

Press Release

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

**Il Sole 24 ORE S.p.A.: BoD approves financial statements
at 31 December 2019**

Consolidated highlights of the 24 ORE Group:

- **Positive EBITDA of € 21.0 million (€ 7.0 million at 31 December 2018)**
- **Negative EBIT of € 2.8 million (€ -3.2 million at 31 December 2018)**
- **Loss of € 1.2 million (€ -6.0 million at 31 December 2018)**

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

- **Positive EBITDA of € 5.2 million (€ 9.5 million at 31 December 2018)**
- **Negative EBIT of € -2.8 million (€ 0.5 million at 31 December 2018)**
- **Loss of € -4.8 million (€ -1.3 million at 31 December 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, 26 March 2020 - Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Edoardo Garrone, approved the draft financial statements at 31 December 2019 and the consolidated financial statements of the 24 ORE Group.

Financial highlights of the 24 ORE Group

The 24 ORE Group closed 2019 with a net loss of € 1.2 million and with equity of € 36.6 million, increasing by € 0.7 million versus consolidated equity of € 35.8 million at 31 December 2018.

The key financial figures of the Group at 31 December 2019, drawn from the consolidated financial statements are as follows:

MAIN CONSOLIDATED FIGURES OF THE 24 ORE GROUP		
Amounts in € million	FY 2019	FY 2018
Revenue	198.7	211.3
Gross operating profit (EBITDA)	21.0	7.0
Operating profit (loss) (EBIT)	(2.8)	(3.2)
Pre-tax profit (loss)	(0.4)	(4.9)
Profit (loss) from continuing operations	(1.2)	(6.0)
Profit (loss) of the period	(1.2)	(6.0)
	31.12.2019	31.12.2018
Non-current assets	129.5	118.2
Current assets	84.1	100.0
Total assets	213.6	218.1
Equity attributable to owners of the parent	36.6	35.8
Equity attributable to non-controlling interests	-	-
Total equity	36.6	35.8
Non-current liabilities	49.3	45.7
Current liabilities	127.7	136.6
Total liabilities	177.0	182.3
Total equity and liabilities	213.6	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 2019 increased by € 8.5 million versus the recognition method under IAS 17, as a result of:

- Lower operating income of € 1.9 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 € 10.4 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 € 0.6 million, as a result of the above and the recognition of amortization on rights of use which, in 2019, amounted to € 8.7 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 € 0.9 million. In December, the Company signed the lease contracts for the new Milan HQ in Viale Sarca, which is scheduled to be delivered (and therefore recognized in the accounts) by end 2020. The decision resulted in a change in the existing contractual terms of the Milan HQ in Via Monte Rosa, the early termination of which at 31 December 2020 resulted in the recognition of a gain of € 0.4 million and an expense of € 6.7 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 € 1.3 million;
- (ii) financial receivables, which resulted in the recognition of a financial income of € 0.3 million.

Lastly, following the above effects, a positive tax effect of € 0.7 million was recognized during the period.

The effects on the condensed income statement in 2019 are shown below:

CONSOLIDATED CONDENSED INCOME STATEMENT - IFRS 16 EFFECTS			
Amounts in € millions	FY 2019	Adoption IFRS 16	FY 2019 net of adoption IFRS16
Revenue	198.7	-	198.7
Other operating income	11.7	(1.9)	13.6
Direct and operating costs	(187.3)	10.4	(197.7)
Provisions for bad debts	(2.1)	-	(2.1)
Gross operating profit	21.0	8.5	12.6
Amortisation, depreciation, gains and losses	(23.8)	(9.1)	(14.7)
Operating profit	(2.8)	(0.6)	(2.2)
Financial (expenses) income	(2.3)	(1.0)	(1.4)
income from investment assests	4.7	-	4.7
Net profit (loss) before tax	(0.4)	(1.6)	1.2
Income tax	0.8	0.7	(1.5)
Net profit	(1.2)	(0.8)	(0.4)

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 € 8.9 million as a result of:

- An increase of € 1.8 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 € 10.7 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 show a drop in total circulation of print+digital copies in 2019 of -6.9% versus 2018, with a drop in circulation of the print version of -8.3% and digital circulation of -1.1% (*ADS January - December 2019*).

The latest radio audience figures for 2019 indicate a total of 34,849,000 listeners on average day, steady versus 2018 (+0.4% *RadioTER 2018-2019*).

The relevant advertising market closed 2019 down by 4.5% versus the prior year. The downward trend was confirmed for print media (-12.6%), which recorded double-digit declines on both components: newspapers (net of local) -11.2% and magazines -13.9%. Radio (+1.7%) and the Internet (+3.5%) grew (*Nielsen - January-December 2019*).

2019 was a turnaround year for professional publishing, which grew by 2.2% versus -1.8% in 2018.

The trend is closely tied to the strong progress of management software, net of which the segment would still show a declining trend (-0.7%), confirming the continuing low spending power of businesses, public bodies, professionals and practices.

The various areas showed mixed performances: Legal slowed the negative trend (-0.7% versus -2.0% in 2018), which sees the market migrate towards digital solutions (legal databases and online portals in particular) to the detriment of traditional sectors associated with print versions; Tax saw a clear reversal of the trend, growing by 10.1% (versus -3.4% in 2018). The Area's performance was driven by the strong development of management software related to electronic invoicing, which became mandatory on 1 January 2019. Net of software, growth was around +2-3%.

Regarding the type of media used, electronic publishing witnesses a growing trend, the breakdown of which confirms the clear shift in the market towards the online digital segment (consisting mainly of databases, Internet services and theme portals) with a 2.4% increase in terms of value versus 2018.

All traditional media were down, especially magazines (-8.9%) and books (-2.6% versus 2018 - "*Rapporto Databank Editoria Professionale*" - *Cerved S.p.A., December 2019*).

Consolidated results at 31 December 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 2019 with those 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 31 December 2019 are shown below:

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

Amounts in € millions	FY 2019	FY 2018
Revenue	198.7	211.3
EBITDA net of non recurring income and charges and IFRS 16 effects	5.2	9.5
EBIT net of non recurring income and charges and IFRS 16 effects	(2.8)	0.5
Pre-tax profit (loss) net of non recurring income and charges and IFRS 16 effects	(3.3)	(0.2)
Net profit (loss) net of non recurring income and charges and IFRS 16 effects	(4.8)	(1.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in € millions	31.12.2019 (*)	01.01.2019 (*)
Equity	36.6	38.4
Net financial position	(26.3)	(34.9)

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

Revenue trend

In 2019, the 24 ORE Group achieved **consolidated revenue** of € 198.7 million versus € 211.3 million in 2018 (€ -12.6 million, down by -6.0%). The change was due in particular to the drop in advertising revenue of € 3.7 million (-4.3% from € 84.6 million to € 81.0 million), in publishing revenue of € 5.7 million (-5.3% from € 107.0 million to € 101.3 million), and in sundry revenue of € 3.3 million (-16.5% from € 19.7 million to € 16.4 million).

