

Press Release

Pursuant to CONSOB Resolution 11971/99 as subsequently amended and supplemented

Il Sole 24 ORE S.p.A.: BoD approves Interim Management Statement at 30 September 2019

Consolidated highlights of the 24 ORE Group:

- **Positive EBITDA of € 10.6 million (€ 0.2 million at 30 September 2018)**
- **Positive EBIT of € 2.7 million (€ -7.0 million at 30 September 2018)**
- **Profit of € 0.5 million (€ -9.0 million at 30 September 2018)**

Net of non-recurring expense and income and the impact of IFRS 16:

- **Positive EBITDA of € 0.6 million (€ 2.4 million at 30 September 2018)**
- **Negative EBIT of € -5.4 million (€ -4.5 million at 30 September 2018)**
- **Loss of € -5.7 million (€ -5.5 million in first nine month of 2018)**

€ 0.8 million improvement in the net financial position of € -34.1 million versus € -34.9 million at 1 January 2019 (includes the effects of the first-time adoption of IFRS 16);

Consolidated equity of € 37.7 million (€ 38.4 million at 1 January 2019, includes the effects of the first-time adoption of IFRS 16).

Milan, 14 November 2019 - Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Edoardo Garrone, approved the Interim Management Statement at 30 September 2019 of the 24 ORE Group.

Financial highlights of the 24 ORE Group

The 24 ORE Group closed the first nine months of 2019 with a profit of € 0.5 million and with equity of € 37.7 million, increasing by € 1.9 million versus consolidated equity of € 35.8 million at 31 December 2018.

The key financial figures of the Group at 30 September 2019, drawn from the condensed consolidated interim financial statements are as follows:

MAIN CONSOLIDATED FIGURES OF THE 24 ORE GROUP		
Amounts in € million	9M 2019	9M 2018
Revenue	143.2	150.2
Gross operating profit (EBITDA)	10.6	0.2
Operating profit (loss) (EBIT)	(2.7)	(7.0)
Pre-tax profit (loss)	0.1	(8.9)
Profit (loss) from continuing operations	0.5	(9.0)
Profit (loss) of the period	0.5	(9.0)
	30.09.2019	31.12.2018
Non-current assets	140.1	118.2
Current assets	74.8	100.0
Total assets	214.9	218.1
Equity attributable to owners of the parent	37.7	35.8
Equity attributable to non-controlling interests	-	-
Total equity	37.7	35.8
Non-current liabilities	56.8	45.7
Current liabilities	120.3	136.6
Total liabilities	177.2	182.3
Total equity and liabilities	214.9	218.1

IFRS 16 Leases was applied for the first time as from 1 January 2019, with respect to the financial statements at 31 December 2018. The standard has brought significant changes to the accounting treatment of lease arrangements in the lessee's financial statements, requiring lessees to account for all lease contracts adopting a single accounting model in the financial statements similar to the accounting for finance leases, which were previously governed by IAS 17.

The standard provides two exceptions, which the Group has made use of, to the recognition for lessees - lease of low-value assets (assets with a value of less than USD 5,000) and short-term leases (i.e. leases of 12 months or less).

At the start of a lease, the lessee recognizes a liability from lease payments (i.e. the lease liability) and an asset that represents the right to use the underlying asset during the lease term (i.e. the right of use). Lessees are therefore required to separately recognize interest expense on the lease liability and depreciation on the right of use.

Lessees are also required to reconsider the amount of the lease liability on occurrence of certain events (e.g. change in the lease term, change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee generally recognizes the difference by remeasuring the amount of the lease liability as an adjustment to the right of use.

As allowed by the standard, the Group has decided to apply the modified retrospective approach in the transition to the new standard; therefore, the figures for the periods prior to the date of first-time application (1 January 2019) have not been restated versus those historically prepared applying the previous standard.

Application of new accounting standards

Effects of the first-time adoption of IFRS 16 on the income statement

Specifically, with the application of IFRS 16, EBITDA for the period January-September 2019 increased by € 6.3 million versus the recognition method under IAS 17, as a result of:

- Lower operating income of € 1.5 million. This income derives from the subletting of property in Milan and Rome which, following application of IFRS 16, was recorded as financial lease, instead of as operating lease under IAS 17.
- Lower rentals and leases of € 7.8 million, deriving from rental of the Group's offices, car rental fees and the rental of space for radio broadcasting equipment. Under IFRS 16, amortization of rights of use and interest on financial liabilities are recognized in the Group's income statement, instead of the lease payments previously recorded in accordance with IAS 17.

