HALF-YEAR REPORT

June 30th 2020

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Corporate Boards

Board of Directors

Chairman	Francesco Gianni [1]
Vice Chairman	Azzurra Caltagirone
Chief Executive Officer	Albino Majore
Directors	Alessandro Caltagirone Francesco Caltagirone Tatiana Caltagirone Antonio Catricalà [1] Massimo Confortini [1] Mario Delfini Annamaria Malato [1] Valeria Ninfadoro [1] Giacomo Scribani Rossi [1]

Board of Statutory Auditors

Chairman	Matteo Tiezzi
Statutory Auditors	Antonio Staffa Dorina Casadei

Executive Responsible	Fabrizio Caprara
Independent Audit Firm	PricewaterhouseCoopers SpA

[1] *Independent Directors*

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DIRECTORS' REPORT

Introduction

This Report refers to the Condensed Consolidated Financial Statements at June 30th 2020, prepared in accordance with Article 154 ter, paragraph 3, of Legislative Decree 58/1998 as supplemented and the Consob Issuers' Regulation.

The Report was prepared in accordance with International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and was drawn up according to IAS 34 – Interim financial reporting, applying the same accounting standards adopted in the preparation of the Consolidated Financial Statements at December 31st 2019, with the exception of those described in the paragraph "Accounting standards and amendments to standards adopted by the Group" in the Notes to the condensed consolidated half-year financial statements, to which reference is made.

Implications of the Covid-19 pandemic

Since January 2020, the domestic and international environment has been dominated by the spread of the coronavirus, and the restrictive containment measures consequently implemented by national governments. These had immediate consequences for work organisation and times, general economic performance as well as significant social impacts, and created a climate of general uncertainty.

The Group companies acted promptly, implementing both measures to ensure the health and safety of the workforce and those to recover cost efficiency so as to reduce the financial impacts of reduced advertising and circulation revenues.

The figures for the early months of 2020 also led to an update in forecasts made by the management of Group companies. Although these reaffirmed the strategic guidelines set out in March 2020, they come within a general context which continues to feature a high level of uncertainty.

Operational overview

The key financial results compared to the first half of 2019 are shown below.

in thousands of Euro	*H1 2020*	*H1 2019*	*cge.*	*cge.%*
OPERATING REVENUES	**54,627**	**66,886**	**(12,259)**	**(18.3%)**
CIRCULATION REVENUES	26,559	30,301	(3,742)	(12.3%)
ADVERTISING REVENUES	25,298	33,840	(8,542)	(25.2%)
REVENUES FOR TRANSPORT SERVICES	803	542	261	48.2%
REVENUES FOR PRINTING SERVICES	84	89	(5)	(5.6%)
OTHER WEB SERVICES	403	76	327	430.3%
PROMOTION REVENUES	149	192	(43)	(22.4%)
OTHER REVENUES AND INCOME	1,331	1,846	(515)	(27.9%)
OPERATING COSTS	**(56,441)**	**(67,797)**	**11,356**	**16.8%**
RAW MATERIALS, SUPPLIES & CONSUMABLES	(4,013)	(5,953)	1,940	32.6%
LABOUR COSTS	(26,492)	(30,047)	3,555	11.8%
OTHER OPERATING CHARGES	(25,936)	(31,797)	5,861	18.4%
EBITDA	**(1,814)**	**(911)**	**(903)**	**(99.1%)**
AMORTISATION, DEPRECIATION, WRITE-DOWNS & PROVISIONS	(25,695)	(3,450)	(22,245)	n.a.
EBIT	**(27,509)**	**(4,361)**	**(23,148)**	**n.a.**
FINANCIAL INCOME	3,253	5,890	(2,637)	(44.8%)
FINANCIAL CHARGES	(419)	(524)	105	20.0%
FINANCIAL RESULT	**2,834**	**5,366**	**(2,532)**	**(47.2%)**
PROFIT/(LOSS) BEFORE TAXES	**(24,675)**	**1,005**	**(25,680)**	**n.a.**
INCOME TAXES	6,524	642	5,882	n.a.
NET PROFIT/(LOSS)	**(18,151)**	**1,647**	**(19,798)**	**n.a.**
MINORITY INTEREST	-	-	-	0.0%
GROUP NET PROFIT/(LOSS)	**(18,151)**	**1,647**	**(19,798)**	**n.a.**

In the first six months of 2020, the Group reported Operating Revenues of Euro 54.6 million, reducing 18.3% on H1 2019, following a contraction in advertising revenues (-25.2%) and circulation revenues (-12.3%).

Raw material costs decreased 32.6%, due to the lower quantities utilised in the production process and to the reduced cost of paper.

Labour costs, including non-recurring charges of Euro 992 thousand (Euro 2 million in H1 2019) - due to the measures put in place by a number of Group companies - decreased

11.8%. On a like-for-like basis, excluding these extraordinary charges, labour costs decreased 9.1% on the first half of 2019.

Other operating costs contracted overall by 18.4%, due to the ongoing cost-cutting by the subsidiaries, particularly regarding service costs.

EBITDA reported a loss of Euro 1.8 million (loss of Euro 911 thousand in H1 2019).

EBIT saw a loss of Euro 27.5 million (loss of Euro 4.4 million in H1 2019) and includes the write-down of indefinite life intangible assets for Euro 22 million, in accordance with the applicable accounting standards due to the Covid-19 pandemic (in the corresponding period of 2019 no write-downs were made), amortisation and depreciation of Euro 3.2 million (Euro 3.1 million in H1 2019), provisions for risks of Euro 30 thousand (Euro 30 thousand in H1 2019) and doubtful debts for Euro 468 thousand (Euro 334 thousand in H1 2019).

Net Financial Income of Euro 2.8 million declined on Euro 5.4 million for H1 2019 due to the lower dividends received on listed shares (Euro 3.3 million in H1 2020 compared to Euro 5.9 million in H1 2019).

The Group Net Result reports a loss of Euro 18.2 million (profit of Euro 1.6 million in the first half of 2019).

The Group **Net Cash Position** at June 30th 2020 is as follows:

in thousands of Euro	**30.06.2020**	**31.12.2019**
Cash and cash equivalents	112,866	112,369
Non-current financial liabilities for leasing activities	(4,697)	(5,700)
Current financial liabilities for leasing activities	(2,569)	(3,607)
Current financial liabilities to banks	(7,863)	(9,285)
Net Cash Position	**97,737**	**93,777**

* The Net Cash Position in accordance with CONSOB Communication DEM 6064291 of July 28th 2006 is illustrated at Note 27 of the Notes to Condensed Consolidated Half-Year Financial Statements.

The net cash position was Euro 97.7 million, increasing Euro 3.9 million on December 31st 2019 (Euro 93.8 million), mainly due to the effect of dividends collected on listed shares.

Group shareholders' equity amounted to Euro 358.3 million (Euro 408.2 million at December 31st 2019); the decrease concerns the negative effect in the period from the fair value measurement of shares held by the Group and of the result for the period.

The Financial Statement ratio are as follows:

	H1 2020	H1 2019
ROE* *(Net Result/Net Equity)***	(5.1)	0.4
ROI* *(EBIT/total assets)***	(5.8)	(0.8)
ROS* *(EBIT/Operating Revenues)***	(50.4)	(6.5)
Equity Ratio *(Net equity/total assets)*	0.8	0.8
Liquidity Ratio *(Current assets/Current liabilities)*	2.7	2.7
Capital Invested Ratio *(Net equity/Non-current assets)*	1.1	1.0

*percentage values

** For definitions of "Net Result" and "EBIT", reference should be made to the income statement attached to the present report

The balance sheet indicators confirm the Group's financial equilibrium, with strong stability, the capacity to meet short-term commitments through liquid funds and finally equilibrium between own funds and fixed assets.

The earnings ratios declined in the same period of 2019, due to the decrease in revenues and margins, resulting from the ongoing health and economic crisis and due to the write-down of indefinite life intangible assets.

Group operating performance

- *Publishing*

Revenues from Group title paper edition sales in H1 2020 contracted by 14.1% on H1 2019 and by 12.3% including digital subscriptions and sales.