Main trends in consolidated revenue:

- circulation revenue from the Daily (print+digital) amounted to € 49.5 million, down by € 2.6 million (-5.0%) versus 2018. Circulation revenue from the print Daily amounted to € 31.5 million, down by € 2.6 million (-7.5%) versus 2018. Circulation revenue from the digital Daily amounted to € 18.0 million, down by € 0.1 million (-0.4%) versus 2018.
- advertising revenue amounted to € 81.0 million, down by € 3.7 million (-4.3%) versus 2018. Advertising revenue on Group media amounted to € 78.7 million (-4.1% versus the prior year) and revenue on third-party publishers amounted to € 2.3 million (-10.5%). This result was affected by the persisting crisis of print media, which account 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 € 33.3 million, down by 6.0% versus the prior year. By product line, revenue from databases of "Tax and Employment" amounted to

€ 23.2 million, down by 6.6%; revenue from the "Law" product line amounted to € 6.4 million, down (-6.5%) versus 2018; revenue from "Construction and PA" amounted to € 3.8 million, down by 1.6% versus 2018;

- revenue from the Culture Area, amounting to € 12.1 million, dropped by € 3.5 million (-22.2%) versus the prior year.

The circulation (print+digital) of Il Sole 24 Ore from January to December 2019 totaled 149,517 average daily copies (-10.6% versus the same period of 2018). Specifically, the average daily print circulation declared to ADS for the period January - December 2019 was 69,036 copies (-13.6% versus 2018). Digital circulation declared to ADS was 80,481 average daily copies (-7.7% versus 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.

As mentioned in the Interim Management Statement at 30 September 2018, the Group asked an independent third party to render an opinion on the effective application of the appropriate procedures adopted in the calculation of the *Total Paid For Circulation* ("TPFC", i.e. total number of Il Sole 24 ORE daily fee-based sales on all markets through print and digital channels) at 31 December 2019; following the audit, the independent third party issued an unqualified Report of Assurance (ISAE 3000 - Limited assurance) on 10 March 2020.

Based on these procedures, the average *Total Paid For Circulation* for the period January - December 2019 was 186,542 thousand copies (-9.4% versus 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 2019 came to a positive € 21.0 million versus a positive € 7.0 million in June 2018. EBITDA benefited from net non-recurring expense and income of € +7.4 million. Specifically, income totaling € 7.5 million was recorded, of which € 3.2 million from the provision for risks set aside in the prior year to cover the possible price adjustment for the disposal of the investment in Business School24 S.p.A., € 0.4 million for amounts received from former directors; € 2.3 million for the release of other provisions for risks; € 1.6 million for the partial recalculation of payables to personnel for restructuring costs. Non-recurring expense totaling € 0.1 million was recorded.

EBITDA in 2019 improved by € 14.0 million also as a result of the first-time application of IFRS 16. In fact, lower operating income of € 1.9 million from subleases of property and lower rentals and leases of € 10.4 million were accounted for, deriving from the rental of the Group's offices, motor vehicle 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 2019 came to a positive € 5.2 million versus a positive € 9.5 million in 2018, down by € 4.4 million. The change is due mainly to the decrease in revenue of € 12.6 million (-6.0%), partly offset by cost reductions.

Personnel expense, amounting to € 80.8 million, decreased by € 4.8 million (-5.6%) versus € 85.6 million in 2018. The average headcount, amounting to 905 units, decreased by 51 units versus 956 units in the prior year. In 2019, personnel expense of € 0.6

million was capitalized for internally developed software. Personnel expense, net of non-recurring expense and income, amounted to € 82.4 million (-2.7 versus 2018). In 2019, payables to personnel for restructuring costs were recalculated, recording an income of € 1.6 million. Based on the trade 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 € 89.8 million, down by € 1.2 million (-1.2%) versus 2018.

The **loss** for 2019 was € -2.8 million versus a loss of € -3.2 million. Amortization and depreciation amounted to € 16.7 million versus € 9.0 million in 2018. Impairment losses totaled € 7.1 million (€ 1.2 million in 2018) and refer for € 6.8 million to the recognition of compensation from early termination of the lease on the Milan offices in Via Monte Rosa. The overall effect on the income statement of the application of IFRS 16 resulted in the recognition of higher amortization and depreciation of € 8.7 million and higher expense of € 0.3 million, referring to the change in a number of property leases and subleases covered by IFRS 16. EBIT, net of non-recurring expense and income and the first-time application of IFRS 16, came to € -2.8 million versus € +0.5 million in the prior year.

The **loss before tax** was € 0.4 million versus a loss of € 4.9 million in 2018. On 27 September 2019, the agreement with Education Acquisitions Limited was executed on the disposal of the investment 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 investment in Business School24 S.p.A.. The result was affected by net financial expense and income of € -2.3 million (€ -3.2 million in 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 € 1.0 million in 2019.

The result before tax, net of non-recurring expense and income and the first-time application of IFRS 16, came to € -3.3 million versus € -0.2 million in 2018.

The **loss attributable to the owners of the parent** came to € -1.2 million versus a loss of € -6.0 million in 2018. The net loss attributable to the owners of the parent, net of non-recurring expense and income and the first-time application of IFRS 16, came to € -4.8 million (€ -1.3 million in 2018).

Statement of Financial Position

The **net financial position** at 31 December 2019 stood at € -26.3 million versus € -34.9 million at 1 January 2019 (€ -5.9 million at 31 December 2018), improving by € 8.6 million. The change refers mainly to the trend in the cash flow from operations, which includes the payment of non-recurring expense from the voluntary redundancies paid in the period, and the collection of the first instalment of € 5.0 million of the consideration from the disposal of part of the investment held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. on 27 September 2019.

Equity amounted to € 36.6 million, or € 1.8 million lower than at 1 January 2019, when it amounted to € 38.4 million, due to the result for 2019 of € -1.2 million, and the actuarial assessment of post-employment benefits, which had a negative impact of € 0.6 million.

Approval of the Consolidated Non-Financial Statement

The Board of Directors has also approved the Consolidated Non-Financial Statement, prepared pursuant to Legislative Decree no. 254/2016.

In accordance with CONSOB Regulation no. 20267 of 18/1/2018, the Statement will be disclosed in the same manner as the 2019 Financial Statements.

