GRUPPO 24 ORE

Disclosure of additional information as requested by Consob

pursuant to art. 114, par. 5, of Legislative Decree 58/1998

As requested by Consob following the notice received on 23 June 2017 pursuant to art. 114, par. 5, of Legislative Decree 58/1998, note should be taken of the following:

A. With regard to the changes in the financial statements as at 31.12.2016, published on 7 June 2017, correcting the information published on 29 April 2017, the following points provide an explanation to these changes:

1. Higher service costs amounting to 299 thousand euro incurred for the independent auditors and for legal and tax consulting. Service costs arose after 29 April, following additional documental audits by the independent auditors, who reported further costs for the company charged in 2016 but not recognized in the same year. These amounts were duly rectified in the financial statements.
2. Higher impairment amounting to 105 thousand euro. This is a rectified valuation of trade receivables for having mistakenly missed out the impairment of a receivable, the collection of which is handled legally. The impairment is equal to 50% of the par value of the receivable.
3. Lower measurement at equity of the Newton investment amounting to 252 thousand euro. The rectified measurement stems from a clerical error. The error was rectified following an audit based on the draft financial statements.

As for points 2 and 3, it should be noted that these costs had been recognized but not rectified by the auditors, due to their immaterial amounts and the tight schedules to approve the draft financial statements.

Subsequently, given the need to newly approve the draft financial statements and consolidated financial statements in respect of the updated going concern assumption, these changes were duly incorporated.

B.1: With regard to the interim financial statements as at 31.3.2017, as disclosed in the press release dated 7 June 2017, the elements that led to a reduction in net loss, as compared to the situation issued on 9 May 2017, are explained as follows.

The net loss in the first quarter of 2017 decreases by 2,568 thousand euro from the situation disclosed on 9 May 2017 on approval of the Interim Management Statement as at 31 March 2017, as a result of:

1. The discounting of restructuring costs, therefore of lower costs amounting to 2,309 thousand euro. The discounting was based on the interest rates charged by banks on currently held loans (5.5% per year). The correction was made to the Interim Management Statement following audits performed with the independent auditors;

2. Lower impairment amounting to 105 thousand euro. The impairment had been previously included in the costs in the first quarter of 2017. Following the decision to rectify the 2016 financial statements, the impairment was derecognized from the costs in the first quarter of 2017.
3. Higher consulting costs amounting to 55 thousand euro.
4. Lower impairment on the Newton investment amounting to 252 thousand euro. The impairment had been previously included in the costs in the first quarter of 2017. Following the decision to rectify the 2016 financial statements, the impairment was derecognized from the costs in the first quarter of 2017.
5. Correction of taxes on the subsidiary 24 ORE Trading Network, resulting in an increase in taxes of 304 thousand euro and an equivalent change in the measurement at equity of the investment on the Parent Company. The updated figure is the result of an audit on the tax calculation performed by the auditors.
6. As a result of the corrections referred to in point 5, and under the tax consolidation scheme, the Parent Company offset the higher taxable income for IRES purposes of the subsidiary 24 ORE Trading Network by using its own tax losses. Accordingly, the Parent Company recorded a profit of 261 thousand euro.

The changes are summarized below:

Discounting of restructuring costs	2,309
Consulting costs	-55
Allowance for impairment	105
Measurement of Newton	252
Measurement of 24 ORE Trading Network	-304
Income taxes on tax consolidation	261
Total adjustments	**2,568**

B2: As for the deviation of revenue as at 31.3.2017 from the forecasts on the current year set out in the Business Plan, it should be noted that, at 31 March 2017, the Group achieved revenue of 68.6 million euro, a figure basically in line with the forecasts on the same period contained in the 2017 Budget, while reporting a different mix and a slowdown in advertising sales during the first quarter. Specifically, with regard to advertising sales (System Area), the figure at 31 March 2017 dropped by 14.9% versus the same period of the prior year, down versus the relevant market trend (Nielsen: -9.3% daily newspapers, -7.7% magazines, -0.2% Radio, -2.6% Internet). The negative performance is also attributable to certain context-related and partly non-recurring factors, such as:

- the absence in the first quarter of 2017 of extraordinary financial transactions (IPOs, mergers, capital increases), of related announcements and corporate communication by the companies involved, with the resulting drop in advertising investments across all the media, especially on business-financial media such as Il Sole 24 ORE;
- a five days' strike involving the Daily Newspaper in March, with a resulting drop in advertising sales; Il Sole 24 ORE accounts for 45% of total advertising sales of the agency;
- termination of a number of third-party concessions.

