

Caltagirone Editore: the Board of Directors approves the results for first half of 2020

- Revenues: Euro 54.6 million (Euro 66.9 million for first half of 2019)
- Ebitda: Euro -1.8 million (Euro -911 thousand for first half of 2019)
- Group net result: Euro -18.2 million after Euro 22 million goodwill write-down (Euro 1.6 million for first half of 2019)
- Total audience on the Group web sites increase +35,7%

Rome, July 27th, 2020 - The Board of Directors of Caltagirone Editore, chaired by Avv. Francesco Gianni, examined and approved the results of the first half of 2020.

The first six months of the 2020 were marked by a scenario characterized by the spread of Coronavirus and the adoption, by the national authorities, of the necessary containment measures that influenced the general economic framework and consequently also the organization and the Group activities. All the companies of the Group reacted promptly putting in place actions in order to ensure the health and the safety of the workforce and increase operational efficiency to reduce the economic effects of the emergency. The final data of the first months of 2020 required an update of the management forecasts of the Group companies while confirming the strategic guidelines expected in March 2020, albeit within a general context that remains uncertain.

Performance of operations

Revenues amounted to Euro 54.6 million, down by 18.3% compared to the same period of 2019 due the contraction of both circulation and advertisement incomes.

Total revenues from the sale of the paper and digital editions of the Group newspapers went down by 12.3% compared to the corresponding period of 2019.

Group advertising revenue declined by 25.2%.

The Total Audience (PC or mobile) of the Group's web sites recorded, on May 2020, 4.49 million unique average daily users, +35.7% compared May 2019.

Costs decreased by 16.8% on the first half of 2019 and amounted to Euro 56.4 million. The cost of raw materials went down by 32.6% due to the reduction in the price of paper and the lower quantities used in the production process. Labor costs, that includes non-recurrent costs of Euro 992 thousand (Euro 2 million as of June 30th, 2019) related to operations put in place by some controlled companies, decreased by 11.8%. Comparing the homogeneous

values without taking into account such extraordinary costs, labor costs decreased by 9.1%. The other operating costs decreased by 18.4% due to the effects of the actions undertaken by controlled companies especially regarding costs for services.

EBITDA was negative for Euro 1.8 million (Euro -911 thousand as of June 30th, 2019).

EBIT recorded a loss of Euro 27.5 million (Euro -4.4 million as of first half 2019) after Euro 22 million goodwill write-down (in the same period of 2019 no goodwill write-down was operated) amortizations of Euro 3.2 million (Euro 3.1 million as of June 30th 2019), provisions of Euro 30 thousand (Euro 30 thousand as of June 30th 2019) and depreciations for Euro 468 thousand (Euro 334 thousand as of June 30th 2019).

Net income from financial operations, positive for Euro 2.8 million, decreased compared to Euro 5.4 million in the first half of 2019 due to the lower dividends received on listed shares (Euro 3.3 million in the first half 2020 compared to Euro 5.9 million in the first half of 2019).

Group net result was negative for Euro 18.2 million (Euro 1.6 million as of June 30th 2019).

The net financial position amounts to Euro 97.7 million, increasing by Euro 3.9 million from December 31th, 2019 mainly due to the collection of dividends on listed shares.

Shareholders' equity amounts to Euro 358.3 million (Euro 408.2 million as of December 31th, 2019). The decrease is due to the negative effect achieved during the semester in the *fair value* valuation of the equity investments held and to the loss of the period.

Forecasts for the current year

In order to reduce the negative impacts of the Covid-19 emergency on the economic, equity and financial results, the Company will continue to take in action the measures to contain the discretionary costs and to reduce direct and operating costs.

The Executive responsible for the preparation of the corporate accounting documents, Fabrizio Caprara, declares in accordance with article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that the accounting information contained in the present press release corresponds to the underlying documents, records and accounting entries

Attached the statutory balance sheets and income statement currently under review of the Board of Statutory Auditors and the Independent Auditors.