Approval of the Report on Corporate Governance and Ownership Structure and of the Remuneration Report

Pursuant to Article 123-bis of Legislative Decree 58/1998 (TUF), notice is given that the Board of Directors has approved the 2019 Report on Corporate Governance and Ownership Structure. Additionally, pursuant to Article 123-ter of the Consolidated Finance Law (TUF), the Board of Directors has also approved the Report on the Remuneration Policy and on Compensation Paid of Il Sole 24 ORE S.p.A..

The Shareholders' Meeting will be called to resolve, pursuant to Article 123-ter, paragraph 3 of the TUF on Section One of the Report on the Remuneration Policy and Compensation Paid (Remuneration Policy), submitted to the binding vote of the Shareholders' Meeting, and, pursuant to Article 123-ter, paragraph 6 of the TUF, to express an opinion on Section Two of the Report (Compensation Paid). Both documents will be published in the manner and within the time limits of law, with adequate public disclosure.

Parent results at 31 December 2019

Il Sole 24 ORE S.p.A. closed 2019 with a loss of € 30 thousand, with **equity** standing at € 36.6 million, increasing by € 1.9 million versus € 34.7 million at 31 December 2018.

Proposal to cover the loss for 2019

The Board of Directors has decided to submit to the Shareholders' Meeting, convened on 29 April 2020, a proposal to cover the net loss of Il Sole 24 ORE S.p.A. of € 30,351 by using the "Share premium reserve".

Convening of the Ordinary Shareholders' Meeting and the Special-Category Shareholders' Meeting

The Board of Directors of Il Sole 24 ORE S.p.A. has authorized the Chairman to convene the Ordinary Shareholders' Meeting on 29 April 2020, in single call, to discuss and resolve, among other things, on the approval of the Financial Statements for the year ended 31

December 2019. On the same date, the Common Representative of the Special-Category Shareholders will also convene the Shareholders' Meeting of the relevant category. The notices of call will be published in the manner and within the time limits of law.

Business outlook

The opening months of 2020 confirm the lingering weak market conditions and general uncertainty in the Italian economy, which affect the performance of advertising sales in particular. The current COVID-19 health emergency and the extraordinary containment measures adopted by the authorities have led to a sudden sign of a possible deterioration of the general conditions of the global economy, the extent and length of which are currently hard to predict.

GDP in first quarter 2020 is expected to fall amid continued stagnation, following the decline previously recorded at the end of 2019 (-0.3% estimate for the 4th quarter - *Congiuntura Flash February 2020 - Centro Studi Confindustria*).

In light of the health emergency triggered by the COVID-19 epidemic, in accordance with the order dated 23 February 2020 of the Ministry of Health and the President of the Lombardy Region and the ensuing legal measures, a number of 24 ORE Group events have been cancelled and others will be rescheduled during 2020. Following the same order, the MUDEC - Museo delle Culture di Milano, managed by the subsidiary 24 ORE Cultura S.r.l., has been closed until further notice, with the resulting postponement of a number of exhibitions.

The Group continues to closely monitor both the evolution of the COVID-19-related health emergency and the trend of the relevant markets vis-à-vis the assumptions underlying the Plan, assessing the actual possibility of rescheduling the planned initiatives and paying proactive and constant attention to cost containment, and identifying initiatives that can alleviate the risk of uncertainties on the actual achievement of the estimated revenue volumes, in order to achieve the expected operating results. In view of the possible impacts of the COVID-19-related health emergency and of any extraordinary measures that may be taken to the benefit of businesses, the Group believes it has no such elements to date as to predict any medium/long-term impact on its operating-financial outlook vis-à-vis the developing situation.

Consolidated financial statements at 31 December 2019

(audit to be completed)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € millions	31.12.2019	31.12.2018
ASSETS		
Non-current assets		
Property, plant and equipment	26.1	16.7
Goodwill	22.0	15.5
Intangible assets	40.6	38.0
Investments in associates and joint ventures	-	18.4
Available-for-sale financial assets	0.7	0.7
Other non-current assets	16.3	3.6
Deferred tax assets	23.8	25.3
Total	129.5	118.2
Current assets		
Inventories	2.9	2.1
Trade receivables	55.1	63.8
Altri crediti	3.9	5.6
Other current financial assets	1.4	0
Other current assets	5.1	5.9
Cash and cash equivalents	15.7	22.6
Total	84.1	100.0
Assets held for sale	-	-
TOTAL ASSETS	213.6	218.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

Amounts in € millions

31.12.2019

31.12.2018

	31.12.2019	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	(4.6)	(3.9)
Retained earnings	22.3	18.5
Profit (loss) attributable to owners of the parent	(1.2)	(6.0)
Total	36.6	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	36.6	35.8
Non-current liabilities		
Non-current financial liabilities	15.9	5.0
Employee benefit obligations	17.6	18.0
Deferred tax liabilities	6.0	5.6
Provisions for risks and charges	9.7	17.1
Other non-current liabilities	0.1	-
Total	49.3	45.7
Current liabilities		
Bank overdrafts and loans - due within one year	16.3	18.5
Other financial liabilities	11.1	5.1
Trade payables	78.4	83.3
Other current liabilities	0.0	0.1
Other payables	21.8	29.7
Total	127.7	136.6
Liabilities held for sale	-	-
Total liabilities	177.0	182.3
TOTAL EQUITY AND LIABILITIES	213.6	218.1

CONSOLIDATED INCOME STATEMENT

Amounts in € millions	FY 2019	FY 2018
1) Continuing operations		
Revenue	198.7	211.3
Other operating income	11.7	10.1
Personnel expenses	(80.8)	(85.6)
Change in inventories	0.8	(0.1)
Purchase of raw materials and consumables	(7.3)	(6.7)
Services	(89.8)	(91.2)
Use of third party assets	(7.0)	(17.4)
Other operating costs	(3.1)	(5.4)
Provisions	(1.2)	(6.5)
Provisions for bad debts	(0.8)	(1.3)
Gross operating profit	21.0	7.0
Amortisation of intangible assets	(4.8)	(5.3)
Depreciation of property, plant and equipment	(11.9)	(3.8)
Impairment losses on property, plant and equipment and intangible assets	(7.1)	(1.2)
Net gains on disposal of non-current assets	(0.0)	0.0
Operating profit	(2.8)	(3.2)
Financial income	0.6	0.4
Financial expenses	(3.0)	(3.0)
Total Financial income (expenses)	(2.3)	(2.7)
Other income from investment assets and liabilities	3.9	(0.2)
Valuation by equity method of the share capital investments	0.8	1.2
Net profit (loss) before tax	(0.4)	(4.9)
Income tax	(0.8)	(1.1)
Net profit (loss) from continuing operations	(1.2)	(6.0)
2) Discontinued operations		
Profit (loss) from discontinued operations	-	-
Profit (loss) for the year	(1.2)	(6.0)
Profit (loss) attributable to minorities	-	-
Profit (loss) attributable to the shareholders of the parent company	(1.2)	(6.0)