With regard, again, to advertising sales, the Group expects to improve its performance in the second half of 2017, thanks to the absence of a number of the context-related factors that had caused the drop in the first part of the year. Specifically, with the establishment on 1 June 2017 of the new Sales Department and the concurrent adoption of measures to counter the fall in advertising sales, System’s performance is forecast to align at least to the market trend starting from September 2017. The delays incurred in the first part of the year have been offset by the cost-curbing actions that have softened the impact from the drop in advertising sales on financial performance.

C.1: As for the planned disposal of a minority interest in the activities of the "Training and Events" Area, as disclosed in the press release dated 19 June 2017, mention should be made of the following.

Under the draft contract drawn up by the Company in the frame of the competitive process, following which the Board of Directors chose the bid submitted by Palamon Capital Partners, the full purchase price will be placed in escrow at the starting date of the pre-emptive rights offer to shareholders in the Company’s planned capital increase, irrespective of whether any conditions precedent are still pending at such date to complete the transaction. To date, while having already sent its remarks to the Company on the draft contracts regulating the transaction, Palamon has expressed no observations or reservations on such payment arrangement. The Company may ultimately express itself on the observance of the conditions set out in the pre-guarantee agreement only after the actual conclusion of the contracts regarding the "Training and Events" Area, although it considers it reasonable - for the above reasons - for the purchase contract to contain the above placement in escrow, in compliance with the provisions of the pre-guarantee agreement.

C.2: As for the completion of the bid submitted by Palamon Capital Partners, it should be noted that while the bid is binding, it remains subject, as is the typical case for such competitive processes, to a full agreement on the conditions of the contracts governing the purchase of the investment and the ensuing relations between the shareholders of the company involved in the transaction, and on the main terms of certain intragroup contracts to be concluded between the Company and the target company following the completed transfer of the "Training and Events" Area. As mentioned above, along with its bid, Palamon also submitted its initial remarks on the relevant documents drawn up by the Company, which the Board took into due account when evaluating the bid.

Palamon's bid is also subject to completion of a confirmatory due diligence focused mainly on certain factors regarding the business performance of the Area. Palamon will be authorized not to conclude the final contracts only in the case where the due diligence discloses unforeseen situations, circumstances or events that impact significantly on the assets, liabilities or operating results of the "Training and Events" Area.

In its bid, however, Palamon has confirmed the absence, to date, of any critical elements regarding such factors.

Lastly, as provided by law, the completion of the transfer of the “Training and Events" Area to the target company is subject to prior consultation with the trade unions.

No other conditions precedent have been envisaged for the completion of the transaction.

The time period between the planned conclusion date of the binding purchase contracts (between the second and third part of July) and the planned completion date of the capital increase is believed to be widely sufficient to perform the activities required in the fulfilment of the above conditions.

D.1: Regarding the circulation figures of the Daily Newspaper and the possible impacts, including of a business nature, of the recent events involving their disclosure, it should be noted that:

(i) granted that the sharp contraction on the advertising market is currently affecting the various dynamics, making it difficult to measure them individually, and that the sale of advertising space is based virtually on specific dealings for each customer/campaign, to date, there is no direct link between the recent events on circulation figures and the business impacts. On the other hand, the Company has suffered a reputational damage from the above events.

(ii) as for the potential effects of an adverse decision by ADS, granted that ADS has, to date, not issued any decision in this connection, should Il Sole 24 Ore be excluded from the certification of its circulation figures, the Company would be forced to turn to a major independent certification organization to continue to disclose its circulation figures to the market.

