2020 Annual Financial Report

GRUPPO 24 ORE

INDEX

Composition of Corporate Bodies

The Board of Directors and the Board of Statutory Auditors were elected by the Ordinary Shareholders' Meeting on 30 April 2019.

The Board of Directors and the Board of Statutory Auditors shall remain in office until the Shareholders' Meeting called to approve the financial statements for the year 2021.

Board of Directors

Chairperson	Edoardo GARRONE
Deputy Chairperson	Carlo ROBIGLIO
Chief Executive Officer	Giuseppe CERBONE
Directors	Marco GAY Veronica DIQUATTRO[1] Patrizia Elvira MICUCCI Elena NEMBRINI Salvatore Maria NOLASCO Mirja CARTIA d'ASERO[2] Maurizio STIRPE Fabio Domenico VACCARONO

Control and Risk Committee

Chairperson	Salvatore Maria NOLASCO
Members	Carlo ROBIGLIO Patrizia Elvira MICUCCI

Committee for Transactions with Related Parties

Chairperson	Patrizia Elvira MICUCCI
Members	Elena NEMBRINI Salvatore Maria NOLASCO

[1] On 7 October 2020, the Board of Directors co-opted Veronica Diquattro to replace Marcella Panucci
[2] On 23 July 2020, the Board of Directors co-opted Mirja Cartia d'Asero to replace Vanja Romano

Appointments and Remuneration Committee

Chairperson	Elena NEMBRINI
Members	Marco GAY Patrizia Elvira MICUCCI

Committee on compliance with the Editorial Mission of the 24 ORE Group

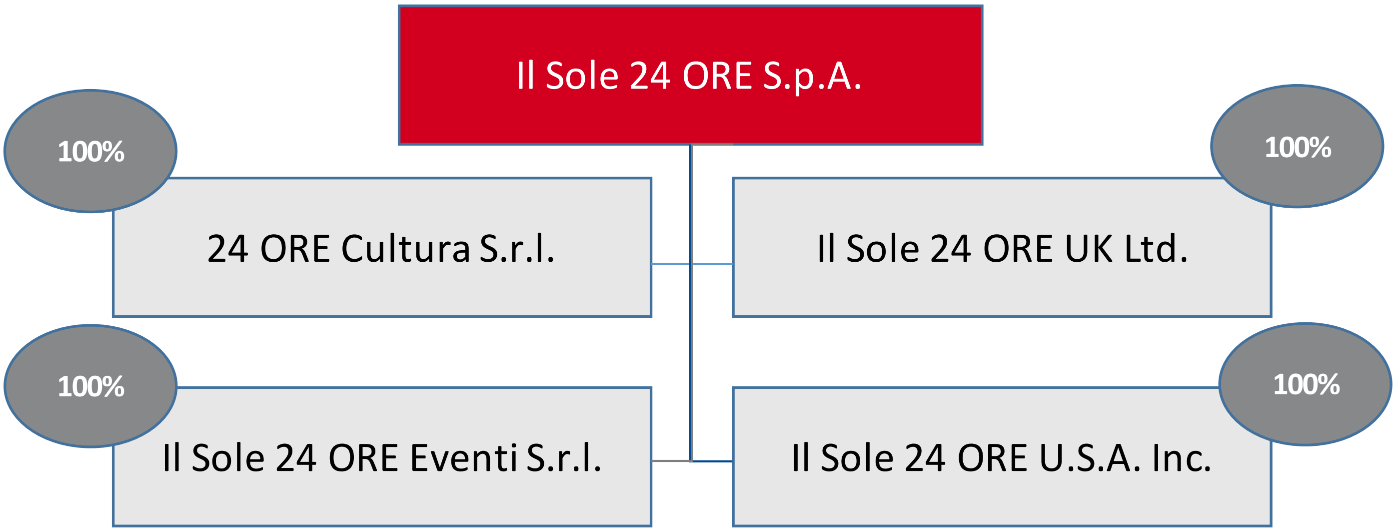
Chairperson	Carlo ROBIGLIO
Members	Marco GAY Fabio Domenico VACCARONO

Board of Statutory Auditors

Chairperson	Pellegrino LIBROIA
Standing Auditors	Paola COPPOLA Francesco PELLONE
Alternate Auditors	Alessandro PEDRETTI Cecilia ANDREOLI

Common representative of special category shareholders	Marco PEDRETTI
Manager in charge of financial reporting	Paolo FIETTA
Internal Audit Manager	Claudio VITACCA
Independent Auditors	EY S.p.A.

STRUCTURE OF THE 24 ORE GROUP AT 31 DECEMBER 2020



24 ORE GROUP IN 2020 - SUMMARY FIGURES AND INFORMATION

Group Profile

The 24 ORE Group is the main multimedia publishing group active in Italy in the economic-financial, professional and cultural information market, offering its services to the public, professional categories, businesses and financial institutions.

The information offered by Il Sole 24 ORE, the leading daily newspaper in economic, financial and regulatory news, is integrated with the press agency Radiocor Plus (Italian leader in financial information), the portal www.ilsole24ore.com and the news & talk radio station Radio 24.

The Group's reference market for advertising consists of the press (excluding local advertising), radio and digital media.

The Group has a leadership position in services for professionals and businesses, entirely owned in Italy, with an integrated range of publishing products and services aimed at meeting the needs of professionals, businesses and the public administration for updates and in-depth analysis on tax, legal, regulatory and economic-financial issues. The Group is also present on the software market with products focused on professional clients.

The 24 ORE Group also boasts an important presence in the organization of exhibitions and cultural events through the company 24 ORE Cultura S.r.l., one of the main players in the market which, with twenty years of experience and over 50 major exhibitions produced, can boast a consolidated network of relationships with leading institutions in Italy and around the world.

The Group operates in the management and organization, promotion and sale, both in Italy and abroad, of conferences, events and meetings, also in collaboration with public and private entities through the company Il Sole 24 ORE Eventi S.r.l.

Key summary figures of the 24 ORE Group

The 24 ORE Group closed 2020 with a positive EBITDA of Euro 20.1 million, a positive EBIT of Euro 2.3 million and a net loss of Euro 1.0 million. Equity amounted to Euro 35.3 million, a decrease of Euro 1.3 million compared to equity in the consolidated financial statements at 31 December 2019, which amounted to Euro 36.6 million.

The following are the Group's key financial figures at 31 December 2020 derived from the consolidated financial statements:

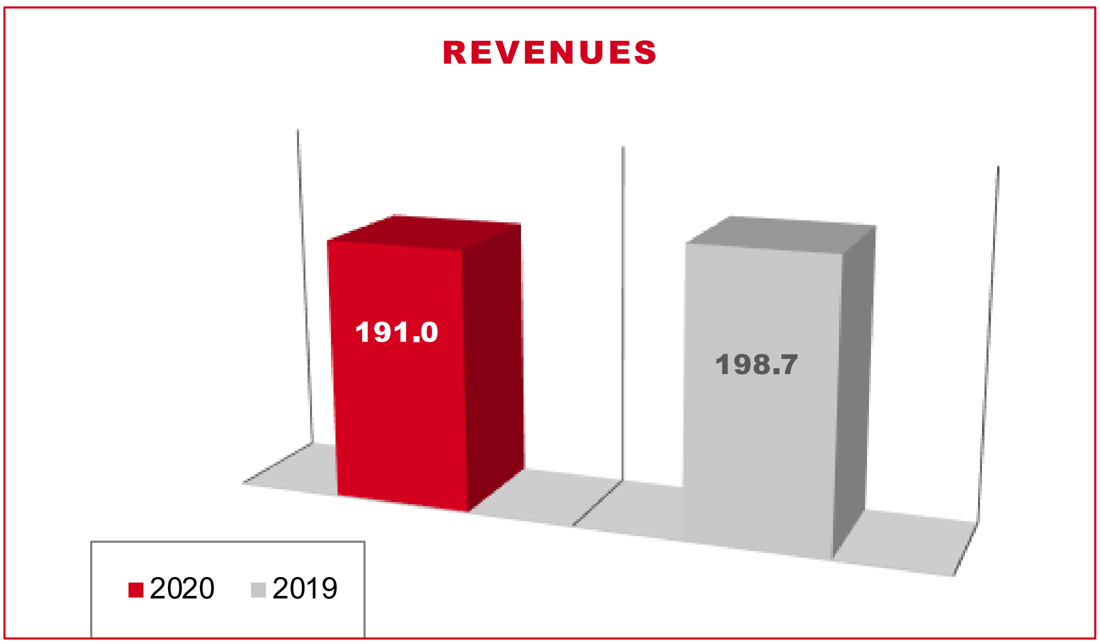
KEY CONSOLIDATED FIGURES OF THE 24 ORE GROUP		
Euro thousands	FY 2020	FY 2019
Revenues	190,976	198,737
Gross operating margin (EBITDA)	20,119	21,042
Operating profit (loss) (EBIT)	2,268	(2,761)
Profit (loss) before taxes	324	(398)
Net profit (loss) for the period	(989)	(1,202)
	31.12.2020	31.12.2019
Non-current assets	146,719	129,478
Current assets	127,665	84,111
Total assets	**274,384**	**213,589**
Group equity	35,320	36,572
Minority interests	-	-
Total equity	**35,320**	**36,572**
Non-current liabilities	112,941	49,325
Current liabilities	126,123	127,693
Total liabilities	**239,064**	**177,018**
Total equity and liabilities	**274,384**	**213,589**

Key summary figures of the 24 ORE Group net of non-recurring income and expenses

Below are the Group's key financial figures for 2020, net of non-recurring income and expenses:

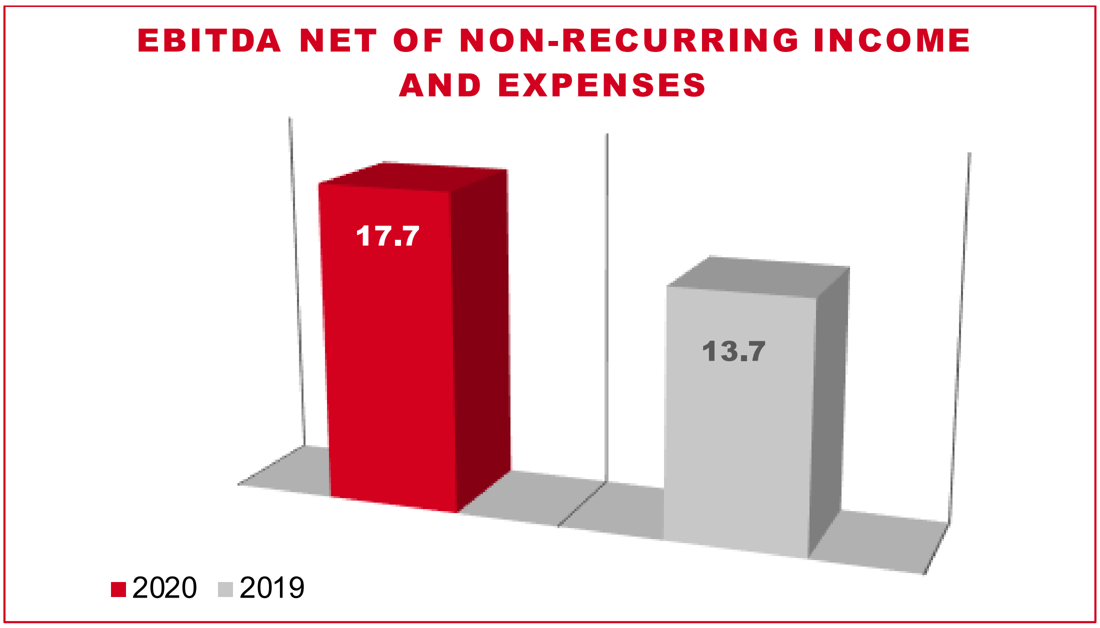
KEY CONSOLIDATED FIGURES NET OF NON-RECURRING INCOME AND EXPENSES		
Euro thousands	FY 2020	FY 2019
Revenues	190,976	198,737
EBITDA net non-recurring income and expenses	17,741	13,663
EBIT net of non-recurring income and expenses	586	(3,057)
Profit (loss) before taxes net of non-recurring income and expenses	(1,359)	(4,525)
Net profit (loss) net of non-recurring income and expenses	(2,874)	(6,061)
	31.12.2020	31.12.2019
Equity	35,320	36,572
Net financial position	(50,897)	(26,293)

The 24 ORE Group achieved **consolidated revenues** of Euro 191.0 million in 2020, which compares with a value of Euro 198.7 million in 2019 (Euro -7.8 million, or -3.9%). The negative variance in revenues was impacted by the effects of the health emergency caused by the spread of the Covid-19 virus and the consequent restrictive measures imposed by government authorities, which aggravated the weakness associated with the structural decline in the reference market.



The **Gross operating margin** (EBITDA), net of non-recurring income and expenses at 31 December 2020 was a positive Euro 17.7 million, compared to a positive Euro 13.7 million in 2019. 2020 EBITDA benefited from net non-recurring income of Euro 2.4 million from:

- release of the provision for tax risks, recorded following the disposal of the investment in Business School24 S.p.A. for Euro 1.5 million;
- allocation to the provision for social security risks of Euro 0.2 million. At the date of these consolidated financial statements, the provision for social security risks has been restated on the basis of potential residual criticalities relating to the application and management of social shock absorbers;
- restructuring expenses of Euro 2.7 million, included in personnel costs. These expenses were set aside on the basis of actions to reorganize the Group structure, and certain activities, in line with the post-Covid Business Plan approved on 30 June 2020, also in light of the instruments made available by Budget Law no. 178/2020;
- income of Euro 3.5 million collected by the company 24 ORE Cultura S.r.l. for the period 23 February-31 July 2020 relating to the "Allocation of a portion of the emergency fund for companies and cultural institutions referred to in article 183, paragraph 2, of Decree-Law no. 34 of 2020, intended to compensate operators in the art exhibition sector on 3 August";
- other contributions of Euro 0.3 million obtained in support of businesses following the health emergency caused by the spread of the Covid-19 virus.



Below is the breakdown of non-recurring income and expenses:

BREAKDOWN OF CONSOLIDATED NON-RECURRING INCOME AND EXPENSES		
Euro thousands	FY 2020	FY 2019
Gross operating margin (EBITDA)	**20,119**	**21,042**
Compensation for operators in the exhibition sector art. 183 paragraph 2 D.L.34/2020	3,521	
Other contributions Covid-19	291	
Compensation for damages to former directors		400
Releases (provisions) for contractual risks	-	3,925
Release of risk provision for contingent liabilities, including tax, connected with the outcome of criminal proceedings no. 5783/17 R.G.N.R.		1,095
Release of provision for tax risks on disposal of BS24 investment	1,500	
Release (allocation) of provision for social security risks	(199)	400
Releases (provisions) for legal risks		140
Expenses for disposal of production plants		(90)
Administrative penalty related to the acceptance of the plea bargain on crim. proc. no. 5783/17 R.G.N.R		(50)
Recalculation of payable for personnel restructuring expenses	(2,736)	1,559
Total non-recurring income and expenses with impact on EBITDA	**2,377**	**7,379**
EBITDA net of non-recurring income and expenses	**17,741**	**13,663**
Operating profit (loss) (EBIT)	**2,268**	**(2,761)**
Total non-recurring income and expenses with impact on EBITDA	**2,377**	**7,379**
Effects of contractual changes	(662)	(338)
Write-down of rotary press Bologna	(33)	
Effects of early termination of lease contract Milan - Via Monte Rosa office	-	(6,745)
Total non-recurring income and expenses with impact on EBIT	**1,682**	**296**
EBIT net of non-recurring income and expenses	**586**	**(3,057)**
Profit (loss) before taxes	**324**	**(398)**
Total non-recurring income and expenses with impact on EBIT	**1,682**	**296**
Gain on disposal of Business School24 S.p.A.		3,831
Total non-recurring income and expenses on profit (loss) before taxes	**1,682**	**4,127**
Profit (loss) before taxes net of non-recurring income and expenses	**(1,359)**	**(4,525)**
Net profit (loss)	**(989)**	**(1,202)**
Total non-recurring income and expenses on net profit (loss) before taxes	**1,682**	**4,127**
Release of deferred taxes due to contractual changes	203	732
Total non-recurring income and expenses on net profit (loss)	**1,885**	**4,859**
Net profit (loss) net of non-recurring income and expenses	**(2,874)**	**(6,061)**

The **net financial position** at 31 December 2020 was a negative Euro 50.9 million compared to a negative Euro 26.3 million at 31 December 2019. The change in the net financial position is mainly related to:

- the increase in the payable deriving from the present value of the lease fees of the new contracts for the offices in Milan, Viale Sarca, equal to Euro 29.8 million, and in Rome, equal to Euro 3.5 million in application of IFRS 16;

- the cash flow from investments and the payment of non-recurring expenses relating to incentive payments made during the year;

- the increase in current financial receivables, which at 31 December 2020 included Euro 15.8 million from Education Acquisitions Limited referring to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. This receivable in the financial statements at 31 December 2019 was included in non-current assets and therefore, not included in the related net financial position.

Non-current financial debt also includes the long-term bank payable resulting from the signing on 20 July 2020 of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", with a nominal value of Euro 37.5 million and a duration of 6 years.

The Group's current net financial position was a positive Euro 30.9 million, compared with a negative Euro 10.3 million at 31 December 2019.

Significant events in the year

Following the approval of DDL no. 2305 of 23 December 2019, in January 2020, the Group presented a reorganization plan in the presence of a crisis, pursuant to article 25-bis, paragraph 3, letter A) of Legislative Decree 148/2015, for the graphic and polygraph area ratified at the Ministerial meeting on 6 February 2020. The plan ended on 10 May 2020 with the planned exits through the use of the Cassa Integrazione Straordinaria (Extraordinary Wage Guarantee Fund), aimed at early retirement in the sector, to manage the redundancies resulting from the reorganization.

In view of the health emergency situation arising from the spread of the Covid-19 virus, in accordance with the order of 23 February 2020 by the Ministry of Health and the President of the Lombardy Region, the 24 ORE Group events involving physical presence were cancelled and others were rescheduled during 2020. At the same time, the digital event line was developed. Following the same order, the Mudec – Museo delle Culture in Milan, managed by the subsidiary 24 ORE Cultura S.r.l., was closed until further notice, with the consequent postponement of some exhibitions.

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

On 12 March 2020, the Company's Board of Directors approved the 2020-2023 Plan, which confirmed the strategic direction of the previous 2019-2022 Plan approved on 15 May 2019, of which it represented an update and development.

In continuity with the previous plan, the following strategic guidelines were outlined:

- strengthen the value of content within the integrated 24 ORE system by focusing on products and services with a high margin and a high rate of innovation in both print and digital offerings;
- accelerate the multichannel commercial performance through a strong push on upselling and enhancement of the customer base;
- increase the territorial presence to involve more and more users of products and services of the 24 ORE system and enhance the relevance of the brand;
- transform the operating machine in order to make drafting, production and distribution costs more efficient.