CONSOLIDATED STATEMENT OF CASH FLOWS		
Amounts in € millions	FY 2019	FY 2018
Items of the statement of cash flows		
Pre-tax profit (loss) from continuing operations attributable to owners of the parent [a]	(0,4)	(4,9)
Adjustments for [b]	13,8	18,6
Amortization	16,7	9,0
(Gains) loss	0,0	(0,0)
Effect of investment valuation	(0,9)	(1,0)
Capital gain from disposal Business School24S.p.A	(3,8)	-
Increase (decrease) in provisions for risks and charges	(6,4)	5,4
Recalculation of payables for restructuring costs	(1,6)	-
Increase (decrease) in employee benefits	0,3	0,3
Impairment of tangible and intangible assets	7,1	1,2
Changes in deferred tax assets/liabilities	-	0,9
Financial income (expenses)	2,3	2,7
Changes in net working capital [c]	0,0	(22,3)
Increase (decrease) in inventories	(0,8)	0,1
Increase (decrease) in trade receivables	8,7	10,4
Increase (decrease) in trade payables	(1,8)	(22,0)
Income tax paid	-	-
Other changes in net working capital etto	(6,0)	(10,8)
Total cash flow used in operating activities [d=a+b+c]	13,5	(8,6)
Cash flow from investing activities [e]	(1,9)	(2,0)
Investments in intangible assets and property plant and equipment	(8,6)	(4,2)
Fees collected from sale of investments	5,0	2,2
Other changes in investing activities	1,8	0,0
Cash flow from investing activities [e]	(18,5)	0,1
Net financial interest paid	(2,3)	(2,0)
Repayment of medium/long term bank loans	(0,6)	(0,6)
Changes in short-term bank loans	(2,2)	0,3
Change in other financial receivables and payables	(2,7)	1,8
Other changes in financial assets and liabilities	(0,0)	0,6
Change in receivables and payables form IFRS16	(10,7)	-
Other changes in reserves	-	0,1
Cash flow absorbed during of the yeare=d+e+f]	(6,9)	(10,4)
Opening cash and cash equivalents	22,1	32,5
Closing cash and cash equivalents	15,1	22,1
Increase(decrease) of the year	(6,9)	(10,4)

Parent financial statements at 31 December 2019

(audit to be completed)

STATEMENT OF FINANCIAL POSITION - IL SOLE 24 ORE S.p.A.		
Amounts in € millions	31.12.2019	31.12.2018
ASSETS		
Non-current assets		
Property, plant and equipment	23.2	14.9
Goodwill	15.5	15.5
Intangible assets	40.5	37.9
Investments in associates and joint ventures	-	17.1
Available-for-sale financial assets	0.7	0.7
Other non-current assets	26.3	8.0
Deferred tax assets	23.2	24.7
Total	129.4	118.7
Current assets		
Inventories	2.6	1.7
Trade receivables	53.7	60.7
Altri crediti	3.0	4.3
Other current financial assets	1.2	0.0
Other current assets	4.7	2.5
Cash and cash equivalents	13.0	19.8
Total	78.1	89.0
Assets held for sale	-	-
TOTAL ASSETS	207.5	207.7

STATEMENT OF FINANCIAL POSITION - IL SOLE 24 ORE S.p.A. (CONT.)

Amounts in € millions	31.12.2019	31.12.2018
EQUITY AND LIABILITIES		
Equity		
Share capital	0,6	0,6
Equity reserves	19,5	26,8
Post-employment benefits Reserve - IAS adjustment	(4,6)	(4,0)
Reserve for changes in fair value of financial asse	-	16,8
Retained earnings	21,2	1,8
Profit (loss)	(0,0)	(7,3)
Total equity	36,6	34,7
Non-current liabilities		
Non-current financial liabilities	14,7	5,0
Employee benefit obligations	17,2	17,7
Deferred tax liabilities	5,7	5,6
Provisions for risks and charges	9,2	13,3
Other non-current liabilities	0,0	-
Total	46,8	41,5
Current liabilities		
Bank overdrafts and loans - due within one year	16,3	18,5
Other financial liabilities	13,9	8,6
Trade payables	72,5	76,2
Other current liabilities	21,4	28,3
Total	124,1	131,5
Liabilities held for sale	-	-
Total liabilities	171,0	173,0
TOTAL EQUITY AND LIABILITIES	207,5	207,7

CONSOLIDATED INCOME STATEMENT - IL SOLE 24 ORE S.p.A.

Amounts in € millions	FY 2019	FY 2018
1) Continuing operations		
Revenue	186,8	196,0
Other operating income	11,6	10,7
Personnel expenses	(79,2)	(83,9)
Change in inventories	0,9	(0,2)
Purchase of raw materials and consumables	(6,9)	(6,1)
Services	(82,9)	(85,7)
Use of third party assets	(6,4)	(16,6)
Other operating costs	(2,3)	(3,9)
Provisions	(1,2)	(5,1)
Provisions for bad debts	(0,8)	(1,4)
Gross operating profit	19,4	3,7
Amortisation of intangible assets	(4,8)	(5,2)
Depreciation of property, plant and equipment	(11,3)	(3,4)
Impairment losses	(6,6)	(1,2)
Net gains on disposal of non-current assets	(0,0)	0,0
Operating profit	(3,3)	(6,2)
Financial income	0,5	0,4
Financial expenses	(2,9)	(3,0)
Total Financial income (expenses)	(2,3)	(2,6)
Other income from investment assets and liabilities	6,5	1,6
Net profit (loss) before tax	0,9	(7,2)
Income tax	(0,9)	(0,0)
Net profit (loss) from continuing operations	(0,0)	(7,3)
2) Discontinued operations	-	-
Profit (loss) from discontinued operations	-	-
Profit (loss)	(0,0)	(7,3)

STATEMENT OF CASH FLOWS – IL SOLE 24 ORE S.p.A.