As a result of the application of IFRS 16, the operating result decreased by € 1.0 million, as a result of the above and the recognition of amortization on rights of use which, in the first nine months of 2019, amounted to € 6.5 million. On 27 September 2019, the agreement with Education Acquisitions Limited was executed on the disposal of the stake held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A.. As a result, a number of existing contracts for the sublease of property were amended, the overall effect on the income statement of which, based on the application of IFRS 16, resulted in the recognition of additional expense of € 0.8 million.

Additionally, the recognition of the right of use of the asset led to the recognition in the financial statements of:

- (i) a financial liability, on which financial expense is recognized, amounting in the period to € 1.0 million;
- (ii) financial receivables, which resulted in the recognition of a financial income of € 0.2 million.

Lastly, following the above effects, a positive tax effect of € 0.5 million was recognized during the period.

The effects on the condensed income statement in the period January-September 2019 are shown below:

CONTO ECONOMICO SINTETICO CONSOLIDATO - IFRS 16 EFFECTS			
Amounts in € millions	9M 2019	Adoption IFRS 16	9M 2019 net of adoption IFRS16
Revenue	143.2	-	143.2
Other operating income	8.0	(1.5)	9.5
Direct and operating costs	(139.2)	7.8	(147.0)
Provisions for bad debts	(1.4)	-	(1.4)
Gross operating profit	10.6	6.3	4.3
Amortisation, depreciation, gains and losses	(13.3)	(7.3)	(6.0)
Operating profit	(2.7)	(1.0)	(1.7)
Financial (expenses) income	(1.9)	(0.8)	(1.1)
income from investment assets	4.7	-	4.7
Net profit (loss) before tax	0.1	(1.8)	1.9
Income tax	0.4	0.5	(0.1)
Net profit	(0.5)	(1.3)	1.8

Effects of the first-time adoption of IFRS 16 on the statement of financial position

The application of IFRS 16, with the modified retrospective approach, to the initial statement of financial position at 1 January 2019 resulted, *inter alia*, in an increase in equity of € 2.5 million, resulting from the recognition of subletting of property to third parties for € 3.7 million net of deferred tax of € 1.2 million from the recognition of the liability arising from temporary tax differences between the new amounts recognized under IFRS 16 and the corresponding tax value.

The effects of the first-time adoption of IFRS 16 at 1 January 2019 on the condensed statement of financial position are shown below:

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Amounts in € millions	01.01.2019	First adoption IFRS 16	31.12.2018
Non-current assets	147.8	29.6	118.2
Current assets	102.0	2.0	100.0
Total assets	249.7	31.6	218.1
Equity attributable to owners of the parent	38.4	2.5	35.8
Total Equity	38.4	2.5	35.8
Non-current liabilities	67.5	21.8	45.7
Current liabilities	143.8	7.2	136.6
Total liabilities	211.4	29.1	182.3
Total equity and liabilities	249.7	31.6	218.1

Effects of the first-time adoption of IFRS 16 on the statement of cash flows

The application of IFRS 16 has produced significant changes in a number of items of the statement of cash flows. Specifically, with the application of IFRS 16, cash flow from operations increased by € 4.6 million as a result of:

- An increase of € 1.3 million in cash flow from investing activities, deriving from the collection of financial receivables recognized in connection with the subletting of property in Milan and Rome which, following application of IFRS 16, was recorded as financial lease, instead of as operating lease under IAS 17 and recognized in cash flow from operations.
- A decrease in cash flow from financing activities of € 5.9 million, in connection to payment of financial payables and related interest expense, recorded under IFRS 16, instead of the rental payments previously recorded in accordance with IAS 17 and recognized in cash flow from operations.

Effects of the first-time adoption of IFRS 16 on the net financial position

The application of IFRS 16 had a total effect on the Group's net financial position at 1 January 2019 of € 29.0 million, composed as follows:

- € 2.0 million in current financial receivables for the short-term portion of the subletting of property to third parties;
- € 31.0 million in financial payables, of which € 10.3 million in current financial payables and € 20.7 million in non-current financial payables, deriving from leases for the Group's offices, from capital goods (rental of hardware and motor vehicles) and the rental of space and areas held for the positioning of radio transmission systems owned by the Group.