**CALTAGIRONE EDITORE GROUP
CONSOLIDATED BALANCE SHEET**



Assets

(in Euro thousands)

Non-current assets

	30.06.2020	31.12.2019
Intangible assets with definite life	1,169	809
Intangible assets with indefinite life	138,402	160,403
<i>Newspaper titles</i>	<i>138,402</i>	<i>160,403</i>
Property, plant and equipment	41,762	44,808
Equity investments and non-current securities	88,765	120,777
Other non-current assets	90	89
Deferred tax assets	55,502	53,616
TOTAL NON-CURRENT ASSETS	325,690	380,502

Current assets

Inventories	1,995	1,651
Trade receivables	34,705	42,849
<i>of which related parties</i>	<i>201</i>	<i>113</i>
Other current assets	1,332	804
Cash and cash equivalents	112,866	112,368
TOTAL CURRENT ASSETS	150,898	157,672
TOTAL ASSETS	476,588	538,174

**SHAREHOLDERS' EQUITY AND
LIABILITIES**

(in Euro thousands)

	30.06.2020	31.12.2019
Shareholders' Equity		
Share capital	125,000	125,000
Share capital issue costs	(18,865)	(18,865)
Other reserves	270,318	332,724
Profit/(loss) for the year	(18,151)	(30,649)
Group shareholders' equity	358,302	408,210
Minority interest shareholders' equity	-	-
TOTAL SHAREHOLDERS' EQUITY	358,302	408,210
 LIABILITIES		
Non-current liabilities		
Employee provisions	15,003	15,405
Other non-current provisions	4,061	4,105
Non-current financial liabilities	4,697	5,700
<i>of which related parties</i>	4,103	4,915
Other non-current liabilities	1,412	1,630
Deferred tax liabilities	36,050	40,986
TOTAL NON-CURRENT LIABILITIES	61,223	67,826
 Current liabilities		
Current provisions	7,232	7,065
Trade payables	19,357	21,284
<i>of which related parties</i>	131	1,698
Current financial liabilities	10,432	12,892
<i>of which related parties</i>	2,049	2,909
Tax payables	92	28
Other current liabilities	19,950	20,869
<i>of which related parties</i>	26	36
TOTAL CURRENT LIABILITIES	57,063	62,138
 TOTAL LIABILITIES	118,286	129,964
 TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	476,588	538,174

CALTAGIRONE EDITORE GROUP
CONSOLIDATED INCOME STATEMENT



(in Euro thousands)

	1st half 2020	1st half 2019
Revenues		
Revenues from sales and supply of services	53,295	65,040
<i>of which related parties</i>	134	123
Other operating revenues	1,332	1,846
<i>of which related parties</i>	36	120
TOTAL REVENUES	54,627	66,886
Costs		
Raw material costs	(4,013)	(5,953)
Personnel costs	(26,492)	(30,047)
<i>of which non-recurring charges</i>	(992)	(1,997)
Other operating charges	(25,936)	(31,797)
<i>of which related parties</i>	(381)	(1,094)
TOTAL COSTS	(56,441)	(67,797)
EBITDA	(1,814)	(911)
Amortisation	(1,405)	(1,423)
Leasing amortisation	(1,792)	(1,663)
Depreciation	(30)	(30)
Intangible assets with indefinite life write-down	(22,000)	-
Other write-downs	(468)	(334)
Amortisation, depreciations and other write-downs	(25,695)	(3,450)
EBIT	(27,509)	(4,361)
Financial income	3,253	5,890
<i>of which related parties</i>	3,250	5,850
Financial charges	(419)	(524)
<i>of which related parties</i>	(35)	(21)
Net financial result	2,834	5,366
PROFIT/(LOSS) BEFORE TAX	(24,675)	1,005
Income taxes for the period	6,524	642
NET PROFIT/(LOSS) FOR THE PERIOD	(18,151)	1,647
Group net loss	(18,151)	1,647
Minority interest share	-	-
Earnings per share	(0.170)	0.015
Diluted earnings per share	(0.170)	0.015

CALTAGIRONE EDITORE GROUP
Consolidated Comprehensive Income Statement



(in Euro thousands)

