Register No. 11028 Deed No. 6192

MINUTES OF THE ORDINARY SHAREHOLDERS' MEETING

ITALIAN REPUBLIC

The year two thousand and twenty, on the twenty-first day of April in Rome, via Barberini No. 28 at the time of 12.00 PM.

April 21, 2020

On the request of **"CALTAGIRONE EDITORE Societa' per azioni"**, with registered office in Rome (RM), Via Barberini No. 28, Tax and Rome Company Registration Office No. 5897851001, Chamber of Commerce No. 935017, share capital of Euro 130,000,000.00 and subscribed for Euro 125,000,000 fully paid-in, certified email address: caltagironeeditore@legalmail.it (hereafter the "Company"), I, Mr. Michele Misurale, Notary in Rome, with offices in Via Lucina No. 17, registered in the District Notary Role of Rome, Velletri and Civitavecchia, at the place and time stated above, have assisted in the minutes of the Shareholders' Meeting of the above stated company today called in first call at this time and place.

I declare present Mr. Francesco Gianni, born in Ravenna on February 9, 1951 and domiciled for the purposes of office at the registered office in Rome, via Barberini No. 28, Chairman of the Board of Directors of the Company, whose identity I as Notary am certain of.

Mr. Francesco Gianni undertakes the Chairmanship of the Shareholders' Meeting and declares that:

- the Shareholders' Meeting Call Notice was published on the company website and in the newspaper "Il Messaggero" on March 11, 2020;
- on April 2, 2020, the supplement to the aforementioned call notice was published, in which, in order to minimise the risks connected with the health emergency in progress, the Company decided to make use of the option introduced by Decree Law No. 18 of March 17, 2020, Article 106, paragraph 2, the so-called "Italian Health Care" Decree, which stipulates that shareholder participation in the Shareholders' Meeting shall take place exclusively through the designated agent appointed by the Company pursuant to Articles 135-*novies* and 135-*undecies* of the Consolidated Finance Act. Moreover, given the current Covid-19 epidemiological emergency situation, and in compliance with the fundamental principles of health protection, the Directors, Statutory Auditors, and other qualified parties may participate in the Shareholders' Meeting by means of audio-video conferences that also allow their identification, in compliance with the provisions of Article 106, paragraph 2 of the Health Care Decree, as further described below.
- of the Board of Directors, in addition to the Chairman (physically present), the Directors Azzurra Caltagirone,

Albino Majore, Alessandro Caltagirone, Tatiana Caltagirone, Mario Delfini, Annamaria Malato, Valeria Ninfadoro, and Giacomo Scribani Rossi are present via conference call;
- of the Board of Statutory Auditors, Mr. Matteo Tiezzi, Chairman, Ms. Maria Assunta Coluccia and Mr. Antonio Staffa, Standing Auditors, are present via conference call;
- the conference call connection is such as to satisfy all the conditions set out in the Civil Code and in Decree Law No. 18 of March 17, 2020, Article 106, paragraph 2, and therefore the participants connected via conference call must be considered to all intents and purposes present at the meeting, as declared by all involved and acknowledged by the Chairman;
- Mr. Fabrizio Caprara, Executive Officer for Financial Reporting, is physically present;
- Enrico Caruso of Computershare is present as the Company's designated agent in accordance with current legislation to receive voting proxies from shareholders, and has received the following:
- 11 proxies for 90,927,847 shares, representing 85.146% of the share capital with voting rights, as stated in the attendance sheet of the Board of Directors, of the Board of Statutory Auditors and that of the shareholders which, signed by the attendees, is attached to the present deed under the letters "**A**" and "**B**". Check with attachments
The Chairman acknowledges that:
- the proxies comply with the legal requirements.
The Chairman also declares that:
- in relation to the matters on the Agenda, the disclosure requirements established by applicable law and regulations were discharged.
- the Illustrative Report concerning the matters on the Agenda, in addition to the Annual Financial Report, the Reports of the Board of Statutory Auditors and the independent audit firm, the Board of Statutory Auditors' recommendation regarding the appointment of the independent auditor, the Corporate Governance and Ownership Structure Report and the Remuneration Report were made available to the public at the registered offices and published on the Company website in accordance with law.
The Chairman therefore proposes, as previously stated, and considering that shareholder participation shall take place exclusively through the designated agent, not to read the documents concerning the Agenda, since this documentation has been made available to the public in accordance with law, and to limit the reading to the Board of Directors proposals.
The Chairman also declares that:
- there are no shareholding agreements between shareholders relating to the exercise of rights pertaining to shares or