The effects of the first-time adoption of IFRS 16 at 1 January 2019 on the net financial position are shown below:

CONSOLIDATED NET FINANCIAL POSITION			
Amounts in € millions	01.01.2019	First adoption IFRS 16	31.12.2018
A. Cash in hand	0.3	-	0.3
B. Other cash and cash equivalents (bank and post office accounts)	22.4	-	22.4
C. Securities held for trading	-	-	-
D. Liquidity (A) + (B) + (C)	22.6	-	22.6
E. Current loan assets	2.0	2.0	-
F. Current portion of amounts due to banks	(17.9)	-	(17.9)
G. Current portion of non-current loans	(0.6)	-	(0.6)
H. Other current loans and borrowings	(15.4)	(10.3)	(5.1)
I. Current debt (F)+(G)+(H)	(33.8)	(10.3)	(23.5)
J. Net current debt (I) – (E) – (D)	(9.2)	(8.3)	(0.9)
K. Non-current bank loans and borrowings	(5.0)	-	(5.0)
L. Bonds issued	-	-	-
M Other non-current borrowings	(20.7)	(20.7)	-
N. Non-current debt (K) + (L) + (M)	(25.7)	(20.7)	(5.0)
O. Net financial position (J) + (N)	(34.9)	(29.0)	(5.9)

Market environment

ADS figures of the main national newspapers for January-September 2019 show a -6.8% drop in the total circulation of print + digital copies versus the same period of 2018, the result of a -8.2% decline in print circulation and a growth in digital circulation (1.2%: *ADS January - September 2019*).

The latest radio audience figures (1° half 2019) indicate a total of 34,802,000 listeners on average day, steady versus 1° half 2018 (+0.8% *RadioTER 2018-2019*).

The relevant advertising market closed first nine months of 2019 down by 4.9%. Print suffered a double-digit decline (-13.4%), with reductions in both components: newspapers - net of local (-11.6%), magazines (-15.2%). Radio (up by 3.7%) and the Internet (up by 2.1%) grew (*Nielsen - January-September 2019*).

For the professional publishing market, 2019 is forecast to remain a critical year, although segment trends are expected to improve. Estimates for 2019 on the Group's various market segments of operation indicate a turnover down by 1.1% versus 2018 for products in the Legal area, and a 1.9% drop versus 2018 for those in the Tax area.

As for the various types of media, electronic publishing is expected to grow (+3.5%), while revenue from print publishing is forecast to drop versus 2018 (books -4.9% and magazines -24.4%: "*Rapporto Databank Editoria Professionale*" - *Cerved S.p.A., December 2018*).

Consolidated results at 30 June 2019

Financial highlights of the 24 ORE Group net of the effects of newly applied standards and non-recurring expense and income

To provide a clearer picture of the Group's operating performance, which compares figures for first nine months of 2019 with those of the same period of 2018, the analysis made identifies the effects explained above of the first-time adoption of IFRS 16 and of the recognition of non-recurring expense and income.

The key financial figures (net of the effects of IFRS 16 and non-recurring expense and income) of the Group at 30 September 2019 are shown below:

MAIN CONSOLIDATED FIGURES OF THE 24 ORE GROUP NET OF NON RECURRING CHARGES AND IFRS 16 EFFECTS

Amounts in € millions	9M 2019	9M 2018
Revenue	143.2	150.2
EBITDA net of non recurring income and charges and IFRS 16 effects	0.6	2.4
EBIT net of non recurring income and charges and IFRS 16 effects	(5.4)	(4.5)
Pre-tax profit (loss) net of non recurring income and charges and IFRS 16 effects	(5.6)	(5.4)
Net profit (loss) net of non recurring income and charges and IFRS 16 effects	(5.7)	(5.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in € millions	30.09.2019 (*)	01.01.2019 (*)
Equity	37.7	38.4
Net financial position	(34.1)	(34.9)

(*) including the effects of the first-time adoption of IFRS 16

Revenue trend

In the first nine months of 2019, the 24 ORE Group achieved **consolidated revenue** of € 143.2 million versus € 150.2 million in the same period of 2018 (€ -7.0 million, or -4.7%). The change was due in particular to a drop in advertising revenue of € 3.0 million (-5.4% from € 57.0 million to € 54.0 million), in publishing revenue of € 2.8 million (-3.5% from € 79.5 million to € 76.7 million), and in sundry revenue of € 1.2 million (-8.5% from € 13.7 million to € 12.5 million).