	1st half 2020	1st half 2019
Net income/(loss) for the year	(18,151)	1,647
Items which are not reclassified subsequently to profit/(loss) for the period		
Gain/(loss) from recalculation of capital instruments assets, net of fiscal effect	(31,757)	12,304
Total other items of the Comprehensive Income Statement	(31,757)	12,304
Total comprehensive income/ (loss) for the year	(49,908)	13,951
Attributable to:		
Parent Company shareholders	(49,908)	13,951
Minority interest	-	-

CALTAGIRONE EDITORE GROUP
Statement of changes in consolidated shareholders' equity



<i>(in Euro thousands)</i>	Share Capital	Quotation charges	Treasury shares	Fair Value reserve	Other reserves	Net profit/loss	Group net equity	Minority interest net equity	Total net equity
Balance at January 1st 2019	125,000	(18,865)	(23,641)	(3,002)	343,981	(8,298)	415,175	-	415,175
Previous year result carried forward					(8,298)	8,298	-		-
Total operations with shareholders	-	-	-	-	(8,298)	8,298	-	-	-
Change in fair value reserve				12,304			12,304		12,304
Net Result						1,647	1,647		1,647
Comprehensive Income/(Loss) for the year	-	-	-	12,304	-	1,647	13,951	-	13,951
Other Changes					110		110		110
Balance at June 30th 2019	125,000	- 18,865	- 23,641	9,302	335,793	1,647	429,236	-	429,236
Balance at January 1st 2020	125,000	(18,865)	(23,641)	21,087	335,278	(30,649)	408,210	-	408,210
Previous year result carried forward					(30,649)	30,649	-		-
Total operations with shareholders	-	-	-	-	(30,649)	30,649	-	-	-
Change in fair value reserve				(31,757)			(31,757)		(31,757)
Net Result						(18,151)	(18,151)		(18,151)
Comprehensive Income/(Loss) for the year	-	-	-	(31,757)	-	(18,151)	(49,908)	-	(49,908)
Balance at June 30th 2020	125,000	(18,865)	(23,641)	(10,670)	304,629	(18,151)	358,302	-	358,302

Caltagirone Editore Group
Consolidated Cash Flow Statement



(in Euro thousands)

	1st half 2020	1st half 2019
CASH AND CASH EQUIV. AT BEGINNING OF YEAR	112,368	109,656
Net income/(loss) for the year	(18,151)	1,647
Amortisation & Depreciation	3,197	3,085
(Revaluations) and write-downs	22,468	335
Net financial income/(charges)	(2,834)	(5,366)
(Gains)/losses on disposals	(14)	(1)
Income taxes	(6,524)	(642)
Changes in employee provisions	(542)	(571)
Changes in current and non-current provisions	123	739
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL	(2,277)	(774)
(Increase) Decrease in inventories	(344)	(88)
(Increase) Decrease in Trade receivables	7,677	4,177
Increase (Decrease) in Trade payables	(1,927)	(2,396)
Change in other current and non-current liabilities	(1,667)	(1,412)
Change in deferred and current income taxes	22	213
OPERATING CASH FLOW	1,484	(280)
Dividends received	3,250	5,850
Interest received	-	40
Interest paid	(279)	(345)
Other incomes received/(expenses paid)	3	-
Income taxes paid	-	(258)
A) CASH FLOW FROM OPERATING ACTIVITIES	4,458	5,007
Investments in intangible fixed assets	(510)	(108)
Investments in tangible fixed assets	(360)	(180)
Sale of intangible and tangible assets	373	-
B) CASH FLOW FROM INVESTING ACTIVITIES	(497)	(288)
Change in current fin. liabilities	(3,463)	(2,646)
C) CASH FLOW FROM FINANCING ACTIVITIES	(3,463)	(2,646)
D) Effect exc. diffs. on cash & cash equivalents	-	-
Change in net liquidity	498	2,073
CASH AND CASH EQUIVALENTS AT END OF PERIOD	112,866	111,729