The latest available circulation data indicates a reduction of approx. 13.4%[1] in paper copies alone and an overall reduction including digital copies of 11.3%[2] in 2020 compared to the same period in 2019.

[1] Workings on ADS (Accertamento Diffusione Stampa) figures: total paid (January-May 2020 vs January-May 2019)
[2] Workings on ADS (Accertamento Diffusione Stampa) figures: total paper+digital sales >=30% (January-May 2020 vs January-May 2019)

- *Advertising*

In the first six months of 2020, Group advertising revenues decreased 25.2%.

Paper edition advertising revenues, also including third party advertising, contracted 30.5% on 2019.

Internet advertising, also including third party advertising, decreased 6.3% on 2019. The contribution of this segment to overall advertising revenues was 23.9%.

The overall market in the first five months of 2020 (latest figures available) contracted 27.3%[3] for newspaper advertising and 17.2%[4] for Internet advertising.

In terms of web presence, the Caltagirone Editore network websites to May 2020 reported 4.49 million unique average daily users Total Audience (PC and mobile)[5], up 35.7% on the same month of the previous year.

Related party transactions

"Related" party transactions, as set out in IAS 24, including inter-company transactions, are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. They are regulated at market conditions and take account of the characteristics of the goods and services provided and in the interest of the Group.

The Parent Company in the period did not carry out significant transactions nor significant levels of ordinary transactions requiring communication to the Supervisory Authority under the Consob Regulation concerning transactions with related parties adopted with Resolution No. 17221 of March 12th 2010.

The information on related party transactions, including those required by Consob communication of July 28th 2006, is shown in Note 26 of the Condensed Consolidated Half-Year Financial Statements.

[3] FCP Assoquotidiani Research Centre figures January-May 2020 with corresponding period of 2019
[4] FCP Assointernet Research Centre figures January-May 2020 with corresponding period of 2019
[5] Audiweb figures Total Audience May 2020 (including TAL)

Other information

During the period the Caltagirone Editore Group did not carry out any research and development activity.

The parent company is not subject to management and co-ordination in accordance with the applicable regulation, as its management body has full decision-making autonomy.

At June 30th 2020, total headcount was 600 (611 at December 31st 2019); the first half average headcount was 611.

Risk management

Caltagirone Editore Group's business is generally subject to the following risks: market risk (raw materials prices and the movements in listed share prices), credit risk, interest rate risk and liquidity risk. The management of the financial risks of the Group is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

In the first half of 2020, no market risks or uncertainties substantially differing from those evident in the 2019 Annual Accounts emerged and therefore the relative management strategy remains unchanged.

Principal uncertainties and going concern

Following on from that stated in the paragraph concerning management risks, the continuation of the general sector crisis does not however cause concern in relation to the going concern principle in that the Group has adequate levels of liquidity and of own funds, while no uncertainties exist that could compromise the capacity of the Group to carry out its operating activities.

Treasury Shares

At June 30th 2020, Caltagirone Editore SpA had 18,209,738 treasury shares in portfolio, comprising 14.57% of the share capital for a value of Euro 23,640,924.

Corporate Governance

Following the resignations of Statutory Auditor Coluccia and Alternate Auditor Amoretti, the Shareholders' Meeting of April 21st 2020 appointed Ms. Dorina Casadei as Statutory Auditor and Ms. Fabiana Flamini as Alternate Auditor.

On March 10th 2020, the Board of Directors confirmed Fabrizio Caprara as the company's Executive Officer for Financial Reporting in 2020.

2020 Outlook

In order to offset the impacts of the Covid-19 emergency on the operating, equity and financial results, the company will continue to implement measures to limit all discretionary costs and to reduce direct and operative overheads.

Subsequent events to June 30th 2020

No significant subsequent events took place.

Rome, July 27th 2020

For the Board of Directors

The Chairperson

Mr. Francesco Gianni

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CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2020

Consolidated Balance Sheet

Assets

(in Euro thousands)	note	*30.06.2020*	*31.12.2019*
Non-current assets			
Intangible assets with definite life	1	1,169	809
Intangible assets with indefinite life	2	138,402	160,403
Newspaper titles		*138,402*	*160,403*
Property, plant and equipment	3	41,762	44,808
Equity investments and non-current securities	4	88,765	120,777
Other non-current assets	5	90	89
Deferred tax assets	6	55,502	53,616
TOTAL NON-CURRENT ASSETS		**325,690**	**380,502**
Current assets			
Inventories	7	1,995	1,651
Trade receivables	8	34,705	42,849
of which related parties		*201*	*113*
Other current assets	9	1,332	804
Cash and cash equivalents	10	112,866	112,368
TOTAL CURRENT ASSETS		**150,898**	**157,672**
TOTAL ASSETS		**476,588**	**538,174**

Balance Sheet

Shareholders’ Equity & Liabilities

(in Euro thousands)	note	*30.06.2020*		*31.12.2019*
Shareholders’ Equity				
Share capital		125,000		125,000
Share capital issue costs		(18,865)		(18,865)
Reserves		270,318		332,724
Loss for the period		(18,151)		(30,649)
Group shareholders' equity		**358,302**		**408,210**
Minority interest shareholders' equity		-		-
TOTAL SHAREHOLDERS' EQUITY	11	**358,302**		**408,210**
Liabilities				
Non-current liabilities				
Employee benefits	12	15,003		15,405
Non-current provisions	13	4,061		4,105
Non-current financial liabilities	14	4,697		5,700
of which related parties		*4,103*		*4,915*
Other non-current liabilities	15	1,412		1,630
Deferred tax liabilities	6	36,050		40,986
TOTAL NON-CURRENT LIABILITIES		**61,223**		**67,826**
Current liabilities				
Current provisions	13	7,232		7,065
Trade payables	16	19,357		21,284
of which related parties		*131*		*1,698*
Current financial liabilities	14	10,432		12,892
of which related parties		*2,049*		*2,909*
Current income tax payables	6	92		28
Other current liabilities	15	19,950		20,869
of which related parties		*26*		*36*
TOTAL CURRENT LIABILITIES		**57,063**		**62,138**
TOTAL LIABILITIES		**118,286**		**129,964**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**476,588**		**538,174**

Consolidated Income Statement

(in Euro thousands)	Note	*H1 2020*	*H1 2019*
Revenues	17	53,295	65,040
of which related parties		*134*	*123*
Other operating revenues	18	1,332	1,846
of which related parties		*36*	*120*
TOTAL REVENUES		**54,627**	**66,886**
Raw material costs	19	(4,013)	(5,953)
Labour costs	12	(26,492)	(30,047)
of which non-recurring charges		*(992)*	*(1,997)*
Other operating charges	20	(25,936)	(31,797)
of which related parties		*(381)*	*(1,094)*
TOTAL COSTS		**(56,441)**	**(67,797)**
EBITDA		**(1,814)**	**(911)**
Amortisation & depreciation		(1,405)	(1,423)
Amort. leased assets		(1,792)	(1,663)
Provisions		(30)	(30)
Write-down of intangible assets with indefinite life		(22,000)	-
Write-down of receivables and other fixed assets		(468)	(334)
Amortisation, depreciation, provisions and write-downs	21	**(25,695)**	**(3,450)**
EBIT		**(27,509)**	**(4,361)**
Financial income		3,253	5,890
of which related parties		*3,250*	*5,850*
Financial charges		(419)	(524)
of which related parties		*(35)*	*(21)*
Net financial income	22	**2,834**	**5,366**
PROFIT/(LOSS) BEFORE TAXES		**(24,675)**	**1,005**
Income taxes	6	6,524	642
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(18,151)**	**1,647**
NET PROFIT/(LOSS)		**(18,151)**	**1,647**
Group Net Profit(loss)		(18,151)	1,647
Minority interest share		-	-
Basic earnings/(loss) per share	23	(0.170)	0.015
Diluted earnings/(loss) per share	23	(0.170)	0.015

Consolidated Comprehensive Income Statement

(in Euro thousands)	H1 2020	H1 2019
Net profit/(loss) for the period	**(18,151)**	**1,647**
Items which are not reclassified subsequently to profit/(loss) for the period		
Profit/(loss) from the valuation of Investments in equity instruments net of the tax effect	(31,757)	12,304
Total other items of the Comprehensive Income Statement	**(31,757)**	**12,304**
Comprehensive profit/(loss) for the period	**(49,908)**	**13,951**
Attributable to:		
Parent Company shareholders	(49,908)	13,951
Minority interest	-	-