Main trends in consolidated revenue:

- circulation revenue from the Daily (print+digital) amounted to € 38.3 million, down by € 1.3 million (-3.4%) versus the first nine months of 2018. Circulation revenue from the print Daily amounted to € 23.8 million, down by € 1.5 million (-5.9%) versus the same period of 2018. Circulation revenue from the digital Daily amounted to € 14.4 million, up slightly versus the same period of 2018 (€ +0.2 million, or 1.1%);
- advertising revenue amounted to € 54.0 million, down by € 3.0 million (-5.4%) versus 30 September 2018. Advertising revenue on Group media amounted to € 52.2 million (-4.7% versus the same period of the prior year) and revenue on third-party publishers amounted to € 1.7 million (-20.5%). This result was affected by the persisting crisis of print media, which accounts for 47% of the agency's total sales, and by the termination of a number of third-party concessions and the reduction in financial ads;

- revenue from databases amounted to € 25.0 million, down by 4.0% versus the same period of the prior year. By product line, revenue from the "Tax and Employment" databases amounted to € 17.4 million, down by 5.2%; revenue from the "Law" product line amounted to € 4.9 million, down (-1.5%) versus the first nine months of 2018, while "Construction and PA" revenue amounted to € 2.8 million, down by 1.2% versus the same period of 2018;
- revenue from the Culture Area, amounting to € 9.7 million, dropped by € 1.1 million (-10.6%) versus the same period of the prior year.

The circulation (print+digital) of Il Sole 24 Ore from January to September 2019 totaled 150,056 average daily copies (-10.4% versus the same period of 2018). Specifically, the average daily print circulation declared to ADS for the period January-September 2019 was 70,600 copies (-12.6% versus January-September 2018). Digital circulation declared to ADS was 79,456 average daily copies (-8.3% versus January-September 2018). The figure refers to the Publisher's declaration to ADS, considering that the new additional Regulations on performing the ADS assessment of digital copies, in force from the declaration of May 2017, envisage the possibility, under the adoption criteria, of declaring multiple copies and promotional digital copies.

On 25 February 2019, the 24 ORE Group opened discussions with ADS to clarify a number of critical issues regarding ADS requirements on the verification and certification of digital copies for 2017, with an impact also on the declaration of figures for following periods. Based on these issues, on 5 March 2019, the auditor in charge of certifying the 2017 annual figures declared by the Publisher, sent ADS the outcome of its audits, issuing a report with observations on the current requirements of the "Regulations on digital copies" and related "Technical Annex", in addition to the opinions from ADS itself, correcting the figures in the statements.

The revised statements sent by the auditor have not been approved at the moment by the ADS Board which, through subsequent written reply to the 24 ORE Group dated 29 May 2019, has expressed its willingness to examine, within the ADS Technical Committee, the points on the critical issues of the Regulations raised by the letter dated 25 February 2019. With regard to one of the issues raised by the 24 ORE Group concerning the certification of copies of the daily Il Sole 24 ORE distributed through long-term subscriptions affected by the change in the VAT system in 2016, on 30 October 2019, Il Sole 24 ORE S.p.A. received confirmation from ADS of the acceptance of the method for calculating the value of subscriptions, for their entire duration, based on the VAT rate in force at the time the subscription contracts had been concluded. The Company has informed the certifying auditor in order to update the report for 2017, based on the feedback from ADS.

However, there are other pending critical issues for which, should the ADS Board approve the revised statements sent by the auditor, rendering a negative opinion on the additional remarks on digital copies raised by the Publisher, and if such criteria were also applied to the following years, the total circulation of restated print+digital copies declared to ADS for the period January-September 2019 would amount to 142,846 copies (-4.8% versus the figure declared by the Publisher), and the ADS figure processed for the same period of 2018 based on the same criteria would amount to 160,334 copies (-4.2% versus the figure declared by the Publisher).

Concurrent to the dealings underway with ADS, the 24 ORE Group followed up on the indications appearing in the Interim Management Statement at 30 September 2018, appointing

a different leading independent audit firm to render an opinion on the adequacy and operability of the audits on the measurement and declaration of digital and print copies sold. Activity is currently underway and the first report is scheduled to be released in the coming months.

