to machinery and equipment (i.e., leases that have a duration of 12 months or less from the inception date and do not contain a purchase option). The Company has also applied the exemption for leases relating to low-value assets with reference to lease contracts for office equipment whose value is considered low. Short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

The Group as lessor

Lease contracts that essentially leave the Company with all the risks and benefits associated with ownership of the asset are classified as operating leases. Income from operating leases must be recognised on a straight-line basis over the lease term, and are included as revenue in the income statement due to their operating nature. Initial negotiation costs are added to the carrying amount of the leased asset and recognised over the term of the contract on the same basis as lease income. Unplanned leases are recognised as revenue in the period in which they are accrued.

Financial assets

IFRS 9 requires that if specific options are not exercised, financial instruments are classified according to the following criteria:

- Business Model defined by the entity for financial instruments management, and
- characteristics of the contractual cash flows of the financial instruments.

IFRS 9 envisages three asset categories:

- assets held to collect the contractual cash flows (or Hold to Collect; HTC), measured at amortised cost;
- assets held to collect the contractual cash flows and to be sold (or Hold to Collect and Sell; HTCS), designated at fair value through profit or loss (FVTPL) or through other comprehensive income (FVOCI);
- Other financial assets designated at fair value through profit or loss. This residual category can include all business models other than those mentioned above.

The financial assets are initially recognised at fair value, normally represented by the transaction price, plus any accessory charges on the purchase.

The amortised cost criterion offers the best representation in the financial statements for financial assets comprising debt securities and receivables, in that it allows the interest to be spread over the holding period, in compliance with accrual accounting.

Subsequent measurement after initial recognition is at amortised cost or fair value, and these methods are applied according to the category of the financial instrument concerned.

With regard to the classification of financial liabilities, IFRS 9 envisages a general rule by which the entity measures the financial liabilities at amortised cost using the effective interest method (as previously under IAS 39). As regards assets and liabilities measured at fair value, any changes in value are recognised in the income statement, therefore helping to determine the profit or loss for the year. However, if the changes are caused by a change in credit risk, the changes in fair value are recognised in equity.

Assets classed as held to maturity are recognised among current financial assets if the maturity is less than twelve months, or as non-current if greater. They are subsequently measured at amortised cost. The latter is calculated using the effective interest method, taking into account any purchase discounts or premiums and spreading them over the entire period up to maturity, less any impairment.

Loans and receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the Company measures the realisable value of these receivables taking account of estimated future cash flows.

Available-for-sale assets are recognised as non-current assets, unless they are to be divested within twelve months from the end of the reporting period, and are measured at fair value. Profits or losses from fair value measurement are recognised in other comprehensive income and aggregated in a specific equity reserve until they are sold, recovered or otherwise derecognised.

Equity investments

After initial recognition, investments in subsidiaries and associates are measured at cost less any impairment loss stemming from the annual impairment tests.

Investments fall under the scope of application of the IFRS 9 classification and measurement criteria for equity investments, excluding interests in subsidiaries, associates and joint ventures and companies under their control which are instead classed as equity instruments under IAS 32. In this residual category, the investments are designated at *fair value* through other comprehensive income.

Inventories

Inventories are measured at the lower of purchase cost and net estimated realisable value. The Company's inventories consist mainly of outstanding costs relating to activities in future years.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank demand deposits and cash investments with an original maturity of not more than three months. The definition of cash and cash equivalents in the Statement of Cash Flows is the same as that for the Statement of Financial Position.

Assets and liabilities held for sale

This category includes assets and liabilities or disposal groups/discontinued operations where the carrying amount will be recovered primarily through a sale rather than through continued use. For this to happen, the following conditions must be met:

- the assets (or disposal groups) must be available for immediate sale in their present condition;
- the sale must be highly probable, i. e. the company must be committed to a programme for their disposal; activities to identify a buyer must have been initiated; and completion of the sale must be scheduled to take place within one year of the date of classification in this category.

Assets held for sale are measured at the lower of their net carrying amount and their fair value less costs to sell.

If an asset that is depreciated or amortised is reclassified to this item, the depreciation or amortisation process is discontinued at the time of reclassification.

In compliance with IFRS 5, figures for discontinued operations are presented as follows:

- in two specific items of the Statement of Financial Position: Assets held for sale and Liabilities held for sale;
- in a specific item of the Income Statement: Profit/(loss) from discontinued operations

Equity

Treasury shares

The nominal value of treasury shares is deducted from share capital and any amount in excess of nominal value is deducted from the share premium reserve.

Under IAS/IFRS regarding the acquisition of treasury shares, the nominal value of the shares is deducted from share capital while the difference between the nominal value and the acquisition value is deducted from the share premium reserve. Regarding the sale of treasury shares, the share capital and the share premium reserve are

reconstituted by the same amounts as the reductions applied when the shares were acquired while any gains/losses from the sale is recognised in equity, under other reserves, with no impact on the income statement. The shares taken as reference for the calculation of gains/losses on disposal are selected using the FIFO method.

Stock Grant

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.

Costs of capital transactions

Costs directly attributable to capital transactions are recognised as a direct reduction of equity.

Trade payables, tax liabilities, advances and other liabilities

Payables, advances and other liabilities are initially recognised at fair value. After that, they are measured at amortised cost. Payables are derecognised when the underlying financial obligations have been discharged.

If they have a due date exceeding twelve months, the liabilities are discounted to present value using an interest rate reflecting market assessments of the time value of money and specific risks connected with the liability concerned. Discounted interest is classified in financial expenses.

Derivative instruments

A derivative is a financial instrument or other form of contract with the following characteristics: (i) its value changes in response to the change in an interest rate, the price of a financial instrument, a commodity price, a foreign exchange rate, a price or rates index, a credit rating, or another pre-established underlying variable; (ii) it requires no net initial investment or, if initial investment is required, is smaller than would be required for a contract from which a similar response to changes in market factors would be expected; (iii) it is settled at a future date. Derivatives are classified as financial instruments and therefore adjusted to fair value at the end of each year. The effects of fair value adjustments are recognised in the income statement as financial income/expenses.

Provisions for risks and charges

Provisions for risks and charges are allocated when the Company must meet a present obligation (legal or implicit) stemming from a past event, the amount of which can be reliably estimated and for settlement of which an outflow of resources is probable. If expectations of resource outflow go beyond the next financial year, the obligation is recognised at its present value through discounting of future cash flows at a rate that also considers the time value of money and the liability's risk.

Risks for which manifestation of a liability is only possible, not probable, are shown in the paragraph 'Disclosure on guarantees given, undertakings and other contingent liabilities', and no provisions are allocated for these.

Bank borrowings and other financial liabilities

Financial payables are initially recognised at cost, represented by the fair value of the funds received net of accessory charges incurred in acquiring the loan. After initial recognition, borrowings are measured at amortised cost, calculated using the effective interest rate method. Amortised cost is calculated by taking into account issuance costs and any discount or premium envisaged at the time of settlement.

Employee benefits

Employee benefits paid out upon or after termination of the employment relationship consist mainly of employee severance indemnities (trattamento di fine rapporto or TFR), which are governed by Article 2120 of the Italian Civil Code.

In compliance with IAS 19, employee severance indemnities are considered a defined benefit plan, i.e. a plan consisting of benefits provided post-employment, which constitutes a future obligation for which the Company assumes actuarial risks and related investments. As required by IAS 19, the Company uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service costs. This calculation requires the application of objective and mutually compatible actuarial assumptions concerning demographic variables (mortality rate, employee turnover) and financial variables (discount rate, future increases in salary levels). Fiera Milano SpA recognises changes in actuarial gains/losses in other comprehensive income.

Following the pension reform, as of 1 January 2007, accrued employee severance indemnities are allocated to pension funds or to the treasury fund set up at INPS (national social security institute). Employees were free to choose the destination of their severance indemnities until 30 June 2007.

In that regard, the allocation of accrued employee severance indemnities to pension funds or to INPS means that a portion of these indemnities will be classified as a defined contribution plan in that the company's obligation is solely the payment of contributions either to the pension fund or to INPS. The liability related to the past severance indemnities continues to represent a defined benefit plan to be measured according to actuarial assumptions.

Employee termination benefits not included in the employee severance indemnities (TFR) are recognised as liabilities and employee expenses when the enterprise is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or provides termination benefits as a result of an incentive to voluntary redundancy. The benefits owed to employees for termination of their employment do not give any future economic benefits to the enterprise and are therefore recognised immediately as a cost.

Revenue recognition

Revenues are recognised when contractual obligations are fully satisfied and the customer acquires control of the assets transferred. They are recognised at the fair value of the consideration received or receivable, taking into account any trade discounts and quantity-based reductions granted.

Revenue from the provision of services is recognised when the service is provided. In compliance with paragraph 31 et seq. of IFRS 15, services relating to exhibitions and congresses are considered to be transferred to the customer during the exhibitions and events, as this is the period in which most of the related costs are incurred. Likewise, such revenues are recognised during the exhibition or event as the funds used and costs incurred are also spread over the exhibition/event duration.

When it is probable that an exhibition's total costs will exceed its total revenues, the expected loss is recognised as a cost in a specific provision.

Operating costs

Costs are recognised when they relate to goods and services sold or used in the financial year or on an accrual accounting basis when their future usefulness cannot be precisely identified.

Personnel expenses include both the fixed and variable remuneration of Directors taking account of the effective period of service.

Costs that are not eligible to be recognised in assets are recognised in the income statement in the period in which they are incurred.

Other income

This item has a residual nature and includes revenues from grants and subsidies.

Financial income and expenses

Financial income and expenses are recognised in the accounts based on timing that considers the effective return/expense of the asset/liability concerned.

Taxes

Income taxes are recognised according to estimated taxable income in compliance with current tax rates and regulations. Income taxes are recognised in the income statement, except those relating to items charged or credited directly in equity, the tax effect of which is recognised in equity.

Deferred taxes are measured according to the taxable temporary differences existing between the carrying amounts of assets and liabilities and their tax base and are classified among non-current assets and liabilities.

Deferred tax assets are recognised to the extent that there is likely to be sufficient future taxable income against which the positive balance can be utilised. The carrying amount of deferred tax assets is subject to review at the end of each reporting period.

Deferred tax assets and liabilities are measured according to the tax rates expected to be applied in the period when the deferrals materialise, considering the tax rates in force or those that are scheduled to come into force subsequently.

Current and deferred tax assets and liabilities are offset when there is a legal right to offsetting.

Note 40 provides further information on the tax consolidation.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the end of the reporting period. Foreign exchange differences generated by the extinction of monetary items or their translation at different exchange rates from those at which they were translated at the time of initial recognition in the period or in previous periods are recognised in the income statement. Exchange rate differences are recognised in financial income and expenses.

Dividends

Dividend income is recognised when the shareholders' right to receive payment has been established. This is normally the date of the Annual Shareholders' Meeting that approves the dividend distribution.

1.5 Use of estimates

Preparation of the financial statements and related notes using IFRS requires estimates and assumptions to be made that affect the amounts of assets and liabilities in the Statement of Financial Position and disclosures concerning contingent assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates are used 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* at least annually, or more often if impairment indicators emerge. The impairment test calls for a discretionary estimate of the values in use of the cash-generating unit to which the goodwill is attributed, in turn based on the estimate of future cash flows of the CGU and their discounting at a specified discount rate.

- *Intangible assets with a finite useful life* are tested for *impairment* when there are internal or external indications that an asset is impaired; this test 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 Company's Business Plan was taken into consideration when verifying the recoverability of deferred tax assets.
- *Provisions for risks and charges* are subject to discretionary estimates using the best available information at the date of these Financial Statements and based on historic and future data regarding the likely outcome of legal disputes or events, for which assessment of the risk profiles and likely financial impact is uncertain and complex and could result in an adjustment to the estimates.

Reference should be made to the specific paragraph in the notes to the Financial Statements for the use of estimates on financial risks. Measurement of the provision for risks refers to the best information available at the end of the reporting period.

The plans used to carry out the impairment tests are based on certain expectations and assumptions of future performance that by their very nature are subject to uncertainties. Therefore, results could differ from estimates.

The Directors will continually assess the plan regarding the effective realisation of the initiatives and forecasts and the effects on the Company's financial and economic performance.

Notes to the separate financial statements

STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

2) Property, plant and equipment

The breakdown and changes in the last two financial years are given below:

Property, plant and equipment

(€'000)

	Balance at 31/12/18	Changes during the financial year						Balance at 31/12/19
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
Plant and machinery								
. historic cost	16,118	54	-	-	-	-	(11)	16,161
. depreciation	15,278	-	-	236	-	-	-	15,514
Net	840	54	-	236	-	-	(11)	647
Industrial and commercial equipment								
. historic cost	12,877	20	-	-	-	-	-	12,897
. depreciation	12,273	-	-	269	-	-	-	12,542
Net	604	20	-	269	-	-	-	355
Other assets								
. historic cost	28,028	298	548	-	-	-	(4)	27,774
. depreciation	26,446	-	538	451	-	-	-	26,359
Net	1,582	298	10	451	-	-	(4)	1,415
Total property, plant and equipment								
. historic cost	57,023	372	548	-	-	-	(15)	56,832
. depreciation	53,997	-	538	956	-	-	-	54,415
Net	3,026	372	10	956	-	-	(15)	2,417

Property, plant and equipment

(€'000)

	Balance at 31/12/19	Changes during the financial year						Balance at 31/12/20
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
Plant and machinery								
. historic cost	16,161	113	-	-	-	-	-	16,274
. depreciation	15,514	-	-	155	-	-	-	15,669
Net	647	113	-	155	-	-	-	605
Industrial and commercial equipment								
. historic cost	12,897	-	-	-	-	-	-	12,897
. depreciation	12,542	-	-	221	-	-	-	12,763
Net	355	-	-	221	-	-	-	134
Other assets								
. historic cost	27,774	315	-	-	-	-	-	28,089
. depreciation	26,359	-	-	412	-	-	-	26,771
Net	1,415	315	-	412	-	-	-	1,318
Total property, plant and equipment								
. historic cost	56,832	428	-	-	-	-	-	57,260
. depreciation	54,415	-	-	788	-	-	-	55,203
Net	2,417	428	-	788	-	-	-	2,057

The breakdown and changes in the various items during the year were as follows:

Plant and machinery

This item totalled Euro 605 thousand, net of depreciation for the year of Euro 155 thousand, and was for costs relating to electrical, heating, alarm and audiovisual systems.

The total increases amounting to Euro 113 thousand referred to plant and machinery for the Rho exhibition site.

Industrial and commercial equipment

This item totalled Euro 134 thousand, net of depreciation for the year of Euro 221 thousand, and was mainly for equipment and furnishings related to the exhibition business.

Other assets

This item totalled Euro 1,318 thousand net of depreciation for the year of Euro 412 thousand, and refers to purchases of electronic equipment, furniture and furnishing accessories and vehicles, in addition to the costs incurred for improvements made to assets of Fondazione Fiera Milano, which were the responsibility of the Company under existing lease agreements.

The total increase of Euro 315 thousand refers to investments in the digital area during the year.

Depreciation of improvements to third-party assets is calculated on the residual duration of the real estate lease.

The item Property, plant and equipment did not include related-party transactions (Euro 4 thousand at 31 December 2019).

3) Right-of-use assets

The breakdown and changes in the last two financial years are given below:

Right-of-use assets

(€-000)

	Balance at 31/12/18	Changes during the financial year						Balance at 31/12/19
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
Leased property								
. historic cost	-	466,787	-	-	-	-	-	466,787
. depreciation	-	-	-	35,114	-	-	-	35,114
Net	-	466,787	-	35,114	-	-	-	431,673
Leased corporate fleet								
. historic cost	-	353	-	-	-	-	-	353
. depreciation	-	-	-	107	-	-	-	107
Net	-	353	-	107	-	-	-	246
Total Right-of-use assets								
. historic cost	-	467,140	-	-	-	-	-	467,140
. depreciation	-	-	-	35,221	-	-	-	35,221
Net	-	467,140	-	35,221	-	-	-	431,919

Right-of-use assets

(€-000)

	Balance at 31/12/19	Changes during the financial year						Balance at 31/12/20
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
Leased property								
. historic cost	466,787	1,726	-	-	-	-	-	468,513
. depreciation	35,114	-	-	34,720	-	-	-	69,834
Net	431,673	1,726	-	34,720	-	-	-	398,679
Leased corporate fleet								
. historic cost	353	-	-	-	-	-	-	353
. depreciation	107	-	-	107	-	-	-	214
Net	246	-	-	107	-	-	-	139
Total Right-of-use assets								
. historic cost	467,140	1,726	-	-	-	-	-	468,866
. depreciation	35,221	-	-	34,827	-	-	-	70,048
Net	431,919	1,726	-	34,827	-	-	-	398,818

The breakdown and changes in the various items during the year were as follows:

Right-of-use properties

The item totalled Euro 398,679 thousand, less depreciation for the year of Euro 34,720 thousand, and refers to the recognition of leases of right-of-use property deriving from the application of the new IFRS 16 in force as from 1 January 2019. The increase of Euro 1,726 thousand mainly refers to the monetary revaluation of the lease agreement for the exhibition centres.

Right-of-use vehicles

The item totalled Euro 139 thousand, less depreciation for the year of Euro 107 thousand, and refers to the recognition of leases of right-of-use vehicles deriving from the application of IFRS 16 in force as from 1 January 2019.

The item Right-of-use assets includes related-party transactions of Euro 398,639 thousand (zero at 431,577 thousand at 31 December 2019). For more details, see note 43 on these transactions.