the transfer thereof;
- the share capital amounts to Euro 125,000,000, comprising a corresponding number of shares of par value of Euro 1.00; 106,790,262 shares have voting rights, with the 18,209,738 treasury shares equal to 14.568% of the share capital excluded from voting rights;
- shareholders number 23,311 according to the latest Register;
- the shareholders with holdings of greater than 3% were:
1) Francesco Gaetano CALTAGIRONE with an indirect holding through the subsidiaries "GAMMA S.R.L.", "FGC S.p.A." and "PARTED S.r.l.", for a total of 75,955,300 shares, equal to 60.76% of the share capital;
- the shares were filed in accordance with the By-Laws and the applicable legal provisions;
- a request for the presentation of new matters on the Agenda or additional proposals on matters already on the Agenda was not received by shareholders representing at least 2.5% of the share capital with voting rights, in accordance with the applicable regulation;
- prior to the Shareholders' Meeting, questions were submitted by shareholder Moreno Giacomelli, holder of 623,970 shares.
In order to expedite the proceedings of the Shareholders' Meetings, the Chairman highlights that the Company has provided the answers by publishing them in the "Shareholders' Meeting" section of the Company's website within the time limits required by law, and that questions and answers are attached to the minutes of the Shareholders' Meeting under letter **"C"**;
- the following press representatives are present via conference call:
Paolo Rubino, Ansa;
Gerardo Graziola, Radiocor;
Roberta Amoruso, Il Messaggero;
the independent audit firm PricewaterhouseCoopers S.p.A. was represented by: Corrado Testori and Francesco Candelise;
- details of attendees of the Shareholders' Meeting are collected and handled by the Company exclusively for the execution of the obligatory Shareholders' Meeting and corporate requirements.
Both the separate and consolidated financial statements, with the related reports of the Directors and Board of Statutory Auditors, together with the reports of the independent audit firm "PriceWaterhouseCoopers S.p.A." are attached to the present minutes under the letters "**D-E-F-G-H-I**" respectively.
The Chairman therefore declares the present Shareholders' Meeting properly constituted and valid to resolve upon the matters on the Agenda, which are read:

1. Presentation of the Separate and Consolidated Financial Statements for the year ended December 31, 2019, together with the Directors' Report, Board of Statutory Auditors' Report and the Independent Auditors' Report; resolutions thereon;
2. Supplementation of the Board of Statutory Auditors for the year 2020 as per Article 2401, paragraph 1 of the Civil Code.
3. Appointment of the independent audit firm for the period 2021-2029; resolutions thereon;
4. Remuneration Policy and Report; resolutions thereon.
In relation to the **first point on the Agenda** concerning the presentation of the separate and consolidated financial statements, the Chairman reads the Board of Directors' proposals:
"Dear Shareholders,
we propose to you the approval of the Financial Statements at December 31, 2019, consisting of the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity and the Cash Flow Statement, as well as the relative attachments and the Directors' Report.
The Board of Directors proposes to carry forward the loss of Caltagirone Editore S.p.A. of Euro 40,629,621".
The Chairman asks the designated agent to communicate when appropriate the voting indications received from shareholders and to deliver to me the details of all the votes for each individual shareholder.
The Chairman then puts the Board of Directors' various proposals to a vote separately:
i) Approval of the 2019 Financial Statements, accompanied by the relative reports.
The designated agent communicates and delivers to me the voting instructions received.
The Shareholders' Meeting, in the absence of votes against and abstentions, votes unanimously to approve, with 90,927,847 shares.
ii) Carrying forward of the loss for the year of Caltagirone Editore S.p.A. of Euro 40,629,621.00.
The designated agent communicates and delivers to me the voting instructions received.
The Shareholders' Meeting, in the absence of votes against and abstentions, votes unanimously to approve, with 90,927,847 shares.
In relation to the **second point on the Agenda**:
"Supplementation of the Board of Statutory Auditors for the year 2020 as per Article 2401, paragraph 1 of the Civil Code."
Before beginning the discussion of the second point on the agenda, the Chairman reports that following the resignation,