Adjustments to circulation figures have no impact on the average daily print+digital copies sold which, in the period January-September 2019, totaled 182,952 thousand copies (-8.3% versus the same period of 2018), including all multiple digital copies sold, but not declarable as circulated for ADS purposes, therefore not included in the relating declaration.

Margins trend

EBITDA in the first nine months of 2019 came to a positive € 10.6 million versus a positive € 0.2 million at 30 September 2018. EBITDA for the period benefited from non-recurring income deriving mainly from the release of € 3.2 million relating to the provision for risks allocated in the prior year for the possible price adjustment for the disposal of the stake in Business School24 S.p.A..

EBITDA at 30 September 2019 improved by € 6.3 million as a result of the first-time application of IFRS 16. In fact, lower operating income of € 1.5 million from the subletting of property was accounted for, and lower rentals and leases of € 7.8 million, deriving from rental of the Group's offices, car rental fees and the rental of space for radio broadcasting equipment. Net of the impact of the first-time application of IFRS 16 and net of non-recurring expense and income, EBITDA in the first nine months of 2019 came to a positive € 0.6 million versus a positive € 2.4 million in the same period of 2018, down by € 1.8 million. The change is due mainly to the decrease in revenue of € 7.0 million (-4.7%), partly offset by the reduction in costs.

Personnel expense, amounting to € 60.6 million, decreased by € 2.6 million (-4.2%) versus € 63.2 million in the same period of 2018. The average headcount, amounting to 908 units, decreased by 51 units versus 959 units in the same period of the prior year. Additionally, in the first nine months of 2019, personnel expense of € 0.5 million was capitalized for internally developed software. Based on the union agreements signed, the lower cost resulting from the reduction in average workforce envisaged a review, versus the prior year, of the percentage of solidarity contracts applied to non-journalistic areas.

Other changes relate to **costs for services** which, net of non-recurring expense and income and the first-time application of IFRS 16, amounted to € 65.5 million, down by € 0.5 million (-0.7%) versus 30 September 2018.

The **loss** for the first nine months of 2019 was € -2.7 million versus a loss of € -7.0 million. Amortization, depreciation and impairment losses amounted to € 13.3 million versus € 7.3 million at 30 September 2018. The overall effect on the income statement of the application of IFRS 16 resulted in the recognition of higher amortization and depreciation of € 6.5 million and higher expense of € 0.8 million, referring to the change in a number of property subleases covered by IFRS 16. EBIT, net of non-recurring expense and income and the first-time application of IFRS 16, came to € -5.4 million versus € -4.5 million in the same period of the prior year.

Profit before tax came to a positive € 0.1 million versus a loss of € 8.9 million in the first nine months of 2018. On 27 September 2019, the agreement with Education Acquisitions

Limited was executed on the disposal of the stake held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. and on the transfer of the “Events” BU. A capital gain of € 3.8 million was recorded as a result of the agreement, in addition to income for € 0.8 million from the equity measurement, up to that date, of the stake in Business School24 S.p.A.. Net financial expense and income amounted to € -1.9 million (€ -2.3 million at 30 September 2018). As a result of the first-time application of IFRS 16, the recognition of the financial liability arising from the present value of lease payments, resulted in the recognition of net financial expense, which amounted to € 0.8 million in the first nine months of 2019.

The result before tax, net of non-recurring expense and income and the first-time application of IFRS 16, came to € -5.7 million versus € -5.4 million in the same period of 2018.

Profit attributable to the owners of the parent came to € 0.5 million versus a loss of € 9.0 million in 2018. The net result attributable to the owners of the parent, net of non-recurring expense and income and the first-time application of IFRS 16, came to € -5.7 million (€ -5.5 million at 30 September 2018).

Statement of Financial Position

The **net financial position** at 30 September 2019 came to € -34.1 million versus € -34.9 million at 1 January 2019 (€ -5.9 million at 31 December 2018), improving by € 0.8 million. The change in the net financial position is attributable mainly to the cash in, on 27 September 2019, of the first tranche of € 5.0 million of the consideration from the disposal of part of the stake held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A., and to the trend in cash flow from operations, which includes payment of non-recurring expense from voluntary redundancies made in the year.

Equity amounted to € 37.7 million, or € 0.6 million lower than at 1 January 2019, equal to € 38.4 million, due to the result for the period of € 0.5 million, and the actuarial assessment of post-employment benefits, which had a negative effect of € 1.1 million.