4) Goodwill

The breakdown and changes in the last two financial years are given below:

	Balance at 31/12/18	Changes during the financial year					Balance at 31/12/19
		Incr.	Decr.	Impairment	Reclassification	Other changes	
Goodwill							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
Net	70,144	-	-	-	-	-	70,144
Total							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
Net	70,144	-	-	-	-	-	70,144

(€-000)

	Balance at 31/12/19	Changes during the financial year					Balance at 31/12/20
		Incr.	Decr.	Impairment	Reclassification	Other changes	
Goodwill							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
Net	70,144	-	-	-	-	-	70,144
Total							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
Net	70,144	-	-	-	-	-	70,144

(€-000)

The breakdown and changes in the various items during the year were as follows:

Goodwill

This item totalled Euro 70,144 thousand.

Goodwill of Euro 29,841 thousand was initially recognised in the Statement of Financial Position following the contribution by Fondazione Fiera Milano of the exhibition entity on 17 December 2001. In 2011, it increased by Euro 40,350 thousand as a result of the merger by incorporation of the 100% owned subsidiary, Rassegne SpA, into the controlling shareholder Fiera Milano SpA and by Euro 80 thousand for goodwill relating to acquisition of the Information Communication Technology business unit of the subsidiary Expopage SpA, now Fiera Milano Media SpA.

In 2012, it increased by a further Euro 21 thousand as a result of the merger by incorporation of the 100% owned subsidiary, TL. TI Expo SpA, into the controlling shareholder Fiera Milano SpA and decreased by Euro 148 thousand for goodwill relating to acquisition of the business unit F&M Fiere & Mostre Srl in 2009, following the adjustment to the final transaction consideration made due to failure to reach the targets for the 2012 editions of exhibitions.

As described in section 1 'Accounting standards and criteria used to prepare the Financial Statements', goodwill is not amortised but is subject to impairment tests at the end of each reporting period or more frequently if there are any indications of impairment, with the assistance of a qualified independent expert. Paragraph 1.5 'Use of estimates' gives details of the methods used for the impairment tests in 2020.

The recoverable amount of the cash generating units (CGUs) was verified by calculating the higher between the fair value net of costs to sell and the value in use.

For Fiera Milano SpA, the CGUs were defined at individual exhibition level, consistent with Group segment reporting.

In order to avoid using arbitrary allocation criteria for the *impairment* tests, goodwill was allocated based on appropriate groupings that are in line with *Segment Reporting* and reflect the Group's strategic vision, *organisation and governance*. More specifically, at Fiera Milano SpA, the 'Italian Exhibitions Business' group of CGUs was identified and encompasses all of the activities relating to exhibitions held in the Exhibition Sites of **fieramilano** and **fieramilanocity**, which were allocated goodwill totalling Euro 70,144 thousand. The cash flows of Fiera Milano SpA for this grouping of CGUs achieved a positive result in both the *impairment* test and the *sensitivity* analyses.

Cash flow projections beyond the time horizons of the 2021-2025 plan approved by the Board of Directors are generally made using the average gross operating profit for the last two years of financial forecasts and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement investments. The last two years (2024-2025) of the financial forecasts are considered a correct and prudent basis for calculating the normal cash flow after the plan period. To this end, the 2021-2025 plan approved by Fiera Milano SpA on 22 February 2021 envisages a return to pre-Covid-19 economic *performance* overall in the last two years, in line with external evidence on the performance of the exhibition sector in Italy and Europe.

Note that the terminal value is measured as a perpetual annuity obtained by capitalising the average net cash flows, as specified above, using a weighted average cost of capital (*WACC-Weighted Average Cost of Capital*) discount rate of 7.15% and taking into account a growth factor of 1.5% in line with the forecast medium/long-term inflation rate.

The WACC incorporates a cost of risk capital of 8.93% and a cost of debt of 2.39%, with a debt equal to 25% of invested capital (the sector target). 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 cost of capital incorporates a risk-free rate of 1.15%, a market risk premium of 6.20% and a levered beta of 1.09, in line with the average for the sector. It also incorporates a specific risk coefficient to cover execution risk relating to the forecast cash flows.

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

Finally, further sensitivity analyses were performed on the recoverable amount to take account of the continued uncertainty around the health and economic context, simulating scenarios that were worse than the plan's assumptions. In particular: (i) the impact of the resumption of exhibition activities during 2021 was quantified at a later date than in the approved 2021-2025 projections, and (ii) the impact of the terminal value calculation was quantified based on the average EBITDA of the last four years of the plan, thus including years significantly affected by the economic consequences of the Covid-19 pandemic. These analyses lead us to conclude that intangible assets do not present a significant risk of impairment.

A test was also carried out on the amounts resulting from the application of IFRS 16 (with determination of consistent cash flows) confirming the results achieved.

Moreover, the item 'Right-of-use assets' does not generate independent cash flows; therefore, the recoverable amount, determined as the higher of value in use and fair value less the costs to sell, can only be assessed within the CGUs to which it belongs.

5) Intangible assets with a finite useful life

The breakdown and changes in the last two financial years are given below:

Intangible assets with a finite useful life

(€'000)

	Balance at 31/12/18	Changes during the financial year						Balance at 31/12/19
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
Industrial patents and intellectual property rights								
. historic cost	38,314	1,146	-	-	-	-	-	39,460
. amortisation	37,356	-	-	604	-	-	-	37,960
Net	958	1,146	-	604	-	-	-	1,500
Concessions, licenses and similar rights								
. historic cost	4,137	656	-	-	-	-	-	4,793
. amortisation	3,678	-	-	203	-	-	-	3,881
Net	459	656	-	203	-	-	-	912
Trademarks								
. historic cost	24,443	2,820	-	-	-	-	-	27,263
. amortisation	19,077	-	-	658	-	-	-	19,735
Net	5,366	2,820	-	658	-	-	-	7,528
Intangible fixed assets under construction								
. historic cost	-	1,138	-	-	-	-	-	1,138
Net	-	1,138	-	-	-	-	-	1,138
Total intangible assets with a finite useful life								
. historic cost	66,894	5,760	-	-	-	-	-	72,654
. amortisation	60,111	-	-	1,465	-	-	-	61,576
Net	6,783	5,760	-	1,465	-	-	-	11,078

Intangible assets with a finite useful life

(€'000)

	Balance at 31/12/19	Changes during the financial year						Balance at 31/12/20
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
Industrial patents and intellectual property rights								
. historic cost	39,460	1,539	-	-	-	-	-	40,999
. amortisation	37,960	-	-	717	-	-	-	38,677
Net	1,500	1,539	-	717	-	-	-	2,322
Concessions, licenses and similar rights								
. historic cost	4,793	32	-	-	-	-	-	4,825
. amortisation	3,881	-	-	366	-	-	-	4,247
Net	912	32	-	366	-	-	-	578
Trademarks								
. historic cost	27,263	700	-	-	-	-	-	27,963
. amortisation	19,735	-	-	822	-	-	-	20,557
Net	7,528	700	-	822	-	-	-	7,406
Intangible fixed assets under construction								
. historic cost	1,138	2,890	-	-	-	-	-	4,028
Net	1,138	2,890	-	-	-	-	-	4,028
Total intangible assets with a finite useful life								
. historic cost	72,654	5,161	-	-	-	-	-	77,815
. amortisation	61,576	-	-	1,905	-	-	-	63,481
Net	11,078	5,161	-	1,905	-	-	-	14,334

The breakdown and changes in the various items during the year were as follows:

Industrial patents and intellectual property rights

This item was Euro 2,322 thousand, net of amortisation for the year of Euro 717 thousand. The total increase of Euro 1,539 thousand refers to costs associated with the implementation of digital projects and software purchases.

Amortisation is calculated on the estimated useful life of the asset, which is three years.

Concessions, licences and similar rights

The item was Euro 578 thousand, net of amortisation for the year of Euro 366 thousand. The overall increase of Euro 32 thousand refers to the purchase of software licences with rights of use limited in time.

Time-limited software licences are amortised over a period of three years.

Trademarks

This item totalled Euro 7,406 thousand net of amortisation for the year of Euro 822 thousand, with breakdown as follows:

• Milan Games Week	Euro 2,144 thousand;
• Host	Euro 1,298 thousand;
• Mipap Milan Prêt-à-Porter	Euro 1,220 thousand;
• Promotion Trade Exhibition	Euro 1,066 thousand;
• G! Come Giocare	Euro 548 thousand;
• Transpotec & Logitec	Euro 340 thousand;
• Cartoomics	Euro 273 thousand;
• Salone Franchising Milano	Euro 149 thousand;
• Festivity	Euro 120 thousand;
• Miart	Euro 89 thousand;
• La Campionaria	Euro 77 thousand;
• BtoBio Expo	Euro 66 thousand;
• Tuttofood	Euro 8 thousand;
• Fruit&Veg Innovation	Euro 8 thousand.

In order to further consolidate the portfolio of directly organised events, the following brands were purchased:

- G! Come Giocare in the gaming sector, purchased on 1 August 2020 for a total of Euro 550 thousand, i.e., a share of 67.50%.
- Salone Franchising Milano in the franchising sector, purchased on 1 December 2020 for Euro 150 thousand, i.e., a share of 52.50%. As a result of this transaction, Fiera Milano SpA's stake increased from 15% to 67.50%.

For the purpose of the impairment testing of trademarks to which Fiera Milano SpA assigns a finite useful life, the external and internal sources of information specified in paragraphs 12-14 of IAS 36 were examined and no signs of impairment were found.

Exhibition trademarks are amortised over a useful life of 10-20 years. Each trademark's useful life is calculated, considering for each specific intangible asset, its continuous presence on a given reference market, its competitive positioning, and its operational marginality.

Intangible fixed assets under construction

This item totalled Euro 4,028 thousand and refers to costs incurred for the development of new company IT systems. On completion, the asset will be reclassified under the corresponding item of fixed assets and it will start to be depreciated.

6) Equity investments

The breakdown and changes during the year were as follows:

Investments

	% held 31/12/20	Book value 31/12/19	Changes during the financial year					Book value 31/12/20
			Incr.	Decr.	Reclassification	Revaluations	Write-downs	
Equity investments in subsidiaries companies								
Fiera Milano Congressi SpA	100%	12,200	-	-	-	-	-	12,200
Fiera Milano Media SpA	100%	7,618	-	-	-	-	-	7,618
MADE eventi Srl	60%	1,860	-	-	-	-	-	1,860
Nolostand SpA	100%	13,390	-	-	-	-	-	13,390
Cipa Fiera Milano Publicações e Eventos Ltda	99.99%	2,202	-	-	-	-	-	2,202
Fiera Milano Exhibitions Africa Pty Ltd	100%	415	-	-	-	-	-	415
Fiera Milano India Pvt Ltd	99.99%	53	-	-	-	-	11	42
Total		37,738	-	-	-	-	11	37,727
Equity investments in joint-ventures								
Hannover Milano Global Germany GmbH	49%	10,990	-	-	-	-	-	10,990
Ipac Ima Srl	49%	2,407	-	-	-	-	-	2,407
Total		13,397	-	-	-	-	-	13,397
Other Investments								
Comitato Golden Card	33.33%	32	-	-	-	-	-	32
Total		32	-	-	-	-	-	32
Total equity investments		51,167	-	-	-	-	11	51,156

The values of investments are shown net of any impairment losses.

The value and changes in Equity investments are described below:

- On 11 July 2019, Fiera Milano SpA, as sole shareholder of the Limited Liability Company 'Fiera Milano' resolved to liquidate the company. On 1 September 2020, the final liquidation statements and the consequent distribution plan were approved, resulting in a capital gain of Euro 22 thousand against an equity interest completely written off in the previous year.

The investments in all operating companies were impairment tested at year end, with the assistance of a qualified independent expert, and all had a positive outcome.

The investment in Fiera Milano India Pvt Ltd (a company not currently active) was adjusted to its net cash/ debt position, resulting in a write-down of Euro 11 thousand.

The discounted cash flow method is used for impairment, based on the 2021-2025 financial forecasts approved by the respective Boards of Directors. Cash flow projections beyond the business plan period are generally made using the average gross operating profit for the last two years of the financial forecasts and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement investments. The last two years (2024-2025) of the financial forecasts are considered a correct and prudent basis for calculating the normal cash flow after the plan period. To this end, the 2021-2025 plan approved by Fiera Milano SpA on 22 February 2021 envisages a return to pre-Covid-19 economic performance overall in the last two years, in line with external evidence on the performance of the exhibition sector in Italy and Europe.

The terminal value is measured as a perpetual annuity obtained by capitalising the normalised cash flow, using a discount rate calculated by reference country for the various investments. Zero growth in real terms was assumed, considering only the level of medium/long-term inflation forecast in the specific monetary area of reference. Only for Fiera Milano Media SpA, the growth factor did not take into account the medium/ long-term inflation forecast and therefore appears as a negative factor in real terms.

The WACC (*Weighted Average Cost of Capital*) used in the measurements is different for each investment on the basis of: (i) the different *risk free* rate (assumed to be equal to the yield on 10-year government bond of the investment's country of reference; (ii) the different specific risk coefficient covering execution risk relating to the forecast cash flows. This risk factor reflects the figures deriving from historic deviations between forecast and final figures, as well as forward-looking assessments of business initiatives; (iii) the different cost of debt based on the expected inflation rate in the individual reference monetary areas of each investment.

A summary of the results is given below:

• Fiera Milano SpA	7.15%
• Fiera Milano Congressi SpA	7.15%
• Fiera Milano Media SpA	8.65%
• Ipack-Ima Srl	7.15%
• Nolostand SpA	7.15%
• MADE eventi Srl	7.15%
• Cipa Fiera Milano Publicações e Eventos Ltda	11.70%
• Fiera Milano Exhibitions Africa Pty Ltd	13.70%
• Hannover Milan Global Germany GmbH	7.84%

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

Finally, further sensitivity analyses were performed on the recoverable amount to take account of the uncertainty still weighing on the health and economic context, simulating scenarios that were worse than the plan assumptions. In particular: (i) the impact of the resumption of exhibition activities during 2021 was quantified at a later date than in the approved 2021-2025 projections, and (ii) the impact of the terminal value calculation was quantified based on the average EBITDA of the last four years of the plan, thus including years significantly affected by the economic consequences of the Covid-19 pandemic. These analyses allow us to conclude that equity investments do not present a significant risk of impairment.

7) Other financial assets

This item totalled Euro 5,077 thousand (zero at 31 December 2019), with breakdown as follows:

Other financial assets	31/12/20	31/12/19	Change
Mutual investment funds	5,077	-	5,077
Total	5,077	-	5,077

(€'000)

Units in mutual funds are measured at fair value calculated based on the market value as at 31 December 2020.

8) Trade and other receivables

This item totalled Euro 21,579 thousand (Euro 11,163 thousand at 31 December 2019), of which Euro 92 thousand due beyond five years, with breakdown as follows:

Trade and other receivables				(€'000)
	31/12/20	31/12/19	Change	
Other receivables from the controlling shareholder	10,808	11,071	(263)	
Receivables from the controlling shareholder for tax consolidation	10,679	-	10,679	
Other guarantee deposits	92	92	-	
Total	21,579	11,163	10,416	

The item includes:

- other receivables from the controlling shareholder of Euro 10,808 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 396 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;
- receivables from the controlling shareholder for tax consolidation for Euro 10,679 thousand (zero at 31 December 2019) refer to the remuneration of tax losses for the year carried over to the tax consolidation with Fondazione Fiera Milano and recognised against the assessment of recoverability, within the time horizon of the approved plans;
- other guarantee deposits totalling Euro 92 thousand (Euro 92 thousand at 31 December 2019).

Trade and other receivables included Euro 21,487 thousand (Euro 11,071 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

Current assets

9) Trade and other receivables

Trade and other receivables				(€'000)
	31/12/20	31/12/19	Change	
Receivables from clients	6,741	18,100	(11,359)	
Trade receivables from subsidiaries	1,669	2,144	(475)	
Trade receivables from Joint Venture	85	45	40	
Trade receivables from Associates	119	-	119	
Group VAT receivables to controlling shareholder	2,894	-	2,894	
Other receivables	1,454	1,321	133	
Other receivables from the controlling shareholder	1,003	1,493	(490)	
Prepaid expenses	1,137	987	150	
Prepaid expenses from the controlling shareholder	102	115	(13)	
Prepaid expenses from subsidiaries	-	14	(14)	
Total	15,204	24,219	(9,015)	

This item totalled Euro 15,204 thousand (Euro 24,219 thousand at 31 December 2019), with breakdown as follows:

- trade receivables of Euro 6,741 thousand (Euro 18,100 thousand at 31 December 2019) net of the provision for doubtful receivables of Euro 4,825 thousand. These represent receivables from organisers, exhibitors, and others for services relating to the Exhibition site's availability and the provision of services related to the exhibitions. The change was mainly due to lower activity volume related to the different exhibition calendar following the Covid-19 pandemic, which led to the suspension and postponement of most of the calendar events to later dates.

The figure for receivables was adjusted for the provision for doubtful receivables in order to bring the nominal value of the receivables that were deemed difficult to recover in line with the estimated recoverable amount. The provision mainly refers to the assessment of the recoverability of a specific receivable from an exhibition organiser. Use of the provision refers to receivables that were found to be unrecoverable in the financial year under review.

The change in this provision during the year was as follows:

	31/12/19	Provisions	Utilisation and other changes	(€'000) 31/12/20
Provision for doubtful receivables	2,499	2,456	130	4,825

- Trade receivables from subsidiaries of Euro 1,669 thousand (Euro 2,144 thousand at 31 December 2019). These were trade receivables and are settled at arm's length.

The services provided are part of the organisation and management of exhibitions and other events at the Exhibition site.

- Other receivables of Euro 1,454 thousand (Euro 1,321 thousand at 31 December 2019). They consisted of receivables from employees for Euro 466 thousand, receivables for tax advances on employee severance indemnities for Euro 315 thousand, advances to suppliers for Euro 243 thousand, receivables from social security institutions for Euro 303 thousand, IRES receivables for Euro 28 thousand, other tax receivables for Euro 14 thousand and other short-term receivables for Euro 85 thousand.
- Prepayments for Euro 1,137 thousand (Euro 987 thousand at 31 December 2019). These refer to insurance premiums and other accruals and costs incurred by year end but pertaining to the following year.