Statement of Changes in Consolidated Shareholders' Equity

(in Euro thousands)	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Result for the period	Group net equity	Minority interest N.E.	Total net equity
January 1st 2019	**125,000**	**(18,865)**	**(23,641)**	**(3,002)**	**343,981**	**(8,298)**	**415,175**	**-**	**415,175**
Prior 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 Profit						1,647	**1,647**		**1,647**
Comprehensive profit/(loss) for the period	**-**	**-**	**-**	**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**
Prior 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 Profit/(loss)						(18,151)	**(18,151)**		**(18,151)**
Comprehensive profit/(loss) for the period	**-**	**-**	**-**	**(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**

Consolidated Cash Flow Statement

in thousands of Euro	Note	*H1 2020*	*H1 2019*
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	10	**112,368**	**109,656**
Net profit/(loss) for the period		(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
OPERATING CASH FLOW BEFORE CHANGES IN WORKING 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 income (charges) received/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 financial 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	10	**112,866**	**111,729**

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NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2020

Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company, listed on the Milan Stock Exchange, operating in the publishing sector with its registered office in Rome (Italy), Via Barberini, No, 28.

At June 30th 2020, the shareholders with holdings above 3% of the share capital, as per the shareholders' register, the communications received in accordance with Article 120 of Legislative Decree No. 58 of February 24th 1998, and other information available are:

- Francesco Gaetano Caltagirone 75,955,300 shares (60.76%).

  The above investment is held indirectly through the companies:

  Parted 1982 Srl 44,454,550 shares (35.56%)

  Gamma Srl 9,000,750 shares (7.20%)

  FGC SpA 22,500,000 shares (18.00%)

The company in addition holds 18,209,739 treasury shares, equal to 14.57% of the share capital.

At the date of the preparation of this report, the ultimate holding company was FGC SpA, due to the shares held through subsidiary companies.

The Consolidated Condensed Financial Statements at June 30th 2020 include the Condensed Half-Year Financial Statements of the Parent Company and its subsidiaries (together the "Group"). For the consolidation, the financial statements prepared by the Directors of the individual consolidated companies were used.

This half-year report was authorised for publication by the Board of Directors on July 27th 2020.

Compliance with international accounting standards approved by the European Commission

The condensed consolidated half-year financial statements at June 30th 2020 were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), approved by the European Commission (hereinafter "IFRS").

In particular, the Condensed Consolidated Group Half-Year Financial Statements 2020 were prepared according to the criteria set out by IAS 34 for the preparation of interim financial statements. These financial statements contain condensed information compared to the applicable accounting standards and must be read together with the consolidated annual accounts of the Group for the year ended December 31st 2019.

The financial statements conform with the Annual Accounts in application of the updated version of IAS 1 – Presentation of Financial Statements (revised in 2007).

The accounting standards adopted in the preparation of these Condensed Consolidated Half-Year Financial Statements are the same as those utilised for the consolidated financial statements at December 31st 2019, with the exception of those described below in the “Accounting standards and amendments to standards adopted by the Group” paragraph.

The 2019 consolidated financial statements are available on request from the registered offices of the company Caltagirone Editore S.p.A., via Barberini, 28 Rome or on the website www.caltagironeeditore.com.

Basis of presentation

The condensed consolidated half-year financial statements consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Statement of changes in Consolidated Shareholders’ Equity, the Consolidated Cash Flow Statement and the present Notes to the financial statements.

The Balance Sheet is presented in a format which separates the current and non-current assets and liabilities, while the Income Statement and the Comprehensive Income Statement are classified on the basis of the nature of the costs, the Comprehensive Income Statement, beginning with the result for the period, highlights the effects of profits and losses recognised directly to equity, the statement in changes in Shareholders’ Equity outlines the changes in the period to the individual accounts comprising Net Equity, while the cash flow statement is presented utilising the indirect method.

The IFRS were applied in accordance with the “Framework for the preparation and presentation of financial statements” and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 17.

It is recalled that CONSOB, resolution No, 15519 of July 27th 2006 requires that the above financial statements report, where the amounts are significant, additional sub-accounts to those already specifically required by IAS 1 and other international accounting standards in order to show the balances and transactions with related parties as well as the relative income statement accounts relating to non-recurring, unusual or atypical operations.

The Consolidated Financial Statements were presented in thousands of Euro, the functional currency of the Parent Company and all of the companies included in the present consolidated financial statements.

All amounts included in the notes are expressed in thousands of Euro, except where otherwise indicated.

The assets and liabilities are shown separately and without any offsetting.

Use of estimates

The preparation of the condensed consolidated half-year financial statements requires the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the financial situation and balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

The estimates and assumptions are reviewed periodically and the effects of all variations recorded in the income statement, when they relate only to that year. When the revision relates to both current and future periods (for example the revision of the useful life of fixed assets), the changes are recorded in the period in which the revision is made and in the relative future periods.

Some valuation processes, in particular the determination of any reduction in fixed assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value. This was the case at June 30th 2020, in relation to Covid-19.

Similarly, the actuarial valuations necessary for the determination of the employee benefit plans based on IAS 19 are normally calculated in the preparation of the annual accounts.

Income taxes are calculated according to the specific rates applicable for 2020 and the expectations for the recovery of deferred tax assets based on projections for future assessable income, considering also the nature of the circumstances determining them.

Consolidation scope

The consolidation scope includes the parent company and all of its subsidiaries, directly or indirectly held (hereinafter the "Group").

The list of subsidiaries included in the consolidation scope is as follows:

	Reg. office	30.06.2020	31.12.2019	Activities
Caltagirone Editore SpA	Rome	Parent	Parent Company	finance
Il Messaggero SpA	Rome	100%	100%	publishing
Il Mattino SpA	Rome	100%	100%	publishing
Piemme SpA	Rome	100%	100%	advertising
Leggo Srl	Rome	100%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico Srl	Rome	100%	100%	publishing
Quotidiano di Puglia Srl	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Stampa Venezia Srl *(1)*	Rome	100%	100%	printing
Imprese Tipografiche Venete Srl *(1)*	Rome	100%	100%	printing
P.I.M. Srl *(1)*	Rome	100%	100%	advertising
Servizi Italia 15 Srl	Rome	100%	100%	services
Stampa Roma 2015 Srl	Rome	100%	100%	printing
Stampa Napoli 2015 Srl	Rome	100%	100%	printing

(1) Held by Il Gazzettino SpA

ACCOUNTING STANDARDS AND AMENDMENTS TO STANDARDS ADOPTED BY THE GROUP

a) From January 1st 2020, the Group adopted the following new accounting standards:

- Amendments to the Conceptual Framework for Financial Reporting, which was endorsed by the EU on December 6th 2019 with Regulation No. 2075. The main changes on the 2010 version concern a new chapter regarding measurement, improved definitions and guidance, in particular with regards to defining liabilities, and the clarification of important concepts such as stewardship, prudence and upon measurement uncertainties. The amendments are applied to financial statements concerning periods beginning on January 1st 2020 or subsequently.

- *Amendments to IAS 1 and IAS 8: Definition of Material*, which were endorsed by the EU on December 10th 2019 with Regulation No. 2014. The objective of this document is to refine and align the definition of "Material" present in some IFRS, so that such is also consistent with the new Conceptual Framework for Financial Reporting approved in March 2018 and endorsed by the EU on December 6th 2019. The amendments are applied to financial statements concerning periods beginning on January 1st 2020 or subsequently.
- *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform*, which were endorsed by the EU on January 16th 2020 with Regulation No. 34. The objective of the document is to enable reporting entities not to interrupt hedging transactions until the reform of the financial reference indices for the calculation of interest rates, which is still ongoing worldwide, has been completed. This reform, in particular, has created uncertainties about the timing and amount of future cash flows associated with certain financial instruments, with the consequent risk of having to terminate hedging relationships designated in accordance with IAS 39 or IFRS 9. According to the IASB, discontinuing hedging relationships because of these uncertainties does not provide useful information to users of financial statements; therefore, the document under review has made specific amendments to IAS 39, IFRS 9 and IFRS 7, introducing temporary derogations from the application of the specific hedge accounting provisions of IFRS 9 and IAS 39, to be applied obligatorily to all hedging transactions directly impacted by the reform of the reference indices for the determination of interest rates. The amendments are applied to financial statements concerning periods beginning on January 1st 2020 or subsequently.
- *Amendment to IFRS 3 Business Combinations,* which was endorsed by the EU on April 21st 2020 with Regulation No. 551. This document introduced a much more restrictive definition of business than that contained in the previous version of IFRS 3, in addition to a process to be followed to verify whether a transaction qualifies as a "business combination" or simply as the acquisition of an asset. The amendment should be applied to acquisitions occurring from January 1st 2020.