Business outlook

The first nine months of 2019 confirm the lingering weak market conditions and general uncertainty in the Italian economy, which affect the performance of advertising sales in particular.

Based on ISTAT preliminary estimates, in first and second quarter 2019, the Italian GDP interrupted the weak decline seen in the second half of 2018, recording a slight increase of 0.1% (*ISTAT press release no. 9 of September 2019*). Analysts surveyed by *Consensus Economics* in September point, on average, to no change in Italy’s GDP in 2019 (*Bank of Italy-Economic Bulletin no. 4 of 18 October 2019*).

Against this backdrop, the renewed top Management of the Company and the overall organizational reshaping completed in the reporting period, have nevertheless ushered in new ideas and opportunities that have already been reflected in the 2019-2022 Business Plan. The Group has identified a series of commercial actions and the development of new products and market segments considered effective to counter the market trend and to reassert its editorial leadership role in the business-financial world, addressing business stakeholders in particular, with projects to expand its content range, pushing strongly in the direction of digital and B2B

services, and expanding its customer base to new customer segments currently untapped by its products.

The goal set for 2019 focuses on the recovery of profitability, achieved also through cost containment actions and greater operating efficiency, while guaranteeing appropriate business investments to support revenue and in technologies enabling new operating and business models, while maintaining adequate financial balance.

Consolidated financial statements at 30 September 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € millions	30.09.2019	31.12.2018
ASSETS		
Non-current assets		
Property, plant and equipment	35.9	16.7
Goodwill	15.5	15.5
Intangible assets	38.4	38.0
Investments in associates and joint ventures	0.0	18.4
Available-for-sale financial assets	7.3	0.7
Other non-current assets	17.7	3.6
Deferred tax assets	25.3	25.3
Total	140.1	118.2
Current assets		
Inventories	2.8	2.1
Trade receivables	49.5	63.8
Altri crediti	6.6	5.6
Other current financial assets	1.2	0
Other current assets	5.5	5.9
Cash and cash equivalents	9.3	22.6
Total	74.8	100.0
Assets held for sale	-	-
TOTAL ASSETS	214.9	218.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

Amounts in € millions

30.09.2019

31.12.2018

	30.09.2019	31.12.2018
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Share capital	0.6	0.6
Equity reserves	19.5	26.8
Post-employment benefits Reserve - IAS adjustment	(5.1)	(3.9)
Retained earnings	22.3	18.5
Profit (loss) attributable to owners of the parent	0.5	(6.0)
Total	37.7	35.8
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
Total	-	-
Total equity	37.7	35.8
Non-current liabilities		
Non-current financial liabilities	19.1	5.0
Employee benefit obligations	18.2	18.0
Deferred tax liabilities	6.3	5.6
Provisions for risks and charges	13.3	17.1
Other non-current liabilities	0.0	-
Total	56.8	45.7
Current liabilities		
Bank overdrafts and loans - due within one year	13.8	18.5
Other financial liabilities	11.7	5.1
Trade payables	72.2	83.3
Other current liabilities	0.0	0.1
Other payables	22.7	29.7
Total	120.3	136.6
Liabilities held for sale	-	-
Total liabilities	177.1	182.3
TOTAL EQUITY AND LIABILITIES	214.9	218.1

CONSOLIDATED INCOME STATEMENT

Amounts in € millions	9M 2019	9M 2018
1) Continuing operations		
Revenue	143.2	150.2
Other operating income	8.0	8.4
Personnel expenses	(60.6)	(63.2)
Change in inventories	0.7	(0.2)
Purchase of raw materials and consumables	(5.5)	(4.6)
Services	(65.5)	(66.2)
Use of third party assets	(5.2)	(13.0)
Other operating costs	(3.1)	(4.6)
Provisions	(0.9)	(5.8)
Provisions for bad debts	(0.5)	(0.6)
Gross operating profit	10.6	0.2
Amortisation of intangible assets	(3.6)	(4.0)
Depreciation of property, plant and equipment	(8.9)	(2.9)
Impairment losses on property, plant and equipment and intangible assets	(0.8)	(0.5)
Net gains on disposal of non-current assets	(0.0)	0.0
Operating profit	(2.7)	(7.0)
Financial income	0.4	0.3
Financial expenses	(2.3)	(2.6)
Total Financial income (expenses)	(1.9)	(2.3)
Other income from investment assets and liabilities	3.9	(0.2)
Valuation by equity method of the share capital investments	0.8	0.6
Net profit (loss) before tax	0.1	(8.9)
Income tax	0.4	(0.1)
Net profit (loss) from continuing operations	0.5	(9.0)
2) Discontinued operations		
Profit (loss) from discontinued operations	-	-
Profit (loss) for the year	0.5	(9.0)
Profit (loss) attributable to minorities	-	-
Profit (loss) attributable to the shareholders of the parent company	0.5	(9.0)