Trade and other receivables included Euro 5,872 thousand (Euro 3,811 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

10) Inventories

This item includes deferred costs for Euro 3,583 thousand (Euro 1,088 thousand at 31 December 2019) for events to be held after 31 December 2020.

Inventories	31/12/20	31/12/19	(€'000) Change
Tuttofood	1,255	105	1,150
Host	1,104	30	1,074
Transpotec & Logitec	351	2	349
Print4all	230	-	230
Sicurezza	184	-	184
Bit	129	172	(43)
HOMI	110	227	(117)
Miart	-	190	(190)
Cartoomics	-	121	(121)
Other	220	241	(21)
Total	3,583	1,088	2,495

The change in advances compared to the previous year can be explained by the biennial and multi-annual frequency of some exhibitions. Starting from the current year, personnel expenses directly attributable to the events are recognised in profit or loss in the period the event takes place are consequently included under inventories. The impact of this particular case amounts to Euro 1,729 thousand.

Inventories included Euro 187 thousand (Euro 210 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

11) Current financial assets

This item totalled Euro 3,218 thousand (Euro 1,605 thousand at 31 December 2019) and the breakdown was as follows:

Financial assets	31/12/20	31/12/19	Change
Current financing from subsidiaries and joint venture	3,218	1,605	1,613
Total	3,218	1,605	1,613

This item includes financing activities with several subsidiaries and joint ventures. These transactions are settled at arm's length and include:

- Euro 904 thousand for the loan to the subsidiary MADE eventi Srl. The interest rate of 1.35% was changed to 1% as of 1 October 2020;
- Euro 1,011 thousand for the loan to the subsidiary Cipa Fiera Milano Publicações e Eventos Ltda. The interest payable on this loan is 1.50%.
- Euro 1,303 thousand for the loan to the joint venture company Ipack Ima Srl. The total rate applied of 1.35% was changed to 1% as of 1 October 2020.

The entire item refers to related-party transactions (Euro 1,605 thousand at 31 December 2019). For more details, see note 43 on these transactions.

12) Cash and cash equivalents

This item totalled Euro 17,472 thousand (Euro 63,946 thousand at 31 December 2019) and referred almost entirely to short-term bank deposits.

Cash and cash equivalents	31/12/20	31/12/19	Change
Bank and postal accounts	17,464	63,919	(46,455)
Cheques	-	9	(9)
Cash and cash equivalents	8	18	(10)
Total	17,472	63,946	(46,474)

The change compared to the previous financial year was mainly due to the suspension of exhibition activities during the Covid-19 emergency and to the distribution of dividends. This effect was partially offset by loans and credit lines obtained by the Company for Euro 49,000 thousand.

The cash flows, with comparative data at 31 December 2019, are shown in the Statement of Cash Flows.

EQUITY AND LIABILITIES

13) Equity

The breakdown of equity was as follows:

Equity	31/12/20	31/12/19	Change
	(€'000)		
Share capital	42,284	41,645	639
<i>of which treasury shares</i>	<i>(161)</i>	<i>(800)</i>	639
Share premium reserve	8,557	7,625	932
<i>of which treasury shares</i>	<i>(2,272)</i>	<i>(3,204)</i>	932
Other reserves	8,489	10,060	(1,571)
Retained profits/(losses)	30,594	7,250	23,344
Profit/(loss) for the year	<i>(24,756)</i>	32,794	(57,550)
Equity	65,168	99,374	(34,206)

The amounts and changes in the items compared to 31 December 2019 were as follows:

Share capital

At 31 December 2020, this item was Euro 42,284 thousand (Euro 41,645 thousand at 31 December, 2019), net of treasury shares for Euro 161 thousand. The fully paid-up share capital was made up of 71,917,829 ordinary shares, with no restrictions on the distribution of dividends or repayment of share capital, except as legally provided for treasury shares.

A breakdown of the shares outstanding is shown in the following table:

	Number of shares at 31 December 2019	Change Free grant of ordinary shares allocated to the Directors	Number of shares at 31 December 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		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 share capital by the number of shares outstanding. At 31 December 2020, this gave an implicit nominal value of Euro 0.59 per share.

At 31 December 2020, the Company held 273,758 treasury shares. The change in treasury shares relates to the stock grants awarded under the Performance Shares Plan included in the 2018-2019 management incentives plan.

Share premium reserve

This item was Euro 8,557 thousand (Euro 7,625 thousand at 31 December 2019), net of Euro 2,272 thousand of treasury shares. The change occurred in the year was due to the settlement of stock grants, as previously commented under Share capital.

Other reserves

Other reserves totalled Euro 8,489 thousand (Euro 10,060 thousand at 31 December 2019) and consisted of the legal reserve.

The change of Euro 1,571 thousand reflected the settlement of stock grants as previously commented under Share Capital.

Retained earnings

This entry was Euro 30,594 thousand (Euro 7,250 thousand at 31 December 2019). The change of Euro 23,344 thousand was due to the increase of Euro 23,479 thousand deriving from the Shareholders' Meeting resolution of 20 April 2020, by which it was decided to carry forward the remaining profit for 2019 and the decrease of Euro 135 thousand to be attributed to the remeasuring of defined benefit plans net of tax effects.

Profit/(loss)

Group net loss for the year ending 31 December 2020 was Euro 24,756 thousand, compared to a profit of Euro 32,794 thousand at 31 December 2019.

The table below gives a breakdown of equity and shows the possible uses and amounts available for distribution for each component, as well as any use made in previous financial years.

Equity available and equity available for distribution

(€'000)

	Balance	Possible uses	Amount available	Summary of uses in the three previous financial years	
				to cover losses	for other reasons
Share capital	42,284				
<i>of which treasury shares</i>	(161)				
Capital reserves:					
Share-premium reserve	8,557	A,B,C	8,557	864	
Other reserves	8,489	B	-	-	
Reserves for earnings:					
Retained earnings	30,594	A,B,C	30,594	-	
Profit (loss) for the year	(24,756)	-	-		
Total	65,168		39,151	864	
Amount unavailable for distribution			-		
(share-premium reserve)			39,151		

Key

- A: for capital increase
- B: to cover losses
- C: for distribution to shareholders

LIABILITIES

Non-current liabilities

14) Financial liabilities related to the right-of-use of assets

This item totalled Euro 376,688 thousand (Euro 405,611 thousand at 31 December 2019) and the breakdown was as follows:

Financial liabilities related to the right-of-use of assets

	31/12/20	31/12/19	Change
Financial liabilities related to the right-of-use of assets	376,688	405,611	(28,923)
Total	376,688	405,611	(28,923)

(€'000)

It refers to the medium/long-term portion of the lease liability. The liability refers to the obligation to make the payments provided for by the lease contracts for properties and cars deriving from the application of IFRS 16 in force as from 1 January 2019. Changes in cash flows are shown in note 26 'Financial assets and financial liabilities'.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 376,627 thousand (zero at Euro 405,429 thousand at 31 December 2019). For more details, see note 43 on these transactions.

15) Provisions for risks and charges

Provisions for risks and charges

	31/12/19	Provisions	Utilisation	Write-back of provisions	Reclassifications	31/12/20
Other provisions for risks and charges	1,508	11	-	1,100	(419)	-
Total	1,508	11	-	1,100	(419)	-

(€'000)

This item was zero (Euro 1,508 thousand at 31 December 2019). The decrease relates to the release of the excess portion of the provision for risks established in the previous year for a damage claim that the insurance company covered fully, and for the reclassification of a portion of the provision to the provisions for current liabilities and charges.

16) Employee benefit provisions

This item totalled Euro 5,148 thousand (Euro 4,418 thousand at 31 December 2019).

Employee benefit provisions, calculated using actuarial methods, were for employee severance indemnities that had accrued at 31 December 2006 and with breakdown as follows:

Employee benefit provisions					(€'000)
	31/12/19	Actuarial evaluation	Indemnities and advances paid	Other movements	31/12/20
Defined benefit plans	4,418	209	160	681	5,148
Total	4,418	209	160	681	5,148

Actuarial evaluation		(€'000)
Financial expenses:		
- Actuarial loss		31
Other comprehensive income:		
- Remeasurement of defined benefit plans		178
Total		209

The Company uses a duly certified professional to determine the actuarial amounts.

The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans were as follows.

Demographic assumptions

Mortality rate	Based on the ISTAT 2011 mortality tables by gender to which has applied a 20% falling mortality connected
Probability of disability	Based on the disability tables used in the INPS 2010 forecast model
Probability of termination of employment	Based on the probable employee turnover rate equal to 7.5 % per annum of the companies being valued
Retirement probability	Assumption that the basic requirements needed to receive the compulsory general insurance (Assicurazione Generale Obbligatoria) were met
Probability of early retirement	Assumption of 3% per annum and an average amount of 70% of the staff-leaving indemnities of all the companies valued.

Economic and financial assumption for calculation of severance indemnity provisions

	31/12/20	31/12/19
Technical discount rate	0.35%	0.70%
Annual inflation rate	1.00%	1.00%
Annual rate of increase in severance indemnity provisions	2.25%	2.62%

The discount rate was calculated with reference to the Eurozone Iboxx Corporate AA index for a period equal to or greater than 10 years.

The following table gives a sensitivity analysis for the liability for defined benefit plans as changes arise in the main assumptions used.

Economic and financial assumptions

(€'000)

	Range	Base figure (excluding the CEO's termination benefit)	Increase in assumptions	Decrease in assumptions
Annual technical discount rate	+/- 0.5%	5,148	4,968	5,338
Annual rate of increase in total employees salary	+/- 0.5%	5,148	5,148	5,148
Economic and financial assumptions				
Life expectancy	+/- 1 year	5,148	5,173	5,122

17) Deferred tax liabilities

This item totalled Euro 7,195 thousand (Euro 6,465 thousand at 31 December 2019) and is the net balance of deferred tax assets and deferred tax liabilities.

An analysis of the changes in deferred taxes is given in Note 41 to the Income Statement.

Current liabilities**18) Bank borrowings**

This item totalled Euro 49,018 thousand (zero at 31 December 2019), broken down as follows:

Bank borrowings

(€'000)

	31/12/20	31/12/19	Change
Credit lines	24,005	-	24,005
Bank loans	25,013	-	25,013
Total	49,018	-	49,018

Current bank borrowings:

- Euro 24,005 thousand (zero at 31 December 2019) in utilisation of short-term credit lines taken out to meet treasury needs.

These utilisations refer for Euro 20,000 thousand to an 18-month revolving credit facility granted by Banco BPM expiring on 15 December 2021, (fully utilised as at 31 December 2020) subject to the measurement on a half-yearly basis of financial *covenants* as from 30 June 2020, as well as to a credit line of Euro 4,000 thousand granted by Credito Valtellinese expiring on 25 January 2021, (fully utilised as at 31 December 2020). Both credit lines are remunerated at a zero-*floor* Euribor and a spread of 0.50%.

The covenants agreed under the loan were met at 30 June and 31 December 2020.

The credit lines subject to conditions include a line of credit with Banca Nazionale del Lavoro SpA that can be used in part for advances on domestic flows and in part for advances on invoices with assignment of credit. Under the agreement for the credit line, each year Fiera Milano SpA channels through the bank commercial cash inflows in the form of payments, bank transfers, POS payments and notice payment forms (MAV) for an amount equal to the nominal amount of the credit line. At 31 December 2020, this credit line had not been used.

- Euro 25,013 thousand (zero at 31 December, 2019) the short-term loan of Euro 25,000 thousand granted on 30 April 2020 by the Unione di Banche Italiane SpA, repayable in four quarterly instalments in arrears from 31 July 2020 until 30 April 2021 with a fixed rate of 0.70% (APR of 0.90%), of which the first three instalments made up of the interest only and the fourth instalment of the remaining financed amount.

19) Trade payables

This item totalled Euro 14,368 thousand (Euro 25,310 thousand at 31 December 2019). Trade payables were mainly to Italian suppliers, most of which were for the purchase of services required to mount the exhibitions that are the Company's core business. The change is mainly due to lower activity volume related to the different exhibition calendar following the Covid-19 pandemic, which led to the suspension and postponement of some calendar events to later dates.

20) Advances

This item totalled Euro 21,870 thousand (Euro 38,672 thousand at 31 December 2019) and represent advances invoiced to customers for events to be held in the next year. Recognition as revenue is deferred until the exhibition is held.

The table below gives a breakdown by exhibition.

Advances	(€'000)		
	31/12/20	31/12/19	Change
Mostra Convegno Expocomfort	4,384	8,681	(4,297)
Host	4,381	3,381	1,000
Salone del mobile/complemento d'arredo	2,248	2,354	(106)
Tuttofood	1,780	598	1,182
Mido	1,414	2,608	(1,194)
Plast	1,224	43	1,181
lpack-lma	650	194	456
Myplant & Garden	580	317	263
Sicurezza	550	-	550
Emo	500	-	500
CPhI	462	462	-
Eurocucina	442	487	(45)
Transpotec & Logitec	414	-	414
Miart	347	159	188
Eicma Moto	330	-	330
Spositalia	304	212	92
Euroluce	286	-	286
Homi	252	8,213	(7,961)
Salone Internazionale del Bagno	225	277	(52)
Print4all	193	1	192
Lamiera	165	-	165
Meat-tech	121	27	94
The Micam (Spring)	-	3,109	(3,109)
Lineapelle I semestre	-	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)
Bimu	-	409	(409)
Bit	-	318	(318)
Xylexpo	-	262	(262)
Venditalia	-	261	(261)
Cartoomics	-	153	(153)
Mipel (Spring)	-	143	(143)
Other	618	298	320
Total	21,870	38,672	(16,802)

The change over the previous year is mainly due to the biennial or multiannual frequency of some events and the effect of the Covid-19 pandemic, which led to changes in the calendar for the exhibition business.

Advances included Euro 847 thousand (Euro 222 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

21) Financial liabilities related to the right-of-use of assets

This item totalled Euro 37,141 thousand (Euro 29,627 thousand at 31 December 2019) and the breakdown was as follows:

Financial liabilities related to the right-of-use of assets

	31/12/20	31/12/19	Change
Financial liabilities related to the right-of-use of assets	37,141	29,627	7,514
Total	37,141	29,627	7,514

(€'000)

It refers to the short-term portion of the *lease liability*. The liability refers to the obligation to make the payments provided for by the lease contracts for properties and cars deriving from the application of IFRS 16 in force as from 1 January 2019. The increase mainly relates to the temporary change in the terms of payment for exhibition centre leases negotiated with the controlling shareholder Fondazione Fiera Milano, which provides for lease payments to be made quarterly in arrears instead of quarterly in advance from the second quarter of 2020.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 37,021 thousand (29,464 31 December 2019). For more details, see note 43 on these transactions.

22) Other financial liabilities

This item totalled Euro 7,389 thousand (Euro 15,401 thousand at 31 December 2019) and the breakdown was as follows:

Other financial liabilities

	31/12/20	31/12/19	Change
Financial payables to the controlling shareholder	1,313	449	864
Financial payables to the subsidiaries	6,076	14,952	(8,876)
Total	7,389	15,401	(8,012)

(€'000)

The item 'Financial payables to the controlling shareholder' refers to the balance in the correspondent current account held with Fondazione Fiera Milano. The fixed rate was equal to the 1-month Euribor plus a spread of 0.75%.

The item 'Financial payables to the subsidiaries' refers to the balance in the correspondent current account held with the following subsidiaries:

- Fiera Milano Congressi SpA for Euro 1,852 thousand;
- Fiera Milano Media SpA for Euro 2,116 thousand;
- Nolostand SpA for Euro 2,108 thousand.

These current accounts originate from the cash pooling contracts signed on 22 November 2018, effective from 10 December 2018, and show daily balances subject to offsetting among the companies. The 3-month Euribor rate is applied (with zero floor) plus a market value spread. A 0.75% spread was applied for 2020.

The entire item refers to related-party transactions (Euro 15,401 thousand at 31 December 2019). For more details, see note 43 on these transactions.

23) Provisions for risks and charges

Provisions for risks and charges

	31/12/19	Provisions	Utilisation	Write-back of provisions	Reclassifications	(€'000) 31/12/20
Losses on exhibitions	500	-	254	246	-	-
Other provisions for risks and charges	977	74	164	761	419	545
Total	1,477	74	418	1,007	419	545

This item totalled Euro 545 thousand (Euro 1,477 thousand at 31 December 2019). It referred to provisions for other risks of outlay on legal disputes with suppliers, in particular contractual terminations, calculated based on their presumed outcome, through internal assessments and with support from external legal advisors. The change mainly relates to the release of surplus amounts related to risk provisions recorded in the previous year in connection with the company reorganisation.

24) Current tax liabilities

This item totalled Euro 3,063 thousand (Euro 2,262 thousand at 31 December 2019).

Tax liabilities

	31/12/20	31/12/19	(€'000) Change
Income tax payable in the financial year	51	1,172	(1,121)
Income tax payable for employees (IRPEF)	2,865	955	1,910
Income tax payable for temporary employees and project workers (IRPEF)	114	118	(4)
Other tax liabilities	33	17	16
Total	3,063	2,262	801

The change is mainly due to the increase in payables for withholding taxes on employees' income and similar, due to the suspension of payments following the government's measures adopted for the Covid-19 health emergency. This effect was partially offset by lower current tax liabilities (IRAP).

25) Other current liabilities

This item totalled Euro 15,049 thousand (Euro 38,624 thousand at 31 December 2019).

