



Head office in Piazza Venezia 11 - 00187 ROMA (RM) Shareholders' equity Euro 4,544,802.00 fully paid up

Management report for the consolidated financial statements for the year ended December 31, 2019

Dear Shareholders,

The year ended on 12/31/2019 reports a loss of Euro 650,306.

This result reflects depreciation of tangible and intangible assets for Euro 5,562,220, other write-downs for Euro 317,020, net financial expenses for Euro 3,720,494 positive value adjustments of financial assets for Euro 97,567 and income taxes for Euro 2,060,692.

Operating conditions and business development

Your Group, as you well know, is an important operator at international level and leader in the conception, design, implementation, organization and management of Olympic Ceremonies, big shows, live shows and conventions, in advertising production and digital communication, as well as in the realization of initiatives aimed at enhancing the artistic and cultural heritage also through the management of museum services and the organization of exhibitions.

The integration of the excellence and talent present within the Group, combined with the creativity, internationality and production capacity of the Filmmaster brand and the excellence in the management of Civita's museum and cultural activities, have allowed the IEN Group to develop new products and open new markets. The ongoing evolution of the IEN group is increasingly focused on internationalization and has strong and ambitious project that makes the combination of "Italian culture" with the "entertainment" unique in the world.

No other Italian company, in fact, can boast such an internationally recognized know-how and professionalism: a peculiarity that allows the Group to continuously evolve and develop wide-ranging communication projects for companies, institutions and individuals, with an organizational model that facilitates the activation of creative and productive synergies between the companies of the Group to offer increasingly innovative services

ITALIAN ENTERTAINMENT NETWORK S.P.A.

and "unique" in the reference market, with a strong focus on the development of human capital. These are the key factors on which your Group focuses in its growth strategy to strengthen and empower its leadership in the Italian market and its role as a credible player in international markets, combining experience and reliability, strength and ability to experiment and create new innovative products.

Regarding the subsidiary Filmmaster Events Ltd, registered with the Registrar of Companies (England and Wales) under number 03380233, pursuant to 'section 479C of the Companies Act 2006', it has been granted an exemption to audit the financial statements for the year ended December 31, 2019, in accordance with 'section 479A of the Companies Act 2006' of the United Kingdom.

Pursuant to art. 2428, the activity is carried out in Italy in the Rome office in Piazza Venezia 11, in addition to the Milan office in Via Maroncelli 13, Via Prenestina 683 in Rome and Via Zuretti 37 in Milan.

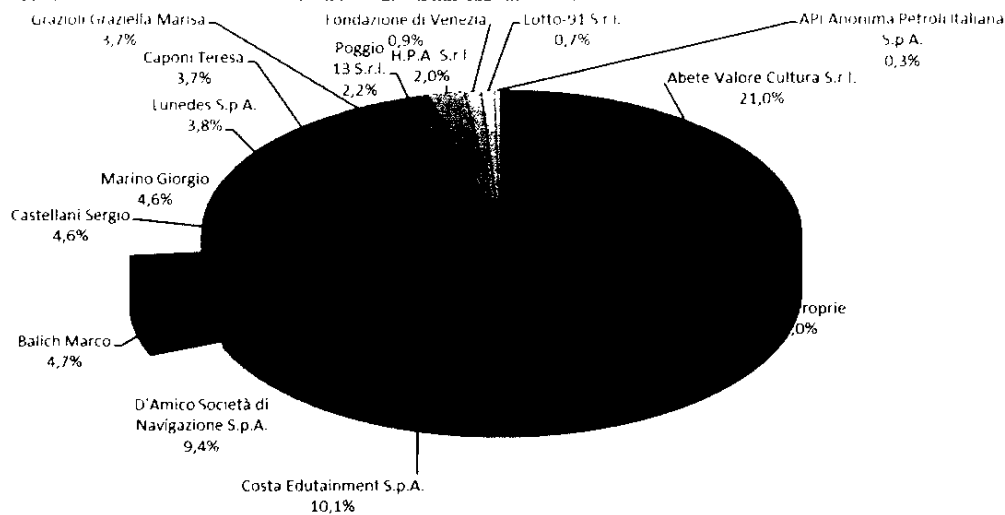
In addition, through its subsidiaries, your Group has the following local offices:

Italian Entertainment Network S.p.A.	Italy	Rome	Piazza Venezia, 11	Holding and Adm. Services
Italian Entertainment Network S.p.A.	Italy	Milan	Via Maroncelli 13	Holding and Adm. Services
Filmmaster Partecipazioni S.r.l.	Italy	Rome	Piazza Venezia, 11	Holding
Filmmaster Events Srl	Italy	Rome	Piazza Venezia, 11	Events & Shows
Filmmaster Events Srl	Italy	Milan	Via Maroncelli 13	Events & Shows
Filmmaster Productions S.p.A.	Italy	Rome	Via Bettolo 6	Media/Spot Production
Filmmaster Productions S.p.A.	Italy	Milan	Via Maroncelli 13	Media/Spot Production
Film Master Al Arabiah CO	Saudi Arabia	Riyadh	Al Ra'idah Digital City, Building WH14, 3rd Floor, Office No. 15	Events & Shows
Filmmaster Eventos Brasil Ltda	Brazil	Rio de Janeiro	Praça Olavo Bilac, 28, Sala 1107	Events & Shows
Filmmaster Mea Events FZ LLC	United Arab Emirates	Dubai	BS 02 – 1st & 2nd floor	Events & Shows
Filmmaster Mea Productions FZ LLC	United Arab Emirates	Dubai	BS 02 – 1st & 2nd floor	Media/Spot Production
Civita Cultura Holding S.r.l.	Italy	Roma	Piazza Venezia, 11	Cultural Services (holding)
Opera Laboratori Fiorentini S.p.A.	Italy	Firenze	Via Pellicceria, 10	Cultural Services/Exhibitions
Opera Laboratori Fiorentini S.p.A.	Italy	Firenze	Piazza De' Pitti 1	Cultural Services/Exhibitions
Opera San Gimignano S.r.l.	Italy	Rome	Piazza Venezia, 11	Cultural Services/Exhibitions
Gebart S.p.A.	Italy	Rome	Via Prenestina, 683	Cultural Services/Exhibitions
Civita Tre Venezie S.r.l.	Italy	Venice	Dorsoduro 3488/U	Cultural Services/Exhibitions
Civita Sicilia S.r.l.	Italy	Palermo	Via della Libertà, 52	Cultural Services/Exhibitions
Civita Mostre e Musei S.p.A.	Italy	Rome	Piazza Venezia, 11	Cultural Services/Exhibitions
Filmmaster Events Ltd	United Kingdom	London	42 Brook Street, Mayfair, W1K 5DB	Events & Shows
Filmmaster Producciones S.A.	Spain	Madrid	Calle Fortuny, 31 - 1	Media/Spot Production
FMA Advance Event Managements FZ LLC	United Arab Emirates	Abu Dhabi	Aya Business Centre LLC - Branch 1 Office n 830	Events & Shows

The Parent Company exercises management and coordination activities.

The shareholding structure of Italian Entertainment Network S.p.A., taking into account the changes that have occurred, is as follows:

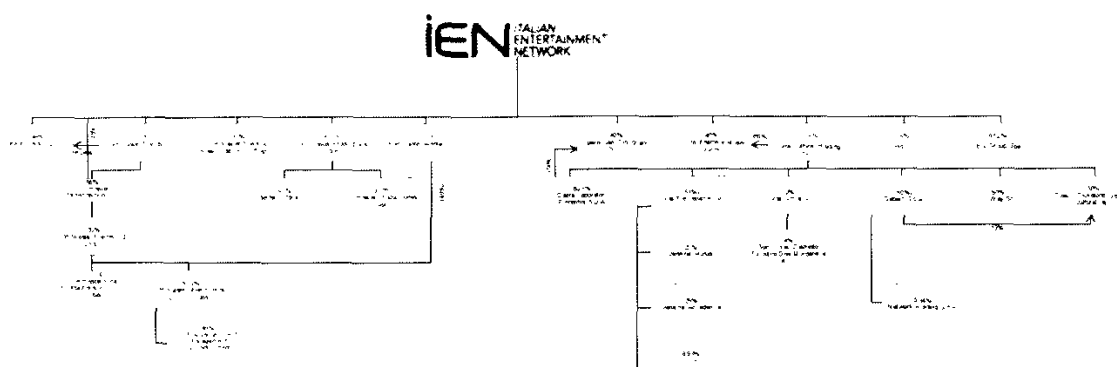
ITALIAN ENTERTAINMENT NETWORK S.P.A.



<i>Nominative</i>	<i>shares</i>	<i>%</i>
Abete Valore Cultura S.r.l.	953,256	21.0%
Azioni Proprie	543,232	12.0%
Network Holding S.p.A.	746,229	16.4%
Costa Edutainment S.p.A.	460,328	10.1%
D'Amico Società di Navigazione S.p.A.	427,828	9.4%
Balich Marco	213,450	4.7%
Castellani Sergio	207,472	4.6%
Marino Giorgio	207,472	4.6%
Linedes S.p.A.	174,764	3.8%
Caponi Teresa	165,978	3.7%
Grazioli Graziella Marisa	165,978	3.7%
Poggio 13 S.r.l.	100,000	2.2%
H.P.A. S.r.l.	90,896	2.0%
Fondazione di Venezia	40,210	0.9%
Lotto-91 S.r.l.	32,442	0.7%
API Anonima Petroli Italiana S.p.A.	15,267	0.3%
SUBTOTAL	4,544,802	100.0%

Organizational chart:

ITALIAN ENTERTAINMENT NETWORK S.P.A.



Associated companies

The changes in the structure of the Group during the year are as follows:

- Italian Entertainment Network S.p.A.:
 - 5.25% increase of the ownership in Filmmaster Events S.r.l. through the acquisition of the shares of the shareholder Accatino Alfredo;
 - 7% increase of the ownership in Filmmaster Productions S.p.A. through the acquisition of the shares of the shareholder Cefis Lorenzo;
 - acquisition of 40% of Civita Mostre e Musei S.p.A. from Opera Laboratori Fiorentini S.p.A.;
 - sale of 55% of Filmmaster Partecipazioni S.r.l. shares to Filmmaster Events S.r.l.
 - sale of 51% of Filmmaster Mea Events FZ LLC shares and 51% of Filmmaster Mea Productions FZ LLC shares to Filmmaster Events Ltd;
 - conversion of the shareholders' loan of € 1.9 million in Luneur Park S.p.A., in share capital increase, becoming owner of 21.49% of its shares;
 - changing the nomination of the Brazilian company "CC 2016" to "Filmmaster Eventos Brasil becoming owner of 100% of its shares, having liquidated the local shareholder's share quotes.
- Civita Cultura Holding S.r.l.
 - Opera Laboratori Fiorentini S.p.A., has sold its 4% stake in Opera San Gimignano S.r.l.
- Filmmaster Events Ltd
 - Acquisition of 49% of Film Master Al Arabiah CO shares, 49% of Filmmaster Mea Events FZ LLC shares and 49% of Filmmaster Mea Productions FZ LLC shares, becoming owner of 100% of the shares of the latter two.

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As already described in the notes to the financial statements, during 2019, the Filmmaster Productions S.p.A. was included in the scope of consolidation. The strategic plan outlined during the previous year, which included the entry of new shareholders and a change in the organizational model, was suspended over the year. Over the months, the Company carried out an initial phase of internal reorganization and the Group's Parent Company decided to continue investing in the subsidiary, acquiring a 7% interest in it and changing the Company's status from a S.r.l. to a S.p.A., confirming the change in strategy and giving it greater importance to the company itself.

From a legal point of view, your Group directly and indirectly controls the following companies that carry out activities that are complementary and/or functional to the group's core business:

DIRECT SUBSIDIARIES			
Company	Activity	Ownership % of ownership	
Filmmaster Events S.r.l.	conception, design, implementation and management of big shows, live shows and conventions	Direct	100.00%
Filmmaster Production S.r.l.	Advertising, audiovisual and television production	Direct	91.00%
Civita Cultura Holding S.r.l.	Holding	Direct	77.36%
Filmmaster Eventos Brasil Ltda (ex CC2016)	conception, design, implementation and management of big shows, live shows and conventions	Direct	100.00%
INDIRECT SUBSIDIARIES			
Company	Activity	%	% of ownership
Filmmaster Partecipazioni S.r.l.	Holding	100.00%	100.00%
Filmmaster Events S.r.l.	conception, design, implementation and management of big shows, live shows and conventions	100.00%	100.00%
Filmmaster Mea Events FZ LLC	conception, design, implementation and management of big shows, live shows and conventions	100.00%	100.00%
Filmmaster Mea Production FZ LLC	Advertising, audiovisual and television production	100.00%	100.00%
Film Master Arabia Co Ltd	conception, design, implementation and management of big shows, live shows and conventions	100.00%	100.00%
Filmmaster Producciones SA	Advertising, audiovisual and television production	100.00%	91.00%
Civita Mostre e Musei S.p.A.	Museum activities, exhibition organization services	100.00%	71.33%
Opera Laboratori Fiorentini S.p.A.	Museum activities, exhibition organization services	80.50%	62.27%
Civita Sicilia S.r.l.	Museum activities, exhibition organization services	70.00%	54.15%
Civita Tre Venezie S.r.l.	Museum activities, exhibition organization services	51.00%	39.45%
Gebart S.p.A.	Museum activities, exhibition organization services	50.00%	38.68%
Opera San Gimignano S.r.l.	Museum activities, exhibition organization services	96.00%	74.87%

The following table lists the associated companies:

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ASSOCIATED COMPANIES				
Company	Activity	%	% of ownership	
Gag S.r.l.	Web Agency	26.00%	26.00%	
Luneur Park S.p.A.	Amusement park	27.73%	27.73%	
Usefam Italia S.r.l.	Video crowd sourcing platform	40.00%	36.40%	
Usefam London Ltd	Video crowd sourcing platform	100.00%	36.40%	
Usefam France Sasu	Video crowd sourcing platform	100.00%	36.40%	

OTHER COMPANIES				
Company	Activity	Ownership	% of ownership	
Italian Entertainment Group S.p.A.	Holding	None	0.52%	

Operating performance

THE MAIN FACTS OF 2019

HOLDING

In addition to its specific activity of managing equity investments and strategic direction, supervising and coordinating the promotion and stimulation of the progressive process of integration and synergistic development of the various entities of the Group, the parent company has provided administrative and financial services, also making use of the skills and resources present within the Group.

Over the year, the reorganisation of the group continued in order to optimise the operational management of the business areas and to allow opportunities to be fully exploited in the various markets of reference. In this regard, as previously mentioned, 55% of the shares of Filmmaster Partecipazioni S.r.l. were sold to Filmmaster Events S.r.l. and 51% of Filmmaster Mea Events and Filmmaster Mea Productions to Filmmaster Events Ltd. These sales of shares within the group have made it possible to concentrate the results of the Events business unit in Filmmaster Events S.r.l. and to compile the first consolidated financial statements.

Regarding the activities carried out in the field of exhibitions and museums, the parent company intervened by acquiring 40% of Civita Mostre and Musei S.p.A., in addition to participating in a capital increase of € 400k.

In addition, it has subscribed a capital increase of up to 120k€ in Opera San Gimignano, of which the Company is owner of 40% the shares. It is recalled that the Company was created for the purpose of participating in the tender established by the Municipality of San Gimignano for the concession, in project financing, of the renovation and

development of the "San Domenico" property complex.

The tender was awarded, in the financial year 2020, to the Temporary Group of Companies represented by Opera San Gimignano S.r.l. and the procedures for the definition of the executive project and the execution of the related agreements are currently in progress.

BUSINESS UNIT - EVENTS

As already described in the changes in the structure of the group, the London company Filmmaster Events Ltd has acquired all the minority interests held in the companies in Dubai and Saudi Arabia. This activity is part of a reorganization process at group level within the "Events" business unit started in 2017 and will allow to complete the integration and sharing of skills, from creativity to production-management processes within the Group, at function and territory level; integrating and optimizing processes in markets where there is already a stable presence including Italy, Middle East, UK and Brazil and strengthening the ability to seize new opportunities in new markets.