D.2: Regarding the measurement of the impact on the previously disclosed circulation figures for 2015 of the certification criteria adopted in the verification of copies sold, in light of the latest clarifications from ADS on 10 February 2017, mention should be made of the following.

The 2015 Annual Report showed an average circulation figure (print + digital) of 375,000 copies. Protiviti, the independent expert, then verified circulation in the ADS certification months of April, September and November 2015, based on the above criteria. The findings show that circulation figures are approximately 34% lower in the above months, reaching approximately 248,000 copies. This figure was disclosed in the press release at the Shareholders' Meeting held on 22 December 2016.

The criteria adopted by Protiviti in verifying circulation for 2015, disclosed to the Shareholders' Meeting held on 22 December 2016, excluded the following types of sales from the figures:

- print copies from promotional (co-marketing) activities carried out through intermediaries, in those cases where the Company was unable to obtain proof of the actual delivery of these copies to end users;
- digital copies from loss-making promotional co-marketing activities;
- digital copies sold bundled with databases, with no mention of a subscription to the digital daily in the invoice;
- multiple digital copies sold to large customers, with no proof that end users actually activated the subscription.

Following notification to the Shareholders' Meeting held on 22 December 2016, ADS provided several other clarifications, the latest of which on 10 February 2017, regarding the certification criteria and requirements for the verification of digital copies for 2015. Based on these clarifications, the following types of sales have also been excluded:

- multiple digital copies sold to large customers, regardless of whether there is proof or less that end users actually activated the subscription.
- digital copies sold with the print copies to large customers, with no proof that end users actually activated the subscription.

The total annual average print + digital circulation for 2015, re-verified based on the above criteria, amounts to 214,000 copies, 138,000 of which print and 76,000 digital.

E.1/E.2: Regarding PwC's analysis of the notifications from the Board of Statutory Auditors, the following update is provided:

(i) Adequacy of the internal control system:

In relation to PwC's analysis of the general adequacy of the Company's internal control system, with the improvement reported in various areas, the Company has promptly put in place the most urgent actions and has set up an internal working group which has defined, together with PwC, the priorities to complete the process of implementing remedial measures.

(ii) Costs incurred for former Editor-in-Chief Roberto Napoletano:

With regard to the costs incurred by the Company for former Editor-in-Chief Roberto Napoletano, following the complaint, pursuant to art. 2408 of the Italian Civil Code, received by the Board of Statutory Auditors on 19 March 2017, PwC has been tasked with auditing both the costs incurred by the above and reimbursed by the Company, and the costs incurred by the Company on behalf of the above from 2015 to 2016.

The analysis of the assessment of any liabilities by the former Editor-in-Chief and/or other persons within the Company is still in progress.

E.3: As previously mentioned, with regard to the analysis of the adequacy of the internal control system, the Company has launched a process to promptly define a detailed work plan to allow full implementation of the remedial actions. The actions will be implemented in accordance with a plan that must balance the operational needs of the Company and the gradual implementation of appropriate measures and control systems.

As for the costs incurred for the former Editor-in-Chief, based on the outcome of the audits still partly in progress, the Company reserves the right to safeguard its interests in the appropriate venues.

F: With regard to the overall Financial Plan, aimed at "overcoming the current negative equity situation and ensuring business continuity", mention should be made of the following:

F.1: As for the adequacy of the planned capital increase of 50 million euro aimed at achieving the recovery targets, the Capital and Financial Plan (the "**Plan**") approved by the Board of Directors of the Company last 5 June to remedy the negative equity situation under art. 2447 of the Italian Civil Code and also satisfy the needs set out in the Business Plan, envisages the raising of new resources by means of a cash capital increase with pre-emptive rights for a total of 50 million euro, and the value enhancement of the "Training and Events" Area through the disposal of a minority interest to the transferee for an amount of at least 20 million euro.