Other liabilities

	31/12/20	31/12/19	Change
Trade payables to subsidiaries	5,388	12,126	(6,738)
Trade payables to Joint Venture	14	428	(414)
Payables to controlling shareholder for tax consolidation	-	5,732	(5,732)
Payables to subsidiaries for tax consolidation	-	134	(134)
Payables to the controlling shareholder for Group VAT	-	351	(351)
Payables to pension and social security entities	3,328	1,753	1,575
Payables to directors and statutory auditors	44	34	10
Payables to employees	1,493	6,641	(5,148)
Payables to exhibition organisers and others	3,696	10,750	(7,054)
Payables to exhibition organisers in joint venture	37	18	19
Other payables	23	199	(176)
Other payables to the controlling shareholder	92	129	(37)
Other payables to subsidiaries	687	-	687
Deferred income	85	205	(120)
Deferred income to the controlling shareholder	61	-	61
Deferred income to subsidiaries	35	30	5
Deferred income in joint venture	2	30	(28)
Deferred income to associates	64	64	-
Total	15,049	38,624	(23,575)

The change is mainly due to the lower volume of business caused by changes to the exhibition calendar following the Covid-19 outbreak as well as the decrease in payables to personnel, mainly due to the absence of costs related to the variable part of salaries.

Other liabilities included Euro 6,380 thousand (Euro 19,042 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

26) Financial assets and financial liabilities

At 31 December 2020, the Company had net financial debt including IFRS 16 lease liability of Euro 444,469 thousand (net debt of Euro 385,088 thousand at 31 December 2019), as detailed in the table below. Where applicable, each item indicates the portion referring to related parties.

Net Financial Position

	31/12/20	31/12/19	Change
			(€'000)
A. Cash (including bank balances)	17,472	63,946	(46,474)
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A+B+C)	17,472	63,946	(46,474)
E. Current financial assets	3,218	1,605	1,613
- E.1 of which current financial receivables from the subsidiaries and joint ventures	3,218	1,605	1,613
F. Current bank borrowings	49,018	-	49,018
G. Current portion of non-current debt	-	-	-
H. Other current financial liabilities	7,389	15,401	(8,012)
- H.1 of which current financial payables to the controlling shareholder	1,313	449	864
- H.2 of which current financial payables to the subsidiaries	6,076	14,952	(8,876)
I. Current financial debt (F+G+H)	56,407	15,401	41,006
J. Net current financial debt (cash) (I-E-D)	35,717	(50,150)	85,867
K. Non-current financial assets	5,077	-	5,077
L. Non-current bank borrowings	-	-	-
M. Debt securities in issue	-	-	-
N. Other non-current liabilities	-	-	-
O. Non-current net financial debt (-K+L+M+N)	(5,077)	-	(5,077)
Net financial debt (cash) from continuing operations (J+O)	30,640	(50,150)	80,790
Net financial debt (cash) from discontinued operations	-	-	-
P. Net financial debt/(cash) before IFRS 16 effects	30,640	(50,150)	80,790
Q. Current financial liabilities related to the right of use of assets	37,141	29,627	7,514
- Q.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	37,021	29,464	7,557
R. Non-current financial liabilities related to the right of use of assets	376,688	405,611	(28,923)
- R.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	376,627	405,429	(28,802)
IFRS 16 financial effects	413,829	435,238	(21,409)
S. Total net financial debt/(cash)	444,469	385,088	59,381

Non Net financial position not including IFRS 16 lease liabilities posted net debt of Euro 30,640 thousand, compared to net cash of Euro 50,150 thousand at 31 December 2019, increasing by Euro 80,790 thousand.

The decrease is mainly due to the suspension of exhibition activities after Covid-19 emerged at the end of February 2020.

Additional information on the financial instruments of the Company is given below to enable a better assessment of:

- a) the importance of the financial instruments to the Statement of Financial Position and Income Statement;
- b) the extent and type of risks deriving from the financial instruments to which the Company was exposed during the current and previous financial years and the relevant risk management procedures.

Classes of financial instruments

The items in the Statement of Financial Position and the types of risk related to financial instruments at 31 December 2020 and 31 December 2019 are shown in the following table:

Risk class

(€.000)	Notes	Balance at 31/12/20	Balance at 31/12/19	Liquidity risk	Interest rate risk	Credit risk
NON-CURRENT ASSETS						
1)	Other financial assets	5,077	-	X		X
2)	Trade and other receivables	21,579	11,163			X
CURRENT ASSETS						
3)	Trade and other receivables	15,204	24,219			X
4)	Financial assets	3,218	1,605	X		X
5)	Cash and cash equivalents	17,472	63,946			
NON-CURRENT LIABILITIES						
6)	Financial liabilities related to the right-of-use of assets	376,688	405,611	X	X	
CURRENT LIABILITIES						
7)	Bank borrowings	49,018	-	X	X	
8)	Trade payables	14,368	25,310	X		
9)	Financial liabilities related to the right-of-use of assets	37,141	29,627	X	X	
10)	Other financial liabilities	7,389	15,401	X	X	
11)	Other liabilities	15,049	38,624	X		

Significance of financial instruments

Financial instruments and their relative significance, as regards the Statement of Financial Position and Income Statement at 31 December 2019 and 31 December 2020, are shown in the following tables:

Financial assets and liabilities shown in the accounts

(€'000)	Notes	FY 31/12/19	Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement
NON-CURRENT ASSETS								
1)	Other financial assets	7	-	-	-	-	-	-
2)	Trade and other receivables	8	11,163	-	-	11,163	11,163	93
CURRENT ASSETS								
3)	Trade and other receivables	9	24,219	-	-	24,219	24,219	(250)
4)	Financial assets	11	1,605	-	-	1,605	1,605	28
5)	Cash and cash equivalents	12	63,946	-	-	-	63,946	129
NON-CURRENT LIABILITIES								
6)	Financial liabilities related to the right-of-use of assets	14	405,611	-	405,611	-	405,611	(12,501)
CURRENT LIABILITIES								
7)	Bank borrowings	18	-	-	-	-	-	(30)
8)	Trade payables	19	25,310	-	25,310	-	25,310	-
9)	Financial liabilities related to the right-of-use of assets	21	29,627	-	29,627	-	29,627	-
10)	Other financial liabilities	22	15,401	-	15,401	-	15,401	(78)
11)	Other liabilities	25	38,624	-	32,758	-	38,624	-

Financial assets and liabilities shown in the accounts			Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement
(€'000)	Notes	FY 31/12/20						
NON-CURRENT ASSETS								
1)	Other financial assets	7	5,077	5,077	-	-	5,077	77
2)	Trade and other receivables	8	21,579	-	-	10,900	21,579	6
CURRENT ASSETS								
3)	Trade and other receivables	9	15,204	-	-	15,204	15,204	(2,044)
4)	Financial assets	11	3,218	-	-	3,218	3,218	34
5)	Cash and cash equivalents	12	17,472	-	-	-	17,472	27
NON-CURRENT LIABILITIES								
6)	Financial liabilities related to the right-of-use of assets	14	376,688	-	376,688	-	376,688	(11,701)
CURRENT LIABILITIES								
7)	Bank borrowings	18	49,018	-	49,018	-	49,018	(137)
8)	Trade payables	19	14,368	-	14,368	-	14,368	-
9)	Financial liabilities related to the right-of-use of assets	21	37,141	-	37,141	-	37,141	-
10)	Other financial liabilities	22	7,389	-	7,389	-	7,389	(125)
11)	Other liabilities	25	15,049	-	15,049	-	15,049	-

As shown in the above tables, the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value; financial instruments include guarantee deposits under lease agreements and borrowings and non-current instruments. The financial instruments are classifiable under Level 3 of the fair value hierarchy of IFRS 13.

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

	31/12/19	Changes in financial flows		exchange rate effect	31/12/20
		Increase	Decrease		
Financial liabilities related to the right-of-use of assets	405,611			(28,923)	376,688
Total change in non-current financial payables	405,611	-	-	(28,923)	376,688
Credit lines	-	24,005	-	-	24,005
Bank loans	-	25,013	-	-	25,013
Financial liabilities related to the right-of-use of assets	29,627		23,691	31,205	37,141
Current financial debt with the controlling shareholder	449	53,931	53,067	-	1,313
Current financial debt with the subsidiaries	14,952	6,926	15,802	-	6,076
Total change in current financial payables	45,028	109,875	92,560	31,205	93,548
Total liabilities from financing activities	450,639	109,875	92,560	2,282	470,236

27) Financial and market risk management

The main financial instruments of the Fiera Milano SpA are bank borrowings, short-term demand deposits and current financial payables from the controlling shareholder Fondazione Fiera Milano.

The Company has a favourable cash management cycle from the business of renting exhibition space to organisers and offering administrative and cash management services, receiving on behalf of the organisers everything that the exhibitors pay the organiser. After collection and based on the contractual agreements, Fiera Milano SpA transfers back to the organiser what is its due and keeps the payment for the spaces rented at the Exhibition sites and for the services provided. Suppliers of goods and services are paid under the normal payment terms used. This system allows the Company to collect its payments in advance, generating negative working capital which, in turn, leads to a cash surplus.

The Company is exposed to the following main types of risk.

27.1 Credit risk

Credit risk is represented by Fiera Milano SpA's exposure to potential losses from the non-fulfilment of obligations undertaken by counterparties. Credit risk is adequately monitored, also in relation to the cash management cycle that characterises the Company business. Fiera Milano SpA hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is very high. The current system means that all amounts collected from exhibitors flow into Fiera Milano SpA accounts, which then pays the amounts due to its customers/organisers.

Three different categories of credit risk have been identified: organisers, exhibitors and other receivables.

The first risk category is represented by the exhibition **organisers**; the receivables included in this category are considered to represent the lowest risk as the Company manages the cash flows of all the exhibitions at its two Sites. Provisions for doubtful receivables 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.

Specific guarantees can be used as a further means of mitigating credit risk.

As a result of the Covid-19 emergency, no further specific risks have arisen regarding the recoverability of receivables.

The categories of credit risk at 31 December 2019 and at 31 December 2020 and the breakdown of past due amounts are shown in the following tables:

Class	FY 31/12/19 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	4,531	1,857	4,197	2,746	-	-	1,451	1,523
Exhibitors	9,217	7,777	2,198	874	245	339	740	758
Other	7,770	6,443	1,545	1,064	7	31	443	218
Total	21,518	16,077	7,940	4,684	252	370	2,634	2,499

Class	FY 31/12/20 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	2,801	4,260	2,047	594	-	-	1,453	3,506
Exhibitors	1,329	741	1,355	194	29	6	1,126	767
Other	5,224	3,644	2,132	1,510	303	40	279	552
Total	9,354	8,645	5,534	2,298	332	46	2,858	4,825

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

Changes in the provision for doubtful receivables at 31 December 2019 and 31 December 2020 by risk category are shown in the following tables:

Class	FY 31/12/18			FY 31/12/19
	Provision	Provisions	Utilisation	Provision
Organisers	1,572	-	49	1,523
Exhibitors	1,007	203	452	758
Other	1,003	68	853	218
Total	3,582	271	1,354	2,499

Class	FY 31/12/19			FY 31/12/20
	Provision	Provisions	Utilisation	Provision
Organisers	1,523	2,000	17	3,506
Exhibitors	758	81	72	767
Other	218	375	41	552
Total	2,499	2,456	130	4,825

27.2 Liquidity risk

Although the Company has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in business volumes caused both by the seasonal and cyclic nature of the exhibition business and the protracted restrictions on exhibition activities dictated by the Covid-19 pandemic, have had an impact on the economic results and cash flow.

In this respect, note the performance of the net debt/cash which at 31 December 2020 recorded net debt, not including the *IFRS 16* lease liability, of Euro 30,640 thousand, a clear deterioration on 31 December 2019, consistent with the positive operating performance.

The aim of the Company's risk management, also in the presence of financial debt, is to guarantee an adequate level of liquidity, minimising the related costs and maintaining a balance between the duration and composition of debt.

In relation to this, to satisfy the financial needs of the reference context noted above, the Company obtained a loan for Euro 25 million from the Unione di Banche Italiane SpA in April 2020, with a duration of 12 months and, in June 2020, an 18-month revolving credit facility for Euro 20 million (fully used as at 31 December 2020), the latter subject to the measurement of financial *covenants* on a half-yearly basis as from 30 June 2020. At 30 June and 31 December 2020, these *covenants* had been fulfilled.

During the year, the Company also obtained new credit lines amounting to Euro 29 million in addition to the existing ones for Euro 21 million. As a result, loans and credit lines at the end of the year were Euro 95 million, of which Euro 49 million had been utilised.

In January 2021, a new credit line with a maturity of Euro 5 million was obtained from Banca Popolare di Sondrio. In February 2021, two five-year loans were entered into, with 24 months of pre-amortisation for a total of Euro 75 million. Ninety per cent of the amount disbursed is covered by SACE's guarantee under the 'Garanzia Italia' programme pursuant to Article 1 of Italian Legislative Decree no. 23/2020, converted, with amendments, into Italian Law no. 40/2020 (the so-called 'Liquidity Decree'). In particular, a loan was entered into with a pool of leading banks (Intesa Sanpaolo, Banco BPM and Unicredit) for Euro 55 million and a loan with Cassa Depositi e Prestiti for Euro 20 million, subject to the biannual calculation of financial covenants starting from 30 June 2021.

Finally, in February 2021 Fiera Milano SpA obtained a Euro 7 million loan from SIMEST, granted within the framework of the funds available in section 394/8 of the Fund, pursuant to Article 91, paragraphs 1 and 2, of Italian Legislative Decree no. 104 of 14 August 2020, converted, with amendments, by Law no. 126 of 13 October 2020, and Article 6, paragraph 3, no. 1, of Italian Legislative Decree no. 137 of 28 October 2020. The loan matures on 31 December 2027, with the pre-amortisation period ending on 31 December 2023.

Due to the above, the Company now has adequate financial resources to cover its short- and medium-term financial requirements, even taking into account the general economic context, which is still marked by uncertainty around the progress of the Covid-19 pandemic. The 2021-2025 strategic plan, presented to the market on 22 February 2021, shows that with the resumption of exhibition activities, the Company will once again be able to generate cash flows adequate to repay the loans received, in compliance with the agreed covenants and the balance sheet and financial position. However, at present, changes in the exhibition calendar for the year 2021 cannot be excluded, with possible further economic and financial impacts on the Company.

The following tables give the breakdown of financial liabilities by maturity and an estimate of related interest expense due to maturity at 31 December 2019 and 31 December 2020.

Financial liabilities (€'000)	FY at 31/12/19	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Financial liabilities related to the right-of-use of assets	435,238	7,333	7,383	14,911	15,106	15,315	31,221	65,009	278,960
Non-current interest payable		2,988	2,936	5,719	5,506	5,295	9,939	17,191	29,282
Other current financial liabilities	15,401	15,401							
Current interest payable		29							
Trade payables	25,310	25,310							
Total	475,949	51,061	10,319	20,630	20,612	20,610	41,160	82,200	308,242

Financial liabilities (€'000)	FY at 31/12/20	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Financial liabilities related to the right-of-use of assets	413,830	14,156	7,610	15,377	15,577	15,769	32,178	67,121	246,042
Non-current interest payable		2,791	2,737	5,316	5,099	4,880	9,087	15,404	22,167
Current bank borrowings	49,018	24,005	25,013						
Current interest payable		59	43						
Other current financial liabilities	7,389	7,389							
Current interest payable		14							
Trade payables	14,368	14,368							
Total	484,605	62,782	35,403	20,693	20,676	20,649	41,265	82,525	268,209

27.3 Market risk

The Company reserves the right to use appropriate hedging instruments if market risks become significant.

a) Interest rate risk

The Company has access to credit lines at competitive rates and is therefore also able to manage interest rate fluctuations. Moreover, the Company constantly monitors market conditions so as to intervene promptly should conditions change.

Notes 18 gives the composition of bank borrowings.

The tables below give interest rate sensitivity analyses that show the effects that a +/-0.5% change in interest rates would have had on equity and on the income statement for 2019 and 2020.

(€'000)	Balance at 31/12/19	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	63,919	45,923	129	0.28%	358	(101)
Current financial receivables from subsidiaries and joint venture	1,605	1,850	28	1.49%	37	18
Current and non-current bank borrowings	-	(2,027)	(30)	1.48%	(40)	(20)
Current and non-current financial liabilities related to the right-of-use of assets	(435,238)	(458,532)	(12,501)	2.73%	(14,811)	(10,225)
Current account with the controlling shareholder	(449)	(7)	-	0.75%	-	-
Current account with the subsidiaries	(14,952)	(10,209)	(76)	0.75%	(128)	(26)

* average for the financial year

(€'000)	Balance at 31/12/20	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	17,464	37,578	27	0.07%	214	(162)
Mutual Investments Funds	5,077	5,000	77	1.55%	102	52
Current financial receivables from subsidiaries and joint venture	3,218	2,572	34	1.32%	47	21
Current and non-current bank borrowings	(49,018)	(20,631)	(137)	0.66%	(239)	(33)
Current and non-current financial liabilities related to the right-of-use of assets	(413,830)	(427,995)	(11,701)	2.73%	(13,824)	(9,544)
Current account with the controlling shareholder	(1,313)	(7,429)	(56)	0.75%	(93)	(19)
Current account with the subsidiaries	(6,076)	(9,269)	(70)	0.75%	(116)	(23)

* average for the financial year

b) Exchange rate risk

This risk is insignificant as in the year ending 31 December 2020 the Company's business was primarily in the domestic market and no loans were obtained in foreign currencies.

c) Risk of changes in raw material prices

Fiera Milano SpA has limited exposure to the risk of changes in raw material prices. The Company normally has more than one supplier for any material considered critical and in some cases has long-term contracts that ensure lower price volatility.