Following the disposals mentioned above, Filmmaster Events S.r.l. has prepared the first consolidated financial statements of the events business area with a total value of production of Euro 88.7 million and a net profit of Euro 5.5 million.

FILMMASTER EVENTS S.R.L. (Italy)

The previous year ended with a positive economic result in line with the consolidation and revision of the new operating management model launched in previous years. Your company won some important sporting events that confirm the prestige, know-how and creativity recognized worldwide under the Filmmaster brand. Below are mentioned some of the most important events:

- *"Arabian Gulf Cup Opening Ceremony"*, Opening ceremony of the 24th edition of the Arabian Gulf Cup, the biggest football event for the national teams of the Gulf countries, saw the participation of all eight teams from the Gulf area: Qatar, Saudi Arabia, Bahrain, United Arab Emirates, Iraq, Kuwait, Oman and Yemen. The ceremony was held at the Al Khalifa International Stadium in Doha, one of the most advanced and modern sports facilities in Qatar that will host the next FIFA World Cup in 2022, which the company has already inaugurated in 2017;

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- “*Copa Libertadores – Opening Ceremony*”, opening ceremony intended as a great tribute to the South American people's passion for football.
- “*Finale Euroleague 2019*” of basketball held in Spain, in which Filmmaster Events has written a new chapter in the history of European basketball, offering the public a complex and high quality live show comparable to those of the biggest outdoor events, in front of an audience connected live from all over the world. This event won the important award at Bea World 2019, the International Festival of Live Events and Communication, the third place in the *Sports Event* category;
- “*Rome E-Prix 2019 Formula E*”, Italian stage of the world championship of car racing for electric single-seater cars. The event was awarded as best sports event at Bea Italia 2019 - Italian Festival of live events and communication;

Please note that in September/November 2013 the former President Marco Balich together with most of the staff of the “special events” business unit resigned, leaving your company unexpectedly without an important and strategic division. This serious event has led to the need to implement a significant organizational and structural change for the reconstruction of the entire “special events” business unit and its relations with potential international business partners: governments, institutions and organizing committees of major sporting events. In December 2013, your Company filed an action for unfair competition at the Court of Milan against its former directors and employees to contest their conduct as non-compliant with professional integrity, which resulted, among other things, in the removal of the order for the executive production of the Sochi 2014 Paralympic Ceremonies.

As a result of the documentation presented to the court by the counterparty, the claim for compensation for significant damages, both suffered and to be suffered, has been integrated to over 8 million euros, which - if accepted by the Judge - could result in a significant income related to contingent assets in the coming years. Through the sentence no. 11166 of October 12, 2016, the Court of Milan ensured that Marco Balich, Gianmaria Serra and Worldwide Shows S.p.A. were responsible for acts of unfair competition against the Company, in relation to the Sochi job order, and put the case back in the preliminary investigation to proceed with the liquidation of the damage, also by carrying out a technical consultancy. On the other hand, it was excluded the liability of the counterparties in relation to the transfer of employees. The counterparties immediately appealed this

sentence at the Milan Court of Appeal and the Company filed an incidental appeal in relation to the non-recognition of the liability related to the transfer of employees. On January 16 2018, it was published the sentence of the Milan Court of Appeal, which rejected the main appeal and upheld the Company's cross appeal, ascertaining and declaring Worldwide Shows S.p.A., Serra and Balich liable also for the illegal transfer of employees, in relation to the Sochi Games matter. Again, the counterparties contested the sentence with an appeal to the Court of Cassation filed on May 14, 2018 and the company contested its validity through a defense filed on 22 June 2018. In relation to this procedure, it is necessary to wait for the date of the hearing, which has not yet been communicated. At the same time, the company reassumed the first instance judgment at the Court for the purpose of quantifying the damages. At the hearing held on September 26, 2018, with request of the Court, the parties agreed to request a short postponement in order to explore the possibility of starting negotiations to settle the dispute amicably. At the following hearing on November 6, 2018, the Court ordered the continuation of the preliminary investigation activities within the terms already indicated in the collegial order of October 12, 2016 and appointed Maria Martellini as a technical consultant, postponing the case to the hearing of January 16, 2019. At that hearing, the Court, after having received the oath of the office technical consultant, formulated the following requisitions: "the C.T.U. (technical consultant), having heard the parties and their consultants, having examined the acts and documents of the case, having carried out any investigation and verification deemed necessary, having obtained - where necessary - with the loyal cooperation of the parties any further documentation deemed relevant:

- will quantify the costs incurred by Filmmaster Events in relation to the Sochi 2014 order, classifying them by homogeneous types (employees, suppliers, consultants, etc.);

- will quantify the value of the overall of goods and services which Filmmaster Events intended to use for the execution and realization of the Sochi 2014 order and the amount of the costs incurred by Filmmaster Events for the replacement of employees whose transfer has been ascertained;

- will indicate the gross operating margin that Filmmaster Events would have achieved if in case of the completion of the implementation activities related to the Sochi 2014 order, taking into account the above values and the additional costs that Filmmaster Events would have had to incur;

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- will in any case, make an attempt of conciliation and set the deadlines for the expert witness operations.

On February 12, 2019, the counterparties filed a petition pursuant to Article 177, paragraph 2, of the Italian Criminal Code and Article 92 of the Italian Criminal Code with which they requested the revocation of the order of January 16, 2019. By order of February 13, 2019, the Court assigned the company a deadline until 28 February 2019 for the filing of any counterclaims against the requests made by the counterparties, reserving all measures for the outcome. Having read the memorandum filed by the company, by order dated March 13, 2019, the Court confirmed the order of January 16, 2019 and ordered the continuation of the expert witness operations. On April 5, 2019, by Dr. Martellini's request, the Court authorized the extension of the deadline for the filing of the expert report, setting new deadlines. Following a further application for extension filed by Ms Martellini, by order of July 12, 2019 the General Court set the following deadlines: (i) 30 October 2019 for the transmission of the consultant's report to the parties; (ii) November 27, 2019 for the transmission of the parties' observations on the consultant's report; (iii) December 20, 2019 for the filing at the Registry of the report, the parties' observations and a summary assessment thereof. At the outcome of the hearing of January 14, 2020, at which both parties raised their own objections to the content of the expert's report, the General Court reserved the decision. Following the abstention of the judge (Dr. Barbieri), the case was reassigned to judge Dr. Marangoni. Given the need to schedule a hearing for him to hear the case, a decision of January 22, 2020 set a hearing for the parties to appear on February 11, 2020. Since at this hearing the Court set a hearing for the specification of the conclusions to May 19, 2021, on February 14, the Company filed a request to bring forward this hearing. By order of March 2, 2020, the Court upheld the Company's request and set the hearing for closing arguments at December 9, 2020.

In April 2018 Filmmaster Events S.r.l. filed a civil action at the Civil Court of Milan against Marco Balich, Gianmaria Serra, Artainment Worldwide Shows S.p.A., Balich Worldwide S.r.l. and Worldwide Shows Corporation S.p.A., complaining that the defendants, through the realization and performance of the show entitled "*Giudizio Universale - into the secrets of the Sistine Chapel*" (staged for the first time in March 2018) have committed plagiarism of the format "*Il Giudizio Universale*". This format was elaborated by the creative team of FME (formerly K-Events), using the economic resources of FME, between November

2009 and December 2010; at that time Mr. Serra was artistic director of FME while Mr. Balich was Chairman of the Board of Directors of the same company and creative director of the *"Il Giudizio Universale"* project.

As part of the same judgement, it was also noted that the realization and performance of the show *"Giudizio Universale - into the secrets of the Sistine Chapel"* beside the plagiarism, had also integrated acts of illegal and unfair competition carried out by the defendants against Filmmaster Events S.r.l.

A claim for damages was therefore filed by FME, quantified at least 5,994,309.98 euros.

At the first appearance hearing, held in October 2018, the judge invited the parties to reach an amicable settlement of the dispute, but attempts to do so did not produce positive results.

Therefore, the judgement continued with the filing of pleadings with which the parties produced further documentation and articulated preliminary petitions.

Following the hearing for the admission of the means of investigation, the judge, by order of May 20, 2019, reserving the right to order further investigation activities at a later stage, deemed the witness evidence requested by both plaintiffs and defendants to be irrelevant and adjourned the case to the hearing to be held on July 15, 2020.

FILMMASTER MEA EVENTS (Arab Emirates-Saudi Arabia-Qatar)

The market in Saudi Arabia continues its growth trend, as set out in the so-called "2030 Vision" which foresees a course of openness towards the rest of the world. In particular, the Entertainment market has benefited by undergoing a significant increase.

The market in the United Arab Emirates has developed in the opposite direction. The Expo project absorbed part of the government resources effectively reducing the budgets dedicated to other events and ceremonies that usually took place every year in the country.

Relating the other markets in the area (Oman, Bahrain, Kuwait), there have been tentative signs of recovery, which are likely to occur in the course of 2020-2021.

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Expansion plans in KSA's territory continued during 2019, acquiring new and important government customers, while its position in the UAE market was substantially maintained, continuing to closely monitor the other Gulf territories.

Please note the following major orders for organization of events carried out during the year:

- "Camel Festival" Organization of the Camel Festival for the third consecutive year;
- Inauguration of the new "Jeddah Airport". • "Aeroporto di Jeddah". Concept and realization of the Opening Ceremony of the new Jeddah airport in the presence of the Saudi King Salman Bin Abdulaziz Al Saud;
- "Aramco IPO Ceremony." Organization of the official opening ceremony of the Tadawul stock market trading of the Saudi Aramco Company;
- Launch of the new KSA Pavilion Logo at EXPO 2020. Design and creation of the presentation ceremony of the new logo for the Saudi Arabian pavilion at Expo 2020.

BUSINESS UNIT - COMMERCIALS/CONTENT

FILMMASTER PRODUCTIONS S.P.A. (Italy)

The past year shows a result below expectations both in terms of turnover and profitability. During 2019, the company continued the reorganization process, which began in 2018 and included the entry of new shareholders and a change in the organizational model, marking a change at the top with the exit of the managing director and shareholder, Lorenzo Cefis, replaced by Andrea Varnier, managing director of Filmmaster Events S.r.l.

FILMMASTER MEA PRODUCTIONS (United Arab Emirates)

It is worth mentioning that the Content division has begun a fruitful and promising collaboration with Expo 2020, which has already led to the creation of many contents.

The following are the most important contracts of 2019:

- **Alya in Terraland.** Concept and creation for Expo 2020 of a "short" all made in "stop motion" which tells the story of a fictional character on his journey towards Expo.
- **Etihad.** continues the collaboration with Etihad for which four new video contents have been designed and produced.

- **Misk National Day campaign.** Production of a video content for the Foundation of the Saudi Crown Prince Mohammed bin Salman bin Abdulaziz al Saud.

BUSINESS UNIT - CULTURAL AND MUSEUM ACTIVITIES

OPERA LABORATORI FIORENTINI S.p.A.

In relation to the ordinary activities traditionally aimed at museum management, in 2019 the company confirmed substantially the same tourist flows as in 2018; the volume of gross ticket sales was 117 Mln/€ (110 Mln/€ in 2018) while the number of paying visitors remained unchanged at 9.9 Mln.

The year 2019 ended with a turnover of € 77.7 Mln/€ (77.5 Mln/€ in 2018) and a net result of 87 €k.

During 2019, for the purpose of a reorganization based on the redistribution of activities among the companies of the Civita group based on the territorial competence, Opera L.F. sold to Civita Mostre e Musei S.p.A. the business units related to the management of the services contract with Banca Intesa, Palazzo Valentini (Rome), Castello Sforzesco (Milan), Museo Lavazza (Turin).

Opera L.F. has maintained all activities in Tuscany and the management of the Vatican Museums.

During 2019 CONSIP began to call for tenders for the renewal of the most important museum managements that have been managed for years in prorogation; the tenders for the management of the Galleria dell'Accademia in Florence and the Pinacoteca di Brera and Palazzo Citterio are of great interest.

Meanwhile Opera has participated in ATI (the Temporary Group of Companies) at the tender for the management of the Accademia Galleries in Venice and won the tender.

CIVITA MOSTRE E MUSEI S.p.A.

During 2019, the business unit concerning the management of the local operating unit in Milan and the coordination of part of the museum activities managed by Opera Laboratori Fiorentini S.p.A., was acquired from Opera Laboratori Fiorentini S.p.A., in particular, the activities relating to the "Gallerie d'Italia-Piazza Scala" in Milan and the "Museo del Risparmio" in Turin, the museum activities of "Palazzo Leoni Montanari" in Vicenza, "Antico Palazzo Dei Vescovi" in Pistoia, and "Palazzo Zevallos Stigliano" in Naples. Finally, Opera Laboratori Fiorentini S.p.A. transferred the ownership of the museum activities carried out at the Lavazza Museum in Turin.

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As a result of the new organization, the Company's exhibition activities involve the entire national territory, with the exception of the North-East, where Civita Tre Venezie S.r.l. operates. During 2019, 19 exhibitions were held, 4 of which opened in 2018 with a continuation in 2019, 7 opened and closed in 2019 and 8 opened in 2018 with a continuation in 2019.

Operating performance

Operating performance in the sectors in which the company operates

The **advertising investment** market in Italy closed 2019 with a decrease in revenues of -0.9% compared to 2018. Excluding the Nielsen estimate on search, social, classified (sponsored ads) and so-called "Over The Top" (OTT) market operators is excluded from web advertising, the decrease in 2019 would be -5.1%.

In relation to individual mediums, TV fell by -7.8% in December and consolidated 2019 at a -5.3% decrease.

Newspapers were also down, losing 14.2% in December, consolidating 2019 at -10% decrease. The same trend for magazines, both in the individual month and in the progressive January-December period, with decreases of -12.6% and -13.9% respectively.

The radio station in the month of December had a decrease had a decrease of -4.3% compared to 2018, bringing the revenues for 2019 to an overall increase of +1.7%.

Based on the estimates made by Nielsen, the collection of the entire universe of web advertising in the year 2019 closes positively, at a + 8.3% increase (+ 3.5% if we consider only the AssolInternet FCP perimeter).

Cinema and GoTv increased by 13.8% and 4.5% respectively in 2019, while Outdoor was decreased by 8.4%.

Reagarding the product sectors, there are 5 growing sectors, with a contribution of around €29 million. For the top 10 sectors, only distribution (+4.9%) showed a positive trend in 2019. For the others, the negative trend continues, with clothing (-10.2%), housing (-9.8%) and cars (-6.8%).

Although still negative, there was a reversal of the trend in December 2019 in the telecommunications (+14%), finance (+20%) and industry/building/activity (+40.8%)

sectors.

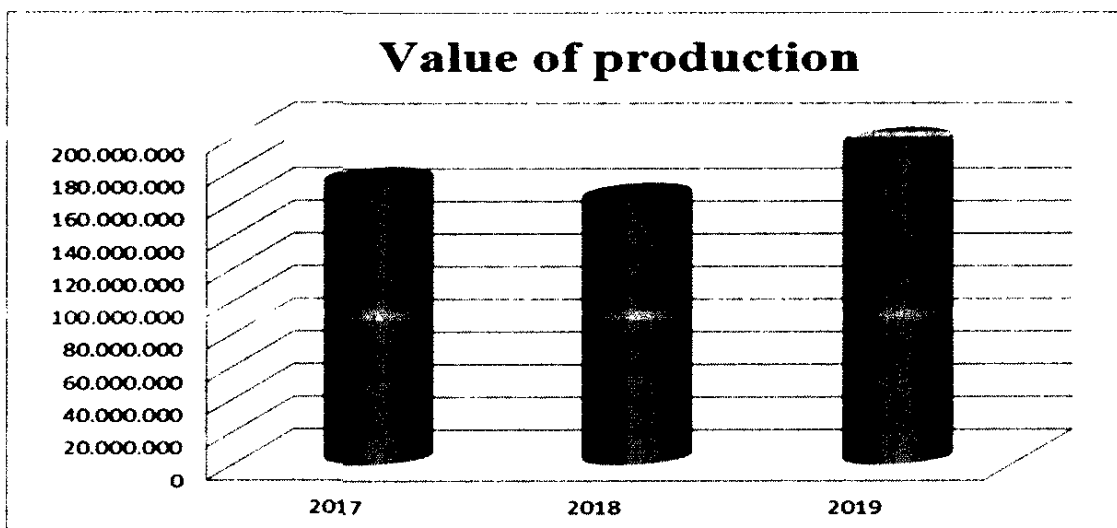
Due to the pandemic that erupted in the months immediately following the end of the year, the sector studies in the **communications and events** market were not published and it is therefore not possible to compare the company's performance with the reference sector.