Amounts in € millions	FY 2019	FY 2018
Items of the statement of cash flows		
Pre-tax profit (loss) from continuing operations attributable to owners of the parent [a]	0.9	(7.2)
Adjustments for [b]	12.8	12.7
Amortization	16.2	8.6
(Gains) loss	0.0	(0.0)
Effect of investment valuation	(0.5)	0.0
Capital gain from disposal Business School24S.p.A	(6.0)	-
Increase (decrease) in provisions for risks and charges	(4.4)	4.4
Recalculation of payables for restructuring costs	(1.6)	-
Increase (decrease) in employee benefits	0.2	0.2
Impairment of tangible and intangible assets	6.6	1.2
Changes in deferred tax assets/liabilities	-	0.8
Financial income (expenses)	2.3	(2.6)
Changes in net working capital [c]	(1.0)	(23.8)
Increase (decrease) in inventories	(0.9)	0.2
Increase (decrease) in trade receivables	7.0	9.5
Increase (decrease) in trade payables	(1.8)	(19.4)
Income tax paid	-	-
Other changes in net working capital	(5.3)	(14.1)
Total cash flow used in operating activities [d=a+b+c]	12.7	(18.3)
Cash flow from investing activities [e]	(2.1)	(1.1)
Investments in intangible assets and property plant and equipment	(8.6)	(4.2)
Fees collected from sale of investments	5.0	2.2
Constitution II Sole 24 ORE Eventi S.r.l.	(0.1)	-
Transfer of company branch	(0.0)	-
Other changes in investing activities	1.6	0.9
Cash flow from investing activities [e]	(17.5)	11.5
Net financial interest paid	(2.3)	3.4
Repayment of medium/long term bank loans	(0.6)	(0.6)
Changes in short-term bank loans	(2.2)	0.3
Change in other financial receivables and payables	(2.5)	4.6
Other changes in financial assets and liabilities	0.6	3.8
Change in receivables and payables form IFRS16	(10.4)	-
Cash flow absorbed during of the yearg=d+e+f]	(6.9)	(7.9)
Opening cash and cash equivalents	19.2	27.1
Closing cash and cash equivalents	12.4	19.2
Increase(decrease) of the year	(6.9)	(7.9)

**Supplements required by CONSOB pursuant to Article 114, Italian
Legislative Decree 58/1998
Updated at 31 December 2019**

Net financial position of Il Sole 24 ORE S.p.A. and the 24 ORE Group, with separate disclosure of current and non-current components

In order to provide a better understanding of the trend of the net financial position, mention should firstly be made that the new IFRS 16 was introduced as from 1 January 2019; the standard changes the accounting treatment of lease arrangements in the lessee's financial statements, recognizing the assets and liabilities arising from lease contracts in the statement of financial position, with no distinction between operating and finance leases. Lease-related liabilities are recognized at the present value of future instalments.

Net financial position of the Group

As allowed by the standard, the Group has applied the modified retrospective approach in the transition to the new standard.

Adjustments to the Group's net financial position at 1 January 2019, introduced following the first-time application of IFRS 16, totaled € 29.0 million, broken down as follows:

- € 2.0 million in current financial receivables for the portion relating to the subleases 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 installation of radio transmission systems owned by the Group.

NET DEBT OF THE 24 ORE GROUP				
(in thousands of euro)	31.12.2019	01.01.2019	First adoption IFRS 16	31.12.2018
A. Cash in hand	87	269	-	269
B. . Other cash and cash equivalents (bank and post office accounts)	15,644	22,361	-	22,361
C. Securities held for trading	-	-	-	-
D. Liquidity (A) + (B) + (C)	15,731	22,630	-	22,630
E. Net current debt (I) – (E) – (D)	1,384	2,006	2,006	-
F. Current portion of amounts due to banks	(15,706)	(17,891)	-	(17,891)
G. Current portion of amounts due to banks	(609)	(576)	-	(576)
H. Other current loans and borrowings	(11,150)	(15,373)	(10,296)	(5,077)
I. Current debt (F)+(G)+(H)	(27,464)	(33,841)	(10,296)	(23,545)
J. Net current debt (I) – (E) – (D)	(10,349)	(9,205)	(8,290)	(915)
K. Non-current bank loans and borrowings	(11,131)	(4,982)	-	(4,982)
L. Bonds issued	-	-	-	-
M Other non-current borrowings	(4,813)	(20,683)	(20,683)	-
N. Non-current debt (K) + (L) + (M)	(15,944)	(25,665)	(20,683)	(4,982)
O. Net financial position (J) + (N)	(26,293)	(34,870)	(28,973)	(5,897)

The net financial position at 31 December 2019 came to € -26.3 million versus € -34.9 million at 1 January 2019 (€ -5.9 million at 31 December 2018), improving by € 8.6 million. The change is due mainly to the collection of the first instalment of € 5.0 million of the consideration from the disposal of part of the investment held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. on 27 September 2019, and to the trend in the cash flow from operations, which includes the payment of non-recurring expense from the voluntary redundancies paid in the period.

The Group's current net financial position stands at € -10.3 million. The Group also has revolving credit facilities for € 30.0 million not drawn down and totally available to date.

Net financial position of the Parent Company

Adjustments to the Company's net financial position at 1 January 2019, introduced following the first-time application of IFRS 16, totaled € 27.5 million, broken down as follows:

- € 1.8 million in current financial receivables for the portion relating to the subleases of property to third parties;
- € 29.3 million in financial payables, of which € 7.6 million in current financial payables and € 21.7 million in non-current financial payables, deriving from leases for the Company's offices, from capital goods (rental of hardware and motor vehicles) and the rental of space and areas held for the installation of radio transmission systems owned by the Company.

NET DEBT OF IL SOLE 24 ORE SPA				
(in thousands of euro)	31.12.2019	01.01.2019	First adoption IFRS 16	31.12.2018
A. Cash in hand	31	25	-	25
B. . Other cash and cash equivalents (bank and post office accounts)	12,938	19,783	-	19,783
C. Securities held for trading	-	-	-	-
D. Liquidity (A) + (B) + (C)	12,969	19,807	-	19,807
E. Net current debt (I) – (E) – (D)	1,230	1,752	1,752	0
F. Current portion of amounts due to banks	(15,706)	(17,891)	-	(17,891)
G. Current portion of amounts due to banks	(609)	(576)	-	(576)
H. Other current loans and borrowings	(13,916)	(16,225)	(7,582)	(8,643)
I. Current debt (F)+(G)+(H)	(30,230)	(34,692)	(7,582)	(27,110)
J. Net current debt (I) – (E) – (D)	(16,031)	(13,133)	(5,830)	(7,303)
K. Non-current bank loans and borrowings	(11,131)	(4,982)	-	(4,982)
L. Bonds issued	-	-	-	-
M Other non-current borrowings	(3,524)	(21,689)	(21,689)	-
N. Non-current debt (K) + (L) + (M)	(14,655)	(26,671)	(21,689)	(4,982)
O. Net financial position (J) + (N)	(30,687)	(39,804)	(27,519)	(12,285)

The net financial position at 31 December 2019 came to € -30.7 million versus € -39.8 million at 1 January 2019 (€ -12.3 million at 31 December 2018), improving by € 9.1 million. The change refers mainly to the trend in the cash flow from operations, which includes the payment of non-recurring expense from the voluntary redundancies paid in the period, and the collection of the first instalment of € 5.0 million of the consideration from the disposal of part

of the investment held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. on 27 September 2019.