28) Disclosure on guarantees given, undertakings and other contingent liabilities

Guarantees given

This item totalled Euro 1,638 thousand (Euro 1,137 thousand at 31 December 2019) and the breakdown was as follows:

- Euro 924 thousand for the guarantee given to Conserva Holding Srl on behalf of the subsidiary Nolostand SpA for the obligations under the lease agreement for a warehouse;
- Euro 501 thousand for the surety issued to the Tax Authority on behalf of the company La Fabbrica del Libro SpA liquidated on 10 November 2019 to guarantee the request for VAT refund for tax year 2019;
- Euro 213 thousand for the guarantee given to the Tax Authority - Milan Internal Revenue Office on behalf of the company La Fabbrica del Libro SpA settled on 10 November 2019 to cover offsets made as part of Group VAT consolidation.

Contingent liabilities

There are several pending legal disputes, for which the legal consultant has estimated a potential liability of Euro 450 thousand.

INCOME STATEMENT

29) Revenues from sales and services

This item totalled Euro 63,038 thousand (Euro 230,011 thousand at 31 December 2019).

The breakdown of revenues was as follows:

Revenues from sales and services	2020	2019	Change
Facility fee for use of exhibition area	19,459	72,936	(53,477)
Rentals of stands, fittings, and equipment	16,236	40,788	(24,552)
Fees exhibitors area	15,463	79,347	(63,884)
Miscellaneous fees and royalties	3,685	2,225	1,460
Advertising space and services	2,834	4,909	(2,075)
Exhibition site services	1,504	7,634	(6,130)
Catering and canteen services	1,336	8,533	(7,197)
Telephone and internet services	805	859	(54)
Supplementary exhibition services	476	4,766	(4,290)
Access surveillance and customer care services	383	1,811	(1,428)
Exhibition insurance services	317	1,117	(800)
Facility fees for use of conference centre	191	1,349	(1,158)
Administrative services	154	1,149	(995)
Ticket sales	137	1,284	(1,147)
Multimedia and on-line catalogue services	53	161	(108)
Revenues from publishing products	5	1,143	(1,138)
Total	63,038	230,011	(166,973)

The change in revenues is mainly due to the different exhibition calendar, which underwent significant changes as a result of the Covid-19 pandemic that hit Italy from the end of February 2020. Consequently, the negative change is mainly related to the cancellation of important exhibitions, including the annual Salone del Mobile, Mido, Eicma Moto and the 'biennial even numbered years' Mostra Convegno Expocomfort, as well as some events taking place in reduced form, such as the directly organised HOMI Fashion & Jewels, the hosted The Micam autumn and Bimu.

The absence of the 'biennial odd numbered year' exhibitions Host, Made Expo, Tuttofood and Transpotec Logitec should also be noted.

The item Revenues from sales and services included Euro 5,053 thousand (Euro 3,676 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

The business of the Company is almost exclusively concentrated in the domestic market.

30) Cost of materials

This item totalled Euro 164 thousand (Euro 459 thousand at 31 December 2019).

The breakdown of this entry was as follows:

Cost of materials		(€'000)	
	2020	2019	Change
Printed materials, forms and stationery	84	304	(220)
Subsidiary materials and consumables	80	155	(75)
Total	164	459	(295)

The item Costs of materials includes related-party transactions of Euro 16 thousand (zero at 31 December 2019). For more details, see note 43 on these transactions.

31) Costs of services

This item totalled Euro 44,461 thousand (Euro 104,158 thousand at 31 December 2019).

The breakdown of this entry was as follows:

Cost of services	(€'000)		
	2020	2019	Change
Stands and equipment for exhibitions	14,328	36,394	(22,066)
Maintenance	5,831	6,210	(379)
Energy costs	4,993	8,626	(3,633)
Cost of marketing projects for exhibitions	3,653	12,981	(9,328)
Security and gate services	2,182	4,904	(2,722)
IT services	2,084	1,511	573
Insurance	1,729	1,017	712
Advertising	1,647	5,493	(3,846)
Cleaning and waste disposal	1,412	5,074	(3,662)
Technical, legal, commercial and administrative advice	1,316	2,838	(1,522)
Telephone and internet expenses	1,275	1,650	(375)
Technical, legal, commercial and administrative services	875	1,310	(435)
Equipment hire	547	2,663	(2,116)
Catering services	532	3,099	(2,567)
Other professional and collaborative services	509	1,307	(798)
Technical assistance and ancillary services	294	1,316	(1,022)
Ticketing	176	470	(294)
Conference and congress services	174	311	(137)
Transport	145	497	(352)
Remuneration of statutory auditors	120	120	-
Commissions and fees	56	1,140	(1,084)
Change in suspended costs for future exhibitions	(766)	1,698	(2,464)
Other	1,617	3,615	(1,998)
Use of provisions	(268)	(86)	(182)
Total	44,461	104,158	(59,697)

Costs 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 exhibition calendar following the Covid-19 pandemic, which led to the suspension and postponement of most calendar events to later dates as well as the cost containment actions started in March.

Costs of services included Euro 18,397 thousand (Euro 41,859 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

32) Cost for use of third-party assets

This item totalled Euro 416 thousand (Euro 324 thousand at 31 December 2019) and the breakdown was as follows:

Cost of use of third-party assets				(€'000)
	2020	2019	Change	
Rent and expenses for exhibition sites	229	165	64	
Vehicle hire	173	147	26	
Office equipment and photocopier hire	4	12	(8)	
Other rental expenses	10	-	10	
Total	416	324	92	

Costs for use of third-party assets included Euro 229 thousand (Euro 169 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

33) Personnel Expenses

This item totalled Euro 24,329 thousand (Euro 36,888 thousand at 31 December 2019) and the breakdown was as follows:

Personnel costs				(€'000)
	2020	2019	Change	
Salaries	17,328	24,093	(6,765)	
Social Security payments	5,414	7,309	(1,895)	
Defined contribution plans charges	1,724	1,566	158	
Directors' remuneration	684	730	(46)	
Seconded employees from subsidiaries	219	1,663	(1,444)	
Redundancy incentives	142	2,681	(2,539)	
External and temporary employees	67	264	(197)	
Seconded employees from joint ventures	10	206	(196)	
Change in suspended costs for future exhibitions	(1,729)	-	(1,729)	
Other expenses	612	1,351	(739)	
Use of provisions	(142)	(2,975)	2,833	
Total	24,329	36,888	(12,559)	

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.

Please note that, starting from the current year, personnel expenses directly attributable to the events are recognised in profit or loss in the period the event takes place.

Personnel costs included Euro 229 thousand (Euro 1,869 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

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

Breakdown of personnel by category

	2020	2019	Change
Managers	22	22	-
Middle managers and white collar workers	427	422	5
Total	449	444	5

34) Other operating expenses

This item totalled Euro 1,861 thousand (Euro 3,660 thousand at 31 December 2019) and the breakdown was as follows:

Other operating expenses

	2020	2019	Change
Other tax expenses	1,119	2,479	(1,360)
Association fees	633	614	19
Doubtful receivables covered by provisions	130	458	(328)
Copyright royalties (SIAE)	69	320	(251)
Subscriptions	-	95	(95)
Other expenses	47	152	(105)
Use of provisions	(137)	(458)	321
Total	1,861	3,660	(1,799)

The decrease mainly relates to the reduction of the variable part of the waste tax linked to lower collection volumes due to the current pandemic.

Other operating expenses included Euro 311 thousand (Euro 308 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

35) Other income

This item totalled Euro 18,598 thousand (Euro 5,885 thousand at 31 December 2019) and the breakdown was as follows:

Other income

	2020	2019	Change
Other recovered costs	1,356	1,466	(110)
Office rent and expenses	688	668	20
Recovery of expenses for seconded employees	272	719	(447)
Insurance indemnities	6	15	(9)
Contributions to income	-	40	(40)
Capital gains on non-current assets	-	10	(10)
Other income	16,276	2,967	13,309
Total	18,598	5,885	12,713

The change mainly refers to the non-recurring income of Euro 12,871 thousand related to the temporary reduction for the year 2020 of the rents for the Rho and Milan exhibition centres. The controlling shareholder Fondazione Fiera Milano granted this due to the Covid-19 emergency that led to the prolonged suspension of the exhibition sector activities during the current financial year.

Other income included Euro 17,434 thousand (Euro 4,785 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

36) Allowance for doubtful accounts and other provisions

This item totalled Euro 434 thousand (Euro 1,922 thousand at 31 December 2019), and the breakdown was as follows:

Provisions for doubtful receivables and other provisions			
	2020	2019	Change
Provisions for doubtful receivables	2,456	271	2,185
Disputes with personnel	74	895	(821)
Other disputes	11	1,124	(1,113)
Losses on future exhibitions	-	300	(300)
Reorganisation of personnel	-	500	(500)
Write-back of provisions	(2,107)	(1,168)	(939)
Total	434	1,922	(1,488)

Notes 9, 15 and 23 to the Statement of Financial Position provide further details on changes in the provision for doubtful receivables and provisions for risks for the year.

37) Depreciation and Amortisation

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

This item totalled Euro 35,615 thousand (Euro 36,177 thousand at 31 December 2019).

Details of depreciation are provided in the explanatory notes under the item Property, plant and equipment and under Right-of-use assets.

Depreciation of property, plant and equipment and right-of-use assets includes related-party transactions of Euro 34,664 thousand (Euro 35,048 thousand at 31 December 2019). For more details, see note 43 on these transactions.

Amortisation of intangible assets

This item totalled Euro 1,905 thousand (Euro 1,465 thousand at 31 December 2019).

Details of amortisation are given in the Explanatory Notes on the item Intangible assets with a finite useful life.

38) Financial income and similar

This item totalled Euro 4,193 thousand (Euro 6,324 thousand at 31 December 2019) and the breakdown was as follows:

Financial income and similar		(€'000)	
	2020	2019	Change
Dividends	3,970	5,981	(2,011)
Interest income on financing to subsidiaries and Joint Venture	34	29	5
Interest income on bank accounts	27	129	(102)
Exchange rate gains	19	2	17
Interest income from cautionary deposits for rent of the exhibition sites from the controlling shareholder	5	83	(78)
Interest income on receivables from the controlling shareholder	1	9	(8)
Other financial income	137	91	46
Total	4,193	6,324	(2,131)

The decrease is mainly due to lower dividends distributed by subsidiaries.

Financial income and similar included Euro 4,010 thousand (Euro 6,102 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

39) Financial expenses and similar

This item totalled Euro 12,009 thousand (Euro 12,699 thousand at 31 December 2019), and the breakdown was as follows:

Financial expenses and similar		(€'000)	
	2020	2019	Change
Interests on financial leasing with the controlling shareholder	11,693	12,491	(798)
Interest payable on bank accounts	149	43	106
Interest payable on current account held with the subsidiaries	70	77	(7)
Interest payable on current account held with the controlling shareholder	56	2	54
Expenses from calculation of net present value of defined benefit plans	31	69	(38)
Interests on financial leasing	8	10	(2)
Exchange rate losses	2	7	(5)
Total	12,009	12,699	(690)

Financial expenses on leases refer to the lease liability deriving from the IFRS 16 in force from 1 January 2019.

Financial expenses and similar included Euro 11,819 thousand (Euro 12,570 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

40) Valuation of financial assets

Valuation of financial assets

	2020	2019	Change
Fiera Milano India Pvt Ltd	(11)	(9)	(2)
Total	(11)	(9)	(2)

This item totalled Euro -11 thousand (Euro -9 thousand at 31 December 2019). It refers to the write-down of the investment in the company Fiera Milano India Pvt Ltd as already commented on in note 6 of the Statement of Financial Position.

41) Taxes on income

Income taxes were Euro 10,621 thousand (Euro 11,665 thousand at 31 December 2019).

The breakdown was as follows:

Income tax

	2020	2019	Change
Current income tax	(11,394)	8,313	(19,707)
Deferred income tax	773	3,352	(2,579)
Total	(10,621)	11,665	(22,286)

The lower tax burden was mainly related to the income from tax consolidation with Fondazione Fiera Milano.

The breakdown of current taxes at 31 December 2020 was as follows:

Current income tax

	2020	2019	Change
Current income tax - IRAP	(800)	2,024	(2,824)
Income from tax consolidation	(10,631)	-	(10,631)
Expenses from tax consolidation	-	6,302	(6,302)
Other	37	(13)	50
Total	(11,394)	8,313	(19,707)

Current taxes were positively affected, for Euro 800 thousand, from the IRAP exemption introduced by Article 24 of Italian Legislative Decree no. 34 of 19 May 2020, the so-called 'Decreto Rilancio' ('Relaunch Decree'). The relief provided for, among other things, the exemption of the payment of the IRAP balance for the tax period ending 31 December 2019.

Income from tax consolidation reflects the income recognised by Fondazione Fiera Milano for the contribution of the IRES tax loss accrued in the current year (amounting to Euro 44,295 thousand). This will be paid after it has been offset against the IRES taxable income in the tax consolidation and based on the assessment of its recoverability within the time horizon of the approved plans.

A breakdown of deferred tax assets and deferred tax liabilities is given in the following table:

Deferred income taxes				(€'000)
	31/12/19	Recognised in the Income Statement	Recognised in equity	31/12/20
Deferred tax assets				
Excess amortisation, depreciation and write-downs	400	(34)	-	366
Provisions for risks and charges	715	(585)	-	130
Write-down of doubtful receivables	567	543	-	1,110
Other temporary differences	1,586	(1,152)	-	434
Total	3,268	(1,228)	-	2,040
Deferred tax liabilities				
Goodwill and other amortisation	9,758	(456)	-	9,302
Other temporary differences	(25)	1	(43)	(67)
Total	9,733	(455)	(43)	9,235
Net deferred taxes	(6,465)	(773)	43	(7,195)
<i>of which: Tax assets for deferred taxes</i>	-			-
<i>Deferred tax liabilities</i>	6,465			7,195

Deferred taxes for the year totalled Euro 773 thousand and represent the balance of deferred tax assets (Euro 1,228 thousand) and deferred tax liabilities (Euro -455 thousand).

The change in deferred taxes is mainly due to the increased release of provisions for risks whose deduction was postponed until they were utilised.

Reconciliation of theoretical and effective corporation tax charge (IRES)		(€'000)
Profit/(loss) before income tax		(35,376)
Percentage applicable for corporation income tax (IRES)		24.0%
Theoretical IRES tax charge (corporation income tax)		(8,490)
Difference between theoretical and effective tax charges:		
Shares of dividends not subject to tax		(905)
ACE benefit		(203)
Tax relief		(47)
Other		(176)
Effective IRES tax charge		(9,821)

Reconciliation of theoretical and effective corporation tax charge (IRAP)		(€'000)
EBIT		(27,549)
Not-relevant expenses for IRAP purposes		22,206
Taxable base for purposes of IRAP		(5,343)
Statutory rate applicable for corporation income tax (IRAP)		3.9%
Theoretical IRAP tax charge (corporation income tax)		-
Difference between theoretical and effective tax charges:		
IRAP exemption		(800)
Effective IRAP tax charge		(800)

The item 'Income taxes' included Euro 10,650 thousand (Euro 6,288 thousand at 31 December 2019) for related-party transactions. For more details, see note 43 on these transactions.

42) Profit/(loss)

Loss for the year ended 31 December 2020 was Euro 24,756 thousand compared to the profit of Euro 32,794 thousand at 31 December 2019.

43) Related-party transactions

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.

Transactions carried out by Fiera Milano SpA with related parties are settled as a rule at arm's length.

In the Statement of Financial Position, Statement of Comprehensive Income and the Statement of Cash Flows, the amounts for related-party positions or transactions, if material, are shown separately from the reference items. Given the total amount of statement of financial position and income statement items, Fiera Milano SpA has decided that Euro 2 million is the material threshold above which separate disclosure must be made in the Statement of Financial Position and Euro 1 million is that for separate disclosure in the Income Statement.

Detailed information on related-party transactions is provided below and is divided into Related-party transactions with the controlling shareholder Fondazione Fiera Milano, 'Related-party transactions with subsidiaries,' 'Related-party transactions with joint ventures' and 'Related-party transactions with associates'.

Related-party transactions with the controlling shareholder Fondazione Fiera Milano

Recurring related-party transactions are summarised below.

I. Real estate lease agreements

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, the Company signed a lease agreement with Fondazione Fiera Milano for the Rho exhibition site. The same agreement established the terms of the lease for the Milan City site, 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 Rho and Milan exhibition sites 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 was Euro 24,400 thousand for the second half of 2014 and Euro 38,800 thousand from 2015 and for each subsequent year, annually adjusted for 100% of the change in the ISTAT consumer price index.

The parties agreed to maintain the existing rent of Euro 2,850 thousand per annum for the Milan City exhibition site, 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 and the exclusion of some of the Milan exhibition site, mainly used as parking areas. For this reduction, starting from 1 June 2019, Fiera Milano will make an annual lease payment of Euro 1,413 thousand, index-linked 100% to changes in the ISTAT index, in four quarterly instalments, to Fondazione Fiera Milano.

According to the terms described above, the amendment to the lease agreement 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 Control and Risk Committee's favourable reasoned opinion 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, please note that Fiera Milano is a smaller listed company and, as such, benefits from the exemption granted pursuant to Art. 10, paragraph 1, of Consob Regulation 17221/2010.

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

Temporary reduction of rent with Fiera Milano SpA due to Covid-19 emergency

On 31 March 2020, with effect from the second quarter of 2020, in light of the serious impact of Covid-19, Fondazione Fiera Milano granted a temporary amendment to the terms of payment of the rentals under both Lease Agreements for the year 2020 so that payment is made quarterly in arrears rather than quarterly in advance.

On 15 December 2020, the Company and Fondazione Fiera Milano signed agreements concerning certain amendments to the existing lease agreements between the same parties, respectively as lessee and lessor, for the Rho and Milan exhibition centres.