The completion of these transactions will enable the Company to remedy the current negative equity situation and satisfy the capital requirements for implementing the Business Plan, estimated at approximately 70 million euro and comprising a prudential buffer over the Plan's forecasts.

Their completion will also satisfy the need for new financial resources arising from the Business Plan, which are, however, much lower than the capital requirement as the estimate indicates a total figure of approximately 20 million euro, including the prudential buffer.

The Plan is, therefore, deemed appropriate to ensure business continuity and the Company's capital and financial recovery, in accordance with the lines of development set out in the Business Plan.

Mention should also be made that, as previously disclosed to the market, on 19 June 2017 the Company had received a binding bid - though subject to finalization of the contract documents and certain confirmatory due diligence activities - from the private equity fund Palamon Capital Partners for the purchase of an equity interest of up to 49% of the transferee of the "Training and Events" Area, based on an overall Enterprise Value of the Area of 80 million euro.

The Board of Directors of the Company has accepted the bid and expects to receive a consideration for 49% of the share capital of the transferee of approximately 39 million euro (with a capital gain estimated to be of an equivalent amount)[*]. Since the consideration is higher than the amount initially assumed, it should be noted that - in addition to the abovementioned prudential buffer considered when estimating the financial requirements, therefore, the size of the Plan - the Company will have a further reserve at its disposal to strengthen the levels of its equity and financial soundness.

F.2: Based on the operating performance and results envisaged in the Business Plan and on the achievement of the proposed Plan, the conditions set out in art. 2446 of the Italian Civil Code or situations of capital shortage close to these conditions are, to date, unlikely to occur at 31 December 2017.

This is due primarily to the larger size of the Plan (which envisages the raising of own resources of at least 70 million euro) as compared to the Company's capital requirements for 2017 and beyond, and to the above prudential buffer. Mention should be made, in this regard, that, as mentioned above, the increase in the expected consideration from the "Training and Events" Area transaction will result in a corresponding increase in such excess.

Secondly, it should be noted that following the capital increase, the Company's equity will be made up mostly of available reserves, which could be used for covering the losses set out in the Business Plan, which, broadly speaking, makes the case under art. 2446 of the Italian Civil Code a distant prospect, as long as equity remains at significant levels, as envisaged, for example, in the Business Plan post-achievement of the Plan.

F.3: The following are the pro-forma income statement, balance sheet and financial effects of the Financial Plan on the Group's accounts as at 31 December 2016.

The following table shows the pro-forma balance sheet effects of the Financial Plan:

[*] The amount indicated assumes, for the sake of prudence, at the moment of disposal, a net invested capital and net financial position of the "Training and Events" Area equal to zero. It should be noted that the possibility of a negative invested capital, hence of a positive financial position of the Area at transfer, for the purposes of the transaction, may result in a proportional increase in the Group's gain.

GRUPPO 24 ORE

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION PROFORMA								
in thousands of euro	31.12.2016	Disposal of Training	Disposal charges	Capital increase	Capital increase charges	Elimination of bank overdrafts and loans	Total proforma	Notes
Non-current assets	125,735	-	-	-	-	-	125,735	
Current assets	141,242	39,200	(500)	50,000	(3,000)	(74,053)	152,888	(1)
Available-for-sale assets	-	-	-	-	-	-	-	
Total assets	**266,977**	**39,200**	**(500)**	**50,000**	**(3,000)**	**(74,053)**	**278,623**	
Equity attributable to owners of the parent	(12,345)	39,200	(500)	50,000	(3,000)	-	73,355	(2)
Equity attributable to non-controlling interests	(26)	-	-	-	-	-	(26)	(3)
Total Equity	**(12,371)**	**39,200**	**(500)**	**50,000**	**(3,000)**	**-**	**73,329**	
Non-current liabilities	49,181	-	-	-	-	-	49,181	
Current liabilities	230,167	-	-	-	-	(74,053)	156,114	
Available-for-sale liabilities	-	-	-	-	-	-	-	
Total liabilities	**279,347**	**-**	**-**	**-**	**-**	**(74,053)**	**205,294**	
Total equity and liabilities	**266,977**	**39,200**	**(500)**	**50,000**	**(3,000)**	**(74,053)**	**278,623**	