The 2020-2023 Plan took into account the impact of the measures implemented by management to revise the structure of operating costs, including the forthcoming relocation of the Company's headquarters and offices in Milan, and of the measures taken on labour costs, including early retirements of graphic and polygraph personnel for those who meet the requirements during the first quarter of 2020, in accordance with the provisions of Budget Law no. 160/2019.

The 2020-2023 Plan did not reflect the possible impacts of the health emergency related to the spread of the Covid-19 virus and the extraordinary measures introduced by the competent authorities to contain it. At the time of drafting of the 2020-2023 Plan, it was not possible to predict the scope both in terms of duration and impact on the business.

On 12 March 2020, an amendment was received from the lending banks, which redefined the value of the 12-month rolling EBITDA financial parameter used to calculate the covenant at 30 June 2020 (the date of the last interim valuation before loan maturity), reducing it from Euro 16.5 to 13.0 million. The 2020 budget approved on the same date met the new EBITDA covenant.

On 12 March 2020, the Company's Chief Executive Officer extended the designation of Key Executives (DIRS) to Eraldo Minella - General Manager Professional Area, and Romeo Marrocchio - Central Director Personnel and Operations. At the date of this Report, the following Executives are identified as DIRS of the Company: Federico Silvestri - General Manager System 24 and Business Unit Director Radio 24; Paolo Fietta - General Manager Corporate & CFO; Karen Nahum - Deputy General Manager Publishing & Digital Area; Eraldo Minella - General Manager Professional Area and Romeo Marrocchio - Central Director Personnel and Operations.

On 29 April 2020, the Shareholders' Meeting of Il Sole 24 ORE S.p.A., approved the Company's Financial Statements for the year ended 31 December 2019 with a loss for the year of Euro 30,351. The same Meeting also resolved to fully cover this loss through the use of the share premium reserve.

On 29 April 2020, the Meeting acknowledged the 2019 Consolidated Non-Financial Statement, contained in the 2019 Annual Financial Report, published on 8 April 2020 and prepared in accordance with Legislative Decree 254 of 30 December 2016.

On 29 April 2020, the Shareholders' Meeting approved the Remuneration Policy contained in the first section of the "Report on the Remuneration Policy and Remuneration Paid" pursuant to article 123-ter, paragraph 3-bis of Legislative Decree 58/1998 and expressed a favourable opinion on the second section of the aforementioned Report, on the Remuneration Paid, pursuant to article 123-ter, paragraph 6 of Legislative Decree 58/1998.

Also on 29 April 2020, the Shareholders' Meeting of the holders of the special category shares resolved: *(i)* to approve the financial statements pursuant to article 146, paragraph 1, letter C of Legislative Decree no. 58/1998 of the Common Representative, Marco Pedretti, for the three-year period 2017-2019; *(ii)* to appoint as Common Representative of special category Shareholders Marco Pedretti; *(iii)* to set the term of office of the Common Representative at three years and, therefore, until the Meeting called to approve the financial statements for the year ending 31 December 2022; and *(iv)* to set the remuneration of the Common Representative of Special Category Shareholders at Euro 10 thousand gross per year, therefore leaving it unchanged from the previous term of office.

On 4 May 2020, the Company went through the procedure with the trade union representatives of the graphic and polygraph workers for recourse to the use of social shock absorbers for the maximum period permitted by regulations, as provided for by the orders issued by the competent authorities to deal with the health emergency resulting from the spread of the Covid-19 virus, in particular within the framework of the special rules in support of employment. In addition, to the extent compatible with the organization of work and production requirements, for the remaining part of the work, the Company made use of i) the agile work method, as governed by the applicable provisions of law and contract, ii) holidays, leaves and leaves of absence, and iii) ordinary flexibility instruments. The activation of the ordinary wage integration treatment, for the maximum period permitted and in the defined measure, was from 11 May 2020.

On 5 May 2020, AGCOM (Communications Regulator) with Resolution no. 169/20/CONS, ordered the company L'Eco della Stampa to remove, within two days of notification of the measure, the articles of the newspaper Il Sole 24 ORE bearing the words "confidential reproduction" from its service, including the archives, considering the conduct of the operator in violation of copyright law. With the removal order, AGCOM reiterated that the legislation in force requires providers of press review services to obtain the consent of the publisher for the reproduction of "confidential reproduction" articles, in line with what has been repeatedly stated by case law. On 14 May 2020, L'Eco della Stampa filed an appeal with the Lazio Regional Administrative Court for the annulment of AGCOM Resolution no. 169/20/CONS of 5 May 2020, requesting, as precautionary measure and also as a matter of urgency, the suspension of the measure. On 16 May 2020, the request for suspension made by L'Eco della Stampa was rejected with presidential decree that set the Council Chamber for the collegial precautionary hearing on 3 June 2020.

At the hearing of 3 June 2020, the Lazio Regional Administrative Court (TAR) rejected the request for suspension made by L'Eco della Stampa, also on a collegial basis.

On 26 June 2020, L'Eco della Stampa notified a precautionary appeal before the Council of State against the Lazio Regional Administrative Court order referred to above with a request for a presidential precautionary measure and notified additional grounds in the appeal on the merits before the Lazio Regional Administrative Court signed by new defendants.

On 30 June 2020, the President of the Sixth Section of the Council of State granted the L'Eco della Stampa request for a monocratic precautionary measure and suspended the deeds challenged in first instance, setting the hearing for discussion in chambers for 16 July 2020.

On 8 May 2020, the Company:

- made a formal request to the lending banks to suspend recognition of the covenants at 30 June 2020 (covenant holiday);
- sent the request to obtain a medium-long term loan from a pool of banks, backed by a SACE guarantee pursuant to Law Decree 8 April 2020, no. 23, "Liquidity Decree";
- made a formal request to extend the trade receivables securitization line beyond the current expiry date of 31 December 2020.

On 30 June 2020, the Company's Board of Directors approved an update to the 2020-2023 Plan that incorporates the impacts of the health crisis related to the spread of Covid-19.

The previous 2020-2023 Plan, approved on 12 March 2020, did not reflect the impacts of the health emergency related to the spread of the Covid-19 virus and the extraordinary measures subsequently introduced by the competent authorities to contain it, the extent of which could not yet be predicted, both in terms of duration and impact on business. The final figures for the first few months of 2020, the slowdown in the economy following the pandemic and the updated analysts' estimates have forced the Company's management to update its forecasts, albeit within a general reference context that still remains very uncertain. The update of the approved Plan substantially confirms the strategic guidelines and medium-long term objectives of the pre-Covid 2020-2023 Plan.

The 2020-2023 post-Covid Plan, which was approved on 30 June 2020 and updates the 2020-2023 Business Plan to reflect the impact of the pandemic, does not allow compliance with the financial parameters established in the existing covenants and for which, moreover, the Company had already made a formal request on 8 May 2020 to the lending banks to suspend recognition at 30 June 2020 (covenant holiday). On 30 June 2020, the Company clarified this request to the lending banks, confirming the suspension of the recognition of the 12-month rolling EBITDA covenant at 30 June 2020 (covenant holiday) and requesting modification of the value of the financial parameter set for the equity covenant at 30 June 2020 from Euro 30.0 million to Euro 24.0 million.

As of 1 July, agreements were signed for journalists to use the Cassa Integrazione in Deroga (Wage Guarantee Fund in derogation) for the maximum period permitted by law, followed by solidarity contracts to cover the entire year.

On 6 July 2020, L'Eco della Stampa served additional grounds in the appeal on the merits before the Lazio Regional Administrative Court. On 17 July 2020, the Council of State filed Ordinance no. 4289/2020, referring the case back to the Lazio Regional Administrative Court for the setting of the hearing on the merits; the Council of State therefore accepted the precautionary appeal of L'Eco della Stampa only for the part relating to the setting of the hearing on the merits, essentially reconfirming both the validity of the AGCOM resolution of 5 May 2002, and the Lazio Regional Administrative Court's precautionary order of 3 June 2020. On 22 July 2020, L'Eco della Stampa notified the Company of a further appeal before the Council of State to obtain the revocation of collegial order no. 4289/2020, of the sixth section of the same Council of State, which upheld the precautionary appeal proposed by L'Eco della Stampa only "for the purposes of promptly setting the hearing on the merits", pursuant to article 55, paragraph 10, of the Administrative Procedure Code. Also on 22 July, the Company filed its brief in the appeal proceedings. On 24 July 2020, the President of the Sixth Section of the Council of State rejected by decree the application for the grant of the monocratic precautionary measures requested by L'Eco della Stampa in its appeal for revocation of collegial order no. 4289/2020. The hearing for the discussion in chambers has been set for 27 August 2020 and by order of the Council of State of 28 August 2020, the appeal for revocation has also been rejected in its entirety for inadmissibility - to date, therefore, the AGCOM measure of 5 May 2020 has been assessed by as many as four rulings of the Lazio Regional Administrative Court and the Council of State and deemed fully valid and effective, confirming the correctness of the position of Il Sole 24 ORE, at least until the conclusion of the judgement on the merits currently pending before the Lazio Regional Administrative Court.

It should also be noted that on 7 August 2020, Data Stampa S.r.l. - another important press review operator - notified the Company (and FIEG) of a writ of summons before the Court of Milan seeking to ascertain the right to use in press reviews articles, news and information, including those bearing the "confidential reproduction" clause, published in the newspapers of Il Sole 24 ORE and, conversely, that Il Sole 24 ORE is not entitled to receive any remuneration for the inclusion of articles, including those bearing the "confidential reproduction" clause, included in press reviews prepared by reviewers for their clients.

This summons was followed on 28 September 2020 by a similar summons from Intelligence 2020 - Waypress Agency and, on 2 October 2020, from L'Eco della Stampa.

All three summonses are before the Court of Milan for a hearing on 24 February 2021.

On 17 July 2020, Marcella Panucci resigned from the position as non-executive Director of Il Sole 24 ORE S.p.A. Marcella Panucci was appointed for the first time in July 2012 as a member of the Board of Directors of Il Sole 24 ORE S.p.A. and did not belong to any Committee of the Company.

On 20 July 2020, Vanja Romano resigned from the position as independent non-executive Director of Il Sole 24 ORE S.p.A. Vanja Romano had been appointed in April 2019 as a member of the Board of Directors of Il Sole 24 ORE S.p.A. and did not belong to any Committee of the Company.

On 20 July 2020, a formal request was sent to cancel the bilateral cash line of credit for a total amount of Euro 1.5 million entered into on 30 November 2017, which was never drawn down. On 23 July 2020, the request was confirmed.

On 20 July 2020, Il Sole 24 ORE S.p.A. finalized with a pool of banks the new medium-long term loan agreement for an amount of Euro 37.5 million, backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree". The loan, which has a term of six years and expires on 30 June 2026, enables the Company to strengthen its financial structure by guaranteeing the investments envisaged over the period of the plan, necessary for the development of revenues and the achievement of greater operating efficiency. In addition, an agreement was reached to extend the maturity of the trade receivables securitization line for an additional six years, bringing the new maturity date to December 2026.

On 22 July 2020, a formal request was sent to cancel the revolving cash line of credit for a total amount of Euro 28.5 million entered into on 30 November 2017, which was never drawn down. On 29 July 2020, the request was confirmed.

On 23 July 2020, the Board of Directors co-opted Mirja Cartia d'Asero as an independent non-executive Director, on the proposal of the Appointments and Remuneration Committee, to replace Vanja Romano.

On 7 October 2020, the Board of Directors co-opted as a non-executive and non-independent Director, Veronica Diquattro to replace the non-executive and non-independent Director Marcella Panucci, who resigned on 17 July 2020.

With reference to the areas of Culture and Events, it should be noted that among the measures included in the Prime Ministerial Decree of 3 November 2020, "Urgent measures to contain contagion throughout the country", there is provision for the suspension of exhibitions and services opening to the public in museums and other institutes and places of culture and therefore, from 5 November to 3 December 2020 exhibitions and services open to the public in museums are suspended. In addition, conferences, conventions and other events are suspended, with the exception of those held by remote mode.

On 4 November 2020, AGCOM notified the Company of Resolution no. 565/20/CONS concerning the dismissal for settlement of the proceedings initiated against L'Eco della Stampa for non-compliance with the order set out in Resolution 169/20/CONS of 5 May 2020.

Market context

From the second half of February 2020, the market has been affected by the health emergency linked to the spread of the Covid-19 virus and the extraordinary measures introduced by the competent authorities to contain it. The effects on the publishing market concerned in particular advertising in all media, physical events and cultural activities. As a result, publishers have been quick to review their publishing plans for 2020, considering rescheduling initiatives where possible. Radio has also been particularly affected by the health emergency.

ADS data from major national newspapers indicate a decline in total circulation of print copies added to digital copies of -7.8% in 2020 compared to 2019. This trend is attributable to a drop in circulation of the printed version of -13.4%, partly offset by an increase in digital circulation of +13.2% *(Source: ADS data processing January - December 2020*).

The most recent listening figures for radio refer to the second half of 2020 and recorded a total of 33,689,000 listeners on the average day, down from 2019 (-3.4% compared to the second half; *Source: RadioTER 2019-2020*). Figures for the full year 2020 are not available due to the temporary interruption of surveys by research institutions following the spread of the Covid-19 pandemic.

The reference market for the Group's advertising sales closed the year with a double-digit decline (-17.5%, net of local newspaper advertising), certainly determined by the continuation of the health emergency in 2020: newspapers closed the year at -11.8% (net local), magazines at -36.6%, radio at -25.0% and internet at -0.8% *(Source: Nielsen - January/December 2020*). The health emergency has led to a significant slowdown in communication plans by companies, which have had to adapt their strategies to the new needs and expectations of consumers, and has also had repercussions on the professional publishing market. The effect of the health emergency with the lockdown in the first half of the year resulted in the lockdown of the B2B market to companies, entities and institutions and small and large professional activities, and prevented agent networks from developing traditional product promotion, although networks quickly adapted to remote work modes. On the channel front, however, the lockdown of bookshops (from the beginning of March until June) and smaller physical channels saw a rapid increase in the weight of online sales, which partly compensated for the loss suffered. On the professional side, the marked decrease in the ability to spend on training and refresher courses for the weaker professional groups most affected by the crisis caused by the pandemic was immediately felt.

In 2020, the professional publishing industry contracted by 2.7%. This trend is closely related to the sharp decline in turnover related to editorial content (-5.1% overall) not offset by the growth of management software (+4.2%), confirming the continuing low spending power of companies, public bodies, professionals and firms.

The 2020 analysis by market segments shows a contraction in the legal area (-4.7% compared to 2019), which sees a preference for the migration of the market towards digital solutions (especially legal databases and online portals) to the detriment of traditional paper-related sectors; while the tax area records a scaling down of growth, equal to 1.1% (against +10.1% in 2019), mainly driven by the continued development of management software related to electronic invoicing and document storage.

With regard to the type of medium used, there is a growing trend in electronic publishing, the composition of which confirms the clear shift, now structural, of the market towards the online digital segment (consisting mainly of databases, internet services and thematic portals, which account for 97.7% of electronic publishing), with an increase in value of 2.3% compared to 2019 (compared to growth of 2.4% in the previous year).

All traditional media recorded a negative sign, in particular books (-14.6% compared to 2019) and magazines (-9.8%). Traditional publishing was adversely affected in the first half of the year by the closure of book stores and professional activities.

In 2020, growth was recorded, albeit more contained, in the management software segment (mainly tax, but also legal and compliance) and marginally in residual products (overall +4.2% in 2020 compared to +11.6% recorded in 2019), influenced by various opportunities of solutions for cloud, digital signature, telematic process and integration between software and databases or platforms *(Source: Databank report "Segment Analysis and Professional Publishing Market Shares", Cerved, December 2020*).

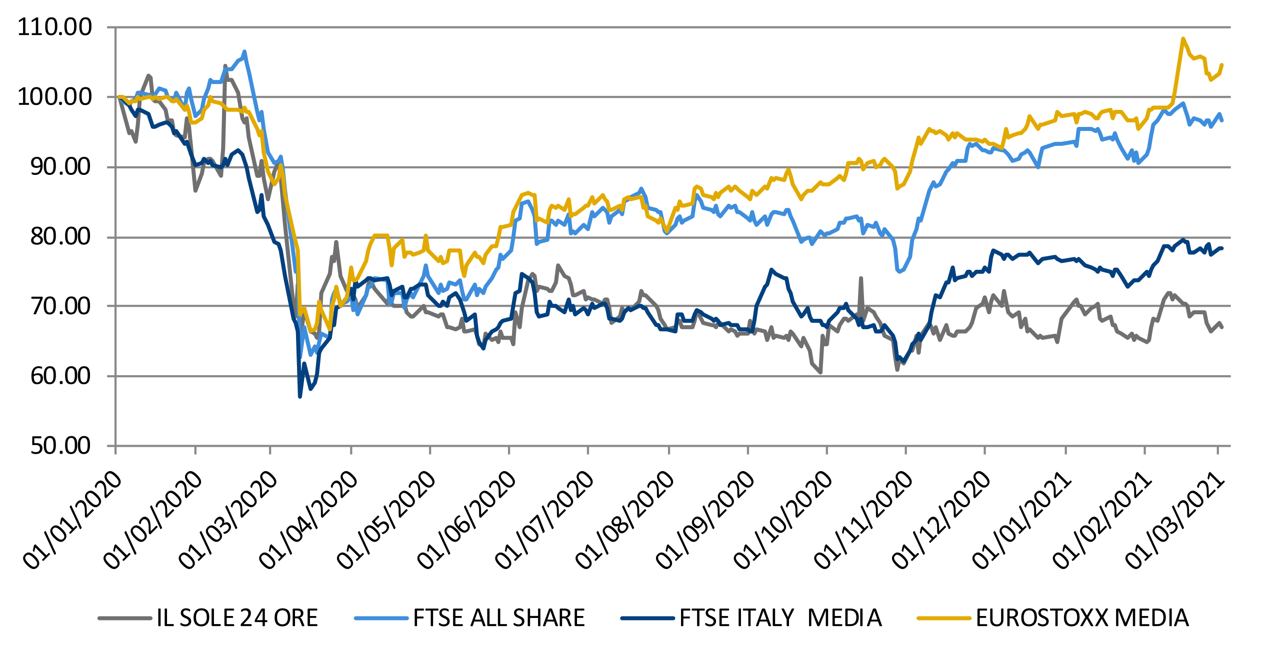
Shareholders

Through its Investor Relations department, the Company endeavours to establish a transparent and ongoing dialogue with its shareholders and investors, based on an understanding of their reciprocal roles, by promoting meetings with representatives of the Italian and international financial community, in full compliance with the relevant provisions in force and the rules governing the handling and disclosure of inside information.

In order to provide timely and easy access to information about the Issuer that is important to its shareholders, the Company has set up a dedicated Investor section on its institutional website (www.gruppo24ore.com), where it is possible to find information on the Issuer's economic and financial obligations, price-sensitive press releases and documentation prepared in support of corporate events and presentations.

A separate section of the Company website (www.gruppo24ore.com) was also set up, reserved for the Common Representative of special category shareholders, which lists the documents produced by the Representative and the related correspondence with the special category shareholders.