The **museum and exhibition management** sector has continued to invest in the diversification of activities related to exhibitions, including the development of initiatives abroad. In addition to enhancing its professional and territorial profile, the Civita Group has developed activities in the following areas:

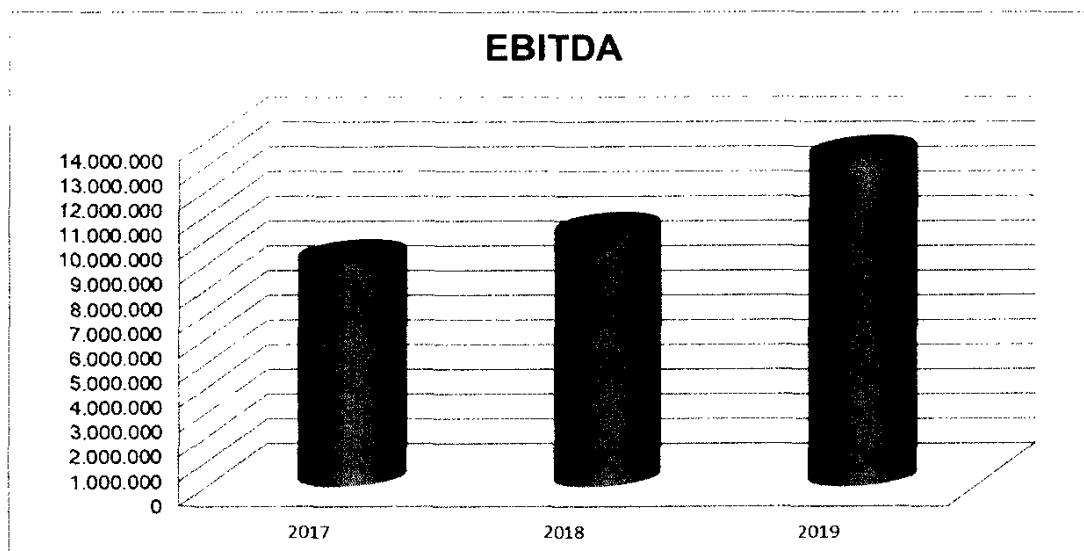
- **Show and Museum Area;**
- **Corporate and Congress Area;**
- **Communication and Promotion Area;**
- **Projects of Territorial Valorization Area.**

In general, the internationalization process has nevertheless allowed your Group not only to maintain a good positioning and presence on the global market, but also to increase it.

The tables below show the following economic trends:



ITALIAN ENTERTAINMENT NETWORK S.P.A.



The ebitda achieved in the current year represents the highest value achieved by the group, confirming the strategies and investments implemented in previous years.

Main economic data

The reclassified income statement of the company compared with the previous year is as follows (in Euro):

Net sales	190,089,026	159,972,990	30,116,036
External costs	138,105,967	113,599,270	24,506,697
Added Value	51,983,059	46,373,720	5,609,339
Labour Cost	43,020,257	41,910,800	1,109,457
Gross Operating Margin	8,962,802	4,462,920	4,499,882
Amortisation, depreciation and write-downs	5,583,064	5,121,011	462,053
Operating Result	3,379,738	(658,091)	4,037,829
Other revenues and income	1,653,575	1,695,903	(42,328)
Financial income and expenses	(3,720,494)	(2,524,000)	(1,196,494)
Earnings before revaluations and write-downs	1,312,819	(1,486,188)	2,799,007
Revaluations and write-downs	97,567	25,479	72,088
Profit (loss) before taxes	1,410,386	(1,460,709)	2,871,095
Income Taxes	2,060,692	1,655,032	405,660
Profit for the year	(650,306)	(3,115,741)	2,465,435

During 2019, the group incurred restructuring costs and non-operating expenses which impacted EBITDA.

Main balance sheet data

The reclassified balance sheet of the company compared with the previous year is as follows (in Euro):

Net intangible assets	20,873,440	18,696,822	2,176,618
Net tangible assets	10,483,294	10,723,630	(240,336)
Equity investments and other financial fixed assets	12,094,683	10,616,490	1,478,193
Fixed assets	43,451,417	40,036,942	3,414,475

ITALIAN ENTERTAINMENT NETWORK S.P.A.

Inventory	12,692,436	7,144,123	5,548,313
Trade Receivables	43,629,986	32,428,823	11,201,163
Other Receivables	14,515,431	14,071,406	444,025
Prepaid expenses and accrued income	7,914,132	4,969,312	2,944,820
Current assets	78,751,985	58,613,664	20,138,321
Trade payables	39,362,569	28,744,735	10,617,834
Advances	719,698	1,105,339	(385,641)
Tax and social security payables	6,061,922	5,855,040	206,882
Other payables	20,454,485	22,453,669	(1,999,184)
Accrued expenses and deferred income	1,292,583	896,582	396,001
Current liabilities	67,891,257	59,055,365	8,835,892
Net working capital	10,860,728	(441,701)	11,302,429
Employee severance indemnities	4,438,934	3,874,926	564,008
Tax and social security payables (amounts falling due after 12 months)			
Other medium and long-term liabilities	1,210,611	1,562,962	(352,351)
Medium/long-term liabilities	5,649,545	5,437,888	211,657
Invested Capital	48,662,600	34,157,353	14,505,247
Shareholders' equity	(12,279,416)	(18,018,045)	5,738,629
Medium/long-term net financial position	(29,221,695)	(26,641,746)	(2,579,949)
Short-term net financial position	(7,161,489)	10,502,438	(17,663,927)
Equity and net financial debt	(48,662,600)	(34,157,353)	(14,505,247)

The reclassified balance sheet shows the solidity of the financial position of the company (i.e. its ability to maintain financial equilibrium in the medium to long term).

Main financial data

The net financial position at the end of the year was as follows (in Euro):

Bank deposits	9,749,073	12,849,644	(3,100,571)
Cash on hand	1,759,862	1,800,379	(40,517)
Cash and cash equivalents	11,508,935	14,650,023	(3,141,088)
Current financial assets	573,102	7,145,121	(6,572,019)
Bonds and convertible bonds (amounts falling due within 12 months)			
Payables to shareholders for loans (amounts falling due within 12 months)			
Bank loans (amounts falling due within 12 months)	19,243,526	11,292,706	7,950,820
Payables to other lenders (amount falling due within 12 months)			
Current financial liabilities	19,243,526	11,292,706	7,950,820
Current net financial position	(7,161,489)	10,502,438	(17,663,927)
Bonds and convertible bonds (amounts falling due after 12 months)	26,429,071	26,000,000	429,071
Payables to shareholders for loans (amounts falling due after 12 months)			
Bank loans (amounts falling due after 12 months)	3,118,224	1,641,746	1,476,478
Payables to other lenders (amounts falling due after 12 months)			

ITALIAN ENTERTAINMENT NETWORK S.P.A.

due after 12 months)			
Financial receivables	(325,600)	(1,000,000)	674,400
Net financial position in the medium and long term	(29,221,695)	(26,641,746)	(2,579,949)
Net financial position	(36,383,184)	(16,139,308)	(20,243,876)

Please note that in 2018 the item "**Current financial assets**" included the value of the investment in Filmmaster Productions S.p.A. for Euro 5,036,737, as it was not consolidated.

During 2018, the parent company placed two bond secured bonds in private placement for a total of 26 million euro, subscribed by Pricoa Capital and listed on the Vienna Stock Exchange; 12 million euro (senior line) and 14 million euro (mezzanine line). The senior line was used to pay off bank debt and loans of the parent company and subsidiaries, while the mezzanine line was used to support group investments.

A better description of the financial situation is provided in the table below, which compares some balance sheet ratios with the same ratios relating to previous years' financial statements

	12/31/2019	12/31/2018	31/12/2017	31/12/2016
Quick Ratio	0.89	1.03	0.70	0.83
Current Ratio	1.04	1.13	0.87	0.97
Debt ratio	9.82	5.66	7.07	4.40
Fixed asset coverage ratio	1.07	1.20	0.68	0.94

The quick ratio of 0.89 is the ratio between the sum of immediate and deferred liquidity to current liabilities. This index expresses the company's ability to cover short-term expenditures generated by current liabilities with the income generated by the more liquid items of current assets. The company is considered to be in a good financial position.

The current ratio of 1.04 is given by the ratio between current assets and current liabilities. A higher quotient than the unit indicates that in the short term the company is able to fully meet its current liabilities.

The debt ratio of 9.82 is the ratio of total loans to equity. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current payables.

The fixed asset coverage ratio, equal to 1.07, shows that the amount of consolidated shareholders' equity and payables is to be considered appropriate in relation to the amount of fixed assets.

Environmental and personnel information

Considering the social role of the company as also highlighted in the management report of the National Council of Accountants and Bookkeepers, it is considered appropriate to provide the following information relating to environmental protection and personnel.

Personnel

Italian Entertainment Network S.p.A., the subsidiaries Filmmaster Events S.r.l., Filmmaster Productions S.r.l. and Opera Laboratori Fiorentini S.p.A. operate according to the OHSAS 18001 certification (Occupational Health and Safety Assessment Specification). This certification attests the voluntary application, within an organization, of a system that makes it possible to guarantee adequate control over the Safety and Health of Workers, in addition to compliance with mandatory regulations.

Quality

During 2019, the ISO 9001 quality certification system was verified/updated in the subsidiary Filmmaster Events S.r.l., Civita Cultura Holding S.r.l., Opera Laboratori Fiorentini S.p.A., Civita Sicilia S.r.l..

Privacy

All the necessary activities for the implementation of the Regulation EU//2016/679 (GDP) on the processing of personal data have been carried out.

Environment

During the year there was no damage caused to the environment for which the subsidiaries and/or affiliates of the Italian Entertainment Network S.p.A. Group would have been implicated for alleged responsibility.

In addition, no sanctions or penalties were imposed on any of the companies that are part of the Group for environmental crimes or damages.

D.Lgs. 231/2001 - Prevention and management of the risks of committing corporate crimes.

The Parent Company, Filmmaster Events S.r.l. and Filmmaster Productions S.r.l., for the purposes of compliance with Legislative Decree 231/2001, adopted in 2016 the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 and appointed their respective supervisory bodies, with the aim of standardizing company conduct to standards based on transparency and fairness towards all stakeholders. In Civita, updates to the model are being completed in order to be implemented in the short term. The implementation of the model should also be extended, where possible, to foreign subsidiaries.

FilmmasterMea Productions FZ LLZ, Filmmaster Events FZ LLZ, Film Master Arabia and FM Advance Management LLC have adopted the model called "ISO 37001:2016" Anti-bribery Management System.

Research and development activities

No research and development activities were carried out.

Information on risks and uncertainties pursuant to Article 2428, paragraph 2, point 6-bis, of the Italian Civil Code

Pursuant to Article 2428, paragraph 2, point 6-bis, of the Italian Civil Code, information concerning the use of financial instruments is provided below, as it is relevant for the assessment of the financial position.

Below is provided quantitative information aimed at providing information on the size of the company's exposure to risk.

More specifically, the objectives of management, policies and criteria used to measure, monitor and control financial risks are the following:

Liquidity risk

The Group's objective is to maintain a balance between maintaining funding and flexibility through the use of overdrafts, short-term bank loans, medium/long-term loans and leases. It should be noted that:

- there are debt instruments or other credit lines (advances on invoices and overdrafts) to meet liquidity requirements;
- the company does not hold financial assets for which there is no liquid market, but financial assets from which cash flows (capital or interest) are expected to be available

to meet liquidity needs;

- the company does not hold deposits with credit institutions to meet liquidity requirements;
- there are different sources of funding;
- there are no significant concentrations of liquidity risk on both the financial assets and the sources of funding.

Market Risk

With reference to the conditions in the financial markets, which were discussed above, a sensitivity analysis at the balance sheet date is provided below, indicating the effects of possible changes in the income statement in relation to the relevant risk variables, for each of the following components:

- interest rate risk: **Medium/Low**. In the event of an increase in interest rates, your Group will experience increases in financial expenses, limited to the bank loans not covered by derivatives described below.
- exchange rate risk: **Low**. Foreign trade transactions are normally carried out in the Euro currency. In any case, any commercial transactions carried out with different currencies are completed in a short period of time and therefore the exchange rate risk of your Group is limited. The foreign subsidiaries operate mainly in US dollar and/or US dollar-parametered currencies.

Policies related to different hedging activities

In carrying on its business activities, your Group is exposed to certain market risks and in particular the risk of fluctuations in interest rates. The policy of hedging interest rate risk on medium/long-term loans is based on derivatives without speculative purposes. Although we are in a situation of sluggish world economy, the urge to intervene in hedging transactions stems from the need to contemplate possible scenarios that currently seem distant but over the next few years could occur in a particular market conditions as the current ones.

The "Interest Rate Swap" derivative instruments finalized in Italian Entertainment Network S.p.A., Filmmaster Events S.r.l. and Opera Laboratori Fiorentini S.p.A. on the medium/long-term unsecured loans stipulated with Unicredit and Banca Cr Firenze, have prudential characteristics with cap & floor mechanisms that hedge exposure to the risk of

ITALIAN ENTERTAINMENT NETWORK S.P.A.

fluctuation and volatility of interest rates while minimizing costs.

The Group companies are only marginally subject to exchange rate risk, and therefore have not carried out any transactions involving the use of derivative financial instruments in order to hedge against the above risks.

Significant events occurring after the end of the financial year

As a result of the provisions issued by the Prime Ministerial Decree of 8 March 2020 on the containment and management of the epidemiological emergency by COVID-19, your group was forced to interrupt the activities in progress and to close the workplaces, implementing, where possible, smart-working.

In order to mitigate the economic and financial impact caused by the imposed closure, the management of the group companies have activated, where possible, the use of social shock absorbers.

A moratorium on loans taken out with banks was requested and obtained and an agreement was reached with the Pricoa fund to suspend the payment of interest and capital instalments.

With regard to communications and instructions to employees of Italian companies, a specific Information Report has been prepared by our Head of the Prevention and Protection Service, drafted as an update of the company DVR relating to the standards and to the clarifications to be respected for the current pandemic in progress COVID 19 specifically referring to existing ministerial directives.

Treasury shares and shares/quotas of parent companies

Below we explain in detail the ownership of the treasury shares.

Category of shares/quotas	Number held	Nominal value	Shareholders' equity (%)
Treasury shares	543,392	3,270,257	12.0%

Business outlook

Over the next few months, your group will face difficulties due to the effects of the ongoing Covid-19 pandemic, both nationally and internationally. Following the forced closure of all

museums, exhibitions, events and limitations in the production of commercials, and the impact that these circumstances will have on the 2020 results, the parent company has signed a contract with a well-known strategic consulting firm to draw up a new three-year business plan at consolidated level, divided by business line area. The objective is to anticipate the analysis of the possible effects of the current lockdown situation in Italy and abroad and to develop a new consolidated business plan, also aimed at outlining the best defence and recovery strategy for each of the business areas and groups of related companies.

In addition, the group companies have begun negotiations with lenders and banks, acting in accordance with the opportunities provided by the "Cura Italia" Decree Law, in order to be able to cover short-term cash requirements, in the emergency phase, and in the future, outlined in the business plan, with medium/long-term loans, using guarantees from SACE and Mediocredito Centrale.

Based on the above, the effects of this pandemic on the Company cannot yet be estimated, but it is believed that there is no risk for Company to continue as a going concern.