The Company's current net financial position stands at € -16.0 million. The company also has revolving credit facilities for € 30.0 million not drawn down and totally available to date.

Company and Group amounts due, split up by nature (financial, trade, tax, social security and to employees) and any associated action by creditors (reminders, orders for payment, suspended deliveries, etc.)

Amounts due by the 24 ORE Group split up by nature at 31 December 2019

AMOUNTS DUE FROM THE 24 ORE GROUP									
(in thousands of euro)	Dues split up by days overdue							By more than 210 days	Total due
	0-30	31-60	61-90	91-120	121-150	151-180	181-210		
Loans and borrowings	-	-	-	-	-	-	-	-	-
Trade payables	1.627	136	89	51	7	62	32	1.146	3.150
Social security institutions	-	-	-	-	-	-	-	-	-
Payables to employees	-	-	-	-	-	-	-	-	-
Tax liabilities	-	-	-	-	-	-	-	-	-
	1.627	136	89	51	7	62	32	1.146	3.150

Amounts due by Il Sole 24 ORE S.p.A. split up by nature at 31 December 2019

AMOUNTS DUE FROM IL SOLE 24 ORE SPA									
(in thousands of euro)	Dues split up by days overdue							By more than 210 days	Total due
	0-30	31-60	61-90	91-120	121-150	151-180	181-210		
Loans and borrowings	-	-	-	-	-	-	-	-	-
Trade payables	1,627	99	81	44	7	38	31	627	2,095
Social security institutions	-	-	-	-	-	-	-	-	-
Payables to employees	-	-	-	-	-	-	-	-	-
Tax liabilities	-	-	-	-	-	-	-	-	-
	1,627	99	81	44	7	38	31	627	2,095

Amounts due by the 24 ORE Group and the parent company Il Sole 24 ORE S.p.A. refer solely to trade payables.

Regarding past dues over 210 days, it should be noted that the amount includes suppliers blocked for items in dispute for a total of € 358 thousand on the Parent Company. The Parent Company received two payment orders for € 347 thousand on the disputed amounts, filing its objection.

Regarding action by creditors, mention should be made that the reminders received fall into the ordinary administrative activities. At the date of this press release, there is no evidence of further payment orders served referring to the above amounts due; no suspended delivery has been made such as to affect normal business operations.

Main changes in related party transactions of the Company and its Group since the latest Annual or Half-Year Report approved, pursuant to Article 154-ter of the TUF

Related parties of the Group

RELATED PARTY TRANSACTIONS – CONSOLIDATED AT 31 DECEMBER 2019								
Company	Trade and other receivables	Loan assets	Trade and other payables	Loans and borrowings	Revenue and operating income	Costs	Financial income	Financial expense
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	-	-	-	-	42	-	-	-
Total Ultimate Parent	-	-	-	-	42	-	-	-
Business School24 S.p.A.	-	-	-	-	1,707	(278)	225	-
Total joint venture companies	-	-	-	-	1,707	(278)	225	-
Key management personnel	-	-	(262)	-	-	(1,355)	-	-
Other managers	-	-	(160)	-	-	(3,633)	-	-
Board of Directors	-	-	(214)	-	-	(1,235)	-	-
Board of Statutory Auditors	-	-	(55)	-	-	(231)	-	-
Other related party persons	53	-	(132)	-	592	(1,859)	-	-
Total other related parties	53	-	(823)	-	592	(8,314)	-	-
Total related parties	53	-	(823)	-	2,341	(8,592)	225	-

Trade receivables and other assets from other related parties refer mainly to:

- sale of daily newspapers, books and magazines;
- sale of computer-based products by subscription;
- sale of advertising space.

Revenue refers mainly to the sale of advertising space in proprietary titles, subscriptions to the Daily and charges for services to Business School24 S.p.A..

On 27 September 2019, the agreement with Education Acquisitions Limited was executed on the disposal of the investment held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. and on the transfer of the “Events” BU. As a result of the agreement, a number of existing contracts between the parties were reviewed. At 30 November 2019, the residual investment held in Business School24 S.p.A. no longer qualifies as an associate and is therefore no longer shown among the Group's related parties. The table summarizing transactions with related parties shows the operating effects accruing up to the disposal date.

The cost item relating to other related parties refers mainly to a sponsorship and visibility agreement with Confindustria Servizi S.p.A. and a Senior Advisor agreement of the Professional area.

At 31 December 2019, Key management personnel were two business managers and the General Manager Corporate & CFO. Mention should be made that on 25 January 2019, two key management personnel left the Group.

No further changes were reported in existing contractual relations from the situation relating to the last approved half-year report.

Related parties of Il Sole 24 ORE S.p.A.

RELATED PARTY TRANSACTIONS - PARENT COMPANY AT 31 DECEMBER 2019									
Company	Trade and other receivables	Loan assets	Trade and other payables	Loans and borrowings	Revenue and operating income	Costs	Financial income	Financial expense	
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	-	-	-	-	42	-	-	-	-
Total Ultimate Parent	-	-	-	-	42	-	-	-	-
24 ORE Cultura S.r.l.	-	-	(296)	(2,206)	615	(906)	-	-	-
Ticket 24 ORE S.r.l.	45	-	-	(624)	50	-	-	-	-
Il Sole 24 ORE UK Ltd	-	-	(144)	-	-	(463)	-	-	-
Il Sole 24 ORE U.S.A. Inc	-	-	(58)	-	-	(569)	-	-	-
Il Sole 24 ORE Eventi S.r.l.	2	-	-	(121)	-	-	-	-	-
Total subsidiaries	46	-	(498)	(2,951)	665	(1,938)	-	-	-
Business School24 S.p.A.	-	-	-	-	1,703	(278)	167	-	-
Total joint venture companies	-	-	-	-	1,703	(278)	167	-	-
Key management personnel	-	-	(262)	-	-	(1,355)	-	-	-
Other managers	-	-	(160)	-	-	(3,576)	-	-	-
Board of Directors	-	-	(214)	-	-	(1,235)	-	-	-
Board of Statutory Auditors	-	-	(33)	-	-	(203)	-	-	-
Other related party persons	53	-	(132)	-	592	(1,859)	-	-	-
Total other related parties	53	-	(801)	-	592	(8,228)	-	-	-
Total related parties	100	-	(1,299)	(2,951)	3,002	(10,445)	167	-	-

Trade receivables and other assets from other related parties refer mainly to:

- sale of daily newspapers, books and magazines;
- sale of computer-based products by subscription;
- sale of advertising space in Group titles;
- tax consolidation and VAT receivables.