Performance of Il Sole 24 ORE share compared to the main indices (02/01/2020 = 100)



THE SOLE 24 ORE SHARE ON THE STOCK EXCHANGE			
Indicator	Date	Value	
Max price	12/02/2020	Euro	0.70
Min price	28/09/2020	Euro	0.41
Opening price	02/01/2020	Euro	0.67
Closing price	30/12/2020	Euro	0.46
December average price		Euro	0.46
Annual average price		Euro	0.49
Max volumes ('000)		no.	1,628.4
Min volumes ('000)		no.	0.1
Annual average volumes ('000)		no.	117.3
One-off capitalization (*)	30/12/2020	Euro M	29.8
Current price	18/03/2021	Euro	0.47

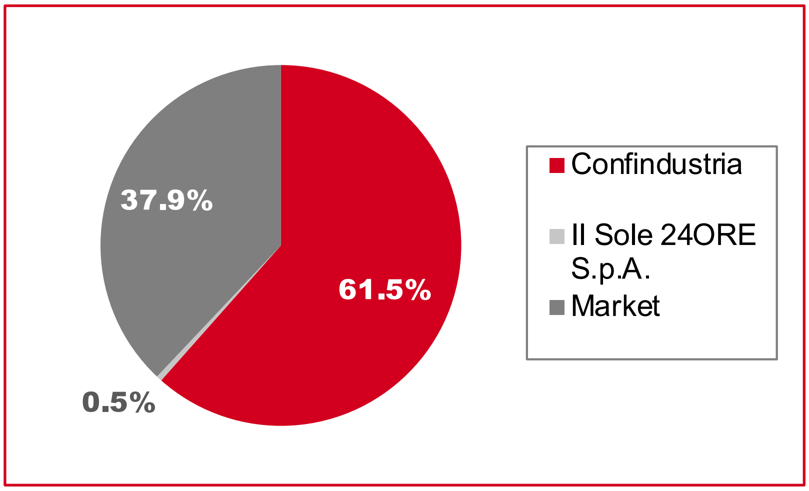
(*) calculated including the 9 million unlisted ordinary shares held by Confindustria

Sour ce: Thomson Reuters-Datastream for prices and volumes

Shareholding structure at 31 December 2020

SHAREHOLDING STRUCTURE				
Shareholders	no. ordinary shares	no. special shares	Total shares	%
Confindustria	9,000,000	31,217,484	40,217,484	61.5%
Il Sole 24 ORE S.p.A.	-	330,202	330,202	0.5%
Market	-	24,798,111	24,798,111	37.9%
Total shares	**9,000,000**	**56,345,797**	**65,345,797**	**100.0%**

SHAREHOLDING STRUCTURE



On 22 February 2019, Il Sole 24 ORE S.p.A. received notice from the shareholder Confindustria of the signing of a shareholders' agreement between Confindustria itself and 53 other associations and entities belonging to the Confindustria system, concerning an equity investment consisting of 9,000,000 ordinary shares and 35,794,136 special shares, equal in total to 68.549% of the share capital. Specifically, the shareholders' agreement contains a prior consultation requirement with regard to the exercise of voting rights at the shareholders' meeting and a right of first refusal for the entire duration of the agreement. The shareholders' agreement is valid for three years and will be tacitly renewed for further periods of three years with reference to the Parties who will not have communicated their intention not to renew their shareholding at least 90 (ninety) calendar days before such expiry date, provided that no cancellations have been received from Parties who are owners of syndicated shares representing more than 3% (three percent) of the Company's capital. The lock-up period relating to the transfer of investments, which expired on 22 August 2020, will not extend to subsequent renewals of the shareholders' agreement.

REPORT ON PERFORMANCE OF BUSINESS AREAS

The table below shows the Group's key figures broken down by business area.

INCOME STATEMENT BY BUSINESS AREA

SECTOR	Revenues from third parties	Intersegment revenues	Total Revenues	EBITDA	Amortization/Depreciation	IFRS 16 contractual changes and other write-downs	Gains/losses	EBIT
PUBLISHING & DIGITAL								
FY 2020	65,281	42,506	107,787	11,795	(4,831)	(33)	1	6,932
FY 2019	62,232	45,579	107,811	3,209	(4,044)	-	(0)	(834)
TAX&LEGAL								
FY 2020	44,014	267	44,281	13,535	(1,067)	-	-	12,467
FY 2019	43,219	128	43,348	12,994	(798)	-	0	12,196
RADIO								
FY 2020	164	15,755	15,919	2,825	(1,375)	-	4	1,453
FY 2019	185	18,214	18,400	4,146	(1,200)	-	1	2,947
SYSTEM								
FY 2020	77,789	(2,205)	75,584	554	(28)	-	-	526
FY 2019	81,860	(749)	81,110	(141)	(26)	-	-	(167)
EVENTS								
FY 2020	1,681	2,662	4,343	1,027	(5)	-	-	1,022
FY 2019	-	-	-	-	-	-	-	-
CULTURE								
FY 2020	2,048	434	2,482	430	(485)	(662)	-	(718)
FY 2019	11,241	906	12,146	1,097	(523)	(481)	-	93
CORPORATE AND CENTRALIZED SERVICES								
FY 2020	1	-	1	(10,047)	(9,377)	-	9	(19,416)
FY 2019	1	-	1	(264)	(10,127)	(6,602)	(1)	(16,995)
CONSOLIDATED								
FY 2020	**190,976**	**-**	**190,976**	**20,119**	**(17,169)**	**(696)**	**14**	**2,268**
FY 2019	**198,737**	**-**	**198,737**	**21,042**	**(16,719)**	**(7,083)**	**(1)**	**(2,761)**

Publishing & Digital

Publishing & Digital is the business area that includes the daily newspaper Il Sole 24 ORE, digital products linked to the newspaper, products attached to the newspaper, magazines, add-ons, the website and the press agency Radiocor Plus.

RESULTS OF THE PUBLISHING & DIGITAL AREA			
Euro thousands	FY 2020	FY 2019	change %
Circulation revenues/other	65,010	62,323	4.3%
Advertising revenues	42,777	45,488	-6.0%
Revenues	**107,787**	**107,811**	**0.0%**
Gross operating margin (EBITDA)	11,795	3,209	267.5%
EBITDA Margin %	10.9%	3.0%	8.0 p.p.
Operating profit (loss) (EBIT)	6,932	(834)	930.7%

Products, customers and operations

The editorial offices of the daily newspaper Il Sole 24 ORE are organized by thematic sections and are located in the two main offices of Milan and Rome and in five other Italian offices (Genoa, Turin, Naples, Venice and Palermo). The Newspaper, in particular, has international coverage through correspondents posted in three foreign offices (Brussels, Frankfurt and New York). Overall, the newspaper's editorial structure includes 202 employed journalists, who also contribute to the content of the www.ilsole24ore.com portal and the titles *IL*, *How To Spend It* and *24Hours*.

The Il Sole 24 ORE Radiocor news agency, through its editorial offices, offers real-time news on financial markets and the economy, as well as on the related activities of Parliament and the Government. The schedule also follows the performance of the real economy sectors (Health, Agro-industry, Real Estate, Infrastructure), on the topics of Sustainability and European Funds. The Agency employs 44 journalists. The main products produced by the Agency are: the economic-financial news bulletin Radiocor, the news bulletin Radiocor Plus, Breaking News, personalized publishing products (newsletters, articles, video interviews) and tabular data on macroeconomic and financial indicators.

The printing process of the newspaper in 2020 took place at two proprietary printing centres, Milan and Carsoli (AQ), and at the following two third-party plants: Rende and Sassari. Of a total of 33.71 million copies printed in 2020, 93.7% were printed at proprietary plants and 6.3% at third-party plants.

Market performance

ADS data for major national newspapers indicate a decline in total circulation of print copies added to digital copies of 7.8% for the period January-December 2020 compared to 2019, with a decline in circulation of the print version of 13.4% offset in part by an increase in digital circulation of 13.2% *(Source: ADS data processing January - December 2020*).

Area performance

The **Publishing & Digital** area closed 2020 with revenues of Euro 107.8 million in line with 2019.

Circulation and other revenues totalled Euro 65.0 million, up Euro 2.7 million (+4.3% compared to 31 December 2019). Circulation figures and copies sold of Il Sole 24 ORE are reported in the section "Operating performance" below.

Advertising revenues amounted to Euro 42.8 million, down Euro 2.7 million (-6.0% compared to 2019).

EBITDA in the Publishing & Digital area was positive at Euro 11.8 million and compares with positive EBITDA of Euro 3.2 million in 2019.

The main changes in 2020 compared to 2019 are:

- personnel costs down by Euro 4.6 million (-8.8%);
- direct costs down by Euro 2.1 million (-5.5%), with a decrease in particular in distribution costs of Euro 0.6 million (-3.5%), sales costs of Euro 0.7 million (-21.6%) and raw material costs of Euro 0.6 million (-12.1%);
- operating costs down by Euro 4.2 million (-17.4%).

The Publishing & Digital area is divided into two units: the **Newspaper and related products**, including magazines and the website www.ilsole24ore.com and **the news agency Radiocor Plus**.

Performance of the newspaper and related products

RESULTS OF THE NEWSPAPER AND RELATED PRODUCTS (*)

Euro thousands	FY 2020	FY 2019	change %
Circulation revenues/other	57,830	55,379	4.4%
Advertising revenues	42,752	45,448	-5.9%
Revenues	**100,582**	**100,827**	**-0.2%**
Gross operating margin (EBITDA)	11,581	3,886	198.0%
EBITDA Margin %	11.5%	3.9%	7.7 p.p.
Operating profit (loss) (EBIT)	6,849	(8)	N.S.

(*) Includes the website www.ilsole24ore.com and the magazines IL, How to spend it and 24Hours

Total revenue for the newspaper and related products was Euro 100.6 million and was down 0.2% on 2019. Advertising revenues amounted to Euro 42.8 million, down Euro 2.7 million compared to 2019 (-5.9%). Circulation and other revenues amounted to Euro 57.8 million, up Euro 2.5 million compared to 2019 (+4.4%). The newspaper's circulation revenues (print + digital) were down by Euro 0.2 million (-0.4%) compared to 2019, when they were Euro 49.5 million. Circulation revenues of the print newspaper amounted to Euro 29.6 million (-6.0% vs. 2019). Circulation revenues of the digital newspaper amounted to Euro 19.6 million, up Euro 1.7 million on the previous year (+9.5% vs. 2019).

The gross operating margin (EBITDA) was a positive Euro 11.6 million, compared with a positive Euro 3.9 million the previous year.

During 2020, the newspaper's editorial offer for readers dedicated ample space to the emergency related to Covid-19, with punctual editorial items in the newspaper and on all digital media to illustrate also the many regulatory amendments in the period and the impact on readers.

The extraordinary coverage linked to the Covid-19 emergency has rewarded Il Sole 24 ORE for its authoritativeness both at news-stands and in the digital version. The ranking drawn up by Reputation Review Magazine, a magazine dedicated to corporate reputation, ranks Il Sole 24 ORE as the first newspaper and the third most reliable media publication in terms of reporting on the Covid-19 health emergency in Italy. The Reuters Institute Digital News Report 2020 also confirms Il Sole 24 ORE in first place among daily newspapers and third place overall among media titles in terms of brand trust.

During 2020 the newspaper's editorial offer for readers was enriched with numerous initiatives and appointments at news-stands:

- the Wednesday items, represented by the focus of Norme e Tributi, in-depth analysis of the most important and current regulatory news explained by the editorial staff of Norme & Tributi. A total of thirty-nine titles have been published, the main ones being: Financial Statements, Accounting and Tax News; Companies and Assets; Receipts and Invoices all the news and the Special - Savings 2020 and a series of focuses dedicated to the main themes of the decrees issued during the Covid-19 emergency, such as the Tax and Work focus, Liquidity for Companies, The new rules of Work and the Home Bonus focus, which has achieved extra sales at news-stands among the highest ever in recent years and specific topics dedicated to professionals such as the Financial Statements and the Simplification Decree;
- instant guides, for a total of thirty titles, dedicated to regulatory and educational issues including: Pensions and Home Bonus, Corporate Academy, Study Abroad High School Exam 2020, University. In addition, after the release of some vertical guides dedicated to the health emergency related to Covid-19, a specific line of Smart guides was launched, with in-depth analysis of the issues most affected by digital transformation, dedicated to effectively address the areas affected by a profound change in daily habits during the lockdown, including Smart Shopping, Smart Education, Smart Living. Two guides on the subject of the 110% superbonus were published in August, bringing in a huge number of extra copies sold, recording record sales for the year. In October, as part of the overall editorial programme put in place for the "Month of Savings" and also supported by a dedicated TV schedule, two themed guides were also produced (Finance for Young People and Lifetime Savings).

In addition, the need to offer specialized content that is always up-to-date has led to the creation of a new initiative, "Le sintesi del Sole", to provide in-depth, timely and concise information on the most important issues that are subject to continuous amendments in laws and decrees, including: IMU, Grants and Bonus 110%.

Also with a view to facilitating access to content in an extraordinary situation, a number of reinforcement actions have been taken on news-stand initiatives, including:

- experimental Saturday release for smart guides (usually on news-stands on Thursdays);
- permanence of the guides even beyond the day of release;
- possibility to buy the guides also in digital format on the Shopping24 proprietary store and on the main digital stores;
- opening a direct line with readers through online questions and answers *ilsole24ore.com/forumcoronavirus* updated with the latest measures.

All releases were supported by dedicated communication campaigns on the 24 ORE Group's media. The range of information offered by Il Sole 24 ORE is completed by Local Reports (North-west, North-east, Lombardy, Central and South) which, every Friday, report on the economy of the area through investigations, business stories and interviews with the protagonists.

During 2020, Il Sole 24 ORE also continued the copyright protection action, which had been initiated in previous months, relating to the use of its articles within press reviews, after the Company's exit from FIEG Promopress Directory in December 2018. In particular, the new licence agreement was formulated and signed by a number of important operators in the sector. With this contract, the Company grants press review operators a licence or authorisation to reproduce the editorial content of the newspaper for the purpose of creating and supplying press review services, offering the possibility of a limited and controlled use of the articles in exchange for a financial payment to be made to the publisher, which varies according to the operator's turnover and the quantity of articles used, as well as any subscriptions to the newspaper by the final customer.

With regard to the line of books and add-ons, following the re-launch of the trade line in November 2019, a number of books published by Il Sole 24 ORE written by journalists and contributors were published, with distribution through news-stands, book stores and digital store channels, alongside selected proposals from third-party publishers with a view to broadening the target audience intended for the news-stand channel only, which is also managed and further strengthened with instant initiatives to mitigate the Covid-19 impact and the consequent closure of the book-store channel.

The initiatives are divided into:

- twenty-three issues for books published by Il Sole 24 ORE representing a calendar of various proposals among the following themes: collections of articles from the pages of Il Sole 24 ORE, economics and politics, finance and savings, the pandemic year, great stories, the female universe, wellness and self-help, gourmet cooking and leisure. Among the titles: "La pietra nera del ricordo" by Giulio Busi, "Le fabbriche che costruirono l'Italia" and "I giorni dell'emergenza" by Giuseppe Lupo, "Le vittoriose" by Eliana Di Caro and "#Lockdown - Il giorno dopo", a collection of contributions by economists, professors, experts published in the pages of the newspaper in the story of the emergency; "La prossima pandemia" by Mattia Losi, "Io sono il cattivo" by Gianpaolo Musumeci, "Il potere della gratitudine" by Andrea Vitali and Nicoletta Carbone, "Prima l'Europa" by Sergio Fabbrini, "La nuova era dello smarworking" edited by Alberto Orioli with editorial contributions, "Il fisco del futuro" edited by Jean Marie Del Bo with editorial contributions; "Meravigliose" by Claudia Parzani and Francesca Isola; "Mangia come parli" Volume 1 and Volume 2 by Davide Oldani.
- twenty-one releases for books in collaboration with third-party publishers (including volumes dedicated to the theme of self-help such as "Il potere delle Mappe Mentali nella gestione aziendale" and "Studiare è un gioco da ragazzi" by Matteo Salvo, "HCE - The Science of Human Interactions" by Paolo Borzacchiello and "Business English" by Robert Dennis, "Capi Colleghi Carriere" by Marco Morelli and "Adesso" by Martin Lindstrom), popular manuals from the Grandi Idee series published by Gribaudo (including Ecologia, published on the occasion of World Earth Day and Science) and fiction texts (the best seller "The Courtney War" by Wilbur Smith, "Gli anni del nostro incanto" by Giuseppe Lupo, "Tutte le favole di Sepulveda" to remember the author a few days after his death, two novels by best-selling author Daniel Silva "La vedova nera" and "La casa delle spie", "Io, Tu, Noi" by Vittorio Lingiardi, and others) as well as travel and eco-tourism ("Pedala Italia", "Cammina Italia" and "Il mio viaggio in Italia", the latter in collaboration with Touring Club Italiano).

During 2020, five series were published for a total of twenty-six volumes:

- "The novels of the Premio Strega". From 24 March 2020, every Tuesday, eight issues dedicated to the major Italian authors who have won the Prize in the last decade, in collaboration with the Maria and Goffredo Bellonci Foundation and the Strega Prize. The release coinciding with the escalation of the emergency was also with the hashtag #ioleggodacasa, bringing the initiative back into the sphere of activities through which to find a moment of escape in the lockdown phase;
- "The novels of the Premio Strega Ragazze e Ragazzi". From 9 May 2020, every Saturday, five issues dedicated to the winning novels of the Premio Strega Ragazze e Ragazzi, category +11 years, enriched in the latest issue by the newly designated winner, "Una per i Murphy" by Lynda Mullaly Hunt;
- "Missione Università" (Mission University). In collaboration with Alpha Test, a leading publisher in the sector, from 25 June, a new series aimed at students to prepare them for admission tests. Four volumes are planned, for as many areas of reference: Medicine and

medical-health area, Engineering - Architecture, Economic-Judicial Area and Psychology-Educational Sciences-Communication Area;
- "Quid+" series dedicated to pre-school children, which deals with translating the most advanced pedagogical theories into simple and engaging books in four issues dedicated respectively to emotions, communication, mathematics, science;
- "Come funziona" (How it works): in collaboration with Gribaudo, illustrated and informative books on technology, money, food and philosophy.

2020 also marks the beginning of agreements with local publishers for joint distribution and communication of books and add-ons. In the first quarter of 2020, collaboration began with Il Giornale di Brescia and was extended to Poligrafici Editoriale, for the newspapers Il Resto del Carlino, La Nazione and Il Giorno, for the Premio Strega series.

Among the compulsory combined initiatives, the fortnightly publication of the *Enigmistica24* insert continues, attached to the Saturday edition, with the aim of intercepting different interests of current and new readers. *Aspenia*, the quarterly publication of Aspen Institute Italia distributed at news-stands and in book stores in the main urban centres, and also available in e-book format on the e-commerce channel of Il Sole 24 ORE and on the main online platforms, completed two issues in the first half of the year.