Security policy document

Pursuant to Annex B, point 26, of Legislative Decree no. 196/2003 containing the Personal Data Protection Code, the directors acknowledge that the Company has complied with the measures regarding the protection of personal data, in the light of the provisions introduced by Legislative Decree no. 196/2003 according to the terms and methods indicated therein. In particular, it should be noted that the Security Policy Document, deposited at the Company's registered office and freely available for consultation.

Dear Shareholders, the financial year just ended is positive, in line with the forecasts formulated in the strategic plan and determines the expected return on investments made in past years. While the Group's internationalization continues with greater commitment, there are still areas for improvement, both in terms of marginality and in terms of potential and synergies within the Group that are not fully expressed, which may give rise to mergers and/or company integrations in the short term.

Rome, June 12, 2020

ITALIAN ENTERTAINMENT NETWORK S.P.A.

For the Board of Directors

(The President)

Sergio Castellani

"The undersigned director declares that this computer document in PDF/A format corresponds to the original deposited at the company".

"The undersigned Dr. Amerigo Casamonti, authorized intermediary, declares that this computer document in PDF/A format corresponds to the original deposited at the company".



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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
Italian Entertainment Network S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Italian Entertainment Network Group (the Group), which comprise the consolidated balance sheet as at December 31, 2019, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

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 Italian Entertainment Network S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors 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 the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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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 the 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Directors of Italian Entertainment Network S.p.A. are responsible for the preparation of the report on operations of Italian Entertainment Network Group as at December 31, 2019, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Italian Entertainment Network Group as at December 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of Italian Entertainment Network Group as at December 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Carlo Berardelli
Partner

Rome, Italy
June 13, 2020

This report has been translated into the English language solely for the convenience of international readers.

ITALIAN ENTERTAINMENT NETWORK SPA

Consolidated financial statements at 12-31-2019

		3
Headquarter in	00187 ROMA (RM)	PIAZZA VENEZIA N,11
Fiscal Code	06008721000	
Rea Number	RM 940303	
VAT Number	06008721000	
Share Capital Euro	0 i.v.	
Company in liquidation	no	
Company with sole shareholder	no	
Company subject to management and coordination by others	no	
Belonging to a group	yes	

Consolidated balance sheet

	12-31-2019	12-31-2018
Balance Sheet		
Assets		
A) Receivables from shareholders for payments still due		
Part to recall	25,600	-
Total receivables from shareholders for payments still due (A)	25,600	-
B) Fixed assets		
I - Intangible assets		
1) start-up and expansion costs	799,338	1,097,851
3) industrial patent rights and intellectual property rights	248,372	312,104
4) concessions, licences, trademarks and similar rights	168,955	98,892
5) Goodwill	16,860,529	14,448,631
6) intangible assets in progress and advance payments	423,697	379,693
7) other	2,372,549	2,359,651
Total intangible assets	20,873,440	18,696,822
II - Tangible fixed assets		
1) land and buildings	641,734	663,611
2) Plants and machinery	1,606,234	1,578,042
3) industrial and commercial equipment	507,056	734,565
4) other goods	7,688,270	7,707,412
5) tangible assets under construction and advances	40,000	40,000
Total tangible fixed assets	10,483,294	10,723,630
III - Financial assets		
1) Equity investments in		
a) subsidiaries	-	5,999
b) associated companies	7,719,653	4,070,052
d-bis) other companies	1,011,773	1,011,773
Total equity investments	8,731,426	5,087,824
2) Receivables		
b) from associated companies		
amounts falling due within 12 months	37,500	37,500
amounts falling due after 12 months	-	1,000,000
Total receivables from associated companies	37,500	1,037,500
d-bis) from other companies		
amounts falling due within 12 months	-	1,026,104
amounts falling due after 12 months	300,000	-
Total receivables from others	300,000	1,026,104
Total receivables	337,500	2,063,604
3) other investments	2,905,632	2,900,000
Total financial assets	11,974,558	10,051,428
Total fixed assets (B)	43,331,292	39,471,880
C) Current assets		
I - Inventory		
1) raw, ancillary and consumable materials	951,224	836,646
2) work in progress and semi-finished products	723,138	713,318
3) contracts in progress	6,973,955	1,865,729
4) finished products and goods	4,044,119	3,728,430
Total inventories	12,692,436	7,144,123

II - Receivables		
1) trade receivables		
amounts falling due within 12 months	43,629,986	32,428,823
amounts falling due after 12 months	-	2,375,000
Total trade receivables	43,629,986	34,803,823
2) from subsidiaries		
amounts falling due within 12 months	(1)	152,664
Total receivables from subsidiaries	(1)	152,664
3) from associated companies		
amounts falling due within 12 months	2,385,543	1,337,589
Total receivables from associated companies	2,385,543	1,337,589
5) from subsidiaries of the parent companies		
amounts falling due within 12 months	178,744	42,610
Total receivables from subsidiaries of the parent companies	178,744	42,610
5-bis) tax receivables		
amounts falling due within 12 months	2,064,299	2,150,148
amounts falling due after 12 months	182,702	92,889
Total tax receivables	2,247,001	2,243,037
5-ter) prepaid taxes	4,270,153	3,745,319
5-quater) from others		
amounts falling due within 12 months	5,660,256	5,581,232
amounts falling due after 12 months	193,860	159,017
Total receivables from others	5,854,116	5,740,249
Total receivables	58,565,542	48,065,291
III - Current financial assets		
1) investments in subsidiaries	-	5,036,737
6) other investments	573,102	2,108,384
Total current financial assets	573,102	7,145,121
IV - Cash and cash equivalents		
1) bank and post office deposits	9,749,073	12,849,644
3) cash on hand	1,759,862	1,800,379
Total cash and cash equivalents	11,508,935	14,650,023
Total current assets (C)	83,340,015	77,004,558
D) Prepaid expenses and accrued income	7,914,132	4,969,312
Total assets	134,611,039	121,445,750
Equity and Liabilities		
A) Group equity		
I - Shareholders' equity	4,544,802	4,544,802
II - Share premium reserve	12,463,062	12,463,062
IV - Legal reserve	100,000	100,000
VI - Other reserves, separately indicated		
Extraordinary reserve	2,244,005	2,244,005
Consolidation reserve	(10,692)	-
Reserve for exchange gains	(14,445)	(167,305)
Other reserves	(3)	-
Total other reserves	2,218,865	2,076,700
VII - Cash flow hedging reserve	(20,615)	(31,029)
VIII - Retained earnings (Accumulated losses)	(9,310,710)	(3,781,188)
IX - Profit (loss) for the year	(682,612)	(5,201,002)
X - Negative reserve for treasury shares in portfolio	(3,270,257)	(3,270,257)
Total group shareholders' equity	6,042,535	6,901,088

Minority shareholders' equity		
Minority interests in capital and reserves	6,204,575	9,031,696
Minority interest in profit (loss)	32,306	2,085,261
Total minority interest in shareholders' equity	6,236,881	11,116,957
Total consolidated equity	12,279,416	18,018,045
B) Provisions for risks and charges		
3) derivative financial instruments	20,615	32,745
4) other provisions	482,253	549,368
Total provisions for risks and charges	502,868	582,113
C) Employees' severance indemnities	4,438,934	3,874,926
D) Payables		
1) bonds		
amounts falling due after 12 months	26,429,071	26,000,000
Total bonds	26,429,071	26,000,000
4) bank loans		
amounts falling due within 12 months	19,243,526	11,292,706
amounts falling due after 12 months	3,118,224	1,641,746
Total bank loans	22,361,750	12,934,452
6) advances		
amounts falling due within 12 months	719,698	1,105,339
Total advances	719,698	1,105,339
7) trade payables		
amounts falling due within 12 months	39,362,569	28,744,735
Total trade payables	39,362,569	28,744,735
9) payables to subsidiaries		
amounts falling due within 12 months	-	621,868
Total payables to subsidiaries	-	621,868
10) payables to associated companies		
amounts falling due within 12 months	298,416	52,563
Total payables to associated companies	298,416	52,563
11-bis) payables to subsidiaries of the parent companies		
amounts falling due within 12 months	8,700	171,294
Total payables to subsidiaries of the parent companies	8,700	171,294
12) tax liabilities		
amounts falling due within 12 months	4,402,974	4,454,736
Total tax liabilities	4,402,974	4,454,736
13) payables to social insurance institutions		
amounts falling due within 12 months	1,658,948	1,400,304
Total payables to social security institutions	1,658,948	1,400,304
14) other payables		
amounts falling due within 12 months	20,147,369	21,607,944
amounts falling due after 12 months	707,743	980,849
Total other payables	20,855,112	22,588,793
Total payables	116,097,238	98,074,084
E) Accrued expenses and deferred income	1,292,583	896,582
Total equity and liabilities	134,611,039	121,445,750

(1)

Other reserves	12/31/2019	12/31/2018
Difference from rounding to the unit of Euro	(3)	

Consolidated income statement

	12-31-2019	12-31-2018
Income statement		
A) Value of production		
1) revenues from sales and services	190,089,026	159,972,990
2) changes in inventories of work in progress, semi-finished and finished products	84,010	70,709
3) changes in contract work in progress	1,587,502	(1,894,385)
4) increases in fixed assets for internal work	500,366	1,052,021
5) other revenues and income		
other	1,653,575	1,695,903
Total other revenues and income	1,653,575	1,695,903
Total value of production	193,914,479	160,897,238
B) Costs of production		
6) raw, ancillary and consumable materials and goods for resale	12,970,526	11,150,312
7) services	119,098,766	93,447,277
8) use of third party assets	3,825,429	3,378,332
9) personnel costs		
a) wages and salaries	31,082,490	31,094,144
b) social insurance and welfare contributions	8,564,067	7,712,584
c) employee severance indemnities	1,929,786	1,889,483
e) other costs	1,443,914	1,214,589
Total personnel costs	43,020,257	41,910,800
10) amortisation, depreciation and write-downs		
a) amortization of intangible assets	2,892,505	2,629,229
b) depreciation of tangible assets	2,669,715	2,491,782
c) other write-downs of fixed assets	20,844	-
d) bad debt provision	296,176	601,013
Total amortisation, depreciation and write-downs	5,879,240	5,722,024
11) changes in inventories of raw, ancillary and consumable materials and goods for resale	(184,367)	(266,359)
12) provisions for risks	-	10,000
13) other provisions	-	169,318
14) other operating expenses	4,271,315	4,337,722
Total costs of production	188,881,166	159,859,426
Difference between value and cost of production (A - B)	5,033,313	1,037,812
C) Financial income and expenses		
15) gain from investments		
from associated companies	271,629	253,400
others	82	80
Total gain from investments	271,711	253,480
16) other financial income		
a) from long-term financial receivables		
from associated companies	7,292	-
from parent companies	16,800	8,548
others	23,055	611
Total from long-term financial receivables	47,147	9,159
d) income other than the above		
from subsidiaries	1	-
others	12,338	276,472
Total income other than the above	12,339	276,472

Total other financial income	59,486	285,631
17) interest and other financial expenses		
of subsidiaries	-	39,197
others	4,015,239	2,918,131
Total interest and other financial expenses	4,015,239	2,957,328
17-bis) gains and losses on foreign exchange	(36,452)	(105,783)
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(3,720,494)	(2,524,000)
D) Adjustments to the value of financial assets and liabilities:		
18) Revaluations		
a) of investments	155,226	104,782
Total revaluations	155,226	104,782
19) write-down of financial assets		
a) of investments	(741,269)	51,333
b) of financial assets different from investments	798,928	27,970
Total write-downs	57,659	79,303
Total adjustments to the value of financial assets and liabilities (18 - 19)	97,567	25,479
Earnings before taxes (A - B + - C + - D)	1,410,386	(1,460,709)
20) Current, deferred and prepaid income taxes		
current taxes	2,891,314	2,843,955
deferred and prepaid taxes	(314,642)	(799,950)
income (expenses) from participation in the tax consolidation/tax transparency regime	515,980	388,973
Total current, deferred and prepaid income taxes	2,060,692	1,655,032
21) Consolidated profit (loss) for the year	(650,306)	(3,115,741)
Earnings attributable to the group	(682,612)	(5,201,002)
Earnings attributable to minority interests	32,306	2,085,261

Consolidated cash flow statement, indirect method

	31-12-2019	31-12-2018
Cash flow statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	(650,306)	(3,115,741)
Income Tax Expense	2,060,692	1,655,032
Interest expense/(interest income)	4,418,248	2,948,169
(Dividends)	(1,023,668)	-
(Gains)/losses on disposal of assets	-	(170,689)
1) Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	1	(438,991)
Adjustments for non-monetary items not a matching effect on net working capital		
Provisions for funds		
Amortisation and depreciation	180,461	2,669,814
Write-downs for impairment losses	5,081,073	5,121,011
Adjustments to the value of financial assets and liabilities of derivative financial instruments that do not involve any monetary movements	382,177	-
	10,000	-
Other adjustments for non-monetary items	(6,257,422)	-
Total adjustments for non-monetary items that have not had a matching effect on the net working capital	(603,711)	7,790,825
	4,843,886	9,496,570
2) Cash flow before changes in net working capital		
Changes in net working capital		
Decrease/(Increase) in inventories	(2,822,983)	9,237,194
Decrease/(Increase) in trade receivables	(6,940,193)	10,568,773
Increase/(Decrease) in trade payables	8,292,487	(6,649,338)
Decrease/(Increase) in in prepaid expenses and accrued income	(2,994,148)	(2,150,087)
Increase/(Decrease) in accrued expenses and deferred income	428,155	(155,131)
Other changes in net working capital	(4,412,658)	(4,440,926)
Total changes in net working capital	(8,449,340)	6,410,485
3) Cash flow after changes in net working capital	(3,605,454)	15,907,055
Other adjustments		
Interest received/(paid)	(4,418,248)	(2,890,169)
(Income tax expense)	(1,494,186)	(1,640,589)
Dividends received	1,023,669	253,400
(Use of provisions)	861,653	(3,005,826)
Total other adjustments	(4,027,112)	(7,283,184)
Cash flow from operating activities (A)	(7,632,566)	8,623,871
B) Cash flows from investing activities		
Tangible assets		
(Investments)	(2,362,376)	(286,709)
Divestments	(35,329)	-
Intangible assets		
(Investments)	(4,338,429)	(3,392,161)
Divestments	(6,240)	-
Financial fixed assets		
(Investments)	(12,175,155)	(2,005,383)
Divestments	2,713,641	-
Current financial assets		
(Investments)	-	(5,111,682)
Divestments	6,684,891	-

Cash flow from investing activities (B)	(9,518,997)	(10,795,935)
C) Cash flows from financing activities		
Third party fund		
Increase/(Decrease) in short-term payables to banks	11,621,286	(15,786,542)
New loans	429,071	18,180,952
(Repayment of loans)	(1,135,115)	-
Own Fund		
Capital increase against payment	2,896,126	3,857,692
Sale (purchase) of treasury shares	-	1,776,938
Cash flow from financing activities (C)	13,811,368	8,029,040
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(3,340,195)	5,856,976
Cash and cash equivalents at the beginning of the year		
Bank and post office deposits	12,849,644	6,970,654
Cash on hand	1,800,379	1,822,393
Total cash and cash equivalents at the beginning of the year	14,650,023	8,793,047
Cash and cash equivalents at year end		
Bank and post office deposits	9,749,073	12,849,644
Cash on hand	1,759,862	1,800,379
Total cash and cash equivalents at year end	11,508,935	14,650,023

ITALIAN ENTERTAINMENT NETWORK S.p.A.

Register of Companies of Rome no. 06008721000
Economic Administrative Directory no. 940303
Tax code and VAT: 06008721000

Head office in Piazza Venezia 11 - 00187 ROMA (RM) Share capital Euro 4,544.802.00 fully paid up.

Notes to the consolidated financial statements at 12/31/2019

Introduction

Your Group, as you well know, is an important operator at international level and leader in the conception, design, implementation, organization and management of Olympic Ceremonies, big shows, live shows and conventions, in advertising production and digital communication, as well as in the realization of initiatives aimed at enhancing the artistic and cultural heritage also through the management of museums and the organization of exhibitions. The Parent Company Italian Entertainment Network S.p.A. exercises management and coordination activities.