due to new commitments, of the Standing Auditor Ms. Maria Assunta Coluccia and the Alternate Auditor Ms. Patrizia Amoretti, both elected from the majority slate, the Board of Statutory Auditors must be supplemented for the current three year period.
As set out in the By-Laws for the supplementation of the Board of Statutory Auditors, voting is not carried out on the basis of slates, but according to statutory majority.
The Chairman calls on the Meeting to supplement the Board of Statutory Auditors as per Article 2401, paragraph 1 of the Civil Code.
The Chairman reports that, as set out in the supplement to the call notice, the Company received a proposal only from the majority shareholder Parted 1982 S.r.l., which identified Ms. Dorina Casadei as Statutory Auditor, and Ms. Fabiana Flamini as Alternate Auditor.
The related curricula and acceptances of office are attached to the proposal published on the website in the "Shareholders' Meeting" section.
The Chairman puts to a separate vote the following proposal:
<u>Proposal No. 1 received from the shareholder Parted 1982 S.r.l., which proposed:</u>
a) to appoint as Statutory Auditor for the year 2020 Ms. Dorina Casadei, born in Rome on 09/01/1962, tax code CSDDRN62A49G811T, and domiciled in via Orvieto 14/I Pomezia 00071, registered since 1986 in the Register of Rome, Rieti, Civitavecchia and Velletri at No. 2455; enrolled since 1991 in the Register of Technical Consultants of the Civil Court of Velletri; by Ministerial Decree of April 12, 1995, Official Gazzette No. 31-*bis* of April 21, 1995, registered since 1995 with the Register of Auditors at No. 11655, whose term of office will conclude together with the other members of the Board of Statutory Auditors and in any case upon the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2020. Remuneration will be that agreed upon the appointment of the entire Board of Statutory Auditors.
The designated agent communicates and delivers to me the voting instructions received.
The Shareholders' Meeting, in the absence of votes against and abstentions, votes unanimously to approve, with 90,927,847 shares.
<u>Proposal No. 1 received from the shareholder Parted 1982 S.r.l., which proposed:</u>
b) to appoint as Alternate Auditor for the year 2020 Ms. Fabiana Flamini, born in Rome on 16/10/1968, tax code FLMFBN68R56H501B, and domiciled in Via Antonio Gramsci, 7, Rome 00197, enrolled in the Register of Auditors with Ministerial Decree of November 25, 1999, published in the Official Gazzette supplement No. 100 IV special series of

December 17, 1999, whose term of office will conclude together with the other members of the Board of Statutory Auditors and in any case upon the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2020.
The designated agent communicates and delivers to me the voting instructions received.
The Shareholders' Meeting, in the absence of votes against and abstentions, votes unanimously to approve, with 90,927,847 shares.
Following the vote, Ms. Dorina Cassadei is elected Statutory Auditor for the year 2020. Her term of office will conclude together with the other members of the Board of Statutory Auditors and in any case upon the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2020, and her remuneration will be that agreed upon the appointment of the entire Board of Statutory Auditors.
Ms. Fabiana Flamini is elected as Alternate Auditor for the year 2020. Her term of office will conclude together with the other members of the Board of Statutory Auditors and in any case upon the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2020.
On behalf of the entire Board of Directors, the Chairman thanks Ms. Coluccia for her work and professional commitment. The Board of Statutory Auditors echoes these thanks, praising her professionalism and human quality.
In relation to the **third point on the Agenda**:
“Appointment of the independent audit firm for the period 2021-2029; resolutions thereon;”
With the issue of the report on the financial statements at December 31, 2020, the mandate awarded to PriceWaterhouseCoopers by the Shareholders’ Meeting of April 26, 2012 expires, and, as per law, may not be renewed.
On the proposal of the Board of Statutory Auditors, the Shareholders’ Meeting must appoint the auditors and establish the fee for the duration of office which must, in accordance with law, be a period of nine years, and also establish any criteria for the adjustment of this fee during the appointment.
The Chairman highlights that the Board of Statutory Auditors, in the report prepared for this purpose, after having assessed:
- the total number of hours of audit work planned and, specifically, the professionalism of the auditors to whom the activity would be entrusted (this being confirmed on the basis of the hours of activity planned by more experienced professionals);
- qualitative aspects (evaluation of the audit firm,