The adoption of the new standards applicable from January 1st 2020 did not have significant effects.

b) New accounting standards and interpretations:

At the date of the approval of these condensed consolidated half-year financial statements, the IASB had issued (however not yet approved by the European Union) a number of accounting standards, interpretations and amendments - some still in the consultation phase - in relation to which we highlight:

- On May 18th 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts improves transparency on profit sources and on the quality of profits realised and ensures a high level of results comparability, introducing a single standard for the recognition of revenues which reflects the services provided. On June 25th 2020, the IASB published the document "*Amendments to IFRS 17*", which includes some changes to IFRS 17 and the deferral of the entry into force of the new accounting standard to January 1st 2023. At the condensed consolidated half-year reporting date, the endorsement process was ongoing.
- On January 23rd 2020, the IASB published amendments to IAS 1. The document "*Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" provides that a liability is classified as current or non-current according to the rights existing at the date of the financial statements. In addition, it states that the classification is not affected by the entity's expectation to exercise its rights to defer settlement of the liability. Finally, it is clarified that this regulation refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments are applied to financial statements concerning periods beginning on January 1st 2023. Early application is permitted. The endorsement process is still in progress.
- On May 14th 2020 the IASB published the document "*Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020"* so as to introduce some specific improvements to these standards. The amendments are applied to financial statements concerning periods beginning on January 1st 2022. The endorsement process is still in progress.
- On May 28th 2020, the IASB published the document "*Covid 19-Related Rent Concessions",* by which it amended *IFRS 16 Leasing* to include a practical expedient to simplify the accounting by lessees of the *rent concession* obtained as a result of

the Covid-19 pandemic. This practical expedient is optional and does not apply to lessors. The amendments to *IFRS 16* come into force from the financial statements of the financial years starting from or after June 1st 2020, but may be applied early to the financial statements of previous financial years (including the related interim financial statements), whose publication has not yet been authorised. The approval process is still ongoing and is expected to conclude in the coming months.

- On June 25th 2020, The IASB published the document entitled "*Amendments to IFRS 4 Contracts - deferral of IFRS 9*", which clarified a number of applicational aspects of IFRS 9 before the definitive application of IFRS 17. The amendments are applied to financial statements concerning periods beginning on January 1st 2021. Endorsement by the EU is expected in 2020.

Any effects that the newly applied accounting standards, amendments and interpretations may have on the Group financial disclosure are currently being evaluated.

Value of the Group

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at June 30th 2020 of Euro 97.5 million compared to a Group net equity of Euro 358.3 million), significantly lower than the valuations based on the fundamentals of the Group expressed by its value in use.

The capacity to generate cash flows or the establishment of specific fair values (cash and cash equivalents, equity instruments and Publishing Titles) may justify this difference; stock market prices in fact also reflect circumstances not strictly related to the Group, with expectations focused on the short-term.

Implications of Covid-19 on the Condensed Interim Consolidated Financial Statements at June 30th, 2020

The H1 2020 figures, partly due to the spread of Covid-19 and the consequent restrictions enforced by governmental authorities, report a drop in circulation revenues for paper editions (-14.1% on H1 2019 and -12.3% considering also digital subscriptions and copies), and of advertising revenues (-25.2% on H1 2019).

In order to offset this decrease in revenues, the Group companies quickly reacted by introducing a number of editorial initiatives to support sales, digital subscriptions and advertising, in addition to various actions to renegotiate the prices of raw materials and introduce efficiencies to the production processes and, overall, to the structure of other operating costs. The epidemic also had an impact on the period's margin, which overall reduced Euro 903 thousand on H1 2019, although management expects a recovery as early as the second half of 2020 and over subsequent years.

The Group companies therefore concentrated on strategies to continue to offset the impacts of Covid-19. In this regard, management is undertaking further actions to improve the efficiency of operating costs, in addition to those to further encourage the use of digital channels.

This general environment required an update to the forecasts made by Group company management, confirming the strategic guidelines at March 2020, although within a highly uncertain general environment. Therefore, as described in Note 2 concerning intangible assets with indefinite useful life, a new Business Plan for the years 2021-2025 was drawn up, which indicated the need to write-down the Group's Newspaper titles for Euro 22 million.

Among the other effects of the spread of Covid-19, we indicate that the value of the listed shares in portfolio decreased by approx. 27% compared to December 31st 2019. However, the Group has the capacity to keep these securities in portfolio as it has a strong capital and financial base.

ASSETS

1. Intangible assets with definite life

Historical cost	Patents	Trademarks and Concessions	Others	Total
01.01.2019	**1,570**	**626**	**5,742**	**7,938**
Increases		47	1,038	**1,085**
Decreases			(354)	**(354)**
31.12.2019	**1,570**	**673**	**6,426**	**8,669**
01.01.2020	**1,570**	**673**	**6,426**	**8,669**
Increases		146	364	**510**
30.06.2020	**1,570**	**819**	**6,790**	**9,179**

Amortisation & loss in value	Patents	Trademarks and Concessions	Others	Total
01.01.2019	**1,555**	**487**	**5,428**	**7,470**
Increases	8	139	243	**390**
31.12.2019	**1,563**	**626**	**5,671**	**7,860**
01.01.2020	**1,563**	**626**	**5,671**	**7,860**
Increases	4	39	107	150
30.06.2020	**1,567**	**665**	**5,778**	**8,010**

Net value				
01.01.2019	**15**	**139**	**314**	**468**
31.12.2019	**7**	**47**	**755**	**809**
30.06.2020	**3**	**154**	**1,012**	**1,169**

At June 30th 2020, no companies of the Group recorded the existence of inactive or completely amortised intangible assets still in use of significant value.

The amortisation rates used are shown below:

Category	**Average rate**
Development Costs	20.0%
Industrial patents and intel. property rights	26.5%
Trademarks, concessions and licenses	10.0%
Other	28.0%

2. Intangible assets with indefinite life

The indefinite intangible assets, composed entirely of the newspaper titles, are not amortised, but subject at least annually to verifications to determine the existence of any loss in value.

The table below shows the movements in the intangible assets with indefinite life:

Historical cost	**Goodwill**	**Newspaper titles**	**Total**
01.01.2019	**189,596**	**286,794**	**476,390**
Increases			**-**
Decreases			**-**
31.12.2019	**189,596**	**286,794**	**476,390**
01.01.2020	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
30.06.2020	**189,596**	**286,794**	**476,390**

Write-downs	**Goodwill**	**Newspaper titles**	**Total**
01.01.2019	**189,596**	**86,591**	**276,187**
Increases		39,800	**39,800**
Decreases			**-**
31.12.2019	**189,596**	**126,391**	**315,987**
01.01.2020	**189,596**	**126,391**	**315,987**
Increases		22,000	22,000
Decreases			-
30.06.2020	**189,596**	**148,391**	**337,987**

Net value			
01.01.2019	**-**	**200,203**	**200,203**
31.12.2019	**-**	**160,403**	**160,403**
30.06.2020	**-**	**138,403**	**138,403**

The breakdown of the balance relating to the newspaper titles is shown below:

	01.01.2019	**Increases/(Decreases)**	**Write-downs**	**31.12.2019**
Il Messaggero S.p.A.	90,808			90,808
Il Mattino SpA	35,496		(12,700)	22,796
Quotidiano di Puglia SpA	8,931		(4,400)	4,531
Corriere Adriatico SpA	11,578		(5,500)	6,078
Il Gazzettino S.p.A.	53,387		(17,200)	36,187
Other minor newspaper titles	3			3
Total	**200,203**	**-**	**(39,800)**	**160,403**

	01.01.2020	**Increases/(Decreases)**	**Write-downs**	**30.06.2020**
Il Messaggero S.p.A.	90,808		(7,500)	83,308
Il Mattino SpA	22,796		(2,000)	20,796
Quotidiano di Puglia SpA	4,531		(2,000)	2,531
Corriere Adriatico SpA	6,078		(2,000)	4,078
Il Gazzettino S.p.A.	36,187		(8,500)	27,687
Other minor newspaper titles	3			3
Total	**160,403**	**-**	**(22,000)**	**138,403**

In accordance with IAS 36 "Impairment of Assets" (IAS 36 paragraphs 9 and 12), it was assessed that the effects of the Covid-19 epidemic (see also the paragraph "Implications of Covid-19 on the Condensed Consolidated Interim Financial Statements at June 30th, 2020") are indicators of impairment of assets with an indefinite useful life. Therefore, specific impairment tests were carried out.