The amendments to the above leases qualify as Transactions of Greater Importance under the Related Parties Procedure and Consob Regulation 17221/2010. On the other hand, the 2020 lease contracts constitute a modification of a Transaction of Greater Importance between related parties. Pursuant to Article 9.1 of the Company's Related Parties Procedure, the transaction was, therefore, approved by the Board of Directors on 15 December 2020, after obtaining the favourable opinion issued on the same date by the Control and Risk Committee. On the same date, the Information Document drafted pursuant to Article 10.2 of the Related Parties Procedure and Consob Regulation No. 17221/2010 was filed and made available to the public at the registered office and at Fiera Milano's operational and administrative offices, on the Company's website and on the authorised storage mechanism. Concerning the above-mentioned procedure, please note that Fiera Milano is a smaller listed company and that, as such, it benefits from the exemption granted under Article 10, paragraph 1, of Consob Regulation 17221/2010. Therefore, without prejudice to public disclosure obligations, the same controls envisaged under the Procedure for Transactions of Lesser Importance are applied to Transactions of Greater Importance.

In light of the Covid-19 pandemic emergency, which, due to force majeure, led to the prolonged suspension of the exhibition sector's activities during the current financial year, the parties agreed to a temporary reduction in the rents for the Rho and Milan exhibition centres for the year 2020, deeming them too onerous. They also agreed to the extension to the whole of 2021 of the deferred payment of the quarterly instalments of the rents provided for in the Lease Contracts already agreed for 2020.

The total reduction is Euro 12,871 thousand.

The reductions made were accounted for in accordance with IFRS 16 Leases, with a direct impact on the income statement under 'Other income', as described in more detail in Chapter 1 'Accounting standards and criteria used to prepare the Financial Statements'. This income refers to non-recurring transactions and is shown separately in the relevant item.

Settlement of Group VAT

Taking advantage of the option provided by Italian Presidential Decree 633/72, from 1 January 2002 Fiera Milano SpA chose to follow the procedure, managed by the controlling shareholder, Fondazione Fiera Milano, for the settlement of Group VAT. This mechanism makes it easier to settle any tax obligations, without the Company incurring additional costs.

II. Group tax consolidation

Starting in 2016, Fiera Milano SpA and some of its Italian subsidiaries opted to adhere to the tax consolidation of Fondazione Fiera Milano acting as the consolidating entity. This option was renewed for the three years 2019, 2020 and 2021.

The Regulation adopted for the tax consolidation of Fondazione Fiera Milano provides that the tax losses of consolidated companies, generated in each of the years that the option is valid, may be utilised to offset the tax payables in the same financial year of companies participating in the tax consolidation, after the tax losses of Fiera Milano SpA and the consolidating entity have been calculated; the tax losses of consolidated companies are remunerated to the extent of the effective benefit achieved by the tax consolidation.

III. 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 based on appropriate offers/estimates. The service supply contract is governed by market conditions.

Given the national state of emergency, government authorities, including the Civil Protection Department, asked Fondazione Fiera Milano to make Halls 1 and 2 of the **fieramilanocity** complex available to provide more intensive care beds for Covid-19 patients. Therefore, Fondazione Fiera Milano negotiated with Fiera Milano SpA an addendum to the Service Contract signed on 23 March 2020. This concerned the assignment to Fiera Milano SpA of some special services and other ancillary services within the above-mentioned halls. The services are charged by Fiera Milano SpA to Fondazione Fiera Milano at cost, increased by 5% by way of reimbursement of general costs incurred. The amount for services provided at 31 December 2020 was Euro 4,217 thousand.

IV. Licence contracts for use of the Fiera Milano brand

On 17 December 2001, Fondazione Fiera Milano, as owner of the 'Fiera Milano' trademark granted Fiera Milano SpA exclusive licence for use of the brand name for its own activities, also through its use on headed paper, on its commercial material, and to differentiate its headquarters and offices. The licence has been granted for Italy and all countries and locations where the brand name has been or will be registered or lodged.

The symbolic consideration paid by Fiera Milano SpA to Fondazione Fiera Milano is Euro 1.00. As its corporate purpose includes development of the exhibition sector, Fondazione Fiera Milano decided to retain ownership of the Fiera Milano trademark and did not include it in the 'Exhibition Management Business' unit transferred to the Company in 1, but envisaging that Fiera Milano SpA would use the trademark for an extended period of time and without incurring additional costs for its use. This licence is renewed year after year until 31 December 2032.

V. Correspondent current account contract

A new contract for the correspondent current account was agreed on 24 June 2016. The contract expires on 31 December of each year and is automatically renewed unless one of the parties cancels by the 30 September 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 leases' specific terms. The balance of any invoices 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.

VII. 'Corporate Think Tank' investment plan

On 14 May 2018, as part of the competitiveness and sustainability plan for exhibition structures, Fondazione Fiera Milano signed an agreement with Fiera Milano SpA undertaking a commitment to support major investment plans. The parties developed their cooperation by establishing a 'Corporate Think Tank' for the joint analysis, comparison, and assessment of how investments are made. The parties agree that for the coordination and strict monitoring of investment activities, Fondazione Fiera Milano will pay Fiera Milano SpA an arm's length fee of 4% of the total value of the related investments.

VIII. 'Fiera Milano' brand development and enhancement

On 17 December 2019, Fondazione Fiera Milano entered into an agreement with Fiera Milano SpA to enhance 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 2020 related activities, Fondazione Fiera Milano provided reimbursement of Euro 100 thousand. This agreement was terminated by mutual consent with effect from 1 January 2021.

IX. Real estate sublease agreements

On 21 March 2019, pursuant to Article 5 of Consob Regulation 17221 of 12 March 2010 as amended on Related-Party Transactions, Fiera Milano SpA 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 Srl, whose share capital is held by A2A Rinnovabili SpA (60%), a company of the A2A Group, and by Fondazione Fiera Milano (40%). (60%), an A2A Group company, and Fondazione Fiera Milano (40%).

Transactions with subsidiaries

Fiera Milano SpA trade relations with the subsidiaries target the organisation and management of exhibitions and other events.

As part of the corporate reorganisation and to achieve more efficient management of the organisational processes and strengthen the centralisation and single management of strategic services, Fiera Milano SpA provides the following services to some of its subsidiaries:

- purchase;
- legal and corporate affairs;
- administration, financial and control services;

- *information Communication Technology*;
- certification;
- human resources.

The subsidiaries Fiera Milano Media SpA, Fiera Milano Congressi SpA and Nolostand SpA have agreements in place with Fiera Milano granting the right to use the name 'Fiera Milano' in their own trademarks. The contract with Fiera Milano Media SpA is valid until December 2021 while the contracts with Fiera Milano Congressi SpA and Nolostand SpA will expire in December 2022 and there is no automatic renewal on expiry. The agreed amount payable by each licensee company is Euro 100.

On 22 November 2018, effective from 10 December 2018, Fiera Milano SpA signed a cash pooling agreement with Fiera Milano Congressi SpA, Fiera Milano Media SpA and Nolostand SpA that shows the daily balances subject to offsetting among the companies. The 3-month Euribor rate is applied (with zero floor) plus a market value spread. A 0.75% spread was applied for 2020. Please note that this contract is automatically renewed from year to year unless terminated by either party.

Fiera Milano SpA also provides communication services to subsidiaries in order to ensure a uniform Group image.

I. Nolostand SpA

On 2 July 2018, Fiera Milano SpA signed an agreement with the subsidiary Nolostand SpA for the exclusive provision of stand-fitting services to the Parent Company's customers at exhibitions, events, and other initiatives at the **fieramilano** and **fieramilanocity** Exhibition sites. On 16 December 2019 the contract was renewed to take account of certain changes in operations. The agreed consideration is based on the costs incurred plus a margin as remuneration. Please note that the contract is renewed by tacit agreement from year to year.

II. Fiera Milano Media SpA

Fiera Milano SpA has an agreement with Fiera Milano Media SpA whereby the latter has the exclusive right to manage the advertising on billboards owned by Fiera Milano SpA and promote and market its business to certain specific clients of the Parent Company. Fiera Milano Media SpA pays Fiera Milano SpA 35% of the revenues generated by these two activities. The remaining 65% remains with the subsidiary as payment for the services provided under the contract.

III. MADE Eventi Srl

On 17 December 2019, Fiera Milano SpA entered into a loan agreement with the subsidiary MADE eventi Srl for a maximum of Euro 600 thousand. On 6 May 2020 it was increased by a further Euro 300 thousand. The loan is renewed by tacit agreement from year to year. The interest rate of 1.35% was changed to 1% from 1 October 2020. At 31 December 2020, the loan was used up to Euro 900 thousand.

IV. Cipa Fiera Milano Publicações e Eventos Ltda

On 11 December 2020, Fiera Milano SpA and the subsidiary Cipa Fiera Milano Publicações e Eventos Ltda signed a loan agreement for a maximum of Euro 1.000 thousand, maturing on 11 March 2022. The interest payable on this loan is 1.50%. At 31 December 2020, the funding has been fully utilised.

Relations with joint ventures

Fiera Milano SpA had commercial relationships with joint venture companies for the organisation and management of exhibitions and other events.

On 21 February 2016, Fiera Milano SpA signed a loan agreement with the *joint venture* Ipack Ima Srl for a maximum of Euro 3,000 thousand.. The loan is renewed by tacit agreement from year to year. The interest rate of 1.35% was changed to 1% from 1 October 2020. At 31 December 2020, up to Euro 1,300 thousand of the loan was utilised.

On 3 November 2020, the joint venture Hannover Milano Global Germany GmbH approved the 2019 Financial Statements and approved a dividend distribution of Euro 9,700 thousand. The portion pertaining to Fiera Milano SpA amounting to Euro 3,970 thousand was collected in November 2020.

Relations with associates

Fiera Milano SpA had transactions with Associate Companies that are part of normal business activities.

On 5 July 2018, Fiera Milano SpA signed an agreement with the associate Fiera Parking SpA, a wholly-owned subsidiary of Fondazione Fiera Milano, for the management of car parks serving the **fieramilanocity** exhibition centre. The 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 are summarised below.

Related party entries in the Statement of Financial Position and Income Statement in the financial year to 31 December 2020

(€'000)	Increases of Right-of-use assets	Trade receivables and other non current	Trade receivables and other current	Inventories	Current financial assets	Non-current financial liabilities related to the right-of-use of assets	Pre-payments	Current financial liabilities related to the right-of-use of assets	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Cost of materials	Costs of services	Cost of use of third-party assets	Personnel expenses	Other operating expenses	Other revenues	Depreciation of property, plant and equipment and right-of-use assets	Financial income	Financial expenses	Tax
Controlling shareholder:																					
Fondazione Fiera Milano	1,726	21,487	3,999			376,627		37,021	1,313	153	4,408		214			207	13,206	34,664	6	11,749	(10,650)
Subsidiaries:																					
Fiera Milano Congressi SpA			641						1,852	686	337		157	229	86		795				46
Fiera Milano Media SpA			306	48				2,116	802	199	16	1,899		125	98	1,070					13
MADE eventi Srl			277		904		76			9							318		7		
Nolostand SpA			445	1				2,108	4,614	5		13,200		8		1,685					11
Cipa Fiera Milano Publicações e Eventos Ltda					1,011															11	
Fiera Milano Exhibitions Africa Pty Ltd												1,782									
Joint-ventures:																					
Ipack Ima Srl			20		1,303		771			37	2				10		276			16	
Mico DMC Srl			65	138						14	2		1,143			6	80				
Hannover Milano Fairs China Ltd													2								
Hannover Milano Fairs Shanghai Ltd										1	4										
Hannover Milano Global Germany GmbH																				3,970	
Associates:																					
Fiera Parking SpA			119							64	96						4				
Total related parties	1,726	21,487	5,872	187	3,218	376,627	847	37,021	7,389	6,380	5,053	16	18,397	229	229	311	17,434	34,664	4,010	11,819	(10,650)
Total reported	-	21,579	15,204	3,583	3,218	376,688	21,870	37,141	7,389	15,049	63,038	164	44,461	416	24,329	1,861	18,598	35,615	4,193	12,009	(10,621)
Related party entries/Total reported (%)		99.57%	39%	5%	100%	99.98%	4%	99.68%	100%	42%	8%	10%	41%	55%	1%	17%	94%	97%	96%	98%	100.27%

Information on the remuneration paid to the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities at 31 December 2020 is given in the table included in the section 'Other information'.

	2020	2019
(€'000)		
Statement of related party cash flow		
Cash flow from operating activities		
Revenues and income	22,487	8,461
<i>of which non recurring transactions</i>	12,871	-
Costs and expenses	(53,848)	(44,207)
Interest receivable	4,011	6,102
Interest payable	(126)	(79)
Interest payable on leased assets (IFRS 16)	(11,693)	(12,491)
Income/expenses from tax consolidation	10,650	(6,288)
Change in inventories	22	408
Change in trade and other receivables	(11,920)	1,932
Change in pre-payments	625	192
Change in other current liabilities	(12,662)	3,133
Total	(52,454)	(42,837)
Cash flow from investing activities		
Investments in non-current assets		
Tangible and intangible	-	4
Total	-	4
Cash flow from financing activities		
Change in current financial assets	(1,613)	1,356
Change in current financial liabilities related to the right-of-use of assets	(23,528)	(29,232)
Change in current financial liabilities	(8,012)	9,431
Total	(33,153)	(18,445)
Cash flow in the year	(85,607)	(61,278)

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
FY to 31.12.20:			
Total	(46,094)	(1,619)	1,239
Related party transactions	(52,454)	-	(33,153)
FY to 31.12.19:			
Total	81,826	(3,377)	(31,490)
Related party transactions	(42,837)	4	(18,445)

44) Other information

Material non-recurring events and transactions

Material non-recurring transactions during the year, indicated pursuant to Consob Resolution No. 15519 of 27 July 2006, refer to the controlling shareholder Fondazione Fiera Milano, which granted a temporary reduction in the rents for the Rho and Milan exhibition centres for 2020. This reduction totalled Euro 12,871,000 and is reported separately under Other income.

For the effects of these transactions on the balance sheet, profit and loss account and financial position, please refer to Note 43 Related party transactions.

Transactions relating to atypical and/or unusual operations

In compliance with the Consob Communication of 28 July 2006, it is stated that no unusual and/or atypical operations were carried out by the Company in 2020 as defined in the aforementioned Communication.

Information required pursuant to Italian Law 124/2017

Pursuant to Law No. 124/2017, please note that the Company took advantage of the exemption from the payment of the IRAP balance introduced by Article 24 of Italian Legislative Decree no. 34 of 19 May 2020, the so-called 'Decreto Rilancio', for Euro 800 thousand.

Significant events after the end of the year

In February 2021, two 5-year loans were signed with a pool of banks (Euro 55 million) and a loan with Cassa Depositi e Prestiti SpA. (Euro 20 million), with 24 months' grace for a total of Euro 75 million, all backed by SACE's 'Italy guarantee' on 90% of the amount disbursed. The resources available to the Group also include an additional Euro 7 million obtained from resources in Fund 394/81 from SIMEST and expiring on 31/12/2027, which bring the total amount of new funding to Euro 82 million.

On 22 February 2021, the Board of Directors approved the 2021-2025 Strategic Plan called CONN.ECT 2025 (Connections, Exhibitions, Community, Transformation), which aims to respond effectively to the impact of the pandemic, outlining future scenarios and identifying the key factors for successfully competing in a 'New Normal' context, where technological innovation and digital transformation will play a leading role.

On 2 March 2021, Prime Minister Mario Draghi signed the new decree laying down measures to combat the pandemic and prevent the spread of Covid-19. The decree will be in force until 6 April 2021 and confirms the suspension of exhibition and congress activities.

Information under Article 149-*duodecies* of the Consob Issuers' Regulation

The fees paid for services provided by the independent auditors in 2020 are shown in the following table.

	Service provider	Fees for FY 2020
Auditing	EY SpA	194
Other services (*)	EY SpA	20
Totale		214

(€'000)

(*) Limited review of Non-financial Information

Remuneration paid to the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities

Executives with strategic responsibilities are those that have the power and responsibility, both direct and indirect, for the planning, management and control of Company activities.

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

The total remuneration for this category of Executives was Euro 1,504 thousand at 31 December 2020 (Euro 2,793 thousand at 31 December 2019) and the breakdown was as follows:

(€'000)

Remuneration	2020		
	Directors	Statutory Auditors	Other
Short-term benefits	642	121	505
Post-employment benefits	-	-	46
Other non-current benefits	-	-	-
Staff-leaving indemnities	-	-	190
Cost related "Medium-term Incentive Plan"	-	-	-
Total	642	121	741

(€'000)

Remuneration	2019		
	Directors	Statutory Auditors	Other
Short-term benefits	680	121	1,137
Post-employment benefits	-	-	76
Other non-current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Cost related "Medium-term Incentive Plan"	-	-	779
Total	680	121	1,992

At 31 December 2020, the outstanding amount payable to this category was Euro 166 thousand (Euro 625 thousand at 31 December 2019).

Rho (Milan), 15 March 2021

p. The Board of Directors

The Chairman

Carlo Bonomi

Attachment 1

List of investments in subsidiaries and joint ventures for the financial year ended 31 December 2020 (art. 2427, paragraph 1, no.5 of the Italian Civil Code)

(€'000)

Company name	Registered Office	Share capital	Equity		Net profit/(loss)		% held	Carrying value
			Total	Pro-quota	Total	Pro-quota		
Subsidiaries:								
Fiera Milano Congressi SpA	Milan	2,000	4,761	4,761	(3,013)	(3,013)	100.00%	12,200
Fiera Milano Media SpA	Milan	2,803	2,357	2,357	(64)	(64)	100.00%	7,618
MADE eventi Srl	Milan	1,100	1,308	785	(467)	(280)	60.00%	1,860
Nolostand SpA	Milan	7,500	6,726	6,726	212	212	100.00%	13,390
Cipa Fiera Milano Publicações e Eventos Ltda	São Paulo Brasil	15,373	672	672	(1,250)	(1,250)	99.99%	2,202
Fiera Milano Exhibitions Africa Pty Ltd	Cape Town	-	649	649	45	45	100.00%	415
Fiera Milano India Pvt Ltd	New Delhi	223	41	41	(7)	(7)	99.99%	42
Total								37,727
Joint venture:								
Hannover Milano Global Germany GmbH	Hannover Germany	25	14,340	7,027	1,547	758	49.00%	10,990
Ipack Ima Srl	Milan	20	2,342	1,148	(371)	(182)	49.00%	2,407
Total								13,397

For subsidiary companies the indirect percentage held in the share capital has also been shown.