knowledge of the Caltagirone Group, evaluation of the audit team, evaluation of the audit methodological approach);
has made a recommendation in favour of:
KPMG S.p.A., with registered office in Milan, whose offer was deemed preferable following investigation, for a fee of Euro 22,052.00 for a total of 540 hours for the statutory audit of the separate and consolidated financial statements and for the limited audit of the condensed interim consolidated financial statements for the period 2021- 2029
or, alternatively,
Ernst & Young. S.p.A., with registered office in Milan, for a fee of Euro 24,923.00 for a total of 600 hours for the statutory audit of the separate and consolidated financial statements and for the limited audit of the condensed interim consolidated financial statements for the period 2021- 2029.
At the request of the Chairman, Mr. Tiezzi, Chairman of the Board of Statutory Auditors, intervenes to confirm the information previously given regarding the Board's reasons for recommending that the Shareholders' Meeting appoint KPMG S.p.A. as independent auditors.
The Chairman puts to a vote the proposal to appoint KPMG S.p.A. as the company recommended by the Board of Statutory Auditors, as well as the related fee.
Only if a majority is not reached will the vote proceed to appoint Ernst & Young as alternative, as indicated by the Board of Statutory Auditors.
- approve the appointment of the audit of the accounts for the nine-year period between January 1, 2021 and December 31, 2029 to the company:
KPMG S.p.A., for a fee of Euro 22,052.00 for a total of 540 hours for the statutory audit of the separate and consolidated financial statements and for the limited audit of the condensed interim consolidated financial statements.
The designated agent communicates and delivers to me the voting instructions received.
<u>Regarding the proposed appointment of KPMG:</u>
The Shareholders' Meeting, in the absence of votes against and abstentions, votes unanimously to approve, with 90,927,847 shares.
<u>Regarding the fee to be paid to KPMG:</u>
The Shareholders' Meeting, in the absence of votes against and abstentions, votes unanimously to approve, with 90,927,847 shares.
These votes approve the Board of Statutory Auditors' recommendation to assign the independent audit for the nine-year period January 1, 2021 - December 31, 2029 to the company:
KPMG S.p.A. for an annual fee of Euro 22,052.00 for a total of 540 hours for the statutory audit of the separate and

consolidated financial statements and for the limited audit of the condensed interim consolidated financial statements.
In relation to the **fourth point on the Agenda**:
“Remuneration Policy and Report; resolutions thereon.”
The Chairman reports that in compliance with the applicable regulation, the Shareholders’ Meeting is invited to express a binding resolution on the first section of the Remuneration Report, and to express a favourable or opposing, non-binding opinion on the section of the report regarding remuneration policy for members of the Board of Directors and Control Boards. On March 10, 2020, the Board of Directors prepared and approved the Remuneration Report which establishes the general guidelines implemented by Caltagirone Editore S.p.A. in this regard. The report was made available at the registered offices and published on the company website in the terms established by the applicable regulation.
The Chairman puts to the vote section I of the Remuneration Report concerning the policy adopted by the Company in this regard, opting not to read it as decided at the beginning of the Meeting.
The designated agent communicates and delivers to me the voting instructions received.
With 106,692 shares voting against and 90,821,155 shares voting in favour, the Shareholders' Meeting approves the proposal by a majority of its members.
The Chairman puts to the vote section II of the Remuneration Report concerning all remuneration and the items comprising it, opting not to read it as decided at the beginning of the Meeting.
The designated agent communicates and delivers to me the voting instructions received.
The Shareholders' Meeting, in the absence of votes against and abstentions, votes unanimously to approve, with 90,927,847 shares.
As no further matters are to be resolved upon and no one has requested the floor, the Shareholders’ Meeting concludes at 12.30.
Finally, the Chairman confirms that the audio connection has been maintained for the entire duration of this meeting so as to allow all those present to take part in the discussions on every item on the agenda, as expressly declared by all those present.
The person appearing before me exempts me from reading the attachments, declaring themselves fully aware of their content.
I received the present deed, written in part by automated means by persons known to me and in part by me and having read it to the person appearing before me, who upon my request declares it entirely compliant with his wishes and