In relation to the valuation model utilised to establish recoverability, in line with the tests performed on December 31st 2019, a recoverability check was conducted for the value of the individual Newspaper Titles in accordance with the combined provisions of IAS 36 par. 10(a) and IAS 38 par. 108.

The impairment test on the individual Newspaper Titles was carried out on the basis of the recoverable value on the individual Newspapers calculated using a model in line with that used to calculate the third level fair value of IFRS 13 “Fair Value Measurement” (“IFRS 13”).

The recoverable value of the Newspaper Titles was established through application of a method based on empirical multipliers. This method is one of the most widely used comparative methods in common practice for the calculation of the value of specific categories of intangible assets.

The model applied refers to, for the estimated recoverable value of the Newspaper Titles, revenue multipliers (separate for circulation and advertising revenue) and a corrective factor based on a multiple of the negative EBITDA values which may be generated by the Newspaper Title. The 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), based on an analysis of the general publishing sector performance and the competitive position of each newspaper title on its market, in addition to historical experience and managerial assessments of the qualitative profiles of each of the publishing titles. The determination of the revenue ratios based on the overall score from the balance scorecard, for each Newspaper Title, is based on an objective criteria on the basis of which, for all ratios, the allocation of a minimum score for all qualitative factors corresponds to the extreme low-end of the parametric range and the maximum score to the extreme upper range. For the purposes of the analyses at June 30th 2020, lower scores were recorded compared to those utilised with reference to December 31st 2019. In particular, taking account of the historic and present results of each Title, among others, revenue level for the sales of the paper, advertising revenues and earnings, in addition to medium/long-term publishing business development expectations, the changes made concerned the scores attributed to price and competition factors (with regards to the competitivity profiles), advertising attractiveness and advertising potential (with regards to advertising revenue development), circulation and future potential.

The underlying table reports the book values of the Newspaper Titles following the impairment tests on the Newspaper Titles. The results, confirmed also by valuations made by an independent expert, resulted in a write-down of Euro 22 million.

Description	Newspaper titles		
(€/000)	30.06.2020	31.12.2019	Write-downs
Il Gazzettino	27,687	36,187	-8,500
Il Messaggero	83,308	90,808	-7,500
Il Mattino	20,796	22,796	-2,000
Quotidiano di Puglia	2,531	4,531	-2,000
Corriere Adriatico	4,078	6,078	-2,000

In addition to impairment tests on the value of the Newspaper Titles at June 30th 2020 through application of the model outlined previously, taking account of the close interdependence between the various Group legal entities and in line with that carried out for the impairment test regarding financial year 2019, an analysis was also carried out on the future cash flows of the CGU, utilising a single aggregate financial statement which, among other issues, enables a single "reading" of the figures according to the effective operating manner of the newspaper titles and the dedicated advertising agency.

The verification of the recoverability of the CGU's is based on the economic and financial plan of the Caltagirone Editore Group using the financial statement accounts of the CGU of the Group comprising the publishing (including the Newspaper titles) and advertising activities.

The analysis was carried out according to IAS 36. The value in use in H1 2020 was determined through the Discounted Cash Flow method, which is the discounting of the future operating cash flows generated by the CGU.

In particular, the cash flows were estimated for a period of 5 years and then discounted based on the cost of capital of the CGU (WACC). A terminal value representing the projections of the CGU's revenue capacity, calculated under the perpetual return model, was added to this value. A growth rate of zero was applied for the calculation of the terminal value.

In carrying out the impairment test, based on future cash flow projections calculated as per management estimates approved by the Board of Directors, the forecast performances for H2 2020 were taken into consideration. In addition, for subsequent years, specific performance estimates were drawn up, taking account of the general and market environment as impacted by the current crisis, in addition to the resultant changed operating conditions. In this regard, the forecasts made in the previous year by the Company were reviewed also on the basis of figures at June 30th 2020.

In particular, the restructuring and cost cutting actions approved and undertaken over time by management have always had a greater impact than expected. On the other hand, the advertising and print circulation markets, due to the extended crisis and together with the extraordinary digital revolution, has meant more extensive and long-lasting difficulties than predicted by all the leading operators. Therefore, the expected cash flows utilised in the model were calculated based on the 2021 budget and the 2022-2025 planning data and represent the best estimate of the amounts and timing for which the future cash flows are expected to occur based on the long-term plan which was reviewed and updated on June 30th 2020 to take account of that outlined above and of differences between the previous plan and the overall results. The operating costs considered in the expected cash flows were also determined based on management estimates for the coming five years and take account of the positive effects of the restructuring plan already in place. A further impairment test did not indicate additional write-downs to the CGU involved in publishing and advertising operations.

The underlying table reports the principal parameters used in the impairment test.

Description	***Tax rate***		**WACC***		***g-rate****		**Explicit period cash flows**
	30.06.2020	**2019**	**30.06.2020**	**2019**	**30.06.2020**	**2019**	
Value	28.82%	28.82%	6.40%	6.10%	0	0	5 years

** The WACC represents the average weighted cost of capital of the entity taking into account the specific risks relating to the operating sectors considered. This parameter is considered net of fiscal effect and takes account of interest rate movements.*

*** The g-rate concerns the expected growth rate in order to calculate the "Terminal Value"*

The sensitivity analysis carried out indicated that - although a not insignificant sensitivity was observed for the estimates on changes to the g and WACC parameters considered and that, in certain valuation scenarios, the difference between the estimated Enterprise Value and the carrying amount of the Net Capital Employed of the CGU would be negative (however only in scenarios with a growth rate of zero) - in the majority of scenarios examined, the results of the tests substantially confirmed the conclusions obtained for the base scenario.

Further to the impairment models utilised in valuing indefinite intangible assets, for the estimate of the effective value of the newspapers` intangible assets, elements which lie outside the typical economic considerations are also considered and which relate to the number of readers and the circulation on the market, issues which determine the effective value of the newspaper and the price.

3. Property, plant and equipment

Historical cost	Land & Buildings	Plant and Machinery	Commercial and industrial equipment	Right of use assets	Other assets	Total
01.01.2019	60,213	98,159	806	-	20,923	**180,101**
Increases	206	95		12,658	541	**13,500**
Decreases					(201)	**(201)**
Reclassifications	(127)				(226)	**(353)**
31.12.2019	**60,292**	**98,254**	**806**	**12,658**	**21,037**	**193,047**
01.01.2020	60,292	98,254	806	12,658	21,037	**193,047**
Increases		68	3	51	238	**360**
Decreases				(311)	(137)	**(448)**
30.06.2020	**60,292**	**98,322**	**809**	**12,398**	**21,138**	**192,959**

Depreciation & loss in value	Land & Buildings	Plant and Machinery	Commercial and industrial equipment	Right of use assets	Other assets	Total
01.01.2019	28,234	93,861	804	-	19,850	**142,749**
Increases	1,561	563	1	3,393	388	**5,906**
Decreases					(182)	**(182)**
Reclassifications	(242)				8	**(234)**
31.12.2019	**29,553**	**94,424**	**805**	**3,393**	**20,064**	**148,239**
01.01.2020	29,553	94,424	805	3,393	20,064	**148,239**
Increases	786	284	1	1,792	184	**3,047**
Decreases				(1)	(88)	**(89)**
Reclassifications		7			(7)	**-**
30.06.2020	**30,339**	**94,715**	**806**	**5,184**	**20,153**	**151,197**

Net value						
01.01.2019	**31,979**	**4,298**	**2**	**-**	**1,073**	**37,352**
31.12.2019	**30,739**	**3,830**	**1**	**9,265**	**973**	**44,808**
30.06.2020	**29,953**	**3,607**	**3**	**7,214**	**985**	**41,762**

"Land and Buildings" include operating offices and facilities for the printing of newspapers.