These Consolidated Financial Statements, consisting of the Balance Sheet, Income Statement, Notes to the Financial Statements and cash flow statement, have been prepared in conformity with the provisions of the Italian Civil Code interpreted and integrated by the national accounting principles issued by the "Organismo Italiano di Contabilità" (OIC).

These consolidated financial statements have been prepared on the going concern assumption, as the directors have verified that there are no financial, management or other indicators that could indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months. It should certainly be pointed out that the health emergency due to the spread of the disease COVID 19, which developed in China in early January 2020 and has a very strong global media impact, will have a major impact on the sector in which the Company operates.

However, thanks to the measures already taken and those that will hopefully be taken in the coming months by the State as well as its own financial resources, the Group will be able to cope with the critical situation at the organizational, administrative, economic and financial level.

The values indicated are expressed in Euro; in the case of a different unit of measurement, this is specifically indicated.

The financial statements as at 31 December 2019 have been audited by Deloitte & Touche S.p.A.

Scope of consolidation and consolidation principles

The consolidated financial statements consisting of the balance sheet, income statement, explanatory notes and

cash flow statement have been prepared in accordance with the provisions of Article 29 of Legislative Decree 127/91, as shown in these explanatory notes, prepared in accordance with Article 38 of the same decree. Where necessary, the accounting principles laid down by the National Council of Accountants and Bookkeepers and, where these are lacking, the accounting principles recommended by the IASB and referred to by Consob have been applied.

In addition to the attachments required by law, reconciliations are presented between the net result and shareholders' equity of the consolidating company and the respective values resulting from the consolidated financial statements.

For comparative purposes, the consolidated financial statements present the values relating to the previous year.

The criteria used in the preparation and measurement of the financial statements for the year ended 12/31/2019 take into account the changes introduced into national legislation by Legislative Decree 139/2015, through which Directive 2013/34/EU was implemented.

The scope of consolidation includes the financial statements of Italian Entertainment Network S.p.A. (the "Parent Company") and its subsidiaries. Subsidiaries are those in which the Parent Company has decision-making power over financial and operating policies. The existence of control is presumed when more than half of the effective or potentially exercisable voting rights are held, directly or indirectly, at the date of the financial statements. Associated companies are companies in which the Parent Company exercises significant influence. Subsidiaries are consolidated as from the date on which the Group acquires control and not included in the consolidation as from the date on which such control ceases.

For the purposes of consolidation of subsidiaries, the line-by-line consolidation method is applied, i.e. assuming the entire amount of assets and liabilities and all costs and revenues regardless of the actual percentage of ownership. The book value of consolidated equity investments is therefore eliminated against the related shareholders' equity. Transactions, balances and unrealised gains and losses on intra-group transactions are eliminated.

If the elimination of the equity investment results in a difference, this is entered in the consolidated financial statements, where possible, in the assets and liabilities of the companies included in the consolidation and any residual amount, if negative, is entered in an item of shareholders' equity called "consolidation reserve", or, when it is due to forecasts of unfavorable economic results, in an item called "consolidation reserve for future risks and charges"; if positive, it is entered as goodwill or explicitly deducted from the consolidation reserve up to the amount of the same.

The accounting treatment of goodwill is illustrated in the section on "Valuation Criteria" below.

The amount of capital and reserves of subsidiaries corresponding to minority interests is recorded in an item

of shareholders' equity called "Minority interest in capital and reserves". The portion of the consolidated profit (loss) corresponding to minority interests is recorded under an item called "Minority interest in profit (loss)".

For consolidation purposes, all the financial statements of the Group companies are prepared at the same date and refer to a financial year of the same duration with the exception of C-Way S.R.L., which closes its financial statements at 31.10 each year. The company C-Way S.R.L., 50% owned through the subsidiary Civita Cultura Holding S.R.L., has been consolidated using the equity method, taking into account that control is exercised by the party that holds the remaining 50% and consolidates its holding using the line-by-line method.

The financial statements subject to consolidation were prepared at 31 December 2019 and are those prepared and approved by the Boards of Directors of the individual companies, duly adjusted, where necessary as in the case of foreign companies, to bring them into line with the accounting standards of the Parent Company.

A summary of the scope of consolidation of the Group's consolidated financial statements is provided below:

Filmmaster Events S.r.l.	Control	Roma, Piazza Venezia n.11	€ 938,830	Events
Filmmaster Events Ltd	Indirect Control	42 Brook Street, Mayfair, London W1K 5DB.	€ -1,059,754	Events
Filmmaster Partecipazioni S.r.l.	Indirect Control	Roma, Piazza Venezia n.11	€ 16,049	Operational holding company
Filmmaster Productions S.p.A.	Control	Roma, Via Giovanni Bettolo n.6	€ 340,304	Advertising Productions
Filmmaster Producciones SA	Indirect Control	Madrid - Spagna- Calle Fortuny,31	€ 164,269	Advertising Productions
Filmmaster Mea Productions FZ LLC F (Dubai)	Indirect Control	Dubai - Emirati Arabi -BS 02 - 1st & 2nd floor	€ 440,692	Advertising Productions
Filmmaster Mea Events FZ LLC (Dubai)	Indirect Control	Dubai - Emirati Arabi - BS 02 - 1st & 2nd floor	€ 1,394,577	Events
Film Master Arabia CO. LTD (Arabia Saudita)	Indirect Control	Al Ra'idah Digital City, Building WH14 3rd Floor Office No 15	€ 15,658,283	Organization, management, ceremonies and big fairs
Filmmaster Eventos Brasil Ltda	Control	Rio - Brasile - AV Presidente Vargas 482	€ 2,547	Organization Olympic ceremonies
Civita Cultura Holding S.r.l.	Control	Roma, Piazza Venezia, 11	€ 10,854,576	Museum activities, exhibition organization services
Opera Laboratori Fiorentini S.p.A.	Indirect Control	Firenze, Via Pellicceria, 10	€ 8,698,529	Museum activities, exhibition organization services
Civita Tre Venezie S.r.l.	Indirect Control	Venezia, Via Dorsoduro 3488 U	€ 1,124,784	Museum activities, exhibition organization services
Civita Mostre e Musei S.p.A.	Indirect Control	Roma, Piazza Venezia, 11	€ 1,408,333	Museum activities, exhibition organization services
Civita Sicilia S.O.	Indirect Control	Palermo, Via delta Liberty, 52	€ 500,548	Museum activities, exhibition organization services
Gebart S.p.A.	Indirect Control	Roma, Via Prenestina, 683	€ 2,070,145	Museum activities, exhibition organization services
San Gimignano S.r.l.	Controllo indiretto	Roma, Piazza Venezia n.11	€ 297,544	Museum activities, exhibition organization services

In 2019 Filmmaster Productions S.p.A., as well as its fully-owned subsidiary Filmmaster Producciones SA under Spanish law, was included in the scope of consolidation. In fact, the strategic plan outlined during the previous year, which included the entry of new shareholders and a change in the organizational model, was suspended during the process. In the course of the months, the company carried out an initial phase of internal reorganization and the parent company decided to continue investing in the subsidiary, first acquiring an additional 7% share and then transforming the company from S.R.L. to S.p.A., confirming the change in strategy.

Regarding the subsidiary Filmmaster Events Ltd, registered with the Registrar of Companies (England and Wales) under number 03380233, pursuant to 'section 479C of the Companies Act 2006', it has been granted an exemption to audit the financial statements for the year ended December 31, 2019, in accordance with 'section 479A of the Companies Act 2006' of the United Kingdom

The changes in the Group's scope of consolidation, compared with 2019, are as follows:

- Reclassification of the shareholding in Filmmaster Productions S.p.A. and increase in the same as a result of the purchase of 7% of the share capital of the company;
- Increase of the shareholding in Filmmaster Events S.R.L. as a consequence of the acquisition of 5.25% of the share capital of the company;;
- Increase in the shareholding in Filmmaster Eventos Brasil Ltda (formerly Cerimonias Cariocas 2016 Ltda as a result of the purchase of 50% of the share capital of the company;
- Increase of the shareholding in Filmmaster Mea Productions FZ LLC as a consequence of the acquisition of a 49% shareholding in the company's share capital by the subsidiary Filmmaster Events Ltd;
- Increase of the shareholding in Filmmaster Mea Events FZ LLC as a consequence of the acquisition of a 49% shareholding in the company's share capital by the subsidiary Filmmaster Events Ltd;
- Increase of the shareholding in Filmmaster Arabia Co Ltd as a consequence of the acquisition of a 49% shareholding in the company's share capital by the subsidiary Filmmaster Events Ltd.

Accounting principles and valuation criteria

The consolidated financial statements, consisting of the balance sheet, income statement, notes to the financial statements and cash flow statement, take into account the changes introduced into national law by Legislative Decree 139/2015, through which Directive 2013/34/EU was implemented. As a result of Legislative Decree 139/2015, the national OIC accounting standards have been amended.

Fixed assets

Intangible

Intangible assets are valued at purchase cost, including any ancillary charges. The cost of intangible fixed assets whose use is limited in time has been amortized according to an amortization plan established in relation to their

residual possibility of use.

In this regard, it should be noted that:

- *Start-up and expansion costs* are amortized over a period of 5 years if the conditions for the recoverability of the start-up and expansion costs change, the portion not yet amortized is fully charged to the income statement for the year in which the conditions for recognition cease to exist.
- The costs relating to *industrial patent rights and intellectual property rights* relate to activities carried out externally and/or internally for the purchase of application software and customization activities, or for works, to obtain specific functions already in operation for several years, amortized over five years, in relation to their expected useful life, starting from the year in which the asset comes into operation;
- costs relating to *concessions, licenses, trademarks and similar rights* include costs for the acquisition of licenses for the use of application software already in operation for several years, amortized over five years, trademarks amortized over eighteen years and in relation to the expected useful life of the same, starting from the year in which the asset comes into operation.
- *goodwill*, already described in the section on consolidation criteria, is amortized over 10 to 18 years in accordance with national accounting standards and according to the recoverability of the investment.
- costs relating to *other* intangible assets mainly relate to leasehold improvements.

Tangible

They are recorded at purchase cost and adjusted by the corresponding accumulated depreciation.

The value recorded in the financial statements takes into account ancillary charges and costs incurred for the use of the asset, leading to a reduction in cost of commercial discounts and cash discounts of a significant amount.

The depreciation rates, charged to the income statement, were calculated based on the expected use, destination and economic-technical duration of the assets, on the basis of the criterion of the residual possibility of use, a criterion which we considered well represented by the following rates, unchanged with respect to the previous year and reduced by half in the year in which the asset came into operation:

Auto vehicles: 25%.

Office furniture: 12%

Office machines: 20%

Assets under € 516: 100%

If, regardless of the depreciation already recorded, there is a permanent loss in value, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value, adjusted only for depreciation, is reinstated.

At 12/31/2019 the company did not include assets for which "monetary revaluations" have been carried out in the

past, pursuant to Law Decree no. 185/2008, or assets for which the legal valuation criteria have been waived, in application of art. 2426 of the Italian Civil Code.

Financial

Investments in associates and other companies are recorded, in accordance with the principle of continuity of valuation criteria, at purchase or subscription cost, reduced in the event of impairment of the investee company.

The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

Equity investments recorded as fixed assets represent a lasting and strategic investment by the company.

Impairment losses

The recoverability of the value of tangible, intangible and financial assets is verified in accordance with OIC 9.

At each financial statement date, the Group verifies whether there are indications of any "permanent" losses in the carrying value of its tangible and intangible assets. If such indicators exist, the recoverable amount (value in use) of these assets is estimated to determine the amount of any write-down.

If the recoverable amount is estimated to be lower than the related net book value, the latter must be reduced to the recoverable amount. An impairment loss is recognized in the income statement at the balance sheet date. If, in subsequent years, the reasons for the write-down no longer apply, the original value of the asset is reinstated, adjusted, if necessary, only for the amortization accrued, with the exception of goodwill, for which no reversal is permitted.

Receivables

They are stated at their estimated realization value. The nominal value of receivables is adjusted to their estimated realizable value by means of a specific allowance for doubtful accounts, taking into account the general economic and sector conditions and the general risk of bad debts. With reference to receivables recorded in the financial statements prior to the year beginning on or after 1 January 2016, they are recorded at their presumed realizable value since, in accordance with accounting standard OIC 15, it was decided not to apply the amortized cost and discounting criterion.

Accruals and deferrals

They have been determined on the basis of the actual accrual period of the financial year and regardless of the date of payment or collection of the related income and charges, common to two or more financial years and spread over time.

For accruals and deferrals of multi-year duration, the conditions that had determined their original recognition were verified, adopting, where necessary, the appropriate changes.

Inventory

Finished products are recorded at purchase or production cost, while for work in progress, the specific cost method has been applied; work in progress at 12/31/2019 has been valued on the basis of the percentage of completion criterion: costs, revenues and contract margin are recognized according to the progress of the production activity. For the application of this criterion, the cost to cost method has been adopted.

This method was used in relation to contracts in progress for more than one year (i.e. a construction contract covering a period of more than twelve months) and the requirements of national accounting standard OIC 23 are met.

Considering that the investee company Filmmaster Arabia Co Ltd records contract work in progress on the basis of the criterion of the contract completed in the consolidated financial statements, entries are made as at 12.31.2019 to adjust to the % completion principle. Details will be provided in the relevant section.

Cash and cash equivalents

Are valued at nominal value.

Provisions for risks and charges

These are allocated to cover losses or liabilities of a specific nature, whose existence is certain or probable, but whose amount or date of occurrence could not be determined at the end of the financial year.

In the valuation of these provisions, the general criteria of prudence and accrual were respected and no generic risk provisions without economic justification were set up.

Potential liabilities were recorded in the financial statements and recorded in the provisions as they were considered probable and the amount of the related charge could be reasonably estimated.

Employee severance indemnities

It represents the actual debt accrued to employees in accordance with the law and the employment contracts in force, considering all forms of remuneration of an ongoing nature.

The provision corresponds to the total of the individual indemnities accrued in favor of at the financial statements closing date, net of advances paid, and is equal to what would have been payable to employees in the event of termination of employment on that date. It therefore reflects the liability accrued to employees, in accordance with current legislation and collective labor agreements and any supplementary company agreements. The Company recognizes in the financial statements the entire amount of severance indemnities accrued by its employees. It should be noted that no employee has joined pension plans outside the company.

Payables

Payables are recognised at their nominal value, modified when returns or invoicing adjustments are made.

Derivative financial instruments

Derivative financial instruments, even if embedded in other financial instruments, were initially recognised when the related rights and obligations are acquired; they were measured at fair value at both the initial recognition date and at each financial statement closing date. Changes in fair value compared to the previous year have been recorded in the income statement; in the case of instruments that hedge the risk of changes in the expected cash

flows of another financial instrument or a planned transaction, the changes have been recorded in an equity reserve.

Derivative financial instruments with positive fair value have been recognized as assets in the balance sheet. Their classification under fixed or current assets depends on the nature of the instrument itself:

- a derivative financial instrument hedging cash flows or the fair value of an asset follows the classification, under current or non-current assets, of the hedged asset;
- a derivative financial instrument hedging the cash flows and fair value of a liability, an irrevocable commitment or a highly probable planned transaction is classified as current assets;
- a non-hedging derivative financial instrument is classified as current assets within the next financial year.

Changes in the fair value of the effective component of derivative financial instruments hedging cash flows have been recorded in the reserve for expected cash flow hedges.

Derivative financial instruments with a negative fair value were recorded in the balance sheet under Provisions for risks and charges.

The IEN Group uses derivative instruments, subscribed for hedging purposes only, in order to manage the risks related to changes in interest rates.

Provisions for risks and charges

These are set aside to cover losses or payables whose existence is certain or probable, but whose amount or date of occurrence could not be determined at year-end.

In evaluating these provisions, the general criteria of prudence and accrual were respected and no generic risk provisions without economic justification were set up.