Attachment 2

Summary of key figures of the last financial statements of subsidiaries and associates included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code).

Italian GAAPs:

(amounts in € '000)

	31/12/20	31/12/19
Fiera Milano Congressi SpA		
Revenues from sales and services	5,687	39,883
Profit/(loss)	(3,013)	4,326
Equity	4,761	7,774
Net financial debt/(cash)	(2,101)	(11,750)
Fiera Milano Media SpA		
Revenues from sales and services	6,394	11,114
Profit/(loss)	(64)	(39)
Equity	2,357	2,421
Net financial debt/(cash)	(2,279)	(1,552)
MADE Eventi Srl *		
Revenues from sales and services	89	34
Profit/(loss)	(467)	(459)
Equity	1,308	1,775
Net financial debt/(cash)	515	145
Nolostand SpA		
Revenues from sales and services	13,704	36,447
Profit/(loss)	212	462
Equity	6,726	6,514
Net financial debt/(cash)	(2,190)	(3,165)

* The data of the financial year 2019 refer to the period between 1 July 2019 and 31 December 2019, the closing date of the financial year.

Attachment 2

Summary of key figures of the last financial statements of subsidiaries and associates included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code).
IAS/IFRS:

Cipa Fiera Milano Publicações e Eventos Ltda

(amounts in Brazilian reais '000)	31/12/20	31/12/19
Revenues from sales and services	2,141	15,338
Profit/(loss)	(7,365)	(3,246)
Equity	4,284	11,650
Net financial debt/(cash)	1,875	(5,563)

Fiera Milano Exhibitions Africa Pty Ltd

(amounts in South African rand '000)	31/12/20	31/12/19
Revenues from sales and services	15,168	12,948
Profit/(loss)	838	834
Equity	11,692	10,854
Net financial debt/(cash)	(12,482)	(12,344)

Fiera Milano India Pvt Ltd

(amounts in rupees '000)	31/12/20	31/12/19
Revenues from sales and services	-	-
Profit/(loss)	(568)	(670)
Equity	3,645	4,213
Net financial debt/(cash)	(3,722)	(4,409)

Attachment 2

Summary of key figures of the last financial statements of joint ventures included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code).
Italian GAAPs:

(amounts in € '000)	31/12/20	31/12/19
Ipack Ima Srl		
Revenues from sales and services	-	-
Profit/(loss)	(371)	(1,269)
Equity	2,342	2,713
Net financial debt/(cash)	553	704

Summary of key figures of the last financial statements of joint ventures included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code).
IAS/IFRS

(amounts in € '000)	31/12/20	31/12/19
Hannover Milano Global Germany GmbH		
Revenues from sales and services	28,642	53,080
Profit/(loss)	1,547	10,421
Equity	14,340	23,228
Net financial debt/(cash)	(12,636)	(27,072)

Declaration relating to the Financial Statements in accordance with Article 154-bis, paragraph 5, Italian Legislative Decree no. 58 of 24 February 1998

1. The undersigned, Luca Palermo, as Chief Executive Officer, and Marco Pacini, as Financial Reporting Officer of Fiera Milano SpA, having noted the provisions of article 154-bis, paragraphs 3 and 4, Italian Legislative Decree 58 of 24 February 1998, attest to:
 - the appropriateness in relation to the characteristics of the business and
 - the effective application of administrative and accounting procedures for preparation of the financial statements at 31 December 2020.
2. It is also declared that:
 - 2.1 the Financial Statements at 31 December 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.
 - 2.2 the report on operations includes a reliable analysis of the trend and results of operations and the situation of the Issuer, together with a description of the main risks and uncertainties to which they are exposed.

Rho (Milan), 15 March 2021

Signed
Chief Executive Officer
Luca Palermo

Signed
**Financial Reporting Officer responsible for drafting
of corporate accounting documents**
Marco Pacini

Report by the Board of Statutory Auditors Pursuant to Art. 153 of Legislative Decree No. 58/1998

Dear Shareholders,

This report, prepared in accordance with Art. 153 of Legislative Decree no. 58/1998 (“TUF”) [consolidated law on finance], provides information on the activity carried out by the Board of Statutory Auditors of Fiera Milano S.p.A. (“Fiera Milano” or also the “Company”) in the year ended 31 December 2020, in accordance with the reference regulations, also taking into account the Rules of Conduct of the Board of Statutory Auditors recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili [national council of chartered accountants].

1. Activities of the Board of Statutory Auditors

During the year, the Board of Statutory Auditors carried out the relevant activities by holding 16 meetings, either in person or remotely via the Teams platform; it also attended – physically or over the Teams platform – at 18 meetings of the Board of Directors, the 12 meetings of the Control, Risk and Sustainability Committee and 9 meetings of the Appointment and Remuneration Committee.

As the effects of the pandemic event continued, the Board of Statutory Auditors performed a considerable part of its activities remotely, without detecting any impact on the effectiveness of its control activities.

From the closing date of the 2020 financial year to the date of preparation of this report, the Board met five times.

2. Supervision of compliance with the law and the bylaws

Through participation in the meetings of the Board of Directors and board committees, the Board of Statutory Auditors periodically obtained information from Directors on the activities carried out and on the most significant economic, financial and equity transactions approved and implemented during the year, carried out by the Company and Group companies, also pursuant to Art. 150 of the TUF, paragraph 1. Based on the information available, the Board of Statutory Auditors can be reasonably sure that the transactions themselves comply with the law and the bylaws and are not manifestly imprudent, risky, contrary to the resolutions of the Shareholders’ Meeting or such as to compromise the integrity of corporate assets. In addition, transactions with potential conflict of interest were resolved in accordance with the law, regulatory provisions and the bylaws.

3. Significant events during the year

In general, the company’s activities in FY 2020 were heavily impacted by the prolonged suspension of exhibition and congress activities due to the Covid-19 pandemic, with the rescheduling and cancellation of several exhibitions and the switch to remote working.

In order to counter the effects of this situation, Fiera Milano has launched major cost reduction actions, particularly relating to the management costs of the exhibition district and personnel expenses.

In this difficult context, among the significant events of the year, which the Board of Statutory Auditors deems it appropriate to mention in consideration of their relevance, the following are noted:

- On 10 March 2020, Fiera Milano SpA approved a loan of Euro 1 million to ensure financial resources for the Brazilian subsidiary CIPA Fiera Milano Publicações e Eventos Ltda;
- on 20 April 2020, the Ordinary Shareholders' Meeting appointed the Board of Directors and the Chairman;
- on 25 April 2020, following the resignation of the Chairman and Director of the company, the Board of Directors co-opted Mr Carlo Bonomi as Director of the company and Chairman;
- during the year, the company obtained a 12-month loan of Euro 25 million, which with a revolving credit facility obtained in June 2020 with a term of 18 months, for Euro 20 million, new lines of credit of Euro 29 million obtained by the company in 2020 plus pre-existing ones of Euro 21 millions bring the total amount of loans and lines of credit at the end of the year to Euro 95 million, of which Euro 49 million had been used;
- with effect from 18 June 2020, the Chief Executive Officer, Fabrizio Curci, resigned and the succession plan was rapidly put into effect, resulting in the appointment by the Board of Directors on 15 December 2020 of Luca Palermo as Chief Executive Officer and General Manager of the Company from 1 January 2021. From 18 June 2020, management powers were temporarily vested in the Chairman of the Board of Directors, assisted by a committee of internal managers.
- on 2 October 2020, an Ordinary and Extraordinary Shareholders' Meeting of the company was held, which approved, in the Ordinary part, the confirmation as Director and Chairman of Mr Carlo Bonomi, previously appointed by co-optation in accordance with article 2386 of the Italian Civil Code, as well as the appointment as Director of Mr Luca Palermo, and, in the Extraordinary part, the amendment of certain articles of the Articles of Association considered appropriate to facilitate the management of the company.
- on 15 December 2020, the company, its subsidiary Fiera Milano Congressi and Fondazione Fiera Milano signed agreements for some amendments to the lease agreements due to the inactivity caused by the Covid-19 pandemic. Under these agreements they decided to temporarily reduce in the rents of the Rho and Milan exhibition sites for the period 2020 with a €14 million effect, appropriately divided between the Group companies involved.

Among the significant events subsequent to the end of the 2020 financial year, the following should be noted:

- on 25 January 2021, the sale between the subsidiary Fiera Milano Media spa and the company Quine srl, of the "publishing" business unit relating to titles specialising in the Ho.re.ca., Tech. and ICT. sectors, effective from 1 March 2021, at a value of Euro 1.3 million;
- on 18 February 2021, two 5-year loans were signed with a pool of banks (Euro 55 million) and a loan with Cassa Depositi e Prestiti S.p.A. for Euro 20 million, with 24 months' grace, for a total of Euro 75 million, all back by Sace's "Italia" guarantee for 90% of the amount disbursed.
- on 22 February 2021, the Board of Directors approved the 2021 Strategic Plan called CONN.ECT 2021-2025 (Connections, Exhibitions, Community, Transformation), which identified technological innovation and the digital transformation of the exhibition business, together with increasing focus on sustainability issues, as the drivers for repositioning the company in a post-pandemic scenario.

4. Supervision of compliance with the correct administration principles and adequacy of the organisational structure

The Board of Statutory Auditors acquired knowledge and supervised the adequacy of the organisational structure, compliance with the correct administration principles, the adequacy of provisions laid down by the Company for its subsidiaries pursuant to Art. 114, paragraph 2 of the TUF, through the acquisition of information from the heads of the competent corporate functions and meetings with the Independent Auditors for the mutual exchange of data and relevant information.

During the year, the Company took various measures to implement or transpose provisions laid down by legislation, the Supervisory Authorities, the Code of Corporate Governance and the Group Regulations.

Pursuant to the Q.1.1 Rule of the Rules of Conduct of the board of statutory auditors of listed companies, for the third year, the Board of Statutory Auditors carried out the assessment of its composition, size and functioning, the results of which were presented at the Board of Directors meeting of 22 February 2021. With reference to the personal and collective requirements and skills, it emerged that:

- all the standing auditors, in addition to possessing the requisites of good repute and professionalism and not falling under the incompatibility situations envisaged by current legislation, also possess the independence requisites envisaged by the Code of Corporate Governance;
- the Board of Statutory Auditors guarantees the gender and generational diversity of its members;
- each standing auditor has good knowledge and experience in different areas of competence;
- overall, the Board of Statutory Auditors has adequate skills.

The size, functioning and information flows were adequate with no evidence of deficiencies or critical areas.

The Board of Statutory Auditors oversaw the verification of the independence requirements of the Board of Directors by the non-executive directors and noted the possible changes arising from the “2021 Committee Recommendations” made by the Corporate Governance Committee.

Following the resignation of the Chief Executive Officer, during the year the Board of Directors approved changes to the company’s organisational structure and the organisational structure is adequate overall in relation to the company size and the type of activity carried out.

The examination of the annual reports to the financial statements issued by the Board of Statutory Auditors of the subsidiaries and investees did not reveal any critical issues.

The Report on Operations, the information received during the Board of Directors meetings and that received by the Chief Executive Officer, from the top management, boards of statutory auditors of subsidiary and investee companies and the independent auditors did not highlight the existence of atypical and/or unusual transactions with Group companies, third parties or related parties.

Finally, the Board of Statutory Auditors verified the corporate processes that led to the definition of the Company’s remuneration policies with particular reference to the remuneration criteria for the CEO, Top Management and the Head of the Control Function.

5. Supervision of the internal control and risk management system

The Board of Statutory Auditors supervised the adequacy of the internal control and risk management systems through:

- meetings with Fiera Milano top management to examine the internal control and risk management system;
- periodic meetings with the Internal Audit function and the Compliance function to assess work planning methods, based on the identification and assessment of the main risks present in the processes and organisational units;
- meetings with the Risk Manager to analyse the strategic risks for Fiera Milano and the Group, with particular emphasis on the effects of the Covid-19 pandemic in terms of risks and uncertainties;
- meetings with senior management roles regarding the organisational and management impact of Fiera Milano's business activities;
- examination of the periodic reports of the Control Function in coordination with the Company's Internal Control, Risk and Sustainability Committee;
- meetings with the Financial Reporting Officer, the Planning and Control Manager of Fiera Milano;
- meeting with Fiera Milano Investor Relations;
- joint sessions with the Internal Control, Risk and Sustainability Committee and the Company Supervisory Board;
- discussion about the results of the independent auditor's work;
- regular participation in the work of the Company's Internal Control, Risk and Sustainability Committee and the Remuneration Committee, and when required by the topics, joint discussions of the same with the respective committees.

In carrying out its control activities, the Board of Statutory Auditors maintained a continuous dialogue with the Internal Control and Risk Management functions.

The Company's Internal Audit function operates on the basis of an annual plan which defines which activities and processes to subject to verification with a risk based approach. The plan is approved annually by the Board of Directors following the favourable opinion of the Control, Risk and Sustainability Committee was reviewed and approved at the Board meeting on 18 June 2020 due to the effects of the Covid-19 pandemic.

The activities carried out by the Function during the year covered the vast majority of the perimeter of planned activities. From this activity, no significant critical issues emerged, but there were improvement aspects to be implemented in the near future.

The Board of Statutory Auditors acknowledges that the annual report of the Control Function concludes with an overall favourable opinion on the structure of internal controls.

Based on the activities carried out, the information acquired, the content of the Report of the Control Function, the Board of Statutory Auditors believes that there are no critical elements such as to invalidate the structure of the control and risk management system.

In relation to the subsidiaries, established and regulated by the laws of states not part of the European Union, adequate information was provided to the Board by the Head of the internal control function and by the Risk Manager.

6. Supervision of the administrative accounting system and the financial reporting process

The Board of Statutory Auditors, as the Internal Control and Audit Committee, monitored the process and checked the effectiveness of the internal control and risk management systems in relation to financial reporting.

The Board of Statutory Auditors periodically met with the Executive Manager for the exchange of information on the administrative-accounting system, as well as on the reliability of the latter as a correct representation of management facts.

During 2020, activities continued to keep the mapping of the Fiera Group processes up to date.

The Fiera Milano Group used an independent external consultant to carry out the impairment test of the goodwill and intangible assets recorded in the consolidated financial statements ending 31 December 2020.

Taking into account the recommendations made by the European Securities and Markets Authority (“ESMA”) aimed at ensuring greater transparency of the methodologies adopted by listed companies as part of *impairment* test procedures for goodwill and intangible assets, as well as in line with the recommendations of the joint Bank of Italy-Consob-Isvap document No. 4 of 3 March 2010 and in light of the indications provided by Consob itself, the compliance of the *impairment* test procedure with the requirements of the IAS 36 international accounting standard was the subject of express approval by the Company’s Board of Directors, subject to the favourable opinion issued by the Internal Control and Risk and Sustainability Committee in that regard.

The Board also oversaw compliance with the disclosure requirements issued by CONSOB with notice 1/21 dated 16 February 2021 and by the ESMA with the document issued on 28 October 2020, and on the impairment process.

The Board of Statutory Auditors also examined the declarations of the Chief Executive Officer and Financial Reporting Officer in accordance with the provisions contained in Art. 154 *bis* of the TUF.

The Board of Statutory Auditors saw no evidence of deficiencies that could invalidate the judgment of adequacy and effective application of the administrative accounting procedures.

During the periodic meetings with the Board of Statutory Auditors, the managers of the Independent Auditors did not report any critical situations that could affect the internal control system inherent to the administrative and accounting procedures.

7. Supervision activities of related party transactions

Intragroup or related party transactions are noted in the Explanatory Notes, divided into relationships with the parent company Fiera Milano and those with subsidiaries.

The Board of Statutory Auditors oversaw compliance of the Related Party Procedure (“RPT Procedure”), approved by the Board of Directors on 5 November 2010, subsequently amended by the Board of Directors on 19 February 2018 and on 11 May 2018 with current legislation and on its correct application.

The changes to the lease for the Fieramilanocity urban hub, referred to in §3 of this Report, resulted in a substantial change to a Transactions of Greater Importance between related parties. The transaction was approved on 15 December 2020 – pursuant to Art. 9.1 of the Related Parties Procedure – by the Company’s Board of Directors, subject to obtaining the Control, Risk and Sustainability Committee’s favourable reasoned opinion on said date.

On 15 December 2020, the company, its subsidiary Fiera Milano Congressi and Fondazione Fiera Milano signed agreements for some amendments to the lease agreements due to the inactivity caused by the Covid-19 pandemic. Under these agreements they decided, due to costs becoming excessively onerous, to temporarily reduce in the rents of the Rho and Milan exhibition sites for the period 2020 with a €14 million effect, appropriately divided between the Group companies involved. The agreement is a Transaction of Greater Importance between related parties and, as such, was approved by the Board of Directors of the company after obtaining the favourable reasoned opinion issued on the same date by the Control, Risk and Sustainability Committee, leading to the publication of the associated Information Document prepared in accordance with Consob Regulation 17221/2010. The information document includes an annex with the opinion of the Control, Risk and Sustainability Committee and the Market Opinion “*Reduction of rent for the year 2020 – Covid-19*” issued by the independent financial advisor.

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 no. 17221/2010.