The account "Plant and machinery" is mainly composed of the presses belonging to Group publishing companies.

"Right of use assets" almost exclusively comprise the lease contracts for offices and press rooms, whose total discounted value is recognised to property, plant and equipment as per IFRS 16.

The account "Other assets" includes, in addition to computers, servers and network appliances, leasehold improvements and restructuring relating to rented offices. Depreciation is calculated based on the duration of the contract, which is lower than the useful life of the asset.

No financial charges were capitalised.

4. Equity investments and non-current securities

Equity investments and non-current securities	01.01.2019	Increases/(Decreases)	Write-downs	Fair value change	31.12.2019
Investments in other companies valued at cost	1,218		(8)		1,210
Investments in equity instruments	94,900			24,667	119,567
Total	**96,118**	**-**	**(8)**	**24,667**	**120,777**

Equity investments and non-current securities	01.01.2020	Increases/(Decreases)	Write-downs	Fair value change	30.06.2020
Investments in other companies valued at cost	1,210				1,210
Investments in equity instruments	119,567			(32,012)	87,555
Total	**120,777**	**-**	**-**	**(32,012)**	**88,765**

The breakdown of the account investments in other companies is as follows:

Investments in other companies	%	01.01.2019	Increases/(Decreases)	Write-downs	31.12.2019
Ansa	6.71	1,198			1,198
Other minor		20		(8)	12
Total		**1,218**	**-**	(8)	**1,210**

Investments in other companies		01.01.2020	Increases/(Decreases)	Write-downs	30.06.2020
Ansa	6.71	1,198			1,198
Other minor		12			12
Total		**1,210**	**-**	**-**	**1,210**

The company ANSA is the leading news agency in Italy and a leader worldwide; ANSA is a cooperative of 34 members, including the leading publishers of national newspapers, created with a mission to publish and circulate news.

The investments in other companies are valued at fair value or, where the development plans are not available, at cost, adjusting for impairments where present.

During the period, no impairment indicators were identified and therefore no impairment test was carried out.

According to the information held by the Group therefore, no indications exist that the cost differs significantly from the fair value.

The breakdown of the account "Investments in equity instruments", valued at fair value to other comprehensive income items, is as follows:

Investments in capital instruments		**01.01.2019**	**Increases**	**Decreases**	**Fair value change**	**31.12.2019**
Assicurazioni Generali SpA		94,900			24,667	119,567
	Total	**94,900**	**-**	**-**	**24,667**	**119,567**

		01.01.2020	**Increases**	**Decreases**	**Fair value change**	**30.06.2020**
Assicurazioni Generali SpA		119,567			(32,012)	87,555
	Total	**119,567**	**-**	**-**	**(32,012)**	**87,555**

Number

	01.01.2019	**Increases**	**Decreases**	**31.12.2019**
Assicurazioni Generali SpA	6,500,000			6,500,000

	01.01.2020	**Increases**	**Decreases**	**30.06.2020**
Assicurazioni Generali SpA	6,500,000			6,500,000

The valuation at fair value of these investments at June 30th 2020 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for a negative Euro 32 million, excluding the positive tax effect of Euro 255 thousand.

	01.01.2019	**Increases**	**Decreases**	**31.12.2019**
Fair Value reserve	(3,325)	24,667		21,342
Tax effect	323		(578)	(255)
Fair value reserve, net of tax effect	**(3,002)**	**24,667**	**(578)**	**21,087**
Changes in the period				**24,089**

	01.01.2020	**Increases**	**Decreases**	**30.06.2020**
Fair Value reserve	21,342		(32,012)	(10,670)
Tax effect	(255)	255		-
Fair value reserve, net of tax effect	**21,087**	**255**	**(32,012)**	**(10,670)**
Changes in the period				**(31,757)**

In relation to the disclosure required by IFRS 13, concerning the so-called "hierarchy of fair value", these instruments belong to level one, as concerning financial instruments listed on an active market.

5. Other non-current assets

The account, amounting to Euro 90 thousand, relates entirely to receivables for deposits due within five years.

6. Deferred taxes, payables for current taxes and income taxes for the period

The movements are shown below of the deferred tax assets and liabilities:

	01.01.2019	Provisions	Utilisations	Other changes	31.12.2019
Deferred tax assets	51,202	3,664	(1,109)	(141)	53,616
Deferred tax liabilities	48,232	2,060	(9,533)	227	40,986
Total	**2,970**	**1,604**	**8,424**	**(368)**	**12,630**

	01.01.2020	Provisions	Utilisations	Other changes	30.06.2020
Deferred tax assets	53,616	2,423	(537)	-	55,502
Deferred tax liabilities	40,986	948	(5,628)	(256)	36,050
Total	**12,630**	**1,475**	**5,091**	**256**	**19,452**

The increase in deferred tax assets compared to the previous period is principally due to the recognition of tax losses in the half-year.

The deferred tax liabilities refer to temporary differences concerning amortisation and depreciation, while utilisations principally concern the write-downs made on the newspaper titles.

The other changes in the deferred tax assets and liabilities include the tax effects on the fair value of the investments recorded to the Comprehensive Income Statement.

Taking account of the timing differences and, on the fact that fiscal losses are not time-limited and based on forecasts, it is considered that the Group will have, in the coming years, sufficient assessable income to recover the deferred tax assets recorded in the financial statements at June 30th 2020.

The income taxes for the period consist of:

	30.06.2020	30.06.2019
IRAP current taxes	42	95
Current taxes	**42**	**95**
Provision for deferred tax liabilities	948	972
Utilisation of deferred tax liabilities	(5,628)	(442)
Deferred tax liabilities	**(4,680)**	**530**
Recording of deferred tax assets	(2,423)	(1,947)
Utilisation of deferred tax assets	537	680
Deferred tax assets	**(1,886)**	**(1,267)**
Total income taxes	**(6,524)**	**(642)**
Current and deferred IRES tax	(5,904)	(907)
Current and deferred IRAP tax	(620)	265
Total income taxes	**(6,524)**	**(642)**

7. Inventories

Inventories at June 30th 2020 amount to Euro 2.0 million (Euro 1.7 million at December 31st 2019) and consist exclusively of raw materials (principally paper and ink), ancillary and consumables.

The change of inventory recorded in the income statement amounts to a decrease of Euro 344 thousand and is included in the account Raw material costs (see Note 19).

Inventories are measured at the lower of the purchase price, calculated using the weighed average cost method, and the realisable value. There is no inventory provided as a guarantee on liabilities.

8. Trade receivables

The breakdown is as follows:

	30.06.2020	31.12.2019
Trade receivables	41,895	50,342
Doubtful debt provision	(7,410)	(7,637)
Trade receivables	**34,485**	**42,705**
Trade receivables - related parties	201	122
Advances to suppliers	19	22
Total trade receivables	**34,705**	**42,849**

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 30 million).

9. Other current assets

The breakdown is as follows:

	30.06.2020	31.12.2019
Employee receivables	15	29
VAT receivables	64	61
Other receivables	429	272
Prepaid expenses	824	442
Other current assets	**1,332**	**804**

10. Cash and cash equivalents

The breakdown is as follows:

	30.06.2020	31.12.2019
Bank and postal deposits	112,822	112,329
Cash in hand and similar	44	39
Total cash and cash equivalents	**112,866**	**109,656**

The increase in cash and cash equivalents at June 30th 2020 is essentially due to the receipt of dividends on listed shares of Euro 3.3 million.