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions

9M 2019

9M 2018

Items of the statement of cash flows		
Pre-tax profit (loss) from continuing operations attributable to owners of the parent [a]	0.1	(8.9)
Adjustments for [b]	8.0	12.7
Profit (loss) attributable to non-controlling interests	-	-
Amortization	12.5	6.8
impairment of tangible and intangible assets	0.8	0.5
(Gains) loss	0.0	(0.0)
Effect of investment valuation	(0.9)	(0.6)
Capital gain from disposal Business School24S.p.A	(3.8)	-
Increase (decrease) in provisions for risks and charges	(3.1)	4.2
Increase (decrease) in employee benefits	0.2	(0.5)
Changes in deferred tax assets/liabilities	0.4	0.0
Financial income (expenses)	1.9	2.3
Changes in net working capital [c]	(4.4)	(16.5)
Increase (decrease) in inventories	(0.7)	0.2
Increase (decrease) in trade receivables	14.3	17.2
Increase (decrease) in trade payables	(8.0)	(22.1)
Income tax paid	-	-
Other changes in net working capital	(10.0)	(11.8)
Total cash flow used in operating activities [d=a+b+c]	3.7	(12.7)
Cash flow from investing activities [e]	1.6	(0.6)
Investments in intangible assets and property plant and equipment	(4.9)	(2.3)
Fees collected from sale of investments	5.0	1.7
Other changes in investing activities	1.4	0.0
Cash flow from investing activities [e]	(18.7)	(0.1)
Net financial interest paid	(1.9)	(1.3)
Repayment of medium/long term bank loans	(0.5)	(0.4)
Changes in short-term bank loans	(4.7)	(1.6)
Change in other financial receivables and payables	(3.7)	2.8
Change in receivables and payables form IFRS16	(8.0)	-
Other changes in financial assets and liabilities	(0.0)	0.4
Other changes in reserves	-	0.1
Cash flow absorbed during of the yeareg=d+e+f]	(13.4)	(13.3)
Opening cash and cash equivalents	22.1	33.0
Closing cash and cash equivalents	8.7	19.7
Increase(decrease) for the period	(13.4)	(13.3)

Supplements required by Consob pursuant to art. 114, Italian Legislative Decree 58/1998

Failure to meet covenants, negative pledges and any other clause of the Group's debt, involving limits in the use of financial resources, with the disclosure to date of the degree of compliance with such clauses

On 30 November 2017, the Company finalized the execution of the recapitalization and capital strengthening transaction and concluded agreements with lenders on the granting of new revolving cash credit facilities for a total of € 30.0 million, falling due on 31 December 2020, to support any future financial needs of the Company.

The new revolving cash credit facilities do not require any collateral or compulsory security, but rather financial covenants recognized at a consolidated level. The covenants are structured as follows:

FINANCIAL COVENANTS						
Amounts in € millions	31-dec-2017	30-jun-2018	31-dec-2018	30-jun-2019	31-dec-2019	30-jun-2020
EBITDA (*) higher than	n.r.	2.0	5.0	8.0	12.5	16.5
Equity higher than	27.0	25.0	23.0	24.0	26.0	30.0
PFN / EBITDA lower than	n.r.	n.r.	1.75	n.r.	1.50	n.r.

(*) rolling on a 12 month basis

Failure to satisfy even one of the covenants involves solely the right of early withdrawal from the loan by the banks; however, in this case too, changes to the loan agreement may be requested from the lenders, or the lenders may waive their right to early withdrawal if failure to meet a covenant should occur.

On 13 and 14 May 2019, the lenders confirmed that, as from 2019, the covenants will be reviewed by adjusting the figures taken from the Group's half-year and annual reports by the effects of the introduction of the new IFRS 16 based on the elements elaborated in the financial reports.