signs it at 12.35.
The present document contains 17 pages.
Mr. Francesco GIANNI
Mr. Michele MISURALE, Notary

ALL. "A" DEL ROG. N. 6192

CALTAGIRONE EDITORE S.p.A.

Sede in Roma Via Barberini n. 28

Capitale sociale Euro 125.000.000- interamente versato

Registro delle Imprese di Roma e codice fiscale n. 05897851001

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FOGLIO DI PRESENZA

ALL'ASSEMBLEA ORDINARIA DEGLI AZIONISTI

DEL 21 APRILE 2020

CONSIGLIERI DI AMMINISTRAZIONE:

- FRANCESCO GIANNI
- AZZURRA CALTAGIRONE ✓ in collegamento audio
- ALBINO MAJORE ✓ " " "
- ALESSANDRO CALTAGIRONE
- FRANCESCO CALTAGIRONE
- TATIANA CALTAGIRONE ✓ " " "
- ANTONIO CATRICALA'
- MASSIMO CONFORTINI
- MARIO DELFINI ✓ " " "
- ANNAMARIA MALATO ✓ " " "
- VALERIA NINFADORO ✓ " " "
- GIACOMO SCRIBANI ROSSI ✓ " " "

SINDACI :

- MATTEO TIEZZI ✓ " " "
- ANTONIO STAFFA ✓ " " "
- MARIA ASSUNTA COLUCCIA ✓ " " "

Elenco Intervenuti (Tutti ordinati alfabeticamente)

Assemblea Ordinaria

Badge	Tipo Rap.	Titolare / Deleganti / Rappresentati legalmente	Ordinaria	
2		Computershare SpA Rappres. Designato quale subdelegato 135-novies (St.Trevisan) in persona di Enrico Caruso	0	
1	D	AMBER ACTIVE INVESTORS LIMITED	106.692	
		Totale azioni	**106.692**	
			0,085354%	
1		Computershare SpA Rappresentante Designato in qualità di Delegato 135-undecies TUF in persona di Enrico Caruso	0	
3	D	CALTAGIRONE AZZURRA	1.869.901	
10	D	CHUPAS 2007 SRL	2.195.954	
2	D	DELIUS ITALIA S.R.L.	2.000.000	
4	D	FGC SPA	22.500.000	
6	D	GAMMA S.R.L.	9.000.750	
5	D	HGC SRL	3.000.000	
1	D	OTTO MAGGIO S.R.L.	2.000.000	
7	D	PARTED 1982 S.R.L.	44.454.550	
8	D	PIEMONTESE SRL	1.800.000	
9	D	SACAL.INV SRL	2.000.000	
		Totale azioni	**90.821.155**	
			72,656924%	

Totale azioni in proprio	0	
Totale azioni in delega	90.927.847	
Totale azioni in rappresentanza legale	0	
TOTALE AZIONI	90.927.847	
	72,742278%	
Totale azionisti in proprio	0	
Totale azionisti in delega	11	
Totale azionisti in rappresentanza legale	0	
TOTALE AZIONISTI	11	
TOTALE PERSONE INTERVENUTE	2	

Legenda:
D: Delegante R: Rappresentato legalmente

Questions received by certified e-mail on April 7, 2020 from shareholder Moreno Giacomelli, holder of 623,970 shares, and replies to them by the Company.