SHAREHOLDERS’ EQUITY & LIABILITIES

11. Shareholders’ Equity

	30.06.2020	31.12.2019
Share Capital	125,000	125,000
Listing charges	(18,865)	(18,865)
Share premium reserve	459,126	459,126
Legal reserve	25,000	25,000
FTA Reserve	16,927	16,927
Treasury shares	(23,641)	(23,641)
Reserve for treasury shares	23,641	23,641
Fair Value reserve	(10,670)	21,087
IAS 19 post-employment benefit reserve	(2,254)	(2,254)
Other Reserves	1,393	1,393
Prior year results	(219,204)	(188,555)
Net loss	(18,151)	(30,649)
Group net equity	**358,302**	**408,210**
Minority interest N.E.	-	-
Total net equity	**358,302**	**415,175**

The Share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of Euro 1 each.

All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends. At June 30th 2020, Caltagirone Editore SpA had 18,209,738 treasury shares in portfolio, comprising 14.57% of the share capital.

The fair value reserve, negative for Euro 10.7 million, which includes the net change for the period – a decrease of Euro 31.8 million – to adjust the market value of investments in equity instruments

12. Employee benefits

Employee benefit plans

The movements in the Employee benefits provision were as follows:

	30.06.2020	31.12.2019
Net liability at beginning of period	15,405	15,590
Current cost in the period (service costs)	89	194
Interest charge (interest cost)	140	228
Actuarial profits/(losses)	-	702
(Services paid)	(631)	(1,309)
Net liability at end of period	**15,003**	**15,405**

Employee numbers and cost

	H1 2020	H1 2019
Wages and salaries	18,334	20,167
Social security expenses	5,764	6,356
Employee provisions	768	1,243
Other costs	1,626	2,281
Total labour costs	**26,492**	**30,047**

The account wages and salaries and social charges reflects the benefits of the restructuring and reorganisation plans undertaken in previous years, under which the workforce was re-sized (see also the average workforce reported below).

Other costs include charges concerning labour disputes, leaving incentives and the social security institution contributions from the restructuring also carried out in the first half of 2020 of Euro 992 thousand (Euro 2 million in H1 2018).

The following table shows the average number of employees by category:

	30.06.2020	31.12.2019	Average 2020	Average 2019
Executives	16	17	16	18
Managers & white-collar	160	164	165	169
Journalists	343	345	345	348
Print workers	81	85	85	86
Total	**600**	**611**	**611**	**621**

13. Provisions for risks and charges (current and non-current)

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2019	7,324	71	1,891	**9,286**
Provisions	2,228	24	136	**2,388**
Utilisations	(225)		(280)	**(505)**
Balance at December 31st 2019	**9,327**	**95**	**1,747**	**11,169**
of which:				
Current portion	5,319		1,746	**7,065**
Non-current portion	4,008	95	1	**4,104**
Total	**9,327**	**95**	**1,747**	**11,169**

Balance at January 1st 2020	9,327	95	1,747	**11,169**

Provisions	61		752	**813**
Utilisations	(649)	(8)	(32)	**(689)**
Balance at June 30th 2020	**8,739**	**87**	**2,467**	**11,293**
of which:				
Current portion	4,767		2,465	**7,232**
Non-current portion	3,972	87	2	**4,061**
Total	**8,739**	**87**	**2,467**	**11,293**

The provision for legal disputes refers principally to the provisions made mainly by the Group's publishing companies against liabilities prevalently deriving from damages requested for slander and from employees. The provision was estimated taking into consideration the nature of the business, based on experience in similar cases and on all the information available at the date of preparation of these condensed consolidated half-year financial statements, considering the difficulty in estimating charges and the timing connected to each single case.

The agent's indemnity provision, which reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, refers to the company Piemme SpA, advertising agency.

The provisions for other risks principally include residual charges relating to the restructuring plans by some companies of the Group.

14. Non-current and current financial liabilities

	30.06.2020	31.12.2019
Payables for leasing assets	4,697	**5,700**
Non-current financial liabilities	**4,697**	**5,700**
Bank payables	7,863	9,285
Payables for leasing assets	2,569	**3,607**
Current financial liabilities	**10,432**	**12,892**

15. Other current and non-current liabilities

	30.06.2020	31.12.2019
Other non-current liabilities		
Other payables	168	192
Deferred income	1,244	1,438
Total	**1,412**	**1,630**
Other current liabilities		
Social security institutions	2,567	4,397
Employee payables	6,438	4,991
VAT payables	470	236
Withholding taxes	1,214	2,032
Other payables	7,741	8,149
Payables to related companies	24	36
Deferred income	1,496	478
Total	**19,950**	**20,319**

Other payables include Euro 4.9 million as the amount available to the Board of Directors in accordance with Article 25 of the by-laws which establishes the allocation to this account of 2% of net profit for the full year.

16. Trade payables

	30.06.2020	31.12.2019
Trade payables	19,226	19,586
Payables to related companies	131	1,698
Total	**19,357**	**22,243**

Trade payables principally refer to operating subsidiaries in the publishing sector and relate to the purchase of raw materials, services and capital expenditures. The book value of the trade payables reported above approximates their fair value.

There are no payables due over 12 months.

INCOME STATEMENT

17. Revenues

	H1 2020	H1 2019
Advertising	25,298	33,840
Circulation revenues	26,559	30,301
Promotions	149	192
Revenues transport services	803	542
Printing for third parties	84	89
Other services web	401	76
Total Revenues	**53,295**	**65,040**
of which related parties	*134*	*123*

18. Other operating income

	H1 2020	H1 2019
Recovery of expenses from third parties	140	192
Capital grant contributions	133	35
Rental income	66	60
Prior year income	30	100
Subsidised tariffs	-	124
Other revenues	963	1,335
Total other operating revenues	**1,332**	**1,846**
of which related parties	*36*	*120*

19. Raw material costs

	H1 2020	H1 2019
Paper	3,342	4,926
Other publishing materials	1,015	1,114
Change in inventory of raw materials and goods	(344)	(87)
Total raw materials costs	**4,013**	**5,953**

20. Other operating costs

	H1 2020	H1 2019
Distribution fees	5,721	6,594
Editorial services	4,354	5,214
Transport and delivery	2,860	3,138
Commissions and agent costs	1,955	2,684
Misc. services	1,794	2,286
Maintenance and repair costs	1,426	1,558
Consulting	1,256	1,518
Outside contractors	495	797
Directors and statutory auditors' fees	808	991
Utilities and power	613	765
Advertising & promotions	466	712
Cleaning and security	559	670
Other costs	2,179	2,618
Total service costs	**24,486**	**29,545**
Rental	126	602
Hire	318	303
Total rent, lease and hire costs	**444**	**905**
Other operating charges	1,006	1,347
Total other costs	**1,006**	**1,347**
Total other operating costs	**25,936**	**31,797**
of which related parties	*381*	*1,094*

21. Amortisation, depreciation, provisions & write-downs

	H1 2020	H1 2019
Amortisation of intangible assets	150	147
Depreciation of property, plant & equipment	1,255	1,276
Amortisation for leased assets	1,792	1,663
Provision for risks and charges	30	30
Write-downs: Intangible Assets with Indefinite Useful Life	22,000	-
Doubtful debt provision	468	334
Total amortisation, depreciation, provisions & write-downs	**25,695**	**3,450**

The depreciation of tangible fixed assets principally relates to the depreciation on printing and rotary plant.

In relation to the write-down of intangible assets with indefinite life reference should be made to Note 2.

22. Net financial income/(charges)

Financial income	H1 2020	H1 2019
Dividends	3,250	5,850
Bank deposit interest	-	2
Other financial income	3	38
Total	**3,253**	**5,890**
of which related parties	*3,250*	*5,850*
Financial charges		
Interest on bank accounts	(129)	(136)
Financial charges on post-em. bens.	(140)	(179)
Banking commissions and charges	(76)	(111)
Int. on leased assets IFRS 16	(43)	(73)
Other financial expenses	(31)	(25)
Total	**(419)**	**(524)**
of which related parties	*35*	*21*
Financial result	**2,834**	**5,366**

The dividends included in financial income relates to the shareholding in Assicurazioni Generali SpA.

23. Earnings per share

The basic earnings (loss) per share is calculated by dividing the Group net result for the period by the weighted average number of ordinary shares outstanding in the period.