Potential liabilities were recorded in the financial statements and recorded in the provisions as they were considered probable and the amount of the related charge could be reasonably estimated.

Provision for employee severance indemnities

It represents the actual debt accrued to employees in accordance with the law and the employment contracts in force, considering all forms of remuneration of an ongoing nature.

The provision corresponds to the total of individual indemnities accrued up to December 31, 2006 in favor of employees at the financial statements closing date, net of advances paid, and is equal to the amount that would have been payable to employees if the employment relationship had terminated on that date.

The provision does not include indemnities accrued from January 1, 2007, allocated to supplementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 2005 (or transferred to the INPS treasury).

Income Taxes

Taxes for the year are determined on the basis of the charges to be paid in accordance with current tax

regulations. They are recorded on accruals basis, therefore, representing:

- provisions for taxes paid or to be paid for the year;
- the amount of deferred or prepaid taxes in relation to temporary differences arising or cancelled during the year.

Payables for individual taxes are entered in the balance sheet, under tax payables, net of advances, withholding taxes and tax credits due. Deferred and prepaid taxes are also recorded on temporary differences between the balance sheet values recorded in the financial statements and the corresponding values recognised for tax purposes, applying the rate in force at the time these differences are reversed.

The valuation of deferred tax assets is carried out in compliance with the statutory principle of prudence, considering the reasonable certainty of their recovery.

Starting from the 2015 financial year, the company has exercised the option for the tax regime of the National Tax Consolidation which allows to determine the IRES on a taxable base corresponding to the algebraic sum of the positive and negative taxable amounts of the individual companies, with the following subsidiaries:

- Filmmaster Productions S.p.A. as from the year 2015;
- Filmmaster Events S.R.L. as from the year 2015;
- Cinecittà District Entertainment S.R.L. from the year 2015 and then exit in 2017 following the sale of the shareholding;
- Userfarm Italia S.R.L. from 2017 and then exit in 2018 following the sale by the subsidiary Filmmaster Productions S.R.L. of 60% of the share capital;
- Filmmaster Partecipazioni S.R.L. as from 2017;
- Civita Cultura Holding S.R.L. as from 2018;
- Civita Mostra e Musei S.p.A. as from 2018;
- Opera Laboratori Fiorentini S.p.A. as from the year 2018.

Recognition of revenues and costs

Revenues are recognised in the income statement on an accruals basis.

Costs are recorded in the financial statements according to criteria similar to those for the recognition of revenues and in any case on an accrual basis.

Criteria for the translation of items expressed in foreign currency

Assets and liabilities denominated in foreign currency are translated into Euro at the historical exchange rates on the date of the related transactions. Exchange differences deriving from the collection of receivables and payment of payables in foreign currency are recorded in the Income Statement. The adjustment of receivables and payables in foreign currency, due within the next financial year, to the exchange rates in force at the closing date of the financial statements is ascertained and reflected in the Income Statement with a balancing entry under Exchange gains and losses.

The balance sheet and income statement of subsidiaries whose functional currency is not the currency used by the Parent Company (Euro) are translated into a different presentation currency. In particular: (i) assets and liabilities in each balance sheet are translated at the exchange rate at the end of the year; (ii) revenues and costs in each income statement are translated at the average exchange rate for the period. All resulting exchange rate differences are recognised in a separate component of shareholders' equity.

For the translation of financial statements expressed in foreign currency, have been applied the rates shown in the following table:

Currency	Exchange	
	punctual 12/31/2019	annual average 2019
SAR	4.2128	4.1980
AED	4.1257	4.1113
REAL	4.5157	4.4134

Assets

B) Fixed assets

Intangible Assets

Description	12/31//2018	Increases	Of which for capitalised charges	Decreases	2/31/2019
Start-up and expansion costs	1,097,851	153,016		451,529	799,338
Costs of development					
Industrial patents and intellectual property rights	312,104	31,878		95,610	248,372
Concessions, patents, licences, trademarks and similar rights	98,892	100,978		30,915	168,955
Goodwill	14,448,631	4,035,623		1,623,725	16,860,529
Intangible assets in progress and advance payments	379,693	153,961		109,957	423,697
Other	2,359,651	580,907		568,009	2,372,549
Total	18,696,822	7,503,226		5,326,608	20,873,440

- Goodwill, the net amount of which is Euro 16,860,526, is attributable to the changes detailed below:

Filmmaster Productions S.P.A.	-	1,598,074	241,977	1,356,096
Filmmaster Events S.R.L.	510,463	172,774	78,212	605,024
Filmmaster Mea Productions FZ LLC	142,345	(142,345)	-	-
Filmmaster Mea Productions FZ LLC in Fme Ltd	-	1,451,159	80,620	1,370,539
Filmmaster Mea Events FZ LLC	215,059	(215,059)	-	-
Filmmaster Mea Events FZ LLC	-	736,692	40,927	695,765
Filmmaster Events Ltd	5,286	-	1,057	4,229
Filmmaster Producciones SA	-	197,742	20,888	176,854
Filmmaster Eventos Brasil Ltda	25,653	-	2,332	23,321
Filmmaster Partecipazioni S.R.L.	15,452	-	483	14,970

Civita Mostre e Musei S.P.A.	-	236,587	13,144	223,443
Civita Cultura S.R.L.	3,018,817	-	256,138	2,762,679
Civita Cultura - Consorzio Civita	42,211	-	7,053	35,158
Civita Musea - Arethusa	87,446	-	9,730	77,716
Civita Sicilia - Campodivolo	38,840	-	5,560	33,280
Civita tre Venezie consolidation difference	481,413	-	43,765	437,648
Gebart consolidation difference	635,436	-	45,388	590,048
Opera Laboratori Fiorentini	9,230,207	-	776,450	8,453,757

Changes in the scope of consolidation during 2019 generated the following changes:

- Increase in the value of the parent company's shareholding in Filmmaster Productions S.p.A. by 7% which generated a goodwill of Euro 191,179 which, together with the goodwill prior to deconsolidation of Euro 1,406,895, reinstated in 2019, generated an overall increase of Euro 1,598,074;
- Restoration of the value of the goodwill of Filmmaster Producciones SA following the return of Filmmaster Productions S.p.A. to the consolidation perimeter;
- Increase in the value of the parent company's investment in Filmmaster Events S.R.L. by 5.25% which generated goodwill of Euro 172,774;
- Increase in the value of Filmmaster Events Ltd's stake in Filmmaster Mea Events FZ LLC by 49% following the purchase of third parties and 51% following the purchase from the parent company which generated goodwill of Euro 736,692 and a decrease in the goodwill referred to the parent company of Euro 215,059;
- Increase in the value of Filmmaster Events Ltd's share in Filmmaster Mea Productions FZ LLC by 49% following the acquisition of third parties and 51% following the acquisition from the parent company which generated a goodwill of 1,451,159 euro and a decrease in goodwill referring to the parent company of 142,345 euro;

I. **Tangible assets**

Description	12/31/2018	Increases	Decreases	12/31/2019
Land and buildings	663,611		21,877	641,734
Plants and machinery	1,578,042	351,580	323,388	1,606,234
Industrial and commercial equipment	734,565	6,880	234,389	507,056
Other assets	7,707,412	1,695,889	1,715,031	7,688,270
Tangible assets under construction and advances	40,000			40,000
Total	10,723,630	2,054,349	2,294,685	10,483,294

II. **Financial assets**

The table below shows the changes in investments in associated companies

Gag Srl	186,192	0	0	186,192
Luneur Park SpA	1,397,343	1,900,000	0	3,297,343
<i>Da Filmmaster Productions SpA</i>				
Userfarm italia Srl	852,748	520,000	0	1,372,748
<i>Da Filmmaster Events Srl</i>				
Luneur Park SpA	1,079,000	266,800	0	1,345,800
<i>Da Civita Cultura Holding</i>				
C-Way srl (ex Incoming Liguria)	727,567	114,052	0	841,619
Tosc - TicketOne Sistemi culturali Srl	520,000	0	0	520,000
<i>Da Civita Tre Venezie Srl</i>				
Venezia Accademia Società per i Servizi Museali Srl	40,000	0	0	40,000
<i>Da Gebart SpA</i>				
Tosc- TicketOne Sistemi Culturali Srl	115,950	0	0	115,950

The table below shows the changes in other equity investments:

Italian Entertainment Group S.P.A.	1,000,000	0	0	1,000,000
<i>Da Civita Sicilia S.R.L.</i>				
Soc, Cons, Distretto Tursitico Dea Morgantina a r.l,	3,000	0	0	3,000
<i>Da Gebart SpA</i>				
Banca di Credito Operativo	8,773	0	0	8,773

Credits

Receivables included under financial fixed assets from associated companies are detailed as follows:

Luneur Park S.P.A.	1,000,000	0	1,000,000	0
<i>Da Civita Tre Venezie S.R.L.</i>				
Venezia Accademia Scarl	25,000	0	0	25,000
Venezia Musei in liquidazione	12,500	0	0	12,500

The item **Other Assets** for Euro 2,900.00 refers to bonds convertible into shares of Cinecittà World S.p.A. held by the parent company.

C) Current assets

I.I. Inventory

Description	12/31/2018	Increases	Consolidation entries	12/31/2019
Raw, ancillary and consumable materials	836,646	114,578		951,224
Work in progress and semi-finished products	713,318	9,820		723,138
Contracts in progress	1,865,729	4,118,224	990,002	6,973,955
Finished products and goods	3,728,430	315,689		4,044,119
of which intangible assets for resale				
Advance				
Total	7,144,123	4,558,311	990,002	12,692,436

Raw materials, work in progress and finished goods refer to the following companies:

Raw, ancillary and consumable materials	951,224							951,224
Work in progress and semi-finished products	723,138							723,138
Finished products and goods	3,084,738	319,873	303,472	110,485	225,545	6		4,044,119
Total	4,759,099	319,873	303,472	110,485	225,545	6		5,718,481

Consumables include various materials for exhibitions, materials used in upholstery workshops (fabrics), set design and construction.

Goods are composed of inventories of goods held for sale, mainly books and merchandising materials.

Work in progress are composed of the costs incurred to set up exhibitions that may be in progress at the end of the year and those that will be completed and open to the public in the following year.

For products and goods, reference is made almost exclusively for all companies to publishing and merchandising products related to bookshops.

Contracts in progress, amounting to Euro 6,973,955, refers to events or productions not yet completed as at 12/31/2019 but which will be completed in subsequent years. The amount refers to Filmmaster Events Srl for an amount of Euro 668,369, Filmmaster Productions S.p.A. for an amount of Euro -222,620, Filmmaster Mea Productions FZ LLC for 221,913, Filmmaster Mea Events FZ LLC for 550,175 euro and Film Master Arabia Co Ltd for an amount of Euro 4,766,116.

It should be noted that the consolidation entry of Euro 990,002 refers to the valuation of the contracts in progress at the end of the year in Filmmaster Arabia Co Ltd. In fact, while the group adopts the percentage of completion

principle as the valuation principle, the subsidiaries Filmmaster Arabia Co Ltd, Filmmaster Mea Events FZ LLC and Filmmaster Mea Productions FZ LLC adopt that of the completed job order. Therefore, the following has been carried out:

- * neutralize the progress of work on contracts not yet completed in 2018 but completed in 2019, for Euro 801,026, which had a positive impact in the 2018 consolidated financial statements and which evidently led to a higher cost in the present consolidated financial statements;
- * to recognize a contract margin on the 2019 job orders not yet completed at 12.31.2019 and therefore, frozen in the financial statements of subsidiaries, determined on the basis of the costs incurred at 12.31.2019, which had an impact of Euro 2,141,028.

Receivables

The balances of consolidated receivables, after the elimination of intra-group values, are broken down by maturity as follows

Descriptoin	Amounts falling due within 12 months	Amounts falling due after 12 months	Over 5 years	Total	Of which relating repurchase transactions
Trade receivables	43,629,986			43,629,986	
From subsidiaries	2,385,543			2,385,543	
From subsidiaries of the parent companies	178,744			178,744	
Tax receivables	2,064,299	182,702		2,247,001	
Prepaid taxes	4,189,090	81,063		4,270,153	
From others	5,660,256	193,860		5,854,116	
Rounding					
	58,107,917	457,625		58,565,542	

Trade receivables are shown at their estimated realizable value and are recorded net of the allowance for doubtful accounts.

Receivables from associated companies are summarized in the following table

Userfarm Italia S.R.L.		137,000	137,000
Luneur Park S.P.A.	59,670	100,000	159,670
Luneur Park S.P.A. (da Fme Srl)	3,118		3,118
Filmmaster Advance (da Mea Events)	175,778		175,778
Filmmaster Advance (da Mea Productions)	145,470		145,470
Userfarm Italia S.R.L.	818,515	340,492	1,159,007
A.B.E.T.E. S.p.A.	0	605,500	605,500

Receivables from subsidiaries of the parent companies are summarized in the following table

Cway Srl	178,744	178,744
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Prepaid tax receivables refers mainly to the Parent Company for Euro 3,993,354. These taxes have been recognised on tax losses as at 12.31.2019 as there is reasonable certainty of the existence, of taxable income not less than the amount of the temporary deductible differences that will be reversed, in the years when the reversal will take place.

III. Financial assets not held as fixed assets

The decrease in the investments in non-consolidated subsidiaries is referred entirely to Filmmaster Productions S.p.A. for the reasons indicated in the introduction.

Other securities of Euro 573,102 refer mainly to Opera Laboratori Fiorentini SpA for Euro 565,950.

I. *Cash and cash equivalents*

Description	12/31/2018	Increases	Decreases	12/31/2019
Bank and post office deposits	12,849,644		3,100,571	9,749,073
Checks				
Cash in hand	1,800,379		40,517	1,759,862
Total	14,650,023		3,141,088	11,508,935

The balance represents cash and cash equivalents and the existence of cash and cash equivalents at the end of the year. Companies with offices abroad hold accounts in local currency.

D) Prepaid expenses and accrued income

Prepaid expenses and accrued income amounted to Euro 7,914,132 at December 31, 2019. The most important item of prepaid expenses refers to:

- Opera Laboratori Fiorentini S.p.A. for Euro 5,498,906, referring to revenues and costs incurred for the realization of exhibitions that began in 2019 and will continue in 2020;
- Civita Mostre e Musei S.p.A. for Euro 498,419, referring to revenues and costs incurred for the realization of exhibitions that began in 2019 and will continue in 2020;
- Italian Entertainment Network S.p.A. for Euro 484,146, referring to the portion of expenses due in relation to the financing obtained from Pricoa pertaining to the financial years after 2019;
- Filmmaster Productions S.p.A. for an amount of Euro 477,460, referring to the quota of rental expenses pertaining to the financial years after 2019 in relation to the platform owned by Userfarm Italia S.R.L. .

Equity and Liabilities

A) Group equity

Description	12/31/2019	12/31/2018
Shareholders' equity	4,544,802	4,544,802
Share premium reserve	12,463,062	12,463,062
Legal reserve	100,000	100,000
Other reserves	2,218,865	2,045,062
Retained earnings (Accumulated losses)	-9,310,710	-3,780,579
Profit (loss) for the year	-682,612	-5,201,002
Negative reserve for treasury shares in portfolio	-3,270,257	-3,270,257
Minority interest in profit (loss)	32,306	2,085,261
Minority interests in capital and reserves	6,204,575	9,031,696
Total consolidated equity	12,279,416	18,018,045

Shareholders' equity

The Shareholders Equity at 12/31/2019 was approved for Euro 5,244,802, subscribed and paid in for Euro 4,544,802 and represented by shares with a nominal value of Euro 1.

The value of Euro 700,000 of Shareholders Equity approved and not yet subscribed is made available for the conversion of the convertible bond loan originally subscribed by Fondo Italiano d'Investimento SGR S.p.A. and now, following the exit of Fondo Italiano itself, available to the company.

Reserves

Legal reserve: the reserve recorded in the financial statements amounts to Euro 100,000, equal to 2.6% of the share capital and it has no variations from the previous year.