Trade and other payables refer mainly to:

- payables to the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- trade payables for services from Il Sole 24 ORE U.S.A Inc.;
- payables for the provision of services and editorial work;
- payables for the purchase of information;
- tax and VAT consolidation payables.

Financial payables refer to current accounts with the subsidiaries Ticket 24 ORE S.r.l., 24 ORE Cultura S.r.l. and to financial payables to Il Sole 24 ORE Eventi S.r.l..

Revenue and operating income relate mainly to:

- sale of daily newspapers, books and magazines;
- sale of computer-based products by subscription;
- sale of advertising space in Group titles;
- charging of centralized services to Group companies;
- charges for services to Business School24 S.p.A..

Costs refer mainly to:

- a contractual agreement with the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- a contractual agreement with the subsidiary Il Sole 24 ORE U.S.A. Inc. for services rendered;
- a contractual agreement with Business School24 S.p.A. for its share of the sponsorship of events.

The cost item relating to other related parties refers mainly to a sponsorship and visibility agreement with Confindustria Servizi S.p.A. and a Senior Advisor agreement of the Professional area.

The planned merger by incorporation of the wholly-owned subsidiary Il Sole 24 ORE Trading Network S.p.A. into Il Sole 24 ORE S.p.A., whose merger plan was approved on 14 November 2018 by the Board of Directors of the Parent Company, was concluded with the signing of the deed of merger registered by the Notary Filippo Zabban on 27 March 2019 with index no. 72051 - folder no. 14066, registered on 28 March 2019 and effective from 31 March 2019. The accounting and tax effects of the merger apply from 1 January 2019.

On 24 July 2019, Il Sole 24 ORE Eventi S.r.l., 100% controlled by Il Sole 24 ORE S.p.A., was incorporated.

On 27 September 2019, the agreement with Education Acquisitions Limited was executed on the disposal of the investment held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. and on the transfer of the “Events” BU. As a result of the agreement, a number of existing contracts between the parties were reviewed. At 30 November 2019, the residual investment held in Business School24 S.p.A. no longer qualifies as an associate and is therefore no longer shown among the Group's related parties. The table summarizing transactions with related parties shows the operating effects accruing up to the disposal date.

At 31 December 2019, Key management personnel were two business managers and the General Manager Corporate & CFO. Mention should be made that on 25 January 2019, two key management personnel left the Company.

On 29 February 2020, the merger by incorporation of Ticket 24 ORE S.r.l. into the parent company 24 ORE Cultura S.r.l. was completed.

No further changes were reported in existing contractual relations from the situation relating to the last approved half-year report.

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 financial covenants recognized at consolidated level and without including any adjustments for non-recurring items. The covenants are structured as follows:

FINANCIAL COVENANTS						
€ millions	31 Dec 2017	30 June 2018	31 Dec 2018	30 June 2019	31 Dec 2019	30 June -2020
EBITDA (*) higher than	n.r.	2.0	5.0	8.0	12.5	13.0
Equity higher than	27.0	25.0	23.0	24.0	26.0	30.0
Debt/EBITDA lower than	n.r.	n.r.	1.75	n.r.	1.50	n.r.

(*) amounts to be calculated on a rolling 12-month basis

Failure to satisfy even one of the covenants involves the right of early withdrawal from the loan by the banks. However, 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 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 31 December 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 31 December June 2019 came to € -12.2 million.

At 31 December 2019, although no use was made of the above credit facility, the aforesaid covenants were met:

- EBITDA (rolling 12 months): € 12.6 million (covenant: € 12.5 million);
- equity: € 34.9 million (covenant: € 26.0 million);
- NFP/EBITDA: 1.12 (covenant: 1.50).

On 12 March 2020, the lenders announced the change in the value of the financial covenant EBITDA rolling 12 months, used in the recognition of the covenant at 30 June 2020 (date of the last interim recognition before expiry of the loan), from € 16.5 million to € 13.0 million. The approved 2020 Budget meets the new EBITDA covenant. On the same date, the lenders also announced the increase in financial debt allowed overall at consolidated level, from € 10.0 million to € 20.0 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 in place at that time 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 financeable amount is € 50.0 million; at 31 December 2019, the credit facility for the securitization of trade receivables had been drawn down, with recourse, for the amount of € 15.7 million (total amount of the facility € 20.0 million), and without recourse, for € 17.8 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 31 December 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

2019 was impacted by a rather challenging market scenario, marked in particular by an overall weakness that affected the performance of all industry players, and by a worse-than-forecast trend, especially in terms of advertising sales. External as well as internal developments in the Company have led to a review of some of the initiatives contained in the 2019-2022 Plan and, in some cases, to a rescheduling of their launch time, as well as the development of new projects in certain areas of the Group.

Specifically, the relevant advertising market closed 2019 down by 4.5% versus the prior year. The downward trend was confirmed for print media (-12.6%), which recorded double-digit declines on both components: newspapers (net of local) -11.2% and magazines -13.9%. Radio (+1.7%) and the Internet (+3.5%) grew (*Nielsen - January-December 2019*). Group advertising revenue was impacted, but less than the relevant market, by lower investments made in print media for some years now, especially in 2019. Newspapers were badly hit by the reduction in the Finance/Insurance segment, impacted by the new regulations in force on IVASS notices that are no longer mandatory. The *Travel and Automotive* segments (traditionally big spenders) were also on a downward trend, while the fashion-luxury segment is focusing its digital strategies on social channels, investing mainly in the blogger/influencer world. The reduction in advertising investments in the Automotive segment also negatively affected the performance of Radio 24, which has historically seen this segment ranking at the top in terms of space purchases (24% of the total). In the overall radio market, the fall in the Automotive segment was offset by the growth in investments in the FMCG segment, first and foremost the Distribution segment, which is the second largest in the market in terms of space sold and recorded a 7.4% growth (*Nielsen radio in seconds - January-December 2019*). The FMCG segments, although on the rise on Radio 24 too (Distribution +16.0% - *Nielsen radio in seconds - January-December 2019*), make for a small share of the station's sales, are low spenders and fail to fill the gap generated by the drop in the Automotive and other main segments (Finance/Insurance and IT/Photography account for 19% of Radio 24's sales in seconds and were down by 12.2% - *Nielsen radio in seconds - January-December 2019*).

With regard to circulation, ADS figures of the main national newspapers show a drop in total circulation of print+digital copies in 2019 of -6.9% versus 2018, with a drop in circulation of the print version of -8.3% and digital circulation of -1.1% (*ADS January - December 2019*).