On 30 January 2020, the usual historical appointment with the readers of Il Sole 24 ORE took place, the 29th edition of Telefisco, the event dedicated to all the regulatory news of the tax package, aimed at accountants and spread throughout the country, with a new historical record of 175 locations connected in addition to the 13 main ones from all over Italy. This initiative was followed on 23 June 2020 by an extraordinary episode of Telefisco with an all-time record of more than 20 thousand subscribers.

The Alto Rendimento Award, the recognition given by Il Sole 24 ORE to the Management Companies and Mutual Funds that have been able to best combine the risk/return ratio, now in its 22nd edition, due to the Covid-19 emergency, was promptly reconfigured into a special Digital Edition which, in the impossibility of holding the usual event at the headquarters of Il Sole 24 ORE with round tables and awarding of winners, on 19 March 2020, presented all the winners on the website ilsole24ore.com/altorendimento, through video contributions with the winners. Another new feature this year is the focus on the theme of sustainability with the new category Best SRI Fund. Finally, a 4-page special was produced on 21 March 2020 in Plus24.

On 14 December 2020, the 31st edition of the Quality of Life rankings was released. The aim of the 2020 edition - which analyses 90 indicators, most of which (about 60) are updated to 2020 on the basis of the latest available data - is to share a live picture of the different impact of the Covid-19 pandemic on the territories. To share the rankings published in the newspaper and expanded in an interactive version in a digital Lab, Il Sole 24 ORE has proposed a streaming event - a laboratory of ideas of the debate around the new agenda of priorities generated by the Covid-19 crisis: health and culture, digitization and big data, sustainable mobility and smart working, rethinking of urban centres and proximity services in neighbourhoods. For the first time, the data collected in the ranking is made available in machine readable format (which allows the use and reprocessing, except for commercial use), in a GitHub page of Il Sole 24 ORE, and reusable by the community of citizens, researchers, media and decision makers to give a valuable contribution to anyone who reads in the numbers trends and correlations to "measure" the economic and social crisis in progress, in order to better guide decision-making processes.

In order to assert its editorial leadership in the economic-financial area, Il Sole 24 ORE proposed in 2020 the creation of cross-platform editorial schedules, presiding over key items of the news agenda, building an articulated offer able to follow the readers through all platforms and linking with more tools complete communication activities, which guide through the entire offer of the 24 ORE Group. These include, for example:

- the Month of Savings: a special coverage in October made by a rich calendar of events in the newspaper, with guides and focus, books and digital and social, supported by a communication campaign on the media of Il Sole 24 ORE and third-party media, including a media plan with TV commercials and news-stand support with digital posters;

- the 110% Bonus: with the creation of a dedicated logo to create recognizability for one of the regular items most appreciated by readers, the maximization of opportunities through news-stand and digital products and extension in synergy with Professional Area and the development of new advanced modes of interaction such as the virtual assistant.

Specific initiatives have been launched to strengthen penetration and engagement with young people and women. In particular:

- the focus on the female audience includes a series of initiatives, continuing and expanding the work done over the years by the Alley Oop blog, which has proposed on different channels relevant content and concrete actions for the female economic and professional agenda. On the occasion of 25 November, the world day against violence against women, Il Sole 24 ORE proposed an integrated campaign that launches new content and new information services designed for the community of readers and users of Il Sole 24 ORE. The initiatives are developed on all media and formats: the Newspaper on news-stands with a monograph issue, with a focus on companies that pay attention to CSR issues and programmes for women's empowerment; LAB24 info graphs; the newsletter ALLEYWEEK - News to make the difference; live Talks in streaming; the Podcast Women of the Future;
- The focus on the young target is fuelled by dedicated editorial initiatives on several fronts: the development of formats in line with the target, such as podcasts; the development of the Instagram channel with 46% of the fan base (of over 500,000 followers) under the age of 34, also through dedicated content; dedicated editorial initiatives, such as guides to Master's degrees and other educational guides, including one dedicated to hi-tech savings; target partnerships of an editorial and marketing nature, to intercept young targets and strengthen brand awareness, with leading companies operating in the digital area, including: with Talent Garden a series of interviews with start-ups in the TAG network using the success Instagram Stories format; with Alkemy the publication of the Observatory Il Sole 24 ORE - Alkemy, with the ranking of the top influencers by areas of reference; with DeA Scuola video interviews with experts of the DeA training programmes; with ScuolaZoo Instagram lives in view of high school exams.

In addition to these specific initiatives, in 2020, further media partnership projects were concluded with external partners which, in addition to the definition of specific commercial agreements and the circulation of the newspaper, made available exclusive content then managed by the Group's editorial staff. We highlight Time To Build in collaboration with Deloitte, with a dossier published on 20 February 2020 dedicated to the Digital Era in law firms; the first three dates related to the Felix Industry Award in Milan, Bologna and Turin (further dates planned for the year were put on hold following the Covid-19 emergency); participation in the event "An economy on a human scale" in Assisi with the Symbola foundation.

Finally, the newspaper promoted a solidarity campaign aimed at raising awareness of readers to support the hospitals on the territory in the front line against Covid-19. The communication campaign entitled "AiutiAmo" involved the newspaper, the website, the radio and the press agency with releases in the newspaper, online and radio commercials.

Revenues from Group magazines *(How to Spend It*, *IL* and *24 Hours*) closed 2020 with a 25.3% decline. This result was influenced, in particular, by the contraction of investments in monthly magazines by companies in the Clothing and Home furnishings sectors (-29.2%). *Source: Nielsen - January/2020; no. pages)*. These sectors are of considerable importance in the Group's monthly magazines, with a 36% share of advertising space on IL and 45% on How to Spend It.

As a result of the Covid-19 emergency, HTSI has reduced the number of releases planned for the first half of 2020 by two. On 18 September, HTSI went on news-stands with a complete restyling of both graphics and content in the English version published by the Financial Times. The launch was supported by a communication plan on internal and external media, and at the same time, the new site was launched as a section of the main website ilsole24ore.com, from which it inherits, with some aesthetic adaptations, layout and advertising positions.

In addition, the Group, as part of the reorganization of its structure, has decided to cease publication of the magazine "IL" with effect from the January 2021 edition.

In 2020 the portal *www.ilsole24ore.com* records a daily average of 1.8 million unique browsers with an 88% growth over the 2019 average *(Source*: *Webtrekk*).

The result is linked to the real time coverage of the issues related to the Covid-19 emergency, particularly in March (3.77 million unique browsers daily average, +281% compared to the corresponding period of the previous year) and April (3.15 million unique browsers daily average, +252% compared to the corresponding period of the previous year), to then decrease in the following months, maintaining however a growth of 60% in the comparison with the year 2019. We report daily records on 12 March 2020 for unique browsers (5.5 million) and 22 March 2020 for page views (17.4 million) and growing indicators for both video (average month stream views +93% vs. 2019) and social channels. Since the early days of the health emergency, the website of Il Sole 24 ORE has been confirmed as a real-time reference point for all developments at national and international level, with updated bulletins, government measures and reactions from the markets. The following stand out in terms of innovation and uniqueness of the offer: the interactive map of data on the progress of the epidemic in Italy and around the world starting from the end of February; the survey "Cose che noi umani" (Things we humans), an interactive visual chronicle of Lab24, the area of development of new storytelling formats with a strong visual connotation and mobile first; multimedia information with dedicated podcasts and constant live with experts; a check list tool to know the requirements for acquiring the benefits of the decrees "Covid19 Emergency".

The release of the new AMP format in November 2020 makes the website even more usable and optimized for search engine traffic.

The thematic coverage of the site has been expanded to include the new Sustainability section, launched on 6 June 2020 on the occasion of World Environment Day, which hosts cross-cutting content related to the increasingly important issue of both business and consumer targets.

The offer of 24+ paid content and services, the new premium section launched on 18 November 2019, has been further enhanced, also in relation to the Covid-19 emergency that has strengthened the need for information, and new content and services have been envisaged such as the publication for 24+ subscribers of guides and instant published with the newspaper and the launch of 24+ Talk, weekly live streaming sessions reserved for subscribers with the editorial staff of Il Sole 24 ORE, experts from the newspaper and external guests to talk about hot topics and current affairs, proposed as opportunities to enter the editorial, dialogue and learn about the processes of creation of journalism, as well as continuous optimization of access pages to content and communication messages to the subscription.

The offer of Mercati+, the innovative premium service of the Il Sole 24 ORE website dedicated to savers, has also been strengthened with new contents of analysis, scenarios and in-depth analysis.

The digital offer of Il Sole 24 ORE in 2020 also strengthened its multimedia component, both in terms of video productions, with web series such as Storiesdisuccesso and CEO Confidential and live dates on the website and social networks, and in terms of audio productions, with an articulated model of podcasts both free distributed on ilsole24ore.com and on the main platforms for in-depth analysis and verticality, with a view to expanding the audience, as in the case of "Start" (the Il Sole 24 ORE podcast that every morning summarizes the three useful news items for the day, constantly in the rankings of the main podcast platforms with a daily listeners figure, 77% of which are under 34 years of age and awarded by Apple and Spotify among the most listened to podcasts of the year), as well as pay as part of the 24+ offer and distributed exclusively with Audible, such as "Il tempo è il denaro", which talks about savings at the time of Covid-19.

September 2020 also saw the launch of the first newsletter with a subscription model, Real Estate +, dedicated to in-depth analysis of the real estate market: the subscription package consists of a weekly sending of a dedicated newsletter, online in-depth analysis and accompanying special reports and insights, followed in December by the FinTech + newsletter, with the same offer model.

On 19 May 2020, in response to the constant demand of its readers for accessible, clear and easy-to-use information, a new version of the Il Sole 24 ORE app was finally launched for IOS and Android (smartphone and tablet versions) with the aim of improving the user experience with interventions concentrated on two fronts: graphic (refreshment of colours, fonts and organization of elements on the page to optimize readability) and functional (integration of new features for richer but also more streamlined navigation, the main new feature being the option of voice reading of all the articles in the newspaper).

The agency Radiocor Plus reported revenues of Euro 7.1 million in 2020, an improvement of 2.4% compared to 2019.

Tax & Legal

The Tax & Legal Area develops integrated product systems, with technical, regulatory and networking content, aimed at the world of professionals, companies and public administration. The specific market segments covered are Tax, Labour, Law, Construction and Public Administration. For each of them, integrated specialized information tools are created, capable of satisfying all the information, operational and networking needs of the reference targets: databases, vertical newspapers, magazines, books, internet services, software solutions, visibility platforms.

TAX & LEGAL RESULTS

Euro thousands	FY 2020	FY 2019	change %
Circulation revenues/other	44,014	43,219	1.8%
Advertising revenues	267	128	107.8%
Revenues	**44,281**	**43,348**	**2.2%**
Gross operating margin (EBITDA)	13,535	12,994	4.2%
EBITDA Margin %	30.6%	30.0%	0.6 p.p.
Operating profit (loss)	12,467	12,196	2.2%

Products, customers and operations

The professional publishing offering includes a product portfolio consisting of: 24 databases and online services, 9 magazines/periodicals (specialized titles in print and digital versions), 5 vertical thematic daily newspapers (Tax; Labour; Law; Condominium; Local authorities & Construction), 12 software packages and over 100 instant books and books sold at news-stands, book stores and through e-commerce. Periodicals are primarily sold by subscription through mail order and e-commerce.

Market performance

Expectations of the professional publishing market indicated a stagnation in overall revenues for 2020, influenced by structural mega trends (digital revolution, reduction of barriers to entry with the entry of new free or low-cost competitors), by the reduction in the spending capacity of professionals and by spending review actions undertaken by the Public Administration.

However, the effect of the health emergency with the lockdown in the first half of the year resulted in the lockdown of the B2B market to companies, entities and institutions and small and large professional activities, and prevented agent networks from developing traditional product promotion, although networks quickly adapted to remote modes. On the channel front, however, the lockdown of bookshops (from the beginning of March until June) and smaller physical channels saw a rapid increase in the weight of online sales, which partly compensated for the loss suffered. On the professional side, the marked decrease in the ability to spend on training and refresher courses for the weaker professional groups most affected by the crisis caused by the pandemic was immediately felt.

As a result of all this, a contraction was recorded in the professional publishing sector in 2020 (-2.7% source: *Databank*), amounting to Euro 537 million, in contrast to 2019 (which had recorded +2.2%). This trend is closely related to the sharp decline in turnover related to editorial content (-5.1% overall) not offset by the growth of management software (+4.2%), confirming the continuing low spending power of companies, public bodies, professionals and firms.

Different performance was recorded by the individual areas:

- Legal area: this area, the largest in the sectoral panorama (47.7% of the market developed for 83.6% by the judicial-legal area), highlights a strong contraction (-4.7% compared to 2019, which had already recorded -0.7% compared to the previous year), which sees a preference for the migration of the market towards digital solutions (especially legal databases and online portals) to the detriment of traditional paper-related sectors. On the legal front, the blocking of court activities, the suspension of public competitions and the lack of structural reforms in the system have had a negative impact on this segment.
- Tax area: this area (26.6% of sectoral turnover) showed a strong reduction in growth, at 1.1% (compared to +10.1% in 2019). Performance in the area was driven by the continued development of management software related to electronic invoicing (mandatory from 1 January 2019) and document storage, with particularly positive performance from the market-leading operator. Net of software, the segment is estimated to have contracted by more than 6%.

With regard to the type of medium used, there is a growing trend in electronic publishing, the composition of which confirms the clear shift, now structural, of the market towards the online digital segment (consisting mainly of databases, internet services and thematic portals, which account for 97.7% of electronic publishing), with an increase in value of 2.3% compared to 2019 (compared to +2.4% in 2019).

All traditional media recorded a negative sign, in particular books (-14.6% compared to 2019) and magazines (-9.8%). Traditional publishing was adversely affected in the first half of the year by the closure of book stores and professional activities.

In 2020, growth was recorded, albeit more contained, in the management software segment (mainly tax, but also legal and compliance) and marginally in residual products (overall +4.2% in 2020 compared to +11.6% recorded in 2019), influenced by various opportunities of solutions for cloud, digital signature, telematic process and integration between software and databases or platforms *(Source: Databank report "Segment Analysis and Professional Publishing Market Shares" Cerved, December 2020).*

Area performance

Despite the impacts of the crisis, related to the Covid-19 health emergency (closure of book stores - sales outlets - professional offices), revenues from the Tax & Legal area in 2020 amounted to Euro 44.3 million, an increase of Euro 0.9 million (+2.2%) compared to 2019.

Revenues from electronic publishing amounted to Euro 36.1 million, up by Euro 1.4 million (+4.0%) vs. 2019 in particular thanks to the development of the Norme & Tributi Plus product line and digital magazines, which offset the decrease recorded in databases.

The new product lines launched in the second half of 2019, Software Valore24 and Partner24ORE networking contribute a total of Euro 3.0 million to the area revenues (Euro +2.5 million year-on-year).

The positive trends mentioned above manage to offset the decline in revenues from traditional paper products, such as books and magazines, which total Euro 5.1 million and show a 34.9% drop compared to 2019.

Analysing revenues by main market segment, Tax and Labour products achieved revenues of Euro 31.8 million, up 5.6% compared to 2019; Law products recorded revenues of Euro 7.6 million, down (-5.7%) compared to 2019; Construction and PA products achieved revenues of Euro 4.9 million, up (+3.3%) compared to the previous year.

Work continued in 2020 on the development and innovation of the electronic publishing offer aimed at professionals, companies and PA:

- the renewal of professional vertical newspapers *(Norme & Tributi Plus Fisco - Norme & Tributi Enti Locali & Edilizia Norme & Tributi Plus Diritto),* new digital subscription services, which offer constantly updated content enriched with in-depth information, operational sheets and references to professional databases;
- the new series *(Modulo24)* of thematic modules, which offer in a single area, the updating of a newspaper, the in-depth analysis of a professional magazine, the specialist treatment of a manual and the operational indications of a practical guide;
- the development of the *Smart24* line *(HSE and Procurement, Local Taxes)* to respond in a complete and flexible way to the needs of Companies and Professionals, Public Administration, dealing with environment, procurement and contracts and local taxes;
- the new Frizzera Practical Guides, which benefit from the support of *Assistente24*, the new app available for Android and IOS, which allows, through the Qr-code function, immediate access to the digital contents, always updated, of the printed volume;
- the re-launch of the weeklies *Guida al Diritto* and *Settimana Fiscale* through a revision of the editorial format, new content and a graphic relaunch;
- the expansion of the catalogue *Valore 24 Software (Business Crisis - Forms, Real Estate, 231 GDPR)*, reflecting the increasing development of the area with solutions mostly in the cloud dedicated to professionals in all areas;
- the new line of *Sector Studies (Energy, Cosmetics, Wood Furnishings and Pharmaceuticals),* which marks the entry into the market of sector studies and analysis by the Studies Office of Il Sole 24 ORE;
- the development of the Partner24ORE network. September 2020 saw the launch of *Partner24ORE Avvocati*, in partnership with 4cLegal the new and exclusive professional network with the guarantee of Il Sole 24 ORE, which gives visibility to lawyers and puts them in contact with other professionals.

To cope with the Covid-19 health emergency, Il Sole 24 ORE made available from the very beginning:

- specials for database subscribers dedicated to Covid-19 and its many impacts in tax, labour, legal, and security management;
- Linkedin live events aimed at professionals in which the Group's leading experts discuss the repercussions of the Covid-19 emergency;
- App24PA, the new 24 ORE Group app that allows Public Administration, Municipalities and Local Authorities to communicate with citizens in a simple and operational way, sending certified information and news in real time to geo-referenced users throughout the country;
- webinars in collaboration with professional Orders and territorial Associations;
- the campaign *"At the side of professionals"* with which Il Sole 24 ORE, in this period of crisis, has given support to all Italian professionals through the possibility of using free of charge the main professional products of regulatory information.

In addition, two special events with experts from Il Sole 24 ORE were organized during the year:

- in June, an online video forum "Speciale Telefisco-Obiettivo Rilancio" was organized with the aim of providing professionals, businesses and citizens with a clear picture of all the new regulations issued with reference to the consequences of Covid-19. The event, which was held entirely digitally, set an all-time record of more than 20,000 registrations. Connected to this initiative, the 24 ORE Group has created *Smart24 Fisco Start*, the database that collects what has been, is and will be produced by the 24 ORE Group on the Covid-19 emergency, from the fiscal, labour and legal point of view, as well as proposing further video forums on the subject;
- in October *Telefisco 2020 - "Special Superbonus 110%"*; a new free and streaming appointment with the experts dedicated to the news of the 110% bonus and to the facilitated building interventions. In addition, Smart24 *Superbonus*, the premium version with 12 monthly webinars, provides all the in-depth information and operational answers on the thorniest topics. In a single digital product, continuously updated and also available on smartphones and tablets, all the rules to move safely in the world of building interventions facilitated. An exclusive service thanks to the comments and indications of the experts of Il Sole 24 ORE, to the thousands of resolved questions received in these first months, to the systematization of all the clarifications of the practice, for a quick access to the different cases.

EBITDA was Euro 13.5 million, an improvement of 4.2% compared to 2019, which was Euro 13.0 million.