Assumptions considered in the determination of the pro-forma balance sheet:

- The disposal of Training and Events is considered at an enterprise value of 80 million euro. The transaction will take place by transferring the related business unit to a newly formed entity (Newco), followed by the disposal of a 49% equity interest. Disposal charges are estimated to reach 500 thousand euro. The amount indicated assumes, for the sake of prudence, at the moment of disposal, a net invested capital and net financial position of the "Training and Events" Area equal to zero. It should be noted that the possibility of a negative invested capital, hence of a positive financial position of the Area at transfer, for the purposes of the transaction, may result in a proportional increase in the Group's gain.
- The capital increase is considered for a total of 50 million euro. Capital increase charges, booked to equity, are estimated at 3 million euro.
- The financial resources resulting from the Plan have been allocated to reduce debt by 74,053 thousand euro and to increase cash available by 11,647 thousand euro.
- The effects of the Plan are shown as at 31.12.2016.

Notes to the table:

1. Current assets increase by 11,647 thousand euro and refer to cash and cash equivalents.
2. Equity attributable to owners of the parent increases by 85,700 thousand euro as a result of:
    a. Gain earned from the disposal of the Training and Events Area, net of related charges, of 38,700 thousand;
    b. Increase in the share capital and equity reserves for the capital increase, net of related charges, for a total of 47 million euro.
3. The changes in equity attributable to non-controlling interests were excluded as they are considered immaterial.

GRUPPO 24 ORE

The following are the effects of the Financial Plan on the pro-forma net financial position:

CONSOLIDATED NET FINANCIAL POSITION PROFORMA							
in thousands of euro	31.12.2016	Disposal of Training	Disposal charges	Capital increase	Capital increase charges	Elimination of bank overdrafts and loans	Total proforma
Cash and cash equivalents	29,771	39,200	(500)	50,000	(3,000)	(74,053)	41,418
Bank overdrafts and loans due within one year	(74,053)	-	-	-	-	74,053	-
Short-term financial liabilities to other lenders	1,019	-	-	-	-	-	1,019
Short-term loan assets	(1,299)	-	-	-	-	-	(1,299)
Short-term net financial position (indebtedness)	**(44,563)**	**39,200**	**(500)**	**50,000**	**(3,000)**	**-**	**41,137**
Non-current financial liabilities	(6,163)	-	-	-	-	-	(6,163)
Medium/long-term net financial position (indebtedness)	**(6,163)**	**-**	**-**	**-**	**-**	**-**	**(6,163)**
Net financial position (indebtedness)	**(50,726)**	**39,200**	**(500)**	**50,000**	**(3,000)**	**-**	**34,974**

The following table shows the pro-forma income statement effects of the Financial Plan:

STATEMENT OF PROFIT (LOSS) PROFORMA							
in thousands of euro	2016	Gain from Training net of disposal charges	Effect of lower financial expense	Effect of Newco IRAP	Effect of minorities	Total proforma	Notes
1) Continuing operations							
Revenue	**284,112**					**284,112**	
Gross operating profit	**(27,885)**	**-**	**-**	**-**	**-**	**(27,885)**	
Operating profit (loss)	**(74,673)**	**-**	**-**	**-**	**-**	**(74,673)**	
Financial income	276					276	
Financial expense	(5,383)		2,645			(2,738)	(4)
Net financial expense	**(5,107)**	**-**	**2,645**	**-**	**-**	**(2,462)**	
Income (expenses) from investment assets and liabilities	(219)	38,700				38,481	(5)
Net profit (loss) before tax	**(79,999)**	**38,700**	**2,645**	**-**	**-**	**(38,654)**	
Income tax	(12,596)		-	(139)		(12,735)	(6)
Net profit (loss) from continuing operations	**(92,596)**	**38,700**	**2,645**	**(139)**	**-**	**(51,390)**	
Profit (loss) attributable to non-controlling interests	(44)				1,201	1,157	(7)
Profit (loss) attributable to owners of the parent	**(92,552)**	**38,700**	**2,645**	**(139)**	**(1,201)**	**(52,547)**	