On April 7, 2020 a series of questions regarding the Shareholders' Meeting of Caltagirone Editore S.p.A. was received by certified e-mail from shareholder Moreno Giacomelli, to which the Company provided the following replies (highlighted in red)

Question no. 1.1

With regard to the measurement of publishing titles that are not to be amortised, but tested for impairment, we would like to know the exact calculation, with an explanation of all the elements for testing such recognised intangible assets for impairment. Since the final result of each publishing title – it is believed by pure chance – is very similar to the copies circulated (by 1,000), we would like to know, as acknowledged by the leading scholars (Guatri and Bini), the empirical formula for the value of the publishing title i.e.:

- daily sales turnover and methods of calculating the related multiplier
- advertising revenues and the methods of calculated the related multiplier
- the methods of calculating the multiplier to be applied to the operating profit/loss.

We would also like to know whether particular coefficients have been considered for digital advertising in online publishing titles, in view of the development and increase in discrete monthly users on the various sites, since with this constant impairment it is essential to have a strategic analysis of the business models characterised by rapid technological development with migration to online publishing titles.

Reply

The recoverable amount of the Group's publishing titles (the "Publishing Titles") has been determined by applying an empirical multiple valuation method based on that formulated by Guatri and Bini (2009)(1), appropriately refined.

In particular, the valuation model formulated by Guatri and Bini (2009) applied in the case at hand states that the value attributable to newspapers and periodicals published by publishing companies may be determined as a function of the annual average turnover generated by the sales of the newspaper/periodical and advertising.

[1] Guatri, L., Bini, M. (2009). *Nuovo trattato sulla valutazione delle aziende*. Egea, Milan.

As for the data considered when quantifying turnover for the sale of newspapers and advertising revenues, the total consolidated values in the Group's internal accounts were considered when applying the valuation method concerned. Under applicable legislation, there are no specific disclosure obligations in respect of this specific data, beyond what has been represented in the 2019 Financial Statements. The turnover figures for each of the companies that own the individual publishing titles are reported in the respective individual financial statements, subject to publication in accordance with applicable legislation

As for the model "multipliers", in line with the methods formulated by Guatri and Bini (2009), these parameters have been determined as a function of a set of scores assigned to each Publishing Title, which have been calculated through an analysis designed to qualify and translate into quantitative measures the characteristics of the individual Publishing Titles.

These scores are the result of a structured valuation process disclosed in the Group's financial reporting documents at the level of methodological approach. The 2019 Financial Statements contain all the most important information on the analyses conducted and specify, inter alia, that "[t]he multiplier ratios of the revenue variables are calibrated on the basis of a "balance scorecard" which allocates a score for a series of qualitative factors contributing to the value of the newspaper titles (age, competition, circulation, price, editing, advertising attractiveness, future potential, advertising catchment area and profitability)" and that "[t]he scores considered for the purposes of the analysis as at December 31, 2019 were lower than those taken as a reference as at December 31, 2018" (see the 2019 Financial Statements, page 72).

Question 1.2

Among other considerations, the board of directors also tends toward undervaluation by failing to consider that the financial statements do not include assets such as the publishing title Leggo, the measurement of Piemme Spa, the group's advertising agency, and other companies, which account for 50% of the entire group's turnover, thereby further widening the gap between the quoted price and true market value of the shares.

Reply

The publishing title Leggo cannot be subject to measurement since it was not formed within the Group, whereas Piemme S.p.A. is a business the goodwill on which has been fully written off in the past. In accordance with current accounting rules, once impaired goodwill cannot be recovered, regardless of whether the economic conditions for so doing are met.

It should also be noted that the future revenue relating to Leggo and Piemme has been considered when applying the financial method of measuring the total value of the Publishing Titles.