The lower-than-expected performance affected the overall performance of the Group, which closed 2019 with consolidated revenue lower than budgeted (-7.1%), albeit with reported EBITDA margins basically in line with budget forecasts, thanks to the rationalization and cost

control actions implemented by Management, in addition to the contribution of extraordinary and/or non-recurring operations.

The following is a comparison of the 2019 consolidated operating results with the 2019 forecast figures disclosed to the market on the approval of the 2019-2022 Plan by the new Board of Directors on 15 May 2019.

FINAL 2019 VERSUS BUDGET 2019		
€ millions	2019	2019 budget
Revenue	198.7	214.0
EBITDA	21.0	22.0
EBIT	(2.8)	4.7

The negative difference in revenue from forecasts was affected by the above structural decline in the relevant market both in terms of advertising revenue and circulation, which showed a deteriorating trend versus initial estimates, in addition to the delay versus budget forecasts in the launch by the Company of some of the new initiatives envisaged under the Plan (including the landing on the Software market and the launch of Partner24), also in view of the timing required for the development of new products.

Revenue from System shows lower-than-expected advertising sales across all the Group's media, with particular regard to print and radio, while lower circulation revenue from Publishing & Digital was impacted by the cancellation and delay of a range of initiatives planned in the budget.

The trend in revenue in Tax & Legal was significantly affected by the shrinking of the customer base typical of subscription products, both in terms of databases and print magazines. The performance was affected mainly by delays in the entry of new Agents into the existing sales network and in the innovation of the product range on offer.

With regard to EBITDA, the comparison of the reported figure with the budget is affected by a number of non-recurring items in 2019, including income totaling € 7.5 million, of which € 3.2 million from the provision for risks set aside in the prior year to cover the possible price adjustment for the disposal of the investment in Business School24 S.p.A., € 0.4 million for amounts received from former directors; € 2.3 million for the release of other provisions for risks; € 1.6 million for the partial recalculation of payables to personnel for restructuring costs. Additionally, non-recurring expense of € 0.1 million was recognized to adjust the provision for charges related to the disposal of certain production facilities and an administrative fine of € 0.1 million related to the acceptance of the plea bargain.

The difference in reported EBIT from the corresponding budget value includes, in addition to a similar comparison made between reported EBITDA and the corresponding budget value, the effects for € 6.7 million from the early termination of the lease contract for the Milan office in Via Monte Rosa concluded in December 2019 and other non-recurring IFRS 16 expense of € 0.4 million (for contractual expense relating to Business School24 S.p.A.). The results of these operations will enable the Company to achieve a significant reduction in its structural costs from 2021.

Net of non-recurring expense and income, EBITDA amounted to € 13.7 million and EBIT to € -3.1 million.

On 12 March 2020, the Board of Directors of the Company approved the 2020-2023 Business Plan, which confirms the strategic course of the previous 2019-2022 Plan approved on 15 May 2019, with updates and developments thereto.

In keeping with the previous Plan, the following strategic targets were set:

- strengthen the **value of content** in the **integrated 24 ORE system** by focusing on products and services with high margins and a high rate of **innovation in both the print and digital range offered**;
- accelerate **multi-channel sales performance** by boosting **upselling** and enhancing the customer base;
- expand **territorial coverage** in order to increase the involvement of users of products and services of the 24 ORE system and enhance the relevance of the brand;
- transform operations as a whole in order to improve the efficiency of **editing, production and distribution costs**.

The 2020-2023 Plan incorporates the effects of the measures taken by Management on the review of its operating cost structure, including the forthcoming relocation of the Company's headquarters and offices in Milan, and the labour cost measures, including the early retirement of printers and graphic designers for those who accrue the requirements in the first four months of 2020, in accordance with the provisions of Budget Law no. 160/2019.

The 2020-2023 Plan does not take into consideration the possible impacts of the COVID-19-related emergency and the extraordinary containment measures taken, the extent of which is difficult to predict at this time both in terms of duration and impact on business.

The projections contained in the 2020-2023 Plan reaffirm, albeit with a delay on the 2019-2022 Plan, given the indications above, the long-term profitability targets, and show an improvement in operating margins, guaranteeing the Company the investments needed to develop revenue and achieve greater operating efficiency, which benefits, among other things, from the actions already implemented in 2019.

Specifically, investments are expected to accelerate, which will enable the Company to fit itself with a technologically advanced structure, consistent with the new organizational requirements and the digital evolution path undertaken, and in line with the policy of greater efficiency in operating costs adopted for some time now.

The 2020-2023 Plan reaffirms the growth of profitability over time across all business areas. In detail, over the period of the Plan, consolidated revenue is expected to grow by 4.6% (CAGR 2019-2023) and margins are expected to steadily improve, with a CAGR 2019-2023 at EBITDA level of +17.5%, thanks also to the curbing of direct and operating costs.

The net financial position is expected to deteriorate in 2020, due to the acceleration of capital expenditure and the outlays from early staff departures, and then improve in the following years over the period of the Plan.

The main financial indicators forecast in the 2020-2023 Plan are shown below:

2020-2023 PLAN		
€ millions	2020 Plan	2023 Plan
Revenue	210	238
EBITDA	23	41
EBIT	4	25

The main financial indicators forecast in the previous 2019-2022 Plan are shown below:

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

The forward-looking data appearing in the 2020-2023 Plan represent strategic targets set in the frame of corporate planning.

The preparation of the 2020-2023 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 time frame covered by the Plan, 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 2020-2023 Plan depends not only on the actual achievement of the volume of revenue envisaged, 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 2020-2023 Plan could impact on operations and on the financial situation, as well as on the Group's prospects.

The Group continues to closely monitor both the evolution of the COVID-19-related health emergency and the trend of the relevant markets vis-à-vis the assumptions underlying the Plan, assessing the actual possibility of rescheduling the planned initiatives and paying proactive and constant attention to cost containment, and identifying initiatives that can alleviate the risk of uncertainties on the actual achievement of the estimated revenue volumes, in order to achieve expected operating results. In view of the possible impacts of the COVID-19-related health emergency and of any extraordinary measures that may be taken to the benefit of businesses, the Group believes it has no such elements to date as to predict any medium/long-term impact on its operating-financial outlook vis-à-vis the developing situation.

Under par. 2, Article 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.

For further information:

Investor Relations:

Raffaella Romano

Tel: 02 30223728

e-mail: investor.relations@ilsole24ore.com

Communication and External Relations:

Ginevra Cozzi

Mob. 335 1350144

e-mail: ginevra.cozzi@ilsole24ore.com