8. Methods of concrete implementation of the Corporate Governance rules

In the exercise of its functions, the Board of Statutory Auditors, as prescribed by Art. 2403 of the Italian Civil Code and by Art. 149 of the TUF, supervised the methods of actual implementation of the corporate governance rules provided for by the codes of conduct with which Fiera Milano declares to comply. The company adheres to the Borsa Italiana S.p.A. Corporate Governance Code and drafted the annual “Report on Corporate Governance and Ownership Structures” pursuant to Art. 123-bis of the TUF, in which information is provided on:

- i.* the actually applied corporate governance practices;
- ii.* the main characteristics of the risk management and internal control systems;
- iii.* the operational mechanisms of the Shareholders’ Meeting, its main powers, the rights of the Shareholders and the methods of their exercise;
- iv.* the composition and functioning of the administrative and control bodies and of the internal board committees as well as the other information required by Art. 123-bis of the TUF.

The Board of Directors approved the “Report on Corporate Governance and Ownership Structures” on 15 March 2021.

The Board of Statutory Auditors also verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

9. Supervision of the statutory audit

Pursuant to article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also identified itself as the Auditor in the Internal Control Committee and carried out the required supervisory activity over the statutory audit of the annual and consolidated accounts.

The Board of Statutory Auditors periodically met with the Independent Auditor @@Ernst & Young S.p.A. (“EY”)@@ also pursuant to Art. 150, paragraph 3, of the TUF for the purpose of exchanging mutual information. In these meetings, the Independent Auditor did not highlight any deeds or culpable facts or irregularities that required the formulation of specific reports pursuant to Art. 155, paragraph 2 of the TUF.

During the supervision of the 2020 financial statements, the Board of Statutory Auditors periodically met with the independent auditor to examine the results deriving from the audit on the regular keeping of the accounts and to examine the progress of activities on the *2020 Audit Plan of Fiera Milano and the Group*.

The draft financial statements for the year ended 31 December 2020, accompanied by the report on operations prepared by the Directors as well as the certification of the Chief Executive Officer and the Financial Reporting Officer, were brought for the approval of the Board of Directors at the meeting of 15 March 2021 and simultaneously made available to the Board of Statutory Auditors in view of the Shareholders’ Meeting convened for 28 April 2021.

On 15 March 2021, the Fiera Milano Board of Directors approved the financial statements and the consolidated financial statements.

On 29 March 2021, the Independent Auditors issued the audit reports on the Fiera Milano financial statements and the Fiera Group consolidated financial statements closed at 31 December 2020 pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation (EU) No. 537/2014.

In relation to opinions and declarations, in the Audit Report on the financial statements the Independent Auditors:

- issued an opinion that the Fiera Milano financial statements and the Fiera Group consolidated financial statements provide a true and fair view of the financial position of the Company and Group as at 31 December 2020, of the economic result and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of Art. 9 of Legislative Decree 38/2005 and Art. 43 of Legislative Decree 136/2015;
- issued a opinion of consistency which shows that the Reports on Operations accompanying the financial statements and the consolidated financial statements as at 31 December 2020 and the information of the Report on Corporate Governance and Ownership Structure indicated in Art. 123 bis, paragraph 4, of the TUF, whose responsibility lies with the directors of Fiera Milano, are consistent with the financial statement documentation and comply with the law;
- declared to have nothing to report in relation to any significant errors in the Reports on Operations, on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit;
- We have verified that non-financial information have been approved by Directors.

On 29 March 2021, the Independent Auditors also presented the additional report to the Board of Statutory Auditors required by Art. 11 of EU Regulation No. 537/2014, the content of which was covered during the periodic meetings, from which no significant deficiencies emerged in the internal control system in relation to the financial reporting process, which were worthy of being brought to the attention of those responsible for governance.

The Independent Auditors submitted the independence declaration to the Board of Statutory Auditors, as required by Art. 6 of Regulation (EU) No. 537/2014, from which no situations emerged that could compromise independence.

The Independent Auditors carried out the following additional assignments during the 2020 financial year, the fees for which are also shown in the annex to the financial statements as required by Art. 149 *duodecies* of the Issuers Regulation, the following were charged to the income statement:

Type of services	Description of services	EY Amount in € thousands
Other services	Limited review of Non-financial Information	20
Total Services		20

The engagement of the Independent Auditors in the 2020 financial year is consistent with the Company's engagement procedure

10. Remuneration policies

Finally, the Board of Statutory Auditors verified the corporate processes that led to the definition of the Company's remuneration policies with particular reference to the remuneration criteria for the CEO, Key Managers and the Head of the Internal Control Department. On 28 July 2020, pursuant to art. 6.P.5 of the Corporate Governance Code of Borsa Italiana, the company announced that it had signed a general settlement agreement for the termination of all relationships with Mr Curci, the previous CEO and General Manager.

11. Omissions or culpable facts, opinions given and initiatives undertaken

On 21 March 2021, the Board of Statutory Auditors received a complaint pursuant to Article 2408 of the Italian Civil Code from a shareholder about alleged conflicts of interest between his role as Chairman of the Company's Board of Directors and his role as Chairman of Confindustria. Following these assessments, the Board believes that, with reference to the issue raised by the complaint, there are no grounds for legal incompatibility between the positions as far as the relevant provisions of law are concerned.

During the year and up to the date of this report, the Board of Statutory Auditors has not received any reports from third parties.

During the year and up to the date of this report, the Board of Statutory Auditors issued the opinions required by current legislation.

During the activities carried out and on the basis of the information obtained, no omissions, culpable facts, irregularities or in any event significant circumstances emerged that required reporting to the Supervisory Authorities or mentioning in this Report.

12. Non-Financial Statement

In the exercise of its functions, the Board of Statutory Auditors supervised compliance with the provisions of Legislative Decree No. 254 of 30 December 2016 and the Consob Regulation implementing the Decree adopted with resolution No. 20267 of 18 January 2018, in particular in relation to the drafting process and the contents of the Disclosure of Non-financial Information (“DNF”) prepared by Fiera Milano.

The DNF was approved by the Board of Directors on 15 March 2021 as a separate document from the Report on operations in the consolidated financial statements as at 31 December 2020.

In the report issued on 29 March 2021, the independent auditor, which was assigned the task of carrying out the limited examination of the DNF pursuant to Art. 3, paragraph 10, of Legislative Decree 254/2016, highlighted that no factors emerged to suggest that the Fiera Group DNF relating to the year ended 31 December 2020 had not been drawn up, in all significant aspects, in compliance with the requirements of articles 3 and 4 of Legislative Decree 254/2016 and the “Global Reporting Initiative Sustainability Reporting Standards”.

The Board of Statutory Auditors did not become aware of breaches of the relative regulatory provisions.

13. Guidance to shareholders on the renewal of the Board of Statutory Auditors

On 19 March 2021, in compliance with the Rules of Conduct for Listed Companies issued by the CNDCEC, the Board of Statutory Auditors provided guidance to shareholders on the renewal of the Board of Statutory Auditors at the end of the three-year period.

14. Conclusions

Taking into account all the above, the Board of Statutory Auditors, having considered the content of the reports drawn up by the independent auditor, having taken note of the certifications issued jointly by the Chief Executive Officer and the Financial Reporting Officer, expresses a favourable opinion on the approval of the Fiera Milano Financial Statements as at 31 December 2020 and the motion to carry forward the net loss for the year.

In conclusion of this report, the Board of Statutory Auditors, whose term of office ends with the approval of the financial statements for the year ended 31 December 2020, would like to thank the Board of Directors, the Management, the Company and Group Personnel for their commitment and the constant and fruitful collaboration with which their work has always been supported.

Milan, 29 March 2021

The Board of Statutory Auditors

Prof. Riccardo Raul Bauer

Mr Daniele Federico Monarca

Ms Mariella Tagliabue

Independent Auditor's Report



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fiera Milano S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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We identified the following key audit matters:

Key Audit Matter	Audit Response
<p>Impacts of Covid-19 and evaluation of the going concern assumption</p> <p>As of 31 December 2020 the equity of the company, including the loss for the year equal to 33,9 million euros, amounted to 62,8 million euros and the net financial position before IFRS 16 application amounts to 23,9 million euros and 473,4 million euros post-application of IFRS 16.</p> <p>The result for the year was strongly impacted by the Covid-19 epidemic (so-called Coronavirus), which effects started in the first months of 2020 and still in progress, imposing important limitations to the operational activity of exhibition and congress sector and involving negative economic and financial impacts for the Fiera Milano Group.</p> <p>On February 22, 2021 the Board of Directors of Fiera Milano S.p.A. approved the 2021-2025 Multi-year Plan of Group (the "Plan"), which considers the negative impacts consequences of the Covid-19 emergency, and updates the previous Plan.</p> <p>The assumptions underlying the Plan projections of financial needs and the subsequent evaluations regarding the assumption of going concern are for their nature complex and imply the use of the judgment by the directors. In particular the assumptions relating to the timing of return to normal operation and the scheduling of trade fairs and congress events are featured from the still persistent uncertainty in relation to duration of the Covid-19 epidemic and restrictive measures introduced in order to contain the epidemic.</p> <p>These assumptions are subject to continuous developments resulting from the health emergency linked to the Covid-19 virus and the uncertainties typical of the sector and of any forecast projection and could affect the results that will actually be achieved as well as the related timing of manifestation.</p>	<p>The audit procedures in response to the key audit matter, among other things, included:</p> <ul style="list-style-type: none"> (i) the analysis of the reasonableness of the key assumptions of the Plan approved by the Board of Directors on February 22, 2021 and the understanding of the elements underlying the assessment of the directors regarding the going concern assumption; (ii) the analysis of the differences between the forecast data included in the 2021-2025 Plan and the corresponding data included in the previous Plan; (iii) the assessment of the ability of the Company and the Group to meet their financial commitments over the 12 months after the balance sheet date; (iv) examination of the events that occurred after the closing of the financial year, with particular reference to the new bank loans obtained by the Parent Company. <p>Finally, we verified the adequacy of the information provided in the explanatory notes to the financial statements, including the events after the end of the financial year, and the consistency of the information provided in the management report regarding this aspect.</p>



Key Audit Matter	Audit Response
<p data-bbox="261 591 794 645">Valuation of goodwill, intangible assets with definite useful life and investments</p> <p data-bbox="261 689 794 891">As of December 31, 2020 the carrying amount of goodwill, intangible assets with definite useful life and investments was euro 70,1 million, euro 14,3 million and euro 51,2 million, respectively. Goodwill and intangible assets with definite useful life were allocated to the Cash Generating Units (CGUs).</p> <p data-bbox="261 920 794 1435">Goodwill is tested for impairment at least annually at the end of the reporting period, or more often, if there is any indication of impairment. Intangible assets with definite useful life, which are being depreciated, and investments, are tested for impairment only when there is an indication of impairment. The processes and methodologies to estimate and determine the recoverable amount of the CGUs, in terms of value in use, are based on complex assumptions that, due to their nature, imply the use of judgement by Management, in particular with reference to impact of Covid-19 on the cash flow forecasts for the period covered by the 2021-2025 business plan, the normalized cash flows used to estimate terminal value, and the discount rate and long term growth rates applied.</p> <p data-bbox="261 1464 794 1727">Considering the materiality of the carrying amount of such assets and the level of judgement and complexity of the assumptions used in estimating the recoverable amount of goodwill, intangible assets with definite useful life and investments, due to the significant impact of the Covid-19 pandemic on the Group's results, we have determined that this area constitutes a key audit matter.</p> <p data-bbox="261 1756 794 1892">The Company included disclosures related to the nature and the key assumptions used for impairment test in note 1.5 "Use of estimates", 4 "Goodwill", note 5 "Intangible assets with a finite useful life" and note 6 "Investments".</p>	<p data-bbox="815 689 1326 1406">Our audit procedures in response to this key audit matter included, among others: (i) understanding of the procedure adopted by the company regarding the valuation of goodwill and intangible assets with defined useful life and investments, taking into account the impairment test procedure approved by the Board of Directors;; (ii) reviewing of the report prepared by the external experts who supported management in performing the impairment test, including the valuation of their competence, capabilities and objectivity; (iii) assessing the significant assumptions underlying future cash flow projections, including the determination of the weighted average cost of capital, the discount rate and the long-term growth rates used in estimating the terminal value, and performing sensitivity analyses; (iv) assessing the variances between actual results and the previous forecasts as assumed by the Company; (v) testing the mathematical accuracy of the impairment test calculation; (vi) verifying the consistency of the forecast of future cash flows of the CGUs with the business plan for the period 2021-2025.</p> <p data-bbox="815 1435 1326 1608">In performing our audit procedures we also involved our valuation specialists who assisted us in the assessment of assumptions and methodologies utilized by the Company, and performed independent calculations and sensitivity analyses of key assumptions.</p> <p data-bbox="815 1637 1326 1778">Lastly, we assessed the adequacy of the disclosures made in the notes to the financial statements relating to evaluation of goodwill, intangible assets with definite useful lives and investments.</p>



Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; have designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going



- concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Fiera Milano S.p.A., in the general meeting held on 29 April 2014 engaged us to perform the audits of the separate and consolidated financial statements for of the years ending 31 December 2014 to 31 December 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Ownership Structure of Fiera Milano S.p.A. as at 31 December 2020, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Fiera Milano S.p.A. as at 31 December 2020 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.



In our opinion, the Management Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Fiera Milano S.p.A. as at 31 December 2020 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, 29 March 2021

EY S.p.A.
Signed by: Federico Lodrini, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Resolutions of the Ordinary Shareholders' Meeting

The ordinary Shareholders' Meeting, held on April 28, 2021, resolved

1 Financial Statements at 31 December 2020

1.1 Approval of the Financial Statements at 31 December 2020, Report of the Board of Directors on Operations and Report of the Board of Statutory Auditors and of the Independent Auditors. Presentation of the Consolidated Financial Statements at 31 December 2020 and the 2020 Consolidated Disclosure of Non-financial Information pursuant to Legislative Decree no. 254/2016

to approve the Financial Statements for the year ended 31 December 2020, consisting of the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements, which shows a loss of Euro 24,755,603.60 as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, as well as the related Report of the Board of Directors on Operations.

1.2 Allocation of the result for the financial year

to approve the proposal formulated by the Board of Directors to cover the loss of Euro 24,755,603.60.

2 Appointment of the Board of Statutory Auditors for the financial years 2021-2023

2.1 appointment of Effective Statutory Auditors and Alternate Statutory Auditors indicated in the list submitted by the Majority Shareholder

to appoint a Board of Statutory Auditors made up of three Effective Statutory Auditors and two Alternate Statutory Auditors:

- 1) Monica Mannino, Chairman
- 2) Piero Antonio Capitini, Effective Statutory Auditor
- 3) Daniele Federico Monarca, Effective Statutory Auditor
- 4) Livia Amidani Aliberti, Alternate Statutory Auditor
- 5) Simone Bruno, Alternate Statutory Auditor

who will remain in office for three years, until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

2.2 appointment of the Chairman

to appoint Monica Mannino as Chairman of the Board of Statutory Auditors.

2.3 determination of remuneration

to set the following remuneration for the members of the new Board of Statutory Auditors:

- until and including 31st December 2021, a total gross amount, for each year of office, of Euro 50,000.00 for the Chairman and Euro 35,000.00 for each Effective Statutory Auditor;
- starting from 1st January 2022, a total gross amount, for each year of office, of Euro 55,000.00 for the Chairman and Euro 40,000.00 for each Effective Statutory Auditor.

3 Report on remuneration policy and remuneration paid pursuant to Article 123-ter of Legislative Decree no. 58/1998. 58/98

3.1 binding resolution on the first section

to approve the contents of Section One of the Report on Remuneration Policy and Remuneration Paid, prepared pursuant to Article 123-ter of Legislative Decree no. 58/1998, concerning the Company's policy on the remuneration of the members of the Board of Directors, and in particular the Directors with special duties, the members of the Committees and the Executives with Strategic Responsibilities in the Group, as well as the procedures used for the adoption and implementation of this policy.

3.2 Advisory vote on section two

in favour of the contents of Section Two of the Report on Remuneration Policy and Remuneration Paid, prepared pursuant to Article 123-ter of Legislative Decree 58/98, concerning the remuneration attributed to the members of the Board of Directors, to the Executives with Strategic Responsibilities and the members of the Board of Statutory Auditors of the Company.

4 Approval of the Incentive Plan pursuant to Article 114-bis of Legislative Decree 58/98

- 1) to approve the 2021-2022 Performance Shares Plan drafted pursuant to Article 114-bis of Legislative Decree no. 58/98, in the terms broadly described above and as better described in the Information Document relating to the Plan published pursuant to applicable regulations;
- 2) to grant the Board of Directors all powers necessary or appropriate to fully and completely implement the Performance Shares Plan 2021-2022, in particular (by way of example only) all powers to (i) identify, include or exclude the Beneficiaries, (ii) determine the number of shares to be assigned free of charge to each Beneficiary, determine the amount of bonuses and the number of shares to be assigned to each Beneficiary, (iii) define the contents of the share assignment forms and define the values envisaged as objectives of the Plan, (iv) verify compliance with the conditions for the award of bonuses and shares that can actually be assigned as identified by the Plan Regulations, (v) make the assignments to the Beneficiaries; (vi) prepare and approve the Rules of the Performance Shares Plan 2021-2022 and make any amendments that may be necessary and/or appropriate, also to adapt to extraordinary events that have occurred, (vii) draw up and/or finalise any document that may be necessary or appropriate regarding the Performance Shares Plan 2021-2022, including the disclosure to the market in line with the applicable laws and regulations, and (viii) perform any act, fulfilment, formality or communication that may be necessary or appropriate for managing and/or implementing the Performance Shares Plan 2021-2022, with the faculty to delegate its powers, duties and responsibilities regarding the execution and application of the Performance Shares Plan 2021-2022.

FIERA MILANO SPA

Registered offices: Piazzale Carlo Magno, 1 – 20149 Milan, Italy

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April 2021

This document is available for inspection on the Company's website at www.fieramilano.it/en

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FIERA MILANO