Question 1.3

As a result of the publication of the Annual report on the financial statements by the final deadline of Friday, April 3, we have come into possession of data that are clearly internally inconsistent.

In fact, as stated on page 74, the impairment test was calculated on the basis of a tax rate of 32.38% for 2019, whereas on page 84 of that same report it is stated that the actual IRES rate was 24%, or even 22.5% considering deferred tax assets and liabilities.

On page 74, the expected growth rate g is also stated to be zero, whereas on page 80 it is stated that "in the coming years the group will have sufficient assessable income to recover the deferred tax assets".

All these contradictions in terms – without delving into the matter of the other coefficients – require the Board of Directors to revise the figures presented in the Financial Statements.

Reply

With regard to the figure relating to the tax rate used to apply the financial method in calculating the impairment test (32.38%), it should be noted that this is a mere transcription error; the same error was made in reporting the comparative figure for 2018 as well. The tax rate used for 2019 and 2018 was 28.82%, of which IRES of 24% and IRAP of 4.82%, as may be seen, for 2018, from the 2018 financial statements approved last year.

In accordance with these values, the Group's weighted average cost of capital has been estimated on the basis of an IRES rate of 24.00%.

It should also be noted that, with regard to the application of the financial method, the adoption of a growth rate of zero is not in conflict with the projected future recovery of deferred tax assets, since the future profits in the plan are in any event sufficient for this recovery, and the income stream expected in the terminal value is also positive.

Question 1.4

Additionally, turning to the figures for the subsidiaries, it is almost absurd to write down Il Gazzettino by nearly 33% when it is the only company, among the group's publishing companies, that in 2019 reported an operating profit.

Reply

The impairment of the publication Il Gazzettino is the result of an assessment process conducted within the framework of the impairment test as at December 31, 2019, on the basis of the assessment methods illustrated in the 2019 Financial Statements.

Operating profit or loss is among the inputs used in the estimation method in question, for the application of which it was also necessary to quantify, as at December 31, 2019, in addition to the model variables, the related parameters and multipliers, with any modifications and updates deemed appropriate.

Operating profit is thus just one of the components that contribute to determining the total value of the

Publishing Title; sales and advertising revenue turnover is also relevant. In this regard, it may be remarked that Il Gazzettino reported a decline in sales and advertising revenue turnover in 2019 on the previous year, a fact that is included in the dataset underlying the decision to revise downwards the scores (and thus several multipliers) assigned to this Publishing Title.

It should also be noted that the estimates resulting from the application of the empirical multiples method were assessed systematically with the results of the control method, i.e. by applying the financial method, which confirmed the total value of the Publishing Titles based on the application of the empirical model.

Question 1.5

Why was Il Messaggero not written down?

Reply

The Publishing Title Il Messaggero was not written down since its value according to the estimates prepared exceeded the carrying amount of the asset in the financial statements.

Question no. 2

With regard to the item deferred tax assets and liabilities recognised in the financial statements, we request a detailed breakdown of how these items will be used in the following five years, considering that, as stated on page 80 of the Report, the group will generate sufficient taxable income to recover the deferred tax assets.

Reply:

As stated on page 80 of the financial statements as at December 31, 2019, the taxable temporary differences and forecast plans underlying the discounted cash flow used to test the recoverability of the value of the publishing titles will allow the Group to recover the deferred tax assets carried in the financial statements in the following years.

Question no. 3

With regard to the item personnel costs, we would like to know the number of employees working remotely and how this number developed during this difficult time following the Covid-19 epidemic.

Reply:

It should firstly be stated that the decision to apply remote working methods to all employees was taken – with the obvious exception of newspaper printing personnel – in the current emergency situation to protect the business continuity of Group companies in a sector that is particularly critical in this regard.

It is entirely premature to make predictions regarding the structural applicability of this working method and the resulting changed needs in terms of spaces.

In any event, it is already possible to take a negative view of remote working for journalists, who notoriously require a highly “choral” approach that is difficult to achieve when working remotely.