Assumptions considered in the determination of the pro-forma income statement:

- The disposal of Training and Events is considered at an enterprise value of 80 million euro and for an equity interest of 49%. Disposal charges are estimated to reach 500 thousand euro.
- The capital increase is considered for a total of 50 million euro. Capital increase charges, booked to equity, are estimated at 3 million euro.
- The effects of the Plan are shown as from 1.1.2016.

- Personnel expense arising from the restructuring costs envisaged in the 2017-2020 Business Plan, amounting to 21.2 million euro, was allocated in the first quarter of 2017 and is, therefore, excluded in this pro-forma income statement.

Notes to the table.

4. Financial expenses decrease by 2,645 thousand euro as a result of the reduction in financial debt;
5. The gain, net of disposal charges, amounts to 38,700 thousand euro. The effect is to be considered non-recurring;
6. Income taxes change as a result of the Newco's IRAP, while IRES is offset under the tax consolidation scheme;
7. The profit (loss) attributable to non-controlling interests is calculated on 49% of the Newco's 2016 net profit (loss).

F.4: Regarding the Directors' observations on the risks faced by the subscribers to the 50 million euro non-divisible cash capital increase, in the event of failure or partial achievement of the “series of concurrent measures” set out in the Financial Plan, note should be taken of the following.

Under the Plan, the 50 million euro non-divisible cash capital increase and the disposal of a minority interest in the transferee of the activities of the "Training and Events" Area (for a consideration of at least 20 million euro) are two transactions deemed necessary to satisfy the requirements of the Business Plan.

The Company, therefore, intends to carry out both transactions in such a manner as to ensure their achievement, as well as comply with the technical requirements typically associated with the execution of a non-divisible capital increase with pre-emptive rights such as the one defined by the Company. This can be achieved, specifically, by adopting mechanisms that ensure the execution or feasibility of the "Training and Events" Area transaction before the start of the capital increase.

Specifically, at the start of the capital increase, the Company expects to have fulfilled all the conditions underlying the execution of the "Training and Events" Area transaction. Additionally, before the start of the pre-emptive rights offer, the entire consideration from the disposal will have been deposited with an escrow agent, with irrevocable instructions to pay the amount on the occurrence of the terms and within the time limits set out in the purchase contract.

The transfer of the equity interest to Palamon Capital Partners will take place before completion of the capital increase.

Such an approach will also help prevent non-completion of one of the two transactions for the subscribers to the capital increase.

Concurrently - given the significant cash surplus expected from the Plan and the consideration from the "Training and Events" Area transaction - current bank exposure may be redefined with a view to reducing the cost of debt. The redefinition involves full repayment of the expiring pool loan and certain bilateral credit lines and, to allow the Group greater flexibility as a prudential measure, the opening by lenders of a new revolving cash line. The revolving cash line is not envisaged in the Business Plan and is, therefore, to be intended as a back-up line.

Additionally, in view of the increased gain expected from the "Training and Events" Area transaction as compared to initial assumptions, the amount of this line is expected to be reduced from the initial 40 million euro to 30 million euro.

The contract documents of the new revolving line are scheduled to be concluded before the start of the pre-emptive rights offer and will, therefore, not constitute a condition for the capital increase.

The Explanatory Report on item 5 on the agenda - extraordinary session, drawn up pursuant to art. 2447 of the Italian Civil Code and to art. 74 of Consob Regulation 11971/99 - was supplemented with the information required under F.
The Explanatory Report is made publicly available today on NIS and on the Company website at www.gruppo24ore.ilsole24ore.com.

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Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Giancarlo Coppa, in his capacity as corporate financial reporting manager, attests that the accounting information contained herein is consistent with the Company's document results, books and accounting records.

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