Radio

The Radio Area manages the national radio station Radio 24, News & Talk with an editorial format that alternates radio news with information and entertainment programmes.

RESULTS OF THE RADIO AREA

Euro thousands	FY 2020	FY 2019	change %
Circulation revenues/other	749	431	73.6%
Advertising revenues	15,170	17,968	-15.6%
Revenues	**15,919**	**18,400**	**-13.5%**
Gross operating margin (EBITDA)	2,825	4,146	-31.9%
EBITDA Margin %	17.7%	22.5%	-4.8 p.p.
Operating profit (loss)	1,453	2,947	-50.7%

Market performance

The most recent listening figures for radio refer to the second half of 2020 and recorded a total of 33,689,000 listeners on the average day, down from 2019 (-3.4% compared to the second half; *Source: RadioTER 2019-2020*). Figures for the full year 2020 are not available due to the temporary interruption of surveys by research institutions due to the spread of the Covid-19 pandemic.

The reference advertising market closed 2020 with a double-digit decrease (-25.0%) compared to the same period of the previous year, certainly determined by the advance of the health emergency starting from March 2020 *(Source: FCP Assoradio - January/December 2020).*

In terms of advertising space, the radio market in the year 2020 shows a decrease of 20.0% compared to the previous year *(Source: Nielsen, analysis by seconds).* This contraction can be attributed to the health emergency, which from the last week of February negatively affected advertising sales. Companies have downsized their advertising investments as a result of the reorganization of their activities and medium/long-term communication strategies.

The radio sector promptly took action by commissioning the GFK institute to carry out two researches focused on radio listening at the time of Covid-19, during and after the lockdown, which show that the reduced mobility had a limited impact on radio listening and that, on the other hand, the use in the home increased the duration and fidelity of listening.

Automobiles and Distribution remain the leading sectors of the radio market (41% of the total in terms of space), but both recorded a significant drop compared to the same period last year, respectively -34.3% and -11.2% in terms of space. This was followed by Finance/Insurance (+3.7%), Food (-3.1%), and Media/Publishing (-1.1%). *Source: Nielsen, analysis by seconds - January/December 2020).*

Area performance

In the second half of 2020, Radio 24 reached 2,357,000 listeners on the average day (-1.1% compared to the second half of 2019, which remains the highest figure in the station's history, and +0.5% compared to the 2019 annual figure). A consolidated audience of over 2.3 million listeners confirms the position of Radio 24 as an authoritative broadcaster with original, quality content *(Source: RadioTER 2019-2020*).

The Radio area closed 2020 with revenues of Euro 15.9 million and compares to revenues of Euro 18.4 million in 2019 (-13.5%).

Advertising revenues in the Radio area, including sales on radio stations and the website *www.radio24.it*, declined by 15.6% on the previous year.

In terms of advertising space, the period January-December 2020 records -14.5% compared to the same period in 2019. In terms of advertising sales, the positive signs registered by the Finance/Insurance (+13.9%) and IT/Photography (+7.8%) sectors are not sufficient to offset the decline registered by two other core sectors for the broadcaster: first and foremost Automobiles (-35.3%), which alone accounts for almost one-fifth of the broadcaster's advertising space sales, followed by Professional Services (-7.6%). These 4 sectors as a whole account for 52% of sales for Radio 24 in seconds *(Source:Nielsen; no. seconds)*.

The Radio 24 share in seconds of the total radio market is 9% *(Source: Nielsen - January/December; no. seconds)*.

In the period January-December 2020, the Radio 24 website recorded an average of 1.7 million page views per month. The number of single users of the website reaches a monthly average of 388 thousand *(Source: Webtrekk - January/December* 2020).

Since October 2019, the Radio 24 website has undergone a profound strategic transformation, going from a news site to a digital audio hub, from which it is possible to listen to live radio and, on demand, podcasts of all broadcasts that have been aired and original podcasts created ad hoc.

From January to December 2020, podcast downloads available from the Radio 24 website and app but also from third-party platforms such as Spotify, totalled more than 27.2 million, for a monthly average of almost 2.3 million *(Sources January/October: Webtrekk for the site, Firebase for the APP, Spotify Metrix for Spotify; source November/December: Adswizz)*.

System - Advertising revenues

System is the division that carries out the activity of advertising concessionaire for the Group's main media and some third-party media.

RESULTS OF THE 24ORE SYSTEM AREA

Euro thousands	FY 2020	FY 2019	change %
Group revenues	72,810	78,743	-7.5%
Revenues from third parties	2,774	2,367	17.2%
Revenues	**75,584**	**81,110**	**-6.8%**
Gross operating margin (EBITDA)	554	(141)	494.0%
EBITDA Margin %	0.7%	-0.2%	0.9 p.p.
Operating profit (loss)	526	(167)	415.3%

Products, customers and operations

In Italy, the concessionaire has a matrix organization: territorial and by product/type/means. The territorial offices are present in the territory with seven sales branches.

The overall sales structure in Italy at 31 December 2020 consists of 12 employees and 76 agents. Outside Italy, sales are entrusted to the Foreign Advertising Department, present with a network of local representatives in all major countries. The subsidiary, Il Sole 24 ORE UK Ltd., is responsible for the sale of advertising space in the United Kingdom. The range of specific communication projects carried out in collaboration with the marketing department was also consolidated.

Market performance

The System reference market closed the year with a double-digit decline (-17.5%, net of local newspaper advertising), certainly determined by the continuation of the health emergency in 2020: newspapers closed the year at -11.8% (net local), magazines at -36.6%, radio at -25.0% and internet at -0.8% *(Source: Nielsen - January/December 2020).*

Area performance

24 ORE System closed the year 2020 with revenues of Euro 75.6 million and a decrease of 6.8% recording a better result than the market trend above. Since March, the spread of the Covid-19 virus has inevitably had an impact on the advertising market and, as a result, on System revenues.

The spread of the above-mentioned pandemic, especially in the first phase, led to a considerable slowdown (if not a halt) in communication on the part of companies, which had to review and adapt their strategies to the new needs and expectations of consumers. On the concessionaire's side, this translated into an even greater effort in the development of special initiatives created *ad hoc* for customers, which, however, succeeded only partially in compensating for the crisis in the advertising market that hit this year - especially with regard to the press media, which represents 46% of the concessionaire's total revenues.

Il Sole 24 ORE (daily newspaper + supplements) in 2020 recorded a decrease of 6.9% (compared to -11.8% total daily newspapers - local net), managing to contain the negative effects of the spread of Covid-19 better than the market, also thanks to its authoritativeness and the high quality of its contents (*Source: market: Nielsen - January/December 2020).*

With regard to newspapers, it is worth mentioning the strong reduction in investments by companies belonging to two of the core sectors of Il Sole 24 ORE, namely Professional Services (-23.6%) and Automobiles (-36.7%), not offset by the positive sign reached by Finance/Insurance (+35.5%). The three sectors as a whole, which account for 46% of the advertising revenues of Il Sole 24 ORE, recorded a decrease of 8.1% *(Source: Nielsen - January/December 2020; no. pages*).

Revenues from *How to Spend It*, *IL* and *24 Hours* magazines are down 26.4% in 2020 compared to a market that is down -36.6% *(Source: Nielsen - January/December 2020).*

The performance of magazines was significantly affected by a fall in investments by companies in the Clothing and Home furnishings sectors (-29.2%). *Source: Nielsen - January/December 2020; no. pages*). These sectors are of considerable importance in the Group's monthly magazines, with a 36% share of advertising space on IL and 45% on How to Spend It.

Radio 24 revenues were also affected by the negative consequences of the spread of the Covid-19 virus: in 2020, it recorded a 14.8% drop compared to a market that closed the January-December period at -25.0% (*Source: Nielsen January/December 2020*).

In the radio market, there has been a slowdown in investments by companies in Radio 24 core sectors: first and foremost Automobiles (-34.3%), which alone accounts for about one-fifth of the broadcaster's advertising space revenues, in addition to Professional Services and Industry/Building/Activities (-27.5%). The positive signs recorded by Finance/Insurance and IT/Photography (+4.5% market share) were not enough to offset these slowdowns. *Source: Nielsen - January/December 2020; no. seconds).* These five sectors as a whole account for 59% of sales for Radio 24 in seconds.

Advertising sales on behalf of Radio Kiss also suffered from the negative effects of the current health contingency, recording a 30.8% decrease in 2020 (January to 2 December, the date on which the concession ended) compared to the previous year. In terms of space, Automobiles and Distribution continue to be the predominant sectors in terms of share of the total (49%). *Source: Nielsen - January/December 2020; no. seconds).*

For 24 ORE System, online sales in 2020 (net of fund type and sales on foreign titles) are up 15.7%, compared to a digital market that records -0.8% *(Source: Nielsen - January/December 2020)*. A double-digit growth compared to a reference market that registers a minus sign is to be considered particularly positive, especially in view of the decreases recorded in the market by the Automobiles (-10.4%), Media/Publishing (-9.6%) and Professional Services (-1.1%) sectors. *Source: FCP - January/December 2020; turnover)*, sectors which together account for more than a third of total inflows on Group media (net provisions).

Gross operating margin (EBITDA) was positive and amounted to Euro 0.6 million and compares to negative EBITDA of -Euro 0.1 million in 2019, mainly due to a reduction in labour costs and the restatement of provisions relating to previous years and higher provisions for bad debts.

Culture

The Culture Area operates in the management and enhancement of museums (Mudec), in the production and sale of exhibitions and related services (bookshop, ticketing, events) as well as in the design and publication of books and merchandising. These activities are carried out through 24 ORE Cultura S.r.l.

RESULTS OF THE CULTURE AREA

Euro thousands	FY 2020	FY 2019	change %
Circulation revenues/other	2,482	12,146	-79.6%
Revenues	**2,482**	**12,146**	**-79.6%**
Gross operating margin (EBITDA)	430	1,097	-60.8%
EBITDA Margin %	17.3%	9.0%	8.3 p.p.
Operating profit (loss)	(718)	93	-870.0%

Market performance

As indicated by Confcultura, the museum sector is recording losses of over Euro 20 million per month. In addition to direct damage, there are also indirect damages, deriving from the reduction in the use of auxiliary services that are part of the museum offer, provided by the concessionaires.

In general, we are talking about decreases in collections and turnover ranging from 20% to 70%, while at the level of consumption, there could be a loss of about Euro 3 billion in spending on cultural and recreational activities, with an estimated decrease of a further 20% of consumption in the sector.

Following the emergency linked to the spread of the Covid-19 virus, cultural institutions reacted by conveying their traditional offer in completely new forms, above all by implementing their own remote services and creating new and innovative cultural products in terms of quantity and quality in order to satisfy citizens' demand for culture from a remote location *(from a survey by the Osservatorio Innovazione Digitale nei Beni e Attività Culturali of the School of Management of the Politecnico di Milano*).

In addition, the Observatory of the Italian Publishers Association (AIE), the main trade association for book publishing, recorded that, in the year of the pandemic, Italy closed with a positive sign. In 2020, paper book sales grew by 0.3% at cover price, hitting Euro 1.43 billion. The growth is even more marked, equal to 2.4%, if we consider e-books (up 37% to 97 million) and audio books (+94%, 17.5 million). Thanks to these increases, digital reading and listening now account for 7.4% of sales in the miscellaneous sector. Even more significant was the growth in terms of copies (+2.9%), where the +36.6% of e-books more than offset the slight fall in the number of copies of books (-0.8%). Overall, Italians bought 104.5 million books, not including audio books. Book stores - and more generally physical channels - cede market share to online, which grows from 27% in 2019 to 43%. Physical channels, however, recovered ground compared to online over the course of the year, going from 52% in April to 57% at the end of December *(source from AIE website: "AIE Data - Growing Book Market in 2020")*.

Area performance

The Culture area recorded revenues of Euro 2.5 million in 2020, down 79.6% compared to 2019, which recorded revenues of Euro 12.1 million.

In 2020, the EBITDA of the Culture area, is positive for Euro 0.4 million and compares with a positive EBITDA of Euro 1.1 million in the previous year.

The health emergency caused by the epidemic of the Covid-19 virus had an essential impact on the area's results. The activities of Mudec - Museo delle Culture di Milano were completely closed until 28 May, then from 29 May, the Municipality of Milan reopened access to the Permanent Collection with a quota for three days a week. From 8 September, the Permanent Collection reopened 6 days a week until the end of September, but retail activities, exhibitions curated by 24 ORE Cultura, didactics and ticketing remained suspended. Subsequently, in accordance with Prime Ministerial Decrees (DPCM) of 24 October 2020, 03 November 2020 and 03 December 2020, all activities were closed until the end of the year.

From January 1 to 31 December 2020, the Permanent Collection had 22,200 visitors compared to 84,964 in 2019. The Mudec Permanent Collection in the fourth quarter (October-December) of 2020 recorded 2,724 visitors compared to 30,069 in 2019.

During the year, in order to cope with the effects of the health emergency resulting from the outbreak of the Covid-19 virus, the area's activities focused on: *i)* the request in favour of 24 ORE Cultura S.r.l. for compensation from the Ministry of Culture and Tourism (referring to the months of 23 February - 31 July; "Allocation of a portion of the emergency fund for companies and cultural institutions pursuant to article 183, paragraph 2, of decree-law no. 34 of 2020, destined for the compensation of operators in the art exhibition sector on 3 August"), which resulted in the collection of Euro 3.5 million in December 2020; *ii)* on the request for a second compensation in favour of 24 ORE Cultura S.r.l. by the Ministry of Culture and Tourism with the Ministerial Decree "Allocation of a portion of the emergency fund for companies and cultural institutions referred to in article 183, paragraph 2, of Decree-Law no. 34 of 2020, destined for the compensation of operators in the sector of art exhibitions of 18 November 2020", with respect to the lack of revenue from the production of exhibitions in the differential between the year 2019 and the year 2020 (1 August - 30 November) for which the company 24 ORE Cultura S.r.l. is still waiting for communications from the Ministry.

Promotions continued for the sale of exhibitions aimed at the international market and the sale of closed-door events partially converted to digital formats to meet new market needs. In the publishing area, commercial activities involving sponsored volumes are being implemented, the production of books in paper format for book stores continues and sales of books in e-book format have begun.

Due to restrictions resulting from the Covid-19 virus outbreak, openings have been postponed until a later date of the exhibitions *Robot The Human Project*, *Tina Modotti. Mexico* and *Disney. The Art of Telling Timeless Stories*.

■ Events

The Events Area operates in the management and organization, promotion and sale, both in Italy and abroad, of conferences, events and meetings, also in collaboration with public and private entities. These activities are carried out through the company Il Sole 24 ORE Eventi S.r.l..

RESULTS OF THE EVENTS AREA			
Euro thousands	FY 2020	FY 2019	change %
Circulation revenues/other	343	-	0.0%
Advertising revenues	4,000	-	0.0%
Revenues	**4,343**	**-**	**0.0%**
Gross operating margin (EBITDA)	1,027	-	0.0%
EBITDA Margin %	23.7%	0.0%	n.s.
Operating profit (loss)	1,022	-	0.0%

Market performance

In recent years, the events sector has been the protagonist of a constant growth: in 2019, the sector in Italy reached Euro 900 million (+1.8% compared to the previous year) Euro -5 billion by expanding the range to other types of events besides corporate ones (trade fairs, medical-scientific conferences, fashion, etc.).

This positive trend came to an abrupt halt with the spread of the Covid-19 virus: overall, the value of the market in 2020 more than halved, from Euro 900 million to Euro 439 million *(source: "XVI Monitor on the Market of Events and Live Communication in Italy", AstraRicerche)* - a figure, moreover, "mitigated" by the fact that the survey (carried out between November 2019 and October 2020) includes a short pre-pandemic period. According to four other surveys carried out by AstraRicerche during the lockdown (focused on agencies), estimates of revenue losses were even more negative, ranging from 68% to 85%.

The resumption of physical events still presents many uncertainties due to the continuing evolution of measures related to the current health contingency. In recent months, the sector has had to reinvent itself, finding alternative solutions to physical events to meet the communication needs of companies, adopting methods of interaction and meeting on digital platforms.

Area performance

The Events area was defined during 2019 through the incorporation in July 2019 of the company Il Sole 24 ORE Eventi S.r.l. wholly owned by Il Sole 24 ORE S.p.A.. In December 2019, Il Sole 24 ORE Eventi S.r.l. completed the acquisition of the "Events BU" from Business School24 S.p.A. relating to the management of events through an asymmetric non-proportional demerger transaction. To complete the organizational structure of the Events area in December 2019, the operation for the contribution by the Parent Company of the "24ORE live" business unit was also completed. The "24ORE live" BU is the Group's structure that designs and organizes events to meet the needs of customers and disseminate the information assets of Il Sole 24 ORE. Tailor-made projects exploit different formats such as conventions, road shows and large events, whose contents range from finance to regulatory news, from culture to design, from sport to work, and are able to meet the needs of different targets, B2B and B2C.

The Events area closed 2020 with revenues of Euro 4.3 million, a result achieved thanks to its ability to adapt and revise its offerings in line with the Covid-19 healthcare emergency.

The spread of the aforementioned virus has forced the suspension of all physical events scheduled from mid-February onwards. Specifically, as of 6 February 2020, 9 physical events scheduled between February and March were cancelled, some of these events later reconfirmed in the digital version.

Compliance with the legal provisions resulting from the spread of the pandemic has made it necessary to quickly rethink the area's offer, which for 2020, envisaged the realization of events exclusively in physical mode (organized at the headquarters in Via Monte Rosa or in the territory).

As of February 2020, activity has therefore focused on converting products from physical to digital. Il Sole 24 ORE Eventi S.r.l. has renewed its offer through the launch of new formats for the realization of digital events: in particular, in May, two tailor-made events and the Business Tech Forum were organized, a two-day event that saw the participation of 7 partner companies on the theme of technology applied to business development.

Among the initiatives in June 2020 are: the rescheduling of the first summit on the calendar in digital format; Welfare & HR Summit, a collaboration with the virtual fair Research to Business 2020 that led to the creation of four webinars; the first date of the Innovation Days - digital edition roadshow; an extraordinary edition of Telefisco - Speciale Rilancio; the HR Smart Working web conference; two tailor-made events.

Starting from June 2020, the company Il Sole 24 ORE Eventi S.r.l. started an activity as a service for the other companies of the Group, supporting them in proposing digital events to the market.

In July 2020, the Innovation Days - digital edition roadshow continued with the three dates in Veneto, Lombardy and Emilia-Romagna, and the first digital version of the Food Summit was produced.

In September 2020, of particular note were the Italian Energy Summit, now in its 20th edition, which was an unprecedented success in terms of the selected profile of the partners involved, the collection of advertising revenues, the audience connected and the yield from the production point of view; the Real Estate Summit, converted into a digital version; two tailor-made events including "Occhio e Diabete", promoted by three companies in the pharmaceutical sector, and "Il nuovo piano strategico del Politecnico di Milano" produced with the "*figital"* format (streaming and audience in attendance).