Share premium reserve: amounts to Euro 12,463,062 and is the same compared to the previous year.

Negative reserve for treasury shares in portfolio: Had no variations in comparison to the previous year:

Description	12/31/2018	Increases	Decreases	12/31/2019
ITALIAN ENTERTAINMENT NETWORK SPA	3,270,257			3,270,257

Treasury shares in portfolio

Number	Nominal value	Acquisition value	Average cost
543,232	543,232	3,270,257	6.02

Account	SI											
Situation of 17	3,844,302	9,829,732	100,000	1,552,336	(5,047,195)	(31,029)	(2,677,436)	(2,618,364)	4,952,846	10,625,391	15,578,237	
Profit/loss movement												
Purchase of shares					1,776,938				1,776,938		1,776,938	
Dividends												
Share capital increases	700,000								700,000		700,000	
Issue of share options												
Effect of translating financial statements in foreign currency												
Change in the scope of consolidation												
Allocation of profits												
Other movements		2,633,330		524,364			(1,103,752)	(5,201,002)	1,776,938	2,085,261	2,085,261	
Profit (loss) for the period												
Total movements	700,000	2,633,330		524,364	1,776,938		(1,103,752)	(5,201,002)				
Situation of 18	4,544,802	12,463,062	100,000	2,076,700	(3,270,257)	(31,029)	(3,781,188)	(5,201,002)	6,901,088	11,116,957	18,018,045	
Situation of 18	4,544,802	12,463,062	100,000	2,076,700	(3,270,257)	(31,029)	(3,781,188)	(5,201,002)	6,901,088	11,116,957	18,018,045	
Profit/loss movement												
Purchase of shares												
Dividends												
Share capital increases												
Issue of share options												
Effect of translating financial statements in foreign currency												
Change in the scope of consolidation												
Allocation of profits												
Other movements				142,166		10,414	(5,529,522)	4,518,390	258,510	4,912,340	(5,770,934)	
Profit (loss) for the period										32,306	32,306	
Total movements				142,166		10,414	(5,529,522)	(682,612)				
Situation of 19	4,544,802	12,463,062	100,000	2,076,700	(3,270,257)	(20,615)	(9,310,710)	(682,612)	6,042,536	6,236,881	12,279,417	

The following is a composition of profits/losses attributable to the Group and third parties:

Entity	SI						
ITALIAN ENTERTAINMENT NETWORK S.p.A.	100,000	-4,186,654	-1,197,754	-5,384,408	-5,384,408	0	
FILMMASTER ARABIA CO.LTD	100,000	5,043,077	1,340,002	6,383,079	6,383,079	0	
FILMMASTER MEA EVENTS FZLLC	100,000	-245,923	0	-245,923	-245,923	0	
FILMMASTER MEA PRODUCTIONS FZ LCC	100,000	102,806	0	102,806	102,806	0	
FILMMASTER EVENTS S.R.L.	100,000	177,391	0	177,391	177,391	0	
FILMMASTER PARTECIPAZIONI S.R.L.	100,000	-6,137	0	-6,137	-6,137	0	
FILMMASTER EVENTS LIMITED	100,000	-359,647	0	-359,647	-359,647	0	
FILMMASTER PRODUCTIONS S.P.A.A	91,000	-815,260	0	-815,260	-741,887	-73,373	
FILMMASTER PRODUCCIONES	91,000	-126,450	0	-126,450	-115,070	-11,381	
CIVITA MOSTRE E MUSEI SPA	86,416	-667,555	0	-667,555	-576,874	-90,681	
CIVITA CULTURA HOLDING S.R.L.	77,360	99,509	0	99,509	76,980	22,529	
FILMMASTER EVENTOS BRASIL LTDA	100,000	-111,707	0	-111,707	-111,707	0	
OPERA LABORATORI FIORENTINI S.P.A.	62,275	86,884	0	86,884	54,107	32,777	
CIVITA SICILIA S.R.L.	54,152	-119,070	0	-119,070	-64,479	-54,591	
OPERA SAN GIMIGNANO S.R.L.	74,874	-2,456	0	-2,456	-1,839	-617	
CIVITA TRE VENEZIE S.R.L.	39,454	1,418	0	1,418	559	859	
GEBART S.P.A.	38,680	337,220	0	337,220	130,437	206,783	

The group's consolidated shareholders' equity and the group's consolidated profit at 12/31/2019 are reconciled with those of the parent company as follows:

	Equity	Profit/Loss
Italian Entertainment Network SpA	9,236,865	-4,186,654
Adjustments for accounting adaptations	1,340,002	1,340,002
Consolidation adjustments	2,634,022	-1,230,060
Differences for the annulment of equity investments	-7,136,048	3,394,100
Total	6,074,841	-682,612
Minority shareholders' equity	6,204,575	32,306
Consolidated shareholders' equity	12,279,416	-650,306

B) Provisions for risks and charges

(Ref. art. 2427, first paragraph, no. 4, Civil Code)

Provisions for risks and charges

The provisions for risks and charges, whose total amount is Euro 502,868, are composed as follows:

Description	12/31/2018	Additions	Disposals	12/31/2019
For retirement benefits and similar obligations				
For taxes and deferred taxes				
Derivative financial instruments	32,745	(12,130)		20,615
Other provisions	549,368	(67,115)		482,253
Consolidation provision for future risks and charges				
Total	582,113	(79,245)		502,868

Derivative financial instruments

It should be noted that as at December 31, 2019:

- * The Company Opera Laboratori Fiorentini S.p.A. has an "Interest Rate Swap" derivative contract in place to hedge the interest risk on its medium/long-term bank debt. At December 31, 2019, the fair value (current market value) of these contracts was negative by Euro 2,487;
- * The company Filmmaster Events S.R.L. has an "Interest Rate Swap" derivative contract in place to hedge the interest rate risk on its medium/long-term bank debt. As at December 31, 2019, the fair value (current market value) of these contracts was negative by Euro 18,128.

The other provisions mainly refer to Opera Laboratori Fiorentini S.p.A. within the limit of Euro 400,000, for a provision for risks on employees and the remainder to accruals in Filmmaster Events S.R.L. and Italian Entertainment Network S.p.A. for employee expenses.

C) Employees' severance indemnities

Description	12/31/2018	12/31/2019
Employee severance indemnity at 12.31.2019	3,874,926	4,438,934

The provision allocated represents the actual debt of the company as at 12/31/2019 to employees on that date, net of advances paid.

It represents the actual debt accrued as of 12/31/2019 to employees in accordance with the law and management employment contracts, considering all forms of remuneration of a continuous nature.

For executives, the amounts were paid regularly to Previndai as required by law.

The composition of the consolidated companies is as follows:

150,801	225,476	650,256	29,172	496,430	137,873	253,434	319,204	2,176,288	4,438,934
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D) Payables

Consolidated payables, after the elimination of intra-group amounts, are valued at their nominal value and their due date is broken down as follows (Article 2427, first paragraph, no. 6 of the Italian Civil Code).

Description	Amounts falling due within 12 months	Amounts falling due after 12 months	Over 5 years	Total
Bonds		26,429,071		26,429,071
Convertible Bonds				
Payables to shareholders for loans				
Bank loans	19,243,526	3,118,224		22,361,750
Payables to other financing parties				
Advances	719,698			719,698
Trade payables	39,362,569			39,362,569
Payables consisting in debt securities				
Payables to subsidiaries that are not being consolidated				
Payables to associated companies	298,416			298,416
Payables to parent companies				
Payables to subsidiaries of the parent companies	8,700			8,700
Tax liabilities	4,402,974			4,402,974
Payables to social insurance institutions	1,658,948			1,658,948
Other payables	20,147,369	707,743		20,855,112
Total	85,842,200	30,255,038		116,097,238

Payables for non-convertible bonds refer to the private placement of two secured bonds for a total of Euro 26 million, subscribed by Pricoa Capital and listed on the Vienna Stock Exchange, for Euro 12 million with a 5-year maturity (senior line) and Euro 14 million (mezzanine line) with a 6-year bullet maturity. The increase of Euro 429,071 in bonds during the year is due to the capitalization of interest expense.

Payables for non-Convertible Bonds Although not stated in the financial statements, it should be noted that Italian Entertainment Network S.p.A. holds 3,333,330 own convertible bonds with a nominal value of 1 euro each for a total amount of Euro 3,333,330.

Bank loans at 12/31/2019 represent the actual principal amount payable to banks.

Bank loans within 12 months are subdivided among the consolidated companies as follows:

1,380,508	1,896,343	1,864,292	12,953	1,112	50,476	381,327	14,763,086	20,350,157
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Bank loan amounts falling due after 12 months, for a total of Euro 3,118,224, refer to Euro 400,000 to Filmmaster Productions S.p.A., Euro 334,940 to Gebart S.p.A., Euro 371,691 to Opera Laboratori Fiorentini S.p.A., Euro 696,790 to Italian Entertainment Network SpA and Euro 1,314,803 to Filmmaster Events S.r.l..

"Trade payables" are recorded after deducting trade discounts; cash discounts are recorded at the time of payment. The nominal value of these payables has been adjusted, on the occasion of returns or rebates, to the amount defined with the counterparty.

"Payables to subsidiaries of the parent companies" are summarized in the following table:

Cway S.R.L.	8,700	8,700
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"Payables to associated companies" are summarized in the following table:

Luneur Park S.p.a.		100,000	100,000
Gag S.R.L.	16,166		16,166
Opera San Gimignano S.r.l.		25,600	25,600
Userfarm Italia S.r.l.	111,600		111,600
A.B.E.T.E. S.p.A.	0	45,050	45,050

The item **"Tax liabilities"** includes only the liabilities for certain and determined taxes, since the liabilities for taxes that are probable or uncertain in amount or date of occurrence, such as deferred taxes, are recorded under item B.2 of Liabilities (Tax Provision). The most significant amount relates respectively to Filmmaster Arabia for Euro 1,907,983, Opera Laboratori Fiorentini S.p.a for Euro 878,765 and Filmmaster Events S.R.L. for Euro 1,045,289.

91.740	259.123	19.483	1.045.289	460	1.907.983	608	26.222	58.566	14.955	79.862	19.318	878.765	600	4.402.974
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The item **"Payables to social insurance institutions"** is divided as follows:

7.734	53.162	255.933	20.760	156.730	23.208	52.632	46.981	1.041.808	1.658.948
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"Other payables" within the year mainly refer to Opera Laboratori Fiorentini S.p.A. for Euro 12,438,684 to be associated to museum management and Film Master Arabia for Euro 2,818,987, the most significant amount of which refers to advances from customers. This item also includes, for the other companies, the amount due to personnel for the fourteenth-salary accruals and accrued holiday pay.

There are no payables relating to transactions that require the obligation of re-conveyance (art.2427 first paragraph, n-6 ter of the Italian Civil Code).

E) Accrued expenses and deferred income

They represent the connection items of the financial year calculated on an accrual basis.

They are divided among the group companies as follows:

156,837	27,257	65,713	81	125,000	829,811	8,589	33,854	4,738	40,703	0	1,292,583
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Commitments not reported on the Financial Statements

The commitments which are not reported on the Financial Statements, represents obligations assumed by the company towards third parties, which originate from legal transactions with certain compulsory effects but not yet carried out by either party. This category includes both commitments whose performance and amount is certain (e.g. purchase and sale forward) and commitments whose performance is certain but not the amount (e.g. contract with a price revision clause). The amount of the commitments is the nominal value inferred from the relevant documentation.

Commitments not shown in the balance sheet as at 12/31/2019 are as follows:

Italian Entertainment Network S.p.A.

- * Euro 350,000 related to a letter of patronage issued to Intesa San Paolo on 12/07/2011 for the disbursement of a bank loan of the same amount in favor of Filmmaster Events FZ_LLC;
- * Euro140,000 related to a guarantee in favor of Immobiliare Film Master S.R.L. for the lease agreement

related to the property in Milan in via Maroncelli 13 and expiring on 12/01/2024;

- * Euro 26,000,000 related to the pledge on the shareholding investments and in particular on the shares of Civita Cultura Holding S.R.L., Filmmaster Productions S.R.L., Filmmaster Events S.R.L., Filmmaster Events Ltd and the Filmmaster brands;
- * Euro 1,560,000 related to an Omnibus Guarantee issued on 11/27/2018 to Unicredit for bank credit lines to Filmmaster Events S.R.L.;
- * Euro 1,690,000 related to an Omnibus Guarantee issued on 11/27/2018 to Unicredit for bank loans to Filmmaster Productions S.p.A.;
- * Euro 2,000,000 related to a guarantee issued to Unicredit on 11/27/2018 for a loan granted to the subsidiary Filmmaster Events S.R.L.;
- * Euro 130,000,000 related to a guarantee issued to Unicredit on 11/27/2018 for a loan granted to the company Civita Mostre e Musei S.p.A.;
- * Euro 130,000 related to a guarantee issued to Unicredit on 11/27/2018 for a loan granted to the subsidiary Civita Sicilia S.r.l..

Opera Laboratori Fiorentini spa:

Below is a list of the guarantees in place as at 12.31.2019, issued by insurance companies and banks in favour of the Company to guarantee third parties:

Beneficiary	Order	Issued from	Guaranteed amount
Venice Academy Gallery	Venice Academy Gallery	Elba Ass,Ni S.P.A.	2,156,762
Vatican City State Governorate	Vatican Museums	Axa ass,ni spa	1,086,000
Consip (provisional guarantee)	Competition Accademia Gallery Florence and San Marco	Elba Ass,Ni S.P.A.	993,286
Ministry of Cultural Heritage and Activities	Excavations of pompeii and ercoano	Axa ass,ni spa	309,874
Municipality of Siena	Civic Museum Water Museum Tower	Elba Ass,Ni S.P.A.	300,000
Municipality of Montalcino	Concession integrated management of tourist services	Euler Hermes S,A	270,312
Consip (provisional guarantee)	tender for the Pinacoteca Brera concession	Sace BT spa	274,371
Municipality of Terni	heatrate Museum Service	Unipolrai Ass,Ni Spa	247,385
Consip (provisional guarantee)	Tender concession services Cenacolo	Elba Ass, Ni S.P.A.	145,088
Consip Spa A Sole Member	Serv, Ticket, Assist, Book, Gall, Acc, Ve	Elba Ass, Ni S.P.A.	138,033
Consip Spa	Bigl, Book Archaeological Park of Paestum	Elba Ass, Ni S.P.A.	136,467
Municipality of San Gimignano	Civic Museums of San Gimignano	Elba Ass, Ni S.P.A.	125,242
Municipality of Palermo	Modern Art Gallery	Axa Ass, Ni Spa	114,756
Municipality of Siena	Sms Siena Reception Service	Elba Ass, Ni S.P.A.	94,080
Turin Museums Foundation	Library Management Fond, Torino Musei Musei Bookshops	Elba Ass, Ni S.P.A.	85,000
Municipality of Milan	Acts P, G, 58846-2018	Elba Ass, Ni S.P.A.	85,000
Assicurazioni Generali Spa	Rent Location Piazza Venezia	Cr Firenze	79,250
Ministry of Cultural Heritage	Ministry of Cultural Heritage	Axa Ass, Ni Spa	62,396
Ministry of Cultural Heritage and Activities	Royal Palace of Caserta	Axa Ass, Ni Spa	61,396
Municipality of Florence	Ex-Murate Exhibition Equipment	Elba Ass, I S.P.A.	51,942

Consip (provisional guarantee)	Entrusting concession P.zo Ducale Mantova	Elba Ass,I S.P.A.	47,734
Municipality of Siena	Santa Maria Della Scala - Bookshop	Fondaria Sai De Leonards	42,550
Municipality of Sansepolcro	Piero Della Francesca Civic Museum	Elba Ass,Ni S.P.A.	39,375
Municipality of Colle Val d'Elsa	Archaeological Museum & Civic And Diocesan S, Pietro	Elba Ass,Ni S.P.A.	38,407
Ministry of Cultural Heritage and Activities	National Gallery of Umbria In Perugia	Axa Ass,Ni Spa	29,346
Metropolitan City Of Rome	Integrated Management of Palazzo Valentini Spaces	Axa Ass,Ni Spa	28,000
Municipality of Florence	Ilestim, Esposit, Ex-Murate	Elba Ass,Ni S.P.A.	23,057
Municipality of Florence	CIG Acts: Z7A26332AC	Elba Ass,Ni S.P.A.	22,768
Municipality of Siena	Civic Museum And Tower of Mangia	Unipolsai Ass,Ni Spa	16,851
Lazio Museum Pole	Events caste sant'Angelo	Elba Ass,Ni S.P.A.	15,000
Municipality of Casarano	Integrated Cultural Design	Elba Ass,Ni S.P.A.	14,115
University of Florence	Basilica of San Lorenzo	Elba Ass,Ni S.P.A.	14,050
Mibac	deeds, CIG 813119498D	Exteriorur S,A	13,028
Municipality of Pienza	Acts :CIG 7754352583	Elba Ass,Ni S.P.A.	12,497
Municipality of Florence	Exhibition equipment	Elba Ass,Ni S.P.A.	9,636
Mibact Uffizi Galleries	Somma Urgenza Boboli Evento 29/10/2018	Elba Ass,Ni S.P.A.	8,740
Ministry of Cultural Heritage and Activities	Un'opera Per Il Castello	Elba Ass,Ni S.P.A.	3,212
Total			7,195,006

Residual lease payments are revealed to be the following leasing contracts:

Leasing contract	2019	2018	Purchased goods
7091722	36,994	48,544	Company vehicle ends in 2022
2522662	51,060	0	Company vehicle ends in 2023
2419531	15,296	41,025	company vehicle ends in 2022
2397583	10,698	39,784	company vehicle ends in 2021
2368411	8,975	21,975	company vehicle ends in 2020
Y0059766	8,407	15,187	company truck ends in 2020
Y0059768	8,407	15,187	company truck ends in 2020
2404989	6,171	21,620	company vehicle ends in 2021
2401229	6,049	19,987	company vehicle ends in 2021
167631/LA	0	3,063	ended in 2019
1.E-205118	0	1,123	ended in 2019
Total	137,697	227,495	

Filmmaster Events S.R.L.