Question no. 4

With regard to the previous question, we wish to emphasise, as already stressed at the previous shareholders’ meeting, when the board of directors was asked to take the resulting measures, the following situation:

In Rome, the group companies Il Messaggero, excluding print workers, Piemme Spa, Servizi Italia 15 Srl and Leggo, had approximately 280 employees (figure as at December 31, 2018) and paid annual rent of approximately Euro 3.17 million, entailing an annual expenditure per employee, excluding utilities, of approximately Euro 12,000.00. The Board of Directors is therefore asked to take urgent measures, as already done in Naples with the new offices of Il Mattino, where the expenditure per employee is less than half.
This situation (rent per employee) could in fact even grow worse, from the economic standpoint, with the increase of remote working, making it a very delicate matter for the Board of Directors, since these are related parties.

Reply

Although this question is repetitive and has already been thorough answered in previous shareholders’ meetings, it may be remarked that the subsidiary Piemme S.p.A., in view of the company’s reduced need for space, transferred its office from its original location in the property on Via Montello in Rome, owned by a company under common control, for annual rent of approximately Euro 1,200,000.00, subletting a part of a property also owned by a company under common control, on Corso di Francia in Rome, for annual rent of Euro 420,000.00, and thus with a considerable reduction of the expenditure. It should also be noted that the historical office of Il Messaggero is located in a prestigious area of central Rome and houses not only Il Messaggero but also other companies carrying out activities for the Group newspaper titles; today, not considering the current remote working phase, the spaces are entirely occupied and therefore there is no possibility to reduce the occupied spaces or to change offices, also considering that the rates applied are market equivalent.

Question no. 5

We also once again request that the company's cash be invested, possibly in the purchase of treasury shares, in view of the minimum value reached compared to their true value, in shares that may yield significant dividends, as done for the Generali shares, or remaining along the lines of our majority shareholder, as recently done at the company Anima Holding spa.

The spread between the account interest rate, I imagine near zero – rather, on page 84 the rate is stated to be 0.01% – and the dividend of several million euros could be split between the shareholders, as the treasury shares held could be cancelled.

The Board of Directors' decision to hold over Euro 100 million in cash in bank accounts at the rate indicated above certainly cannot be regarded as prudent; rather, it may be termed to be negligent behaviour, since there are forms of time deposit that even yield 1.5%, given that the group's losses derive from components (impairment losses, depreciation and amortisation, etc.) that are non-financial costs, and thus at the financial level the company is accumulating resources, since it does not need cash for its core business.

The Board of Directors is therefore strongly advised – including in its own interest – to take the decisions set out above with regard to the lease policy for the companies based in Rome and the investments in more appropriate and remunerative financial instruments.

These measures alone could yield a profit of at least three to four million euro a year – almost twice the Group's operating profit!

This difficult time we are experiencing should help us rediscover the need for collaboration and unity in all communities, and thus at this company of ours as well.

Filing the Report on the Financial Statements by the final deadline and then making it possible to formulate

related questions within the five exchange business days prior to the shareholders' meeting means submitting questions at least 11 days prior to the shareholders' meeting.

These attitudes, as in the past, not replying to other questions, certainly do no honour to a Board that should consider all shareholders, without discrimination, not in the interest of a few but in the interest of all.

I conclude with some advice, relating to the Audiweb Week data and the Comscore online information rankings: if the publishing titles Messaggero, Gazzettino and Mattino, or also Leggo and Messaggero, were combined, Caltagirone Editore could beat Repubblica and Corriere in the rankings.

Reply

It should be noted that much of the question consists solely of a series of critical observations on the Group's situation and the Board of Directors' decisions and not of precisely formulated questions.

In any event, with regard to the request to invest the company's cash in the purchase of treasury shares, it bears remarking that the Company is currently holding a significant number of treasury shares, accounting for 14.57% of share capital, near the maximum percentage of treasury shares that may be purchased in accordance with the Italian Civil Code of one-fifth of share capital.

As for the filing of the report on the Financial Statements, it may be observed that the Company – as also done in previous years – has always complied with applicable legislation, without any discrimination, in a fully transparent manner.