The October-December 2020 quarter was particularly important for Il Sole 24 ORE Eventi, both in terms of the number of initiatives carried out and the overall revenues collected. In particular, the most important event of the year was held in October: *Restart Made in Italy* in collaboration with the Financial Times, to recount the relaunch and restart in the world of the excellence of *Made in Italy*. It was a 3-day event, unique in its kind, which saw the involvement of 25 top-level companies as partners of the event.

Also in October 2020, *Finanza Alternativa* took place, launching the path of events dedicated to Alternative Finance, and Superbonus 110%, the second extraordinary edition of Telefisco 2020.

In December 2020, the 9th Healthcare Summit dedicated to the health and healthcare system was held.

It is important to highlight how the high quality of the new formats has been recognized and rewarded by the users in terms of large number of participants, interaction and high average connection times.

COMMENTS ON THE ECONOMIC AND FINANCIAL RESULTS

24 ORE Group

Economic performance

The following table shows the Group's key figures.

SUMMARY CONSOLIDATED INCOME STATEMENT		
Euro thousands	FY 2020	FY 2019
Revenues	190,976	198,737
Other operating income	9,375	11,717
Personnel costs	(78,692)	(80,825)
Change in inventories	(1,004)	782
Purchases of raw and consumable materials	(4,444)	(7,338)
Costs for services	(81,785)	(89,817)
Other operating costs	(8,592)	(10,143)
Provisions and bad debts	(5,716)	(2,071)
Gross operating margin	**20,119**	**21,042**
Amortization, depreciation and write-downs	(17,864)	(23,802)
Gains/losses on intangible and tangible assets	14	(1)
Operating profit (loss)	**2,268**	**(2,761)**
Financial income (expenses)	(2,047)	(2,332)
Gains (losses) on investments	103	4,694
Profit (loss) before taxes	**324**	**(398)**
Income taxes	(1,312)	(804)
Net profit (loss) from continuing operations	**(989)**	**(1,202)**
Profit (loss) from assets held for sale	-	-
Net profit (loss)	**(989)**	**(1,202)**
Profit (loss) attributable to minority shareholders	-	-
Net profit (loss) attributable to parent company shareholders	**(989)**	**(1,202)**

In 2020, the 24 ORE Group achieved **consolidated revenues** of Euro 191.0 million, which compares with a value of Euro 198.7 million in 2019 (Euro -7.8 million, or -3.9%). The negative variance in revenues was impacted by the effects of the health emergency caused by the spread of the Covid-19 virus and the consequent restrictive measures imposed by government authorities, which exacerbated the weakness associated with the structural decline in the reference market and which particularly impacted the Culture area, characterized by a reduction in revenues compared to the previous year of Euro -9.7 million (-79.6%), due to the closure of the activities of Mudec - Museo delle Culture in Milan for most of the year.

In particular, publishing revenues grew by Euro 0.7 million in the year (up 0.6% from Euro 101.3 million to Euro 102.0 million) due primarily to the growth in revenues from digital subscriptions to the newspaper, the *www.ilsole24ore.com* website, Tax & Legal products and add-on products, offsetting the decline in revenues from subscriptions to print newspaper and the sale of books and magazines. Advertising revenues are down by Euro 2.1 million (-2.6% from Euro 81.0 million to Euro 78.9 million) and other revenues are down by Euro 6.3 million (-38.3% from Euro 16.4 million to Euro 10.1 million), mainly due to the significant drop in revenues from the Culture area, partly offset by the development of new initiatives in the Tax & Legal area. Revenues from the Tax & Legal area increased compared to the previous year.

The health emergency caused by the spread of the Covid-19 virus has had an effect both on the copies circulated and declared by the Publisher to ADS, and on the copies sold. With regard to sales of printed Il Sole 24 ORE, there was a positive impact on the news-stand channel, with an increase compared to the pre-Covid-19 period; on the other hand, there was a negative impact on continuous sales of the product to business sectors impacted by the effects of the lockdown and the restrictive measures still in place (such as trains and flights) and on block sales sold at events, as well as the suspension of print subscriptions for companies, banks and professional firms. As regards the digital version of the newspaper, on the other hand, there was a significant increase in new subscriptions with an increase in the number of copies circulated compared with the period before Covid-19.

The main dynamics that characterized consolidated revenues are:

- circulation revenues of the newspaper (print + digital) amounted to Euro 49.2 million, slightly down by Euro 0.2 million (-0.4%) compared to 2019. Circulation revenues of the print newspaper amounted to Euro 29.6 million, down Euro 1.9 million (-6.0%) compared to 2019. Circulation revenues of the digital newspaper amounted to Euro 19.6 million, up by Euro 1.7 million (+9.5%) compared to 2019;
- the Group's advertising revenues of Euro 78.9 million were down by Euro 2.1 million (-2.6%) compared to 2019, registering a better result compared to the reference market trend down by 17.5% *(Source: Nielsen - January/December 2020)*. Since March, the spread of the Covid-19 virus has inevitably had an impact on the advertising market and, as a result, on System revenues.
  The spread of the Covid-19 pandemic led to the suspension of the "physical" events of the subsidiary Il Sole 24 ORE Eventi S.r.l. in compliance with legal requirements. In order to mitigate the economic impacts, management's attention was promptly focused on converting initiatives to digital through the renewal of the offer and the launch of new event formats;
- revenues from electronic publishing in the Tax & Legal area amounted to Euro 36.1 million, up by Euro 1.4 million (+4.0%) vs. 2019 by virtue of the renewal of the product portfolio launched during 2019 and despite the impacts of the crisis related to the Covid-19 health emergency, which also resulted in the closure of book stores, outlets, and professional offices;
- revenues from the Culture Area, amounting to Euro 2.5 million, decreased by Euro 9.7 million (-79.6%) compared to the previous year, and were heavily penalized by the Covid-19 emergency, which led to the closure of all museums and exhibition venues during the lockdown period.

Circulation (paper + digital) of the daily newspaper Il Sole 24 ORE from January to December 2020 was 145,385 average copies per day (-3.2% compared to the year 2019). Specifically, the average daily print circulation reported to ADS for the period January-December 2020 is 59,958 copies (-13.2% compared to FY 2019). Digital circulation reported to ADS was 85,427 average copies per day (+5.4% compared to FY 2019). News-stand sales in January to December 2020 were down 4.3% year-on-year with the market contracting in the same channel by 10.1% (Source: *ADS, Vendita canali prev. disp. di legge*).

The data refer to what the Publisher declared to ADS, considering that the new Additional Regulation for the execution of ADS assessments of digital editions, valid from the declaration of May 2017, provides for the possibility of declaration of multiple and promotional digital copies in the presence of adoption.

On 25 February 2019, the 24 ORE Group opened a discussion table with ADS to clarify some critical issues inherent in the requirements requested by ADS itself for the verification and certification of digital copies for the year 2017 with impacts also on the data declarations of subsequent periods. Based on these critical issues, on 5 March 2019, the auditor in charge of examining the 2017 annual figures declared by the Publisher sent ADS the outcome of the examination, issuing a qualified report with respect to the current requirements of the "Regulations for Digital Editions" and related "Technical Annex", in addition to the opinions of ADS itself, and correcting the data in the schedules.

The ADS Board discussed in depth in the ADS Technical Committee the issues on the critical issues in the Regulation raised in the 25 February 2019 letter. With regard to one of the issues raised by the 24 ORE Group relating to the certification of copies of the Il Sole 24 ORE daily newspaper circulated through multi-year subscriptions affected by the change in the VAT regime in 2016, Il Sole 24 ORE S.p.A. on 30 October 2019, received confirmation from ADS of its acceptance of the criterion for calculating the value of subscriptions, for their entire duration, based on the VAT rate in force at the time the subscription contracts were signed. The Company has informed the appointed auditor that it has updated its report and annual schedules for the year 2017 based on the guidance received from ADS.

As a result of these corrections, the ADS Board issued the certificate for the year 2017 without, however, accepting, for the purposes of the annual certification, the other critical issues on digital copies raised by the 24 ORE Group, and thus confirming the other corrections made by the auditor on multiple and promotional digital copies subject to adoption.

On 17 April 2020, the same auditor in charge of examining also the 2018 annual figures declared by the Publisher sent ADS the outcome of the audits, issuing a qualified report similar to those raised for the year 2017, with respect to the current requirements of the "Regulation for Digital Editions" and related "Technical Annex", in addition to the opinions of ADS itself and correcting the data declared by the Publisher for the year 2018. Although many of the critical issues noted by the auditor were corrected by the Publisher and overcome as early as the end of 2018, the ADS Board, at its 25 May 2020 meeting, issued the 2018 certification, accepting the corrections indicated by the auditor.

Finally, with regard to the examination of the 2019 annual figures, the appointed auditor, while highlighting the corrective actions put in place by the Publisher during 2018, issued on 12 January 2021 a qualified report with respect to the current requirements of the "Regulation for Digital Editions" and related "Technical Annex". Unlike in the past, however, the auditor in charge did not make any corrections to the copies declared by the Publisher. At the date of this Annual Report, the ADS Board has not yet issued the certificate for the year 2019.

If the criteria applied for the year 2018 were also applied for the following years, the total paper + digital circulation declared by ADS restated for the period January-December 2020 would be 132,372 copies (-9.0% compared to the figure declared by the Publisher) and the ADS figure processed for the period January-December 2019 on the basis of the same criteria would be 140,717 copies (-6.3% compared to the figure declared by the Publisher).

In addition, the Group asked an independent third-party company to express an opinion on the effective application of the appropriate procedures adopted for the calculation of the Total Paid For Circulation ("TPFC", i.e. the total number of daily paid sales of Il Sole 24 ORE in all markets through print and digital channels) at 31 December 2020; on conclusion of its checks, the independent third-party company issued an unqualified Assurance Report *(ISAE 3000 - Limited assurance*) on 26 February 2021.

Based on these procedures, the average Total Paid For Circulation for the period January-December 2020 was determined to be 183,737 copies (-1.5% compared to 2019), including all multiple digital copies sold, but not reportable as circulated for ADS purposes and therefore not included in the relevant statement.

The 2020 **gross operating margin (EBITDA)** was a positive Euro 20.1 million and compares to a positive EBITDA of Euro 21.0 million in 2019. The EBITDA for 2020 benefits from non-recurring expenses and income of Euro 2.4 million (Euro 7.4 million in 2019) arising from the release of the provision for tax risks, recorded following the disposal of the investment in Business School24 S.p.A. for Euro 1.5 million and the provision for social security risks for Euro 0.2 million. In particular, during the reporting period, the Company carried out a new assessment of the tax risk inherent in the application of registration tax on the transfer of the Business School24 S.p.A. business unit in 2017, which takes into account the legislative interventions of 2018, 2019 and the Constitutional Court ruling of 21 July 2020. The Company therefore considers that the reasons for maintaining the provision under liabilities have ceased to exist. EBITDA also benefited from income of Euro 3.5 million attributable to the company 24 ORE Cultura S.r.l., which collected this amount thanks to the "Allocation of a portion of the emergency fund for companies and cultural institutions referred to in article 183, paragraph 2, of Decree-Law no. 34 of 2020, intended to compensate operators in the art exhibition sector on 3 August" referring to the period 23 February-31 July 2020.

The change in EBITDA, equal to Euro 0.9 million compared to the previous year, is mainly due to the decrease in revenues of Euro 7.8 million (-3.9%), partly offset by the reduction in costs. Direct and operating costs decreased by Euro 10.7 million (-10.0% - from Euro 106.5 million to Euro 95.8 million). Net of non-recurring expenses and income, EBITDA, which was positive at Euro 17.7 million, improved by Euro 4.1 million compared to positive Euro 13.7 million in 2019.

Personnel costs of Euro 78.7 million were down Euro 2.1 million (-2.6%) from the previous year, when they amounted to Euro 80.8 million. The average number of employees, 863, decreased by 42 (mainly graphic and polygraph personnel) compared with the previous year when it amounted to 905. Personnel costs include non-recurring expenses of Euro 2.7 million set aside on the basis of actions to reorganize the Group structure, and certain activities, in line with the post-Covid Business Plan approved on 30 June 2020, also in light of the instruments made available by Budget Law no. 178/2020. In this context, the Group has also decided to cease publication of the magazine "IL" as from the January 2021 edition. The lower personnel cost is mainly the effect of the reduction in average workforce compared to 2019 as a result of the early retirement of graphic and polygraph personnel, in accordance with the provisions of Budget Law no. 160/2019, and redundancies resulting from the reorganization. In addition, the Group, in order to contain the economic effects of the Covid-19 health emergency, resorted to the work support measures made available by the law. In particular, for the graphic and polygraph area, ordinary wage subsidies have been in effect since 11 May 2020 for the maximum period permitted by law; for the Newspaper and Radiocor journalism areas, agreements have been signed for the use of the Cassa Integrazione in Deroga (Wage Guarantee Fund in derogation) from 1 July 2020 to cover the entire year.

Costs for services of Euro 81.8 million were down Euro 8.0 million (-8.9%) compared to 2019, thanks to measures to contain operating costs and various business dynamics. The main changes are attributable to:

- printing costs down Euro 0.3 million (-11.4% from Euro 2.3 million to Euro 2.0 million);
- costs for conferences and exhibitions down Euro 1.7 million (-37.8% from Euro 4.6 million to Euro 2.9 million);
- promotional and commercial expenses down Euro 2.5 million (-28.7% from Euro 8.7 million to Euro 6.2 million);
- costs for administrative services down Euro 0.9 million (-48.5% from Euro 1.9 to 1.0 million);
- distribution costs down Euro 0.7 million (-3.9% from Euro 18.9 million to Euro 18.1 million);
- costs for other consulting services down Euro 1.8 million (-29.9% from Euro 6.0 to Euro 4.2 million);
- commissions and other sales expenses up Euro 0.5 million (+3.2% from Euro 16.3 million to Euro 16.8 million);
- sundry production costs up Euro 0.6 million (+51% from Euro 1.2 to 1.8 million);
- IT and software services up by Euro 0.8 million (+11.2% from Euro 6.7 million to Euro 7.5 million).

The **operating profit (EBIT)** for 2020 was Euro 2.3 million, an improvement of Euro 5.0 million compared to an operating loss of Euro 2.8 million in 2019. Depreciation and amortization for 2020 amounted to Euro 17.2 million compared to Euro 16.7 million in 2019. The change in the duration of the Mudec sublease agreement, which falls within the scope of application of IFRS 16, led to the recognition of a write-down of Euro 0.7 million in financial receivables. Net of non-recurring income and expenses, EBIT was a positive Euro 0.6 million, an improvement of Euro 3.6 million compared to a negative Euro 3.1 million in 2019.

The **Profit before taxes** was Euro 0.3 million and compares with a loss of Euro -0.4 million at 31 December 2019, which also benefited from the gain on the disposal of the investment held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. and the transfer of the "Events" BU. Negative net financial expenses and income of Euro 2.0 million (negative Euro 2.3 million in 2019) had an impact. A gain of Euro 0.1 million was recognized in 2020 on the disposal of the minority interest in Editorial Ecoprensa S.A..

The **net loss attributable to shareholders of the parent company** was Euro 1.0 million, an improvement on the loss of Euro 1.2 million in 2019. The net loss attributable to the shareholders of the parent company net of non-recurring income and expenses was Euro 2.9 million, an improvement over the loss of Euro 6.1 million reported the previous year.

Alternative Performance Measures

In order to facilitate the understanding of the economic and financial performance of the 24 ORE Group, the directors have identified in the preceding paragraphs some Alternative Performance Measures (APM).

These indicators are also tools that help the directors themselves to identify operational trends and make decisions about investments, allocation of resources and other operational decisions. For a correct interpretation of these AMPs, the following should be noted:

- these indicators are based exclusively on the Group's historical data and are not indicative of the Group's future performance;
- APMs are not required by international accounting standards (IFRS) and, although they are derived from the Group's consolidated financial statements, they are not subject to audit;
- APMs should not be considered as a substitute for the indicators provided for by the reference accounting standards (IFRS);
- the reading of said APMs must be carried out together with the Group's financial information taken from the consolidated financial statements of the 24 ORE Group;
- the definitions of the indicators used by the Group, insofar as they do not derive from the reference accounting standards, may not be consistent with those adopted by other groups/companies and therefore comparable with them;
- the APMs used by the Group are elaborated with continuity and uniformity of definition and representation for all the periods for which financial information is included in these financial statements.

The APMs shown below have been selected and represented in the Report on Operations as the Group believes that:

- the net financial position, together with other indicators such as net financial position/equity, allows for a better assessment of the overall level of debt, equity solidity and debt repayment capacity;
- the Gross Operating Margin (EBITDA), the EBITDA margin, and the Operating profit (loss) (EBIT) (also in the version net of non-recurring income and expenses), together with other indicators of relative profitability, illustrate changes in operating performance and provide useful information on the Group's ability to sustain its debt; these indicators are also commonly used by analysts and investors in the sector to which the Group belongs, in order to evaluate company performance.

Statement of financial position

SUMMARY STATEMENT OF FINANCIAL POSITION		
Euro thousands	31.12.2020	31.12.2019
Non-current assets	146,719	129,478
Current assets	127,665	84,111
Total assets	**274,384**	**213,589**
Group equity	35,320	36,572
Total equity	**35,320**	**36,572**
Non-current liabilities	112,941	49,325
Current liabilities	126,123	127,693
Total liabilities	**239,064**	**177,018**
Total equity and liabilities	**274,384**	**213,589**

Non-current assets amounted to Euro 146.7 million compared to Euro 129.5 million at 31 December 2019, an increase of Euro 17.2 million. In particular:

- deferred tax assets amounted to Euro 22.6 million, a decrease of Euro 1.2 million compared to 31 December 2019, of which Euro 19.2 million related to tax assets recognized on tax loss that can be carried forward and Euro 3.4 million related to assets recognized on other temporary differences. It should be noted that no new deferred tax assets have been recognized on losses since 2013 and no tax assets have been recognized on new deductible temporary differences since 2019, pending the Group's return to positive taxable income. The additional theoretical tax asset on losses - determined on the basis of the last tax return filed – that the Group did not recognize, amounted to Euro 72.4 million;
- intangible assets amounted to Euro 40.9 million, of which Euro 27.9 million related to radio frequencies and Euro 13.0 million to licences and software, including projects in progress. Investments amounted to Euro 6.8 million and depreciation and amortization to Euro 6.3 million;
- goodwill amounted to Euro 22.0 million, unchanged from the previous year;
- property, plant and equipment amounted to Euro 59.3 million, including Euro 40.0 million for rights of use under IFRS 16. In 2020, the rights of use increased mainly due to the present value of the leases for the Rome office (Euro 5.1 million) and the Milan office - Viale Sarca (Euro 29.8 million). The depreciation of rights of use amounted to Euro 7.9 million. Other property, plant and equipment amounted to Euro 19.6 million, depreciated by Euro 3.0 million and investments for the year amounted to Euro 8.2 million;
- other non-current assets amounted to Euro 0.8 million (Euro 16.3 million at 31 December 2019), a decrease of Euro 15.4 million. In the consolidated financial statements for the year ended 31 December 2019, the receivable from Education Acquisitions Limited related to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. was recorded as a non-current asset, at the date of these consolidated financial statements it has been reclassified as a current financial asset. In addition, the change in the duration of the Mudec sublease agreement, which falls within the scope of IFRS 16, resulted in the derecognition of receivables recognized in the amount of Euro 0.7 million.