	H1 2020	H1 2019
Net Result	(18,151)	1,647
Number of ordinary shares in circulation (000's)	106,790	106,790
Basic earnings/(loss) per share	**(0.17)**	**0.015**

The diluted result per share is identical to the basic result per share as at the date of the present financial statements there were no securities which may be converted into shares.

In 2020 no dividends were distributed.

24. Other comprehensive income statement items

The breakdown of the other comprehensive income statement items, excluding the tax effects, is reported below:

	30.06.2020			30.06.2019		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Profit/(loss) from the valuation of Investments in equity instruments	(32,012)	255	(31,757)	12,740	(436)	12,304

25. Related party transactions

Transactions with companies under common control

The transactions of Group companies with related parties generally relate to normal operations and are regulated at market conditions. They principally relate to the exchange of goods, the provision of services, and the provision and use of financial resources by associated companies and subsidiaries excluded from the consolidation scope, as well as with other companies belonging to the Caltagirone Group or under its control.

There are no atypical or unusual transactions which are not within the normal business operations; the following table reports the values.

	Parent	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions 31.12.2019						
Trade receivables		166	80	**246**	**41,682**	0.59%
Trade payables	1,978	148		**2,126**	**21,510**	9.9%
Non-current financial liabilities		6,548		**6,548**	**9,782**	66.9%
Current financial liabilities		1,972		**1,972**	**11,242**	17.5%
Other current liabilities		84		**84**	**20,265**	0.4%
Income statement transactions 30.06.2019						
Revenues		115	8	**123**	**64,788**	0.2%
Other operating income		23		**23**	**2,098**	1.1%
Other operating costs	300	794		**1,094**	**31,797**	3.4%
Financial income			5,850	**5,850**	**5,890**	99.3%
Financial charges		21		**21**	**524**	4.0%

30.06.2020	Parent	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions						

Trade receivables		201		**201**	**34,705**	0.6%
Non-current financial liabilities		4,103		**4,103**	**4,697**	87.4%
Trade payables	100	31		**131**	**19,357**	0.7%
Current financial liabilities		2,049		**2,049**	**10,432**	19.6%
Other current liabilities		26		**26**	**19,950**	0.1%
Income statement transactions						
Revenues		134		**134**	**53,295**	0.3%
Other operating income		36		**36**	**1,332**	2.7%
Other operating costs	200	181		**381**	**25,936**	1.5%
Financial income			3,250	**3,250**	**3,253**	99.9%
Financial charges		35		**35**	**419**	8.4%

Trade receivables principally concern commercial transactions for the sale of advertising space.

Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the first half of 2020 and previously.

Operating revenues principally concern the advertising carried out with Group newspapers by companies under common control.

The account financial income relates to dividends received from Assicurazioni Generali SpA.

26. Business segment information

The disclosures required in accordance with IFRS 8 on the segment information are provided below. The Caltagirone Editore Group, in consideration of the economic and financial relations between the various Group companies and the interdependence between the publishing activities of the various Group newspapers and the advertising activity carried out by the Group agency, operates within a single sector, defined as a distinctly identifiable part of the Group, which provides a set of related products and services and is subject to differing risks and benefits from the other sectors of Group activity. This vision is used by Management to carry out an analysis of operational performance and for the specific management of related risks. The Group operates exclusively in Italy and bases sector performance on turnover volumes and EBITDA from ordinary operations.

In thousands of Euro	*Publishing*	*Other activities*	*Unallocated items and eliminations*	*Caltagirone Editore Group*
30.06.2019				
Segment revenues	**66,848**	**300**	**(262)**	**66,886**
Inter-segment revenues	(12)	(250)	262	-
Operating grants	66,836	50		66,886
Segment EBITDA	**(221)**	**(690)**		**(911)**
Depreciation, amortisation, provisions & write-downs	(3,349)	(101)		(3,450)
EBIT	**(3,570)**	**(791)**	**-**	**(4,361)**
Net financial result			**5,366**	5,366
Profit/(loss) before taxes				**1,005**
Income taxes				642
Profit/(loss)				**1,647**
	Publishing	*Other activities*	*Unallocated items and eliminations*	*Caltagirone Editore Group*
Segment assets	302,941	264,839		567,780
Segment liabilities	128,166	10,377		138,543
Investments in intangible and tangible fixed assets	13,242	2,115		15,357

In thousands of Euro	*Publishing*	*Other activities*	*Unallocated items and eliminations*	*Caltagirone Editore Group*
30.06.2020				
Segment revenues	**54,663**	**250**	**(286)**	**54,627**
Inter-segment revenues	(36)	(250)	286	-
Operating grants	54,627	-		54,627
Segment EBITDA	**(1,191)**	**(623)**		**(1,814)**
Depreciation, amortisation, provisions & write-downs	(25,586)	(109)		(25,695)
EBIT	**(26,777)**	**(732)**	**-**	**(27,509)**
Net financial result			**2,834**	2,834
Profit/(loss) before taxes				**(24,675)**
Income taxes				6,524
Profit/(loss)				**(18,151)**
	Publishing	*Other activities*	*Unallocated items and eliminations*	*Caltagirone Editore Group*
Segment assets	264,210	212,378		476,588
Segment liabilities	111,290	6,996		118,286
Investments in intangible and tangible fixed assets	870			870

27. Net financial position

The Net Cash Position, as required by CONSOB Communication DEM 6064291 of July 28th 2006 is as follows:

In thousands of Euro	**H1 2020**	**31.12.2019**	**H1 2019**
A. Cash	44	39	49
B. Bank deposits	112,822	112,330	111,680
D. Liquidity (A)+(B)	**112,866**	**112,369**	**111,729**
E. Current financial receivables	**-**	**-**	**-**
F. Current bank payables	7,863	9,285	
G. Current portion of non-current debt	2,569	3,607	

H. Current payables to other lenders	-	-	9,782
I. Current debt (F)+(G)+(H)	**10,432**	**12,892**	**9,782**
J. Net current cash position (I)-(E)-(D)	**(102,434)**	**(99,477)**	**(101,947)**
K. Non-current bank payables	-	-	7,911
L. Non-current payables to other lenders	4,697	5,700	3,331
M. Non-current financial debt (K)+(L)	**4,697**	**5,700**	**11,242**
N. Net Cash Position (J)+(M)	**(97,737)**	**(93,777)**	**(90,705)**

28. Hierarchy of Fair Value according to IFRS 13

In relation to financial instruments recorded at Fair Value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the sources of the input utilised in the determination of the Fair Value. Therefore, the following hierarchy levels are established:

- Level 1: determination of fair value based on prices listed in active markets by class of asset or liability subject to valuation;

- Level 2: determination of Fair Value based on input other than the listed prices included at Level 1 but which are directly observable (prices) and indirectly (derivatives from prices) on the market; instruments not characterised by sufficient level of liquidity or which do not express in a continuous manner a “binding” market listing are included in this category;

- Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

The following table shows the hierarchy level for the assets and liabilities which are valued at Fair Value:

Dec 31st 19	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in equity instruments	4	119,567			**119,567**
Total assets		**119,567**	**-**	**-**	**119,567**

Jun 30th 20	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in equity instruments	4	87,555			**87,555**
Total assets		**87,555**	**-**	**-**	**87,555**

In H1 2020 there were no transfers between the various levels.

Declaration on the Condensed Consolidated Half-Year Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gianni, as Chairman of the Board of Directors, and Fabrizio Caprara, executive responsible for the preparation of the corporate accounting documents of Caltagirone Editore S.p.A., affirm, and also in consideration of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24th 1998:

    - the accuracy of the information on company operations and
    - the effective application,

    of the administrative and accounting procedures for the compilation of the condensed consolidated half-year financial statements for the first half-year of 2020.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the condensed consolidated half-year financial statements.

    In relation to this, no important matters arose.

3. It is also declared that:

3.1 the condensed consolidated half-year financial statements:

a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19th 2002;

b) corresponds to the underlying accounting documents and records;

c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

3.2 the Interim Directors' Report on operations includes an analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The interim directors' report also includes a reliable analysis of the information on transactions with related parties.

Rome, July 27th 2020

The Chairman	**The Executive Responsible**
Mr. Francesco Gianni	Mr. Fabrizio Caprara