The company has one financial lease agreement in place regarding which, pursuant to Article 2427, first paragraph, no. 22 of the Italian Civil Code, the following information is provided:

leasing agreement no. LS 1692555

leasing agreement duration months: 36

asset used: 3 ipad, 3 applecare, 26 macbook, 34 prima pp business, 8 27-inch imac., 2 apple pencil, 1 smart keyboard, 2 smart folio, 6 monitors, 26 slim type-c, 1 apple tv

cost of the asset in Euro: 95,752 + VAT

Maxi fee paid on 10.18.2019: 19,150.40+vat.

It should also be noted that the shares held by Filmmaster Events S.R.L. in the company Luneur Park S.p.A. have been subject to a pledge to guarantee the repayment of the bank loan granted to Luneur Park S.p.A. itself.

Income statement

A) Value of production

Description	12/ 31/2019	12/31/2018	Changes
Revenues from sales and services	190,089,026	159,972,990	30,116,036
Changes in inventories of work in progress, semi-finished and finished products	84,010	70,709	13,301
Changes in contract work in progress	1,587,502	(1,894,385)	3,481,887
Increases in fixed assets for internal work	500,366	1,052,021	(551,655)
Other revenues and income	1,653,575	1,695,903	(42,328)
	193,914,479	160,897,238	33,017,241

Changes in revenues from sales and services are documented in the management report.

B) Costs of production

Description	12/31/2017	Increases	Decreases	12/31/2018
Raw, ancillary and consumable materials and goods for resale	11,188,646		38,334	11,150,312
Services	104,488,582		11,041,305	93,447,277
Use of third party assets	3,704,639		326,307	3,378,332
Wages and salaries	30,913,474	180,670		31,094,144
Social insurance and welfare contributions	7,509,729	202,855		7,712,584
Employee severance indemnities	1,895,425		5,942	1,889,483
Retirement benefits and similar obligations				
Other costs	873,807	340,782		1,214,589
Amortization of intangible assets	2,722,522		532,506	2,629,229
Depreciation of tangible assets	2,148,490	230,740		2,491,782
Other write-downs of fixed assets	290,731		290,731	
Bad debt provision	654,763		53,750	601,013
Changes in inventories of raw, ancillary and consumable materials and goods for resale	(245,005)		21,354	(266,359)
Provisions for risks	16,000		6,000	10,000
Other provisions		169,318		169,318
Other operating expenses	3,269,193	1,068,529		4,337,722
Total	169,430,996	2,192,894	11,764,464	159,859,426

Description	12/31/2018	Increases	Decreases	Consolidation entries	12/31/2019
Raw, ancillary and consumable materials and goods for resale	11,150,312	1,820,214			12,970,526
Services	93,447,277	33,435,889		(7,784,400)	119,098,766
Use of third party assets	3,378,332	447,097			3,825,429
Wages and salaries	31,094,144	151,077		(162,731)	31,082,490
Social insurance and welfare contributions	7,712,584	851,483			8,564,067
Employee severance indemnities	1,889,483	40,303			1,929,786
Retirement benefits and similar obligations					
Other costs	1,214,589	229,325			1,443,914
Amortization of intangible assets	2,629,229		217,879	481,155	2,892,505
Depreciation of tangible assets	2,491,782	177,933			2,669,715
Other write-downs of fixed assets		20,844			20,844
Bad debt provision	601,013		304,837		296,176
Changes in inventories of raw, ancillary and consumable materials and goods for resale	(266,359)	81,992			(184,367)
Provisions for risks	10,000		10,000		
Other provisions	169,318		169,318		
Other operating expenses	4,337,722	28,601		(95,008)	4,271,315
Total	159,859,426	36,582,724		(7,560,984)	188,881,166

C) Financial income and expenses

The item financial income is mainly attributable as of Euro 278,921 to income from associated companies.

Interest and other financial expenses

(Ref. art. 2427, first paragraph, no. 12, Civil Code)

Interest and other financial charges for a total of Euro 4,015,239 are mainly due to interest payable to banks and bonds subscribed. The most exposed companies are: the parent company for an amount of Euro 2,973,039 of which Euro 2,745,416 refer to the bond loan and Opera Laboratori Fiorentini for Euro 659,872.

Descriptoin	12/31/2018	Increases	Decreases	Consolidation Entries	12/31/2019
From subsidiaries	39,197	473,417		(512,614)	
From associated companies					
From parent companies		439,837		(439,837)	
From subsidiaries of the parent companies		128,084		(128,084)	
Interest and other financial expenses of bonds	1,782,937	1,027,382			2,810,319
Interest of bank loans	720,698	120,905			841,603
Others	414,496	0	51,179		363,317
Total	2,957,328	2,189,625	51,179	(1,080,535)	4,015,239

Current, deferred and prepaid income taxes

Balance at 12/31/2019	Balance at 12/31/2018	Changes
2,060,692	1,655,032	405,660

Taxes	Balance at 12/31/2019	Balance at 12/31/2018	Changes
Current taxes:	2,891,314	2,843,955	47,359
IRES			
IRAP			
Taxes from previous years			
Substitute taxes			
Deferred and prepaid taxes	(314,642)	(799,950)	485,308
IRES			
IRAP			
Consolidated income/(expenses)	(515,980)	(388,973)	(127,007)
	2,060,692	1,655,032	405,660

Income taxes are distributed among the group companies as follows:

Current taxes	0	61 674	169 509	1 243	1 806 824	2 620	0	0	5 269	128 508	715 667	2 891 314
Deferred and prepaid taxes	(417 263)	0	136 147	0	0	0	0	(5 445)	(28 081)	0	0	(314 642)
income (expenses) from the application of CFN	(242 817)	217 901	140 009	0	0	0	101 546	255 828	0	0	43 513	515 980

Starting from the 2015 financial year, the company has exercised the option for the tax regime of the National Tax Consolidation which allows to determine the IRES on a taxable base corresponding to the algebraic sum of the positive and negative taxable amounts of the individual companies, with the following subsidiaries:

- Filmmaster Productions S.p.A. as from 2015;
- Filmmaster Events S.R.L. as from the year 2015;
- Cinecittà District Entertainment S.R.L. as from the year 2015 and then exit in 2017 following the sale of the shareholding;
- Userfarm Italia S.R.L. as from 2017 and then exit in 2018 following the sale by the subsidiary Filmmaster Productions S.R.L. of 60% of the share capital;
- Filmmaster Partecipazioni S.p.A. as from 2017;
- Civita Cultura Holding S.R.L. as from 2018;
- Civita Mostra e Musei S.p.A. as of 2018;
- Opera Laboratori Fiorentini S.p.A. as from the year 2018.

The economic relations, as well as mutual responsibilities and obligations, between the consolidating company and its subsidiaries are defined in the Consolidation Regulation for Group companies, as in summary:

- remuneration equal to 24% of the tax loss transferred and used in group taxation is envisaged;
- remuneration equal to 50% of the 24% of the ROL exceeding and not used by a company transferred and used at group level is envisaged;
- remuneration of 50% of 24% of the interest expense not deductible by a company and transferred and deducted at group level is predicted.

The results deriving from the National Tax Consolidation are summarized below:

	Profit / (Loss)					
Italian Entertainment Network S.P.A.	(3,452,457)	(3,715,547)	(1,192,224)	101,713	(381,190)	(8,639,706)
Filmmaster Events S.R.L.,	872,378	(1,258,607)	(3,067,014)	(3,375,292)	531,070	(6,297,465)
Cine District Entertainment S.R.L.,	853,669	0	0	0	0	853,669
Filmmaster Productions S.R.L.,	148,357	240,619	34,971	(919,944)	(907,919)	(1,403,916)
Userfarm Italia S.R.L.,	0	0	(362,803)	0	0	(362,803)
Filmmaster Partecipazioni S.R.L.,	0	0	0	2,393	3,220	5,613
Civita Cultura Holding S.R.L.,	0	0	0	(343,126)	(403,401)	(746,527)
Civita Mostre S.P.A.	0	0	0	(259,386)	(1,068,355)	(1,327,741)
Opera Laboratori Fiorentini S.P.A.	0	0	0	1,845,724	1,614,968	3,460,692
Maggiori interessi deducibili da CFN	0	0	0	(1,042,736)	(485,111)	(1,527,847)

Pursuant to Article 2427, paragraph 1, no. 14, of the Italian Civil Code, the required information on deferred and prepaid taxes is highlighted:

Deferred / prepaid taxation

Deferred tax assets have been recognized because there is reasonable certainty of the existence, of taxable income not less than the amount of the temporary deductible differences that will be reversed, in the years when the reversal will take place.

Below is reported a series of schedules summarizing the most significant deferred tax assets recorded in the financial statements:

Italian Entertainment Network S.p.A.

Previous tax losses

Tax loss 2012	383,441
Tax loss 2013	593,064
Use 2018	0
Residual tax loss 2013	976,505

2014 TAX LOSS CARRIED FORWARD TO SUBSEQUENT YEARS

Tax loss for fiscal year 2014	1,206,405	24%	289,537
			<u>289,537</u>

TAX LOSSES TRANSMITTED TO THE FISCAL CONSOLIDATION

YEAR 2015	1,337,433	24%	320,984
Use in 2017	-34,971	24%	-8,393
Use in 2018	-101,713	24%	-24,411
	-1,200,749	24%	-288,180

	<u>0</u>		<u>0</u>
YEAR 2016	3,715,547	24%	891,731
Use in 2018	-480,628	24%	-115,351
Use in 2019	-1,610,850	24%	-386,604
	<u>1,624,069</u>		<u>389,777</u>
YEAR 2017			
IEN	1,192,224	24%	286,134
Userfarm italia Srl 2017	362,803	24%	87,073
FME 2017	3,067,014	24%	736,083
	<u>4,622,041</u>		<u>1,109,290</u>
Tax loss 2018			
CCH YEAR 2018	343,126	24%	82,350
CM YEAR 2018	259,386	24%	62,253
Interest payable IEN	1,035,367	24%	248,488
Interests payable CM	7,369	24%	1,769
FME 2018	3,375,292	24%	810,070
FMP 2018	919,944	24%	220,787
	<u>5,940,484</u>		<u>1,425,716</u>
Tax loss 2019			
CCH YEAR 2019	403,401	24%	96,816
CM YEAR 2019	1,068,355	24%	256,405
FMP YEAR 2019	907,919	24%	217,901
Interest payable IEN	484,391	24%	116,254
Interests payable CM	720	24%	173
IEN YEAR 2019	381,190	24%	91,486
	<u>3,245,977</u>		<u>779,034</u>
Total			3,993,354

receivables for prepaid taxes	
Tax loss year 2014	289,537
Tax loss year 2016	389,777
Tax loss year 2017	1,109,290
Tax loss year 2018	1,425,716
Tax loss year 2019	779,034
	<u>3,993,354</u>
	15,432,570

Deferred and prepaid tax assets	
Tax loss year 2019	779,034
Use of tax loss 2016	-386,604
	<u>392,430</u>

In addition, there are more deferred tax assets of 24,832 relating to higher 2018 tax losses on deductible IEN

interest from consolidation that only emerged when tax declarations were submitted and therefore after the 2018 financial statements were closed.

Filmmaster Events S.R.L.

Provision 2017

on a fund of	83,367,55	24%	20,008,21
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Directors' fees

Previous years' unpaid fees	90,606,00	24%	21,745,44
Remuneration of 2018 paid 2019	-20,000,00	24%	-4,800,00
Remuneration Ap fees paid in 2019	-8,872,00	24%	-2,129,28
	<u>61,734,00</u>		<u>14,816,16</u>

Tax Loss 2016	1,258,606,93	24%	302,065,66
Use of CFN 2018	-166,739,00	24%	-40,017,36
Use of CFN 2019	-538,408,00	24%	-129,217,92
	<u>553,459,93</u>		<u>132,830,38</u>

167,654,76

Deferred and prepaid taxes 2019

Remuneration ap paid in 2019	-6,929
Use of tax loss 2016	-129,218
	<u>-136,147</u>

Receivables for Prepaid Taxes

Provision for risks 2017	20,008
Unpaid directors' fee	14,816
Tax loss 2016	132,830
	<u>167,655</u>

Other information

Employment data

The average number of employees of the companies included in the consolidation at 31-12-2019 is reported:

	Ien SpA	Fme Srl	Fmp SpA	Fmp Spagna	Off SpA	Fme Lid	MEA Eve	MEA Prod	Arabis	Civita Tre Venezie	Civita Cultura Holding	Civita Sicilia	Civita Mosire	Gebart	Total
	1	3	1	1	4	0	0	0	1	0	1	0	11	0	13
	1	3	3	0	15	0	7	3	7	1	2	0		2	25
	1	33	18	3	737	0	12	6	54	46	1	35	180	15	1,141
	0	0	1	0	47	0	2	0	4	0	0	0	0	40	94
	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1

The changes in the average workforce are shown below:

Staff	12/31/2019	12/31/2018	Change
Directors	13	13	0
Managers	45	37	8
Employees	1,141	1,021	120
Workers	94	85	9
Others	1	1	0
Total	1,294	1,157	137

In accordance with the law, is shown the total remuneration due to the directors and the controlling body (article 2427, first paragraph, no. 16 of the Italian Civil Code) of the Parent Company.

Qualification	Compensation
Administrators	165,000
Board of Statutory Auditors	31,200

Information on the fees payable to the Statutory Auditor

(Ref. art. 2427, first paragraph, no. 16-bis, Civil Code)

In accordance with the law, the fees for the year for services rendered by the independent auditors and entities belonging to their network are reported below:

	Value
Statutory audit of annual accounts	16,800
Total fees payable to the Statutory Auditor or the Audit Firm	16,800

The company in charge of the audit is Deloitte & Touche S.p.A.

These financial statements, consisting of the balance sheet, income statement, notes to the financial statements and cash flow statement, represent a fair and correct view of the financial position and economic result of the operations for the year and correspond to the results in the accounting records.

The Chairman of the Board of Directors
(Sergio Castellani)