Current assets amounted to Euro 127.7 million compared to Euro 84.1 million at 31 December 2019, an increase of Euro 43.6 million. The change is mainly attributable to the increase: in cash and cash equivalents of Euro 25.2 million (at 31 December 2019 they were Euro 15.7 million) as a result of the stipulation of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", with a nominal value of Euro 37.5 million with a duration of 6 years and an increase of Euro 14.6 million in other current financial assets mainly due to the reclassification of the receivable from Educations Acquisitions Limited of Euro 15.8 million referring to the deferred component of the disposal of the investment in Business School24 S.p.A., with a nominal value of Euro 16.5 million due on 31 December 2021 at the latest. This receivable has been discounted at a rate of 4.2%. Trade receivables amounted to Euro 58.9 million, an increase of Euro 3.7 million (Euro 55.1 million at 31 December 2019).

Equity amounted to Euro 35.3 million, a decrease of Euro 1.3 million compared to 31 December 2019, when it amounted to Euro 36.6 million, due to the result for 2020, which was negative by Euro 1.0 million, and the actuarial valuation of employee severance indemnity (TFR), which resulted in a negative effect of Euro 0.3 million.

Non-current liabilities amounted to Euro 112.9 million and compare with a value of Euro 49.3 million at 31 December 2019, an increase of Euro 63.6 million.

Non-current financial liabilities include the medium/long-term loan taken out on 20 July 2020, backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", for an amount of Euro 37.5 million maturing on 30 June 2026. The initial measurement of the financial liability was carried out at fair value, net of transaction costs that are directly attributable to the transaction. After initial recognition, the financial liability is measured using the amortized cost method, applying the effective interest rate. Non-current financial liabilities include Euro 37.9 million and refer to financial debt arising from lease contracts relating to the Group's offices, car rentals and rentals of space held for the positioning of radio broadcasting equipment owned by the Group. The increase of Euro 33.1 million in financial payables under IFRS 16 is due to the recognition of new lease agreements for the Rome office - Piazza Indipendenza - with a duration of 6 years and the Milan office - Viale Sarca - with a duration of 10 years. In addition, the item includes the financial payable due beyond 12 months amounting to Euro 4.9 million attributable to the present value at 31 December 2020 of the deferred component, relating to the indemnity deriving from the settlement agreement for the early termination of the lease agreement for the Milan - Via Monte Rosa office.

Deferred taxes amounted to Euro 5.6 million and derive from the recognition of the value of radio frequencies, with indefinite useful life, at a book value higher than their tax value, as well as the residual value of deferred taxes on temporary differences deriving from the application of IFRS 16 on sublease agreements. Changes in these contracts resulted in a decrease in deferred taxes of Euro 0.4 million.

Provisions for risks and charges amounted to Euro 9.6 million, in line with the previous year. At the date of these consolidated financial statements, the provision for tax risks, recorded following the disposal of the investment in Business School24 S.p.A. for Euro 1.5 million, was released and the provision for the application and management of social shock absorbers was recalculated on the basis of potential residual criticalities and a non-recurring expense of Euro 0.2 million was recorded. In addition, provisions of Euro 1 million were set aside for personnel-related litigation and Euro 0.4 million for contractual risks.

Current liabilities amounted to Euro 126.1 million, down Euro 1.5 million from Euro 127.7 million at 31 December 2019. Trade payables amounted to Euro 79.1 million, an increase of Euro 0.7 million compared to 31 December 2019. Current liabilities include the liability for restructuring expenses, which increased by Euro 1 million at 31 December 2020 due to the combined effect of the recorded provision of Euro 2.7 million, based on the actions to reorganize the Group's structure in line with the post-Covid Business Plan approved 30 June 2020, and the disbursements made during the year of Euro 1.7 million. Current financial liabilities relating to contracts under IFRS 16 amounted to Euro 2.5 million, down Euro 6.2 million.

Statement of cash flows

Total cash flow for the period was positive at Euro 25.1 million and compares with negative cash flow of Euro 6.9 million in 2019.

Below is a summary of the financial figures:

SUMMARY CONSOLIDATED FINANCIAL FIGURES	FY 2020	FY 2019
Profit (loss) before taxes from continuing operations attributable to the Group	324	(398)
Adjustments	23,444	13,810
Changes in net w orking capital	(10,072)	40
Total cash flow from operating activities	**13,695**	**13,452**
Investments	(14,868)	(8,614)
Proceeds from disposal of investments	115	5,000
Other changes	713	1,761
Cash flow from investing activities	**(14,039)**	**(1,853)**
Free cash flow	**(344)**	**11,599**
Cash flow from financing activities	**25,468**	**(18,531)**
Change in cash and cash equivalents	**25,124**	**(6,932)**
Cash and cash equivalents:		
At the beginning of the year	15,122	22,053
At the end of the year	40,246	15,122
Change in cash and cash equivalents	**25,124**	**(6,932)**

Cash flow from operating activities was a positive Euro 13.7 million, compared to a positive Euro 13.5 million in 2019, and is attributable to operating performance, which includes the payment of non-recurring expenses.

Cash flow from investing activities was a negative Euro 14.0 million, mainly relating to operating investments for the year, particularly the fit-out costs for the new Viale Sarca headquarters in Milan.

Cash flow from financing activities was a positive Euro 25.2 million, compared with a negative Euro 18.5 million the previous year. The change compared to the previous year is mainly attributable to the stipulation of the medium/long-term loan agreement for a nominal amount of Euro 37.5 million, backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree". The loan has a six-year term expiring 30 June 2026.

Net financial position

NET FINANCIAL POSITION OF THE 24 ORE GROUP		
Euro thousands	31.12.2020	31.12.2019
A. Cash	47	87
B. Other cash and cash equivalents (bank and postal accounts)	40,842	15,644
C. Securities held for trading	-	-
D. Liquidity (A) + (B) + (C)	**40,889**	**15,731**
E. Current financial receivables	**16,004**	**1,384**
F. Current bank payables	(16,545)	(15,706)
G. Current portion of non-current debt	(643)	(609)
H. Other current financial payables	(8,803)	(11,150)
I. Current financial debt (F) + (G) + (H)	**(25,991)**	**(27,464)**
J. Current net financial position (I) + (E) + (D)	**30,902**	**(10,349)**
K. Non-current bank debt	(38,994)	(11,131)
L. Bonds issued	-	-
M. Other non-current payables	(42,804)	(4,813)
N. Non-current financial debt (K) + (L) + (M)	**(81,799)**	**(15,944)**
O. Net financial position (J) + (N)	**(50,897)**	**(26,293)**

The **net financial position** at 31 December 2020 was a negative Euro 50.9 million and compares with a negative Euro 26.3 million at 31 December 2019, a deterioration of Euro 24.6 million. The change in the net financial position is mainly related to:

- the cash flow from investments and the payment of non-recurring expenses relating to incentive payments made during the year;
- the increase in current financial receivables, which at 31 December 2020 included Euro 15.8 million from Education Acquisitions Limited referring to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. This receivable in the financial statements at 31 December 2019 was included in non-current assets and therefore, not included in the related net financial position;
- the increase in the payable deriving mainly from the present value of the lease fees of the new contracts for the offices in Milan, Viale Sarca, equal to Euro 29.8 million, and in Rome, equal to Euro 3.5 million in application of IFRS 16.

Non-current financial debt also includes the long-term bank payable resulting from the signing on 20 July 2020 of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", with a nominal value of Euro 37.5 million and a duration of 6 years.

The Group's current net financial position was a positive Euro 30.9 million, compared with a negative Euro 10.3 million at 31 December 2019.

Il Sole 24 ORE S.p.A.

Economic performance

SUMMARY INCOME STATEMENT OF THE PARENT COMPANY		
Euro thousands	FY 2020	FY 2019
Revenues	185,255	186,823
Other operating income	6,441	11,562
Personnel costs	(76,809)	(79,226)
Change in inventories	(883)	885
Purchases of raw and consumable materials	(4,387)	(6,895)
Costs for services	(77,782)	(82,869)
Other operating costs	(8,161)	(8,759)
Provisions and bad debts	(5,476)	(2,077)
Gross operating margin	**18,199**	**19,443**
Amortization, depreciation and write-downs	(16,669)	(22,753)
Gains/losses on intangible and tangible assets	14	(1)
Operating profit (loss)	**1,544**	**(3,311)**
Financial income (expenses)	(2,007)	(2,325)
Gains (losses) on investments	643	6,520
Profit (loss) before taxes	**180**	**884**
Income taxes	(1,191)	(914)
Net profit (loss) from continuing operations	**(1,011)**	**(30)**
Profit (loss) from assets held for sale	-	-
Net profit (loss)	**(1,011)**	**(30)**

The Parent Company closed 2020 with revenues of Euro 185.3 million, which compares with a value of Euro 186.8 million (Euro -1.6 million; equal to -0.8%). This change is due in particular to the decrease in advertising revenues of Euro 5.3 million (-6.6%) partly offset by the growth in publishing revenues of Euro 1.6 million (1.6%) and in other revenues up Euro 2.1 million (+32.5%), determined mainly by the product lines launched in the second half of 2019 by the Tax & Legal area.

Costs for services amounted to Euro 77.8 million, down by Euro 5.1 million (-6.1%) compared to 2019. The main decreasing cost items are:

- other consultancy costs down Euro 1.7 million (-31.0%);
- promotional and commercial expenses down Euro 1.1 million (-15.4%);
- distribution costs down by Euro 0.8 million and printing costs down by Euro 0.3 million;
- editorial costs down by Euro 0.3 million;
- costs for administrative services decreased by Euro 0.9 million (-49.4%);
- commissions and other sales expenses up by Euro 0.5 million (+2.8% from Euro 16.7 million to Euro 17.2 million);
- sundry production costs up by Euro 0.8 million (from Euro 0.7 to 1.5 million);
- IT and software services up by Euro 0.8 million (+11.2% from Euro 6.7 million to Euro 7.4 million).

Personnel costs of Euro 76.8 million were down by Euro 2.4 million (-3.1%) compared to 2019, when they amounted to Euro 79.2 million. The average number of employees, 823, decreased by 54 (mainly graphic and polygraph personnel) compared with the previous year when it amounted to 876. Personnel costs include non-recurring expenses of Euro 2.7 million set aside on the basis of actions to reorganize the Group structure, and certain activities, in line with the post-Covid Business Plan approved on 30 June 2020, also in light of the instruments made available by Budget Law no. 178/2020. In this context, the Company has also decided to cease publication of the magazine "IL" as from the January 2021 edition. The lower personnel cost is mainly the effect of the reduction in average workforce compared to 2019 as a result of the early retirement of graphic and polygraph personnel, in accordance with the provisions of Budget Law no. 160/2019, and redundancies resulting from the reorganization. In addition, the Company, in order to contain the economic effects of the Covid-19 health emergency, resorted to the work support measures made available by the law. In particular, for the graphic and polygraph area, ordinary wage subsidies have been in effect since 11 May 2020 for the maximum period permitted by law; for the Newspaper and Radiocor journalism areas, agreements have been signed for the use of the Cassa Integrazione in Deroga (Wage Guarantee Fund in derogation) from 1 July 2020 to cover the entire year.

The **Gross operating margin (EBITDA)** was positive at Euro 18.2 million and compares with a profit of Euro 19.4 million in 2019.

The **Operating profit (EBIT)** was Euro 1.5 million and compares with a negative EBIT of Euro 3.3 million in 2019.

Depreciation and amortization amounted to Euro 16.7 million compared to Euro 22.8 million in 2019, which included Euro 6.8 million related to the recognition of the indemnity for the early termination of the lease agreement for the Milan office in Via Monte Rosa.

The **Profit before taxes** was Euro 0.2 million and compares with a profit of Euro 0.9 million in 2019, which included the net gain of Euro 6.0 million realized on the disposal of the investment held by Il Sole 24 ORE S.p.A. in Business School24 S.p.A. and the transfer of the Events business unit.

Negative net financial expenses and income of Euro 2.0 million (negative Euro 2.3 million in 2019) had an impact.

A **Net loss** of Euro 1 million was recorded, compared to a loss of Euro 30 thousand in 2019.

BREAKDOWN OF NON-RECURRING INCOME AND EXPENSES IL SOLE 24 ORE S.p.A.		
Euro thousands	FY 2020	FY 2019
Gross operating margin (EBITDA)	**18,199**	**19,443**
Compensation for damages to former directors		400
Other contributions Covid-19	98	-
Release of provision for tax risks on disposal of BS24 investment	1,500	-
Releases (provisions) for contractual risks		3,200
Release of risk provision for contingent liabilities, including tax, connected with the outcome of criminal proceedings no. 5783/17 R.G.N.R.		1,095
Release of provision for social security risks	(199)	400
Releases (provisions) for legal risks		140
Recalculation of payable for personnel restructuring expenses	(2,736)	1,559
Expenses for disposal of production plants		(90)
Administrative penalty related to the acceptance of the plea bargain on crim. proc. no. 5783/17 R.G.N.R		(50)
Total non-recurring income and expenses with impact on EBITDA	**(1,338)**	**6,654**
EBITDA net of non-recurring income and expenses	**19,537**	**12,789**
Operating profit (loss) (EBIT)	**1,544**	**(3,311)**
Total non-recurring income and expenses with impact on EBITDA	**(1,338)**	**6,654**
Effects of early termination of lease contract Milan - Via Monte Rosa office		(6,745)
Write-down of rotary press Bologna	(33)	-
Total non-recurring income and expenses with impact on EBIT	**(1,371)**	**(91)**
EBIT net of non-recurring income and expenses	**2,915**	**(3,220)**
Profit (loss) before taxes	**180**	**884**
Total non-recurring income and expenses with impact on EBIT	**(1,371)**	**(91)**
Gain on disposal of Business School24 S.p.A.		6,037
Total non-recurring income and expenses on profit (loss) before taxes	**(1,371)**	**5,946**
Profit (loss) before taxes net of non-recurring income and expenses	**1,551**	**(5,062)**
Net profit (loss)	**(1,011)**	**(30)**
Total non-recurring income and expenses	**(1,371)**	**5,946**
Net profit (loss) net of non-recurring income and expenses	**360**	**(5,976)**

Statement of financial position

Il Sole 24 ORE S.p.A. closed 2020 with a loss of Euro 1 million and had **Equity of Euro 35.3 million**, down Euro 1.3 million from equity of Euro 36.6 million at 31 December 2019 due to the following effects:

- decrease of Euro 0.2 million due to the effect of the actuarial valuation of the employee severance indemnity (TFR);
- loss for the year of Euro 1 million.

SUMMARY STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY		
Euro thousands	31.12.2020	31.12.2019
Non-current assets	148,605	129,437
Current assets	121,088	78,099
Assets available for sale	-	-
Total assets	**269,693**	**207,536**
Total equity	**35,327**	**36,581**
Non-current liabilities	110,776	46,846
Current liabilities	123,590	124,110
Liabilities available for sale	-	-
Total liabilities	**234,366**	**170,956**
Total equity and liabilities	**269,693**	**207,536**

Statement of cash flows

SUMMARY FINANCIAL FIGURES - IL SOLE 24 ORE S.p.A.		
	FY 2020	FY 2019
Profit (loss) before taxes from continuing operations	180	884
Adjustments	21,601	12,803
Changes in net working capital	(6,743)	(996)
Total cash flow from operating activities	**15,038**	**12,691**
Investments	(14,776)	(8,556)
Proceeds from disposal of investments	115	5,000
Other changes	588	1,490
Cash flow from investing activities	**(14,073)**	**(2,066)**
Free cash flow	**965**	**10,625**
Cash flow from financing activities	**22,656**	**(17,496)**
Change in cash and cash equivalents	**23,621**	**(6,871)**
Cash and cash equivalents:		
At the beginning of the year	12,360	19,231
At the end of the year	35,981	12,360
Change in cash and cash equivalents	**23,621**	**(6,871)**

Net financial position

The **Parent Company's net financial position** at 31 December 2020 was negative by Euro 54.1 million and compares with a negative Euro 30.7 million at 31 December 2019, a deterioration of Euro 23.4 million. The change in the net financial position is mainly related to:

- the cash flow from investments and the payment of non-recurring expenses relating to incentive payments made during the year;
- the increase in current financial receivables, which at 31 December 2020 included Euro 15.8 million from Education Acquisitions Limited referring to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. This receivable in the financial statements at 31 December 2019 was included in non-current assets and therefore, not included in the related net financial position;
- the increase in the payable deriving mainly from the present value of the lease fees of the new contracts for the offices in Milan, Viale Sarca, equal to Euro 29.8 million, and in Rome, equal to Euro 3.5 million in application of IFRS 16.

Non-current financial debt also includes the long-term bank payable resulting from the signing on 20 July 2020 of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", with a nominal value of Euro 37.5 million and a duration of 6 years.

The Parent Company's current net financial position was a positive Euro 26.6 million, compared with a negative Euro 16.0 million at 31 December 2019.

NET FINANCIAL POSITION OF IL SOLE 24 ORE S.p.A.

Euro thousands	31.12.2020	31.12.2019
A. Cash	29	31
B. Other cash and cash equivalents (bank and postal accounts)	36,595	12,938
C. Securities held for trading		-
D. Liquidity (A) + (B) + (C)	**36,623**	**12,969**
E. Current financial receivables	**16,328**	**1,230**
F. Current bank payables	(16,545)	(15,706)
G. Current portion of non-current debt	(643)	(609)
H. Other current financial payables	(9,137)	(13,916)
I. Current financial debt (F) + (G) + (H)	**(26,325)**	**(30,230)**
J. Current net financial position (I) + (E) + (D)	**26,626**	**(16,031)**
K. Non-current bank debt	(38,994)	(11,131)
L. Bonds issued	-	-
M. Other non-current payables	(41,719)	(3,524)
N. Non-current financial debt (K) + (L) + (M)	**(80,713)**	**(14,655)**
O. Net financial position (J) + (N)	**(54,087)**	**(30,687)**

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE (ARTICLE 123-BIS OF LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998)

Il Sole 24 ORE S.p.A., with a resolution of the Shareholders' Meeting of 20 August 2007, adhered for the first time to the Corporate Governance Code for listed companies. Adherence was confirmed by subsequent resolutions of the Board of Directors in relation to the individual amendments approved from time to time to the Corporate Governance Code by the Corporate Governance Committee.

In accordance with the provisions of the Corporate Governance Code, the company communicates from time to time any exceptions to the individual principles of the Code.

The primary objective of the corporate governance system adopted by the Company is to create value for shareholders, in the awareness of the importance of transparency in the choices and formation of corporate decisions, as well as the need to set up an effective internal control system.