The adjustments related to the introduction of the new IFRS 16 regarding EBITDA and Equity at 30 September 2019 are presented in the paragraph above "*Application of the new accounting standards - Effects on the income statement of the first-time application of IFRS 16 and Effects on the statement of financial position of the first-time application of IFRS 16*", while the adjustments related to the Net Financial Position at 30 September came to € -23.6 million.

With regard to the last contractual survey performed on 30 June 2019, while no use was made of the above credit facilities, the covenants were met and amount to:

- EBITDA(rolling on a 12 month basis): € 11.1 million (covenant: € 8.0 million);
- Equity: € 37.4 million (covenant: € 24.0 million).

Additionally, on 13 November 2017, the Company and Monterosa SPV concluded an agreement to extend the maturity of the transaction involving the securitization of trade receivables until December 2020; it should be noted, however, that under the agreement, both parties may conclude operations at the end of each calendar quarter.

The maximum total amount that can be financed is € 50.0 million; at 30 September 2019, the credit facility for the securitization of trade receivables had been drawn down, with recourse, for the amount of € 13.2 million (total amount of the facility € 20.0 million), and without recourse, for € 11.4 million.

The securitization agreement does not contain financial covenants, but rather impediments to the purchase of the Company's portfolios of receivables which, in the event of failure to remedy, may also result in termination of the agreement.

At 30 September 2019, no such impediments to the purchase had arisen, and/or significant events as to determine the termination of the agreement.

State of implementation of the Business Plan, and disclosure of deviations of actual data from forecasts

The current year witnessed a rather challenging market scenario and an overall weakness that affected the performance of all industry players. Specifically, the relevant advertising market closed the first nine months of 2019 down by 4.9% versus the prior year: the negative trend was confirmed for print media (-13.4%), which recorded double-digit declines in both components: newspapers (net of local) -11.6% and magazines -15.2%. Conversely, both radio (+3.7%) and Internet (+2.1%) grew. (*Nielsen – January-September 2019*).

The Group's advertising revenue was affected, albeit to a lesser extent than the relevant market, by such a negative trend, especially in print media. This weaker-than-forecast trend affected the overall performance of the Group, which closed the first nine months of 2019 with consolidated revenue below budget.

However, the Company expects the initiatives underway and, in particular: the development of the digital strategy starting from the renewed presence and positioning of *ilsole24ore.com* released in June, the expansion of the topics covered and the launch of new publishing projects to support the attractiveness of advertising investments, the new e-publishing solutions for professionals, businesses and PA, together with the landing in new areas of B2B services (software and business information), to offset the weak market conditions and drive revenue in the fourth quarter.

During the year, the Company also continued to invest in technologies enabling new business models and operating processes that guarantee greater efficiency, as well as to implement a good number of actions to contain costs, the benefits of which will be increasingly felt over the period of the Plan.

The results for the first nine months of 2019, although lower than forecast in the Plan, are such as to allow Management to confirm the medium to long-term targets set out in the 2019 - 2022 Plan.

The Group also confirms its expectations of compliance with the covenants relating to the Group's financial debt and the improving trend of the Net Financial Position.

The main financial indicators forecast over the period of the Plan are shown below:

2019-2022 PLAN		
Amounts in € millions	2019 Plan	2022 Plan
Revenue	214	232
EBITDA	22	38
EBIT	5	26

The preparation of the 2019-2022 Plan was based, among other things, on (i) general, hypothetical, as well as discretionary assumptions, and on (ii) a series of estimates and assumptions regarding the implementation, by the directors, of specific actions to be undertaken in the 2019-2022 time frame, or regarding future events that may be only partly influenced by the directors, or events which may not occur or be subject to change over the period of the plan.

The achievement of the targets and the results set in the 2019-2022 Plan depends not only on the actual achievement of the volume of revenue imagined, but also on the effectiveness and timely implementation of the actions identified, within the time frames and with the operating impacts assumed.

A significant negative deviation of Group results from the 2019-2022 Plan could impact on operations and on the financial situation, as well as on the Group's prospects.

The Group keeps a watchful eye on the trend of the relevant markets vis-à-vis the assumptions in the Plan, and on the timely implementation of scheduled actions, maintaining proactive and constant focus on cost containment and on the identification of initiatives to increase operating efficiency and thus alleviate the risks associated with the unsteady trend of revenue and ensure the achievement of the forecast operating results.

Under par. 2, art. 154-bis of the Consolidated Finance Law (TUF), Paolo Fietta, in his capacity as 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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