In order to illustrate the Company's corporate governance system, pursuant to articles 123-bis of the Consolidated Law on Finance, 89-bis of Consob Issuers' Regulation and article IA.2.6 of the Instructions to the Stock Exchange Regulation, the Corporate Governance Report was prepared which, in addition to providing a description of the corporate governance system adopted by the Group, contains information on the ownership structure, adherence to the Corporate Governance Code and compliance with the consequent commitments.

In compliance with applicable regulations, the Corporate Governance Report approved each year by the Company's Board of Directors illustrates the Corporate Governance system of Il Sole 24 ORE and indicates the concrete ways in which the Company has implemented the provisions of the Code, the text of which is available on the website of Borsa Italiana at http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm.

MAIN RISKS AND UNCERTAINTIES

In the context of the activity carried out, the 24 ORE Group is exposed to a series of risks that could limit or prevent the achievement of the objectives defined. The Chief Executive Officer, also in the capacity as Director in charge of overseeing the internal control and risk management system, is responsible for identifying the main corporate risks, taking into account the characteristics of the activities carried out by the Parent Company and its subsidiaries, and periodically submits them to the Board of Directors for examination.

Below is a representation of the main risks for the 24 ORE Group.

Strategic/market risks

Risks related to the non-implementation of the 2021-2024 Plan

On 30 June 2020, the Company's Board of Directors approved an update to the 2020-2023 Plan that incorporates the impacts of the health crisis related to the spread of Covid-19.

The previous 2020-2023 Plan, approved on 12 March 2020, did not reflect the impacts of the health emergency related to the spread of the Covid-19 virus and the extraordinary measures subsequently introduced by the competent authorities to contain it, the extent of which could not yet be predicted, both in terms of duration and impact on business. The final figures for the first few months of 2020, the slowdown in the economy following the pandemic and the updated analysts' estimates have forced the Company's Management to update its forecasts, albeit within a general reference context that still remains very uncertain.

The year 2020 was penalized by the health emergency linked to Covid-19 and characterized by the persistence of weak market conditions and general uncertainty in the Italian economy. The health emergency linked to the spread of the Covid-19 virus and the extraordinary measures introduced by the competent authorities to contain it have led to a worsening of the general conditions of the global economy, the extent and duration of which is currently difficult to predict.

The estimates contained in the 2020-2023 Plan have therefore been revised to reflect the new market trend forecasts and the updated implementation schedules for the initiatives already envisaged in the post-Covid 2020-2023 Plan, confirming investment in printed products, primarily the re-launch of the newspaper in the new format, and in innovative digital initiatives.

On 25 February 2021, the Company's Board of Directors approved the 2021-2024 Plan, which confirms the strategic direction and medium- to long-term objectives of the previous 2020-2023 post-Covid Plan approved on 30 June 2020, of which it represents an update, evolution and acceleration.

The actions of the Plan are centred on a "digital first" strategy as an enabling element for the continuous enrichment of the system of multi-format and multi-platform products of Il Sole 24 ORE, the efficiency of processes, the sustainability of initiatives and the reduction of all operating costs, including labour costs for all professional categories, whose timing and methods of effective implementation may vary depending on the regulatory framework and other elements of context.

The 2021-2024 Plan confirms the progressive improvement of economic and financial indicators, driven by the growth of consolidated revenues and the reduction of costs. Compared to the 2020-2023 post-Covid Plan, updated estimates project a slower recovery in 2021, due to the effects of the pandemic, and an acceleration in subsequent years.

As part of a process of accelerated digital transformation of the Group, the 2021-2024 Plan envisages a greater thrust on investments in new publishing initiatives, supported by innovative product technologies and management systems.

The same 2021-2024 Plan sets the strategic objective of reducing the costs of the operating structure through a profound industrial and editorial process reorganization, the streamlining of support and staff structures and the strengthening of distinctive skills.

The forecasts contained in the 2021-2024 Plan confirm the growth in profitability over time, also thanks to the continuous focus on further efficiencies to be achieved in direct and operating costs, and on the containment of labour costs to be achieved both through temporary measures and structural cost reduction interventions for all professional categories.

The forecasts of the 2021-2024 Plan show a worsening of the net financial position for the years 2021 and 2022, mainly due to the acceleration of investments and the dynamics of disbursements related to personnel restructuring expenses, to then gradually improve in subsequent years during the Plan period.

The forecasts of the 2021-2024 Plan confirm compliance with the existing financial covenants.

It should be noted that the forward-looking figures represented in the 2021-2024 Plan are strategic objectives established as part of corporate planning. The development of the 2021-2024 Plan was based on, among other things: (*i*) general and hypothetical assumptions, as well as discretionary assumptions, and *(ii)* a series of estimates and hypotheses relating to the implementation by the directors of specific actions to be undertaken in the reference time period, or relating to future events that the directors can only partially influence and that may not occur or may vary during the plan period.

The realization of the objectives and the achievement of the results envisaged by the 2021-2024 Plan depend not only on the actual realization of the volume of revenues indicated, but also on the effectiveness of the actions identified and the timely implementation of these actions, in accordance with the time frame and economic impacts assumed.

If the Group's results were to differ significantly from those forecast in the 2021-2024 Plan, there could be adverse effects on the Group's financial position and prospects.

The Group continues to monitor very carefully both the evolution of the health emergency linked to the Covid-19 virus and the potential repercussions on the reference markets, maintaining proactive and constant attention to the containment of all costs and to the identification of initiatives that can further mitigate the risk linked to revenues in order to protect profitability and expected cash flows.

Impact of general economic conditions on the Company's business sector

The Group's financial position, results of operations and cash flows are influenced by the overall performance of the economy in Italy, Europe and globally. In particular, there is a close correlation between the trend of the main economic indicators, on the one hand, and the trend of advertising investments and the purchase of editorial products on the other hand, which - in scenarios of economic crisis, political instability and/or financial weakness - undergo a contraction.

The economic and financial crisis that has hit western markets, which is felt more acutely in the publishing market because of its negative impact on consumption and investments in communication by companies, is currently undoubtedly an element of risk for the Group.

In the fourth quarter of 2020, Istat estimates that gross domestic product GDP decreased by 2% compared to the previous quarter, and by 6.6% in trend terms. In 2020, calendar-adjusted GDP decreased by 8.9% *(Source*: *Istat - preliminary estimate of GDP - Q4 2020 - 2 February 2021*).

A continuation of the unfavourable macroeconomic scenario could lead to a contraction in turnover for the Company and the other companies in the Group, with possible negative effects, even significant, on their economic, equity and/or financial situation. In such cases, the Group's activities, strategies and prospects could also be negatively affected, especially with regard to advertising sales.

The Group constantly monitors the performance of the main macroeconomic indicators in order to anticipate any deviations from the forecasts underlying the Plan assumptions and promptly identify the appropriate corrective and/or mitigating actions.

Impact of current trends and competitiveness in the Italian publishing sector on corporate revenues

The publishing sector in Italy is characterized by a trend of progressive decline in sales through traditional channels (news-stands, book stores, subscriptions, etc.). This trend, accentuated by the economic crisis that has also hit Italy, is amplified by the gradual spread of digital media that are both a threat to the paper media, as they replace traditional reading, and an opportunity, as they add a new channel of circulation of the traditional product in a new digital form. Throughout Western societies, the younger generation has less and less of a habit of reading newspapers, as well as little inclination to pay for news online. However, there is no clear evidence, even in more developed markets, of the final impact of this trend on the traditional publishing sector.

As of February 2020, the above scenario has been further negatively affected by the health emergency related to the ongoing spread of the Covid-19 virus, which continues to cause general uncertainty in the sector.

The Group will therefore have to increasingly leverage on its specificities in the Italian publishing (and advertising) market. Should the level of direct and above all indirect competition in the sectors in which the Group operates intensify, it cannot be ruled out that this could have a negative impact on its competitive positioning, with consequent negative effects on the Group's economic and financial situation and prospects.

The Group constantly monitors the performance of the Italian publishing sector and the conduct of its main competitors with a view to anticipating possible divergences from the assumptions underlying the Plan and identifying in a timely manner appropriate corrective and/or mitigating action.

Impact of the general condition of the reference market on advertising revenues

The Group generates a considerable part of its revenues through advertising sales on its own media (the daily newspaper Il Sole 24 ORE, magazines, radio, websites and apps) and on the media of third-party publishers. System is the division that carries out the activity of advertising concessionaire for the Group's main media and some third-party media.

The advertising market, especially the national one, is characterized by a close relationship with the performance of the economy and the macroeconomic context in general, in crisis since 2008. In particular, 2020 was marked by the negative effects of the spread of the Covid-19 virus, with serious repercussions on the macroeconomic scenario and, consequently, on the advertising sector.

The spread of the aforementioned pandemic, especially in the first phase, led to a significant slowdown (if not a halt) in communication by companies, which had to review and adapt their strategies to the new needs and expectations of consumers and this element has strongly affected the performance of the advertising market of reference, which closed 2020 with a double-digit decline (-17.5%, net of local newspaper advertising): newspapers recorded -11.8% (net local), magazines -36.6%, radio -25.0% and Internet -0.8% (Source: *Nielsen - January/December 2020*).

Advertising sales were also affected by the unfavourable context linked to the evolution of the health contingency, recording a lower reduction compared to the trend of the reference market. The continuation of the adverse macroeconomic scenario and the negative performance of the advertising market could result in a contraction of advertising sales in the medium/long term, with consequent negative effects on the Group's economic, equity and financial position.
The Group constantly monitors the performance of the main macroeconomic indicators in order to anticipate any deviations from the forecasts underlying the Plan assumptions and promptly identify the appropriate corrective and/or mitigating actions.

Risks related to the contraction of circulation revenues

The Group generates a significant part of its revenues from the sale of publishing products. Publishing & Digital is the business area that includes the daily newspaper Il Sole 24 ORE, digital products linked to the newspaper, vertical newspapers, products attached to the newspaper, magazines, add-ons, the website and the press agency Radiocor Plus.

The market in which the Group operates has been characterized in recent years by an ongoing crisis affecting the circulation of newspapers and other publishing initiatives. In fact, ADS data for major national newspapers indicate for the period January-December 2020 a decline in total circulation of print copies added to digital copies of -7.8% compared to 2019 attributable to the decline in circulation of the print version of -13.4%, offset in part by the increase in digital circulation of +13.2% *(Source: ADS data processing January - December 2020*).

The trend in revenues from the circulation of the Company's publications, like the market trend, has been declining in recent years. This deterioration is associated with a radical change in consumption habits due to the rapid emergence of digital media, however, not yet sufficient to offset the negative trend of traditional media, also because strongly dominated by a few international operators also defined for this reason OTT (Over the Top).

The Company implemented a series of actions aimed at revitalizing the circulation of its newspaper: in the period, a number of products were included in compulsory (focus of Norme e Tributi, monthly Instant Book, in-depth analysis of regulations on specific issues) and optional (books published by Il Sole 24 ORE and third-party publishers) supplements.

The possible continuation of the crisis in the circulation of newspapers and the persistence of the economic and social crisis resulting from the spread of the Covid-19 virus and the containment measures adopted by the authorities could lead to a contraction in revenues from the circulation of editorial products with consequent negative effects on the Group's economic, equity and financial situation.

The Group has identified a series of commercial actions and the development of new segments deemed appropriate to ensure that circulation figures at least follow the sector trend. The implementation of these actions is continuously monitored by the work group set up for this purpose.

Risks related to the contraction of advertising revenues due to lower circulation figures

In general terms, in the publishing market, the reduction in advertising revenues can be associated not only with the trend of the reference market but also with the simultaneous contraction of circulation figures. In this respect, however, it is necessary to take into account that there is no immediate cause/effect correlation between the circulation trend and advertising revenues (in the sense that a decrease or an increase in the number of copies does not correspond to an immediate and equal change in advertising revenues). In fact, advertising investment decisions are influenced only in part by the "audience" (i.e. the number of readers) of a publication, being based above all on other factors including, in particular, the credibility of the publication (understood as its reputation and prestige) and the quality of its target audience (i.e. the socio-demographic profile of the reader, to which its spending power is normally correlated). These factors, with reference to the Group, are at high levels and prevail over those relating simply to the number of copies distributed.

Variations in the number of copies circulated could in theory produce effects on advertising sales only in the long term and in any case not in a proportional way, since the advertising market could be impacted, albeit slowly and late, by the variations in the number of copies sold.

The trend in circulation figures is expected to continue in the coming years. In this case, should the company not be able to achieve circulation results in contrast with the market, there could be a further decline in the circulation of the Group's publications. This circumstance could be taken into account by advertisers in the context of their investment choices, along with the other factors mentioned above. This could affect the Group's equity, economic and its financial position.

The Group has identified a series of commercial actions and the development of new segments deemed appropriate to ensure that circulation figures follow the sector trend. The implementation of these actions is continuously monitored by the work group set up for this purpose.

Risks related to the contraction of revenues from database sales

The Company sells databases to professionals (accountants, lawyers, labour consultants, technical professions), companies and the public administration that can be used on PCs, tablets or smartphones. The databases consist of digital platforms that allow the search and consultation of regulatory and doctrinal content, articles and operational tools such as forms, calculation and simulation tools, e-learning courses, enriched with numerous features (such as alerts, notifications, personalized information, creation of dossiers, newsletters). Access to the databases is by means of an activation code that the user receives by e-mail after signing the subscription contract. The databases are sold primarily on an annual or multi-year subscription basis by the Company's sales network.

Expectations of the professional publishing market indicated a stagnation in overall revenues for 2020, influenced by structural mega trends (digital revolution, reduction of barriers to entry with the entry of new free or low-cost competitors), by the reduction in the spending capacity of professionals and by spending review actions undertaken by the Public Administration.

However, the effect of the health emergency with the lockdown in the first half of the year resulted in the lockdown of the B2B market to companies, entities and institutions and small and large professional activities, and prevented agent networks from developing traditional product promotion, although networks quickly adapted to remote modes. On the channel front, however, the lockdown of bookshops (from the beginning of March until June) and smaller physical channels saw a rapid increase in the weight of online sales, which partly compensated for the loss suffered. On the professional side, the marked decrease in the ability to spend on training and refresher courses for the weaker professional groups most affected by the crisis caused by the pandemic was immediately felt.

Because of all this , in 2020 a contraction was recorded in the professional publishing sector (-2.7% per Databank), amounting to Euro 537 million, in contrast to 2019 (which had recorded +2.2%). This trend is closely related to the sharp decline in turnover related to editorial content (-5.1% overall) not offset by the growth of management software (+4.2%), confirming the continuing low spending power of companies, public bodies, professionals and firms.

Different performance was recorded by the individual areas:

- Legal area: this area, the largest in the sectoral panorama (47.7% of the market developed for 83.6% by the judicial-legal area), highlights a strong contraction (-4.7% compared to 2019, which had recorded -0.7%), which sees a preference for the migration of the market towards digital solutions (especially legal databases and online portals) to the detriment of traditional paper-related sectors. On the legal front, the blocking of court activities, the suspension of public competitions and the lack of structural reforms in the system have had a negative impact on this segment.
- Tax area: this area (26.6% of sectoral turnover) showed a strong reduction in growth, at 1.1% (compared to +10.1% in 2019). Performance in the area was driven by the continued development of management software related to electronic invoicing (mandatory from 1 January 2019) and document storage, with particularly positive performance from the market-leading operator. Net of software, the segment is estimated to have contracted by more than 6%.

With regard to the type of medium used, there is a growing trend in electronic publishing, the composition of which confirms the clear shift, now structural, of the market towards the online digital segment (consisting mainly of databases, internet services and thematic portals, which account for 97.7% of electronic publishing), with an increase in value of 2.3% compared to 2019 (compared to +2.4% in 2019).

All traditional media recorded a negative sign, in particular books (-14.6% compared to 2019) and magazines (-9.8%). Traditional publishing was adversely affected in the first half of the year by the closure of book stores and professional activities.

In 2020, growth was recorded, albeit more contained, in the management software segment (mainly tax, but also legal and compliance) and marginally in residual products (overall +4.2% in 2020 compared to +11.6% recorded in 2019), influenced by various opportunities of solutions for cloud, digital signature, telematic process and integration between software and databases or platforms.

The year 2021 is shaping up to be a very difficult year for operators in the sector, due to the long wave triggered by the ongoing health emergency crisis (Covid-19), which will be reflected in the sectors in which the clients of professionals, the main target market, operate (especially accountants and lawyers).

A contraction is forecast for tax publishing (-2.4%) and for the legal area (-2.1%).

In terms of media, in 2021, the current trends do not seem to change: overall, electronic publishing will continue to grow slightly (+1.8%), driven by online and digital content (+3.2%), while offline publishing will continue its strong contraction trend (-60%). A slowdown in growth is expected for management software (+3.7%), which will see the increasing integration of digital editorial content within management software *(Source: "Rapporto Databank Editoria Professionale" - Cerved S.p.A, December 2020).*

The closure of many professional offices prevented the Company's agent network from developing traditional product promotion, although the network quickly adapted to remote methods, so much so that the decrease in revenues is minimal in this area. Future trends will undoubtedly be affected by the short- and medium-term effects of the Covid-19 emergency. All this will have repercussions in terms of editorial production, work organization, price reductions, and initiatives to support the sales force and end customers.

If the downturn in the reference market continues, this could lead to a contraction in turnover with negative effects on the Company's economic and financial situation.

The Group has identified a series of commercial actions and the development of new products and market segments considered suitable to counter the market trend. The implementation of these actions is continuously monitored by the work group set up for this purpose.

Risk related to the improper use of reproduction rights of newspapers and magazines by press review companies

As of 1 January 2019, Il Sole 24 ORE S.p.A. ceased to adhere to the collective agreement with the company, Promopress, which manages the reproduction rights of daily newspapers and magazines of publishers belonging to the Promopress repertory itself, aimed at regulating the licensing of reproduction rights by press review companies. This termination was decided by the Company because of the economic irrelevance and inadequacy of the Promopress agreement to protect the copyright and investments of the Company which, due to the peculiarity of its publishing product and business model, are not adequately protected by this agreement.

The change in the content licensing policy towards press review companies entails risks for the entire publishing sector and in particular for Il Sole 24 ORE because of its business model. The risk shared with the entire publishing industry is the uncertainty surrounding the management of reproduction rights. In this context of uncertainty and transition, in the absence of contractual regulation, the major press review companies continue to reproduce newspaper content on the basis of past practice without considering themselves obliged to pay adequate royalties to publishers. For Il Sole 24 ORE, in particular, this risk is accentuated by the fact that its offer model significantly includes digital subscriptions for companies, which usually also use the press review services, and therefore might not subscribe to the newspaper and use only the press review. Should this phase of uncertainty continue, the Company may find it more difficult both to achieve its subscription growth targets and to obtain the rights to which it is entitled from the press review companies.

In order to mitigate this risk, the Company has prepared a new license agreement; in 2020, several contracts have already been signed.

On the piracy front, i.e. the unlawful distribution of editorial content, including press reviews or the entire newspaper, in mid-April 2020, FIEG asked AGCOM for a measure to combat the phenomenon of piracy on the Telegram platform, on the basis of a detailed analysis of the trend of the phenomenon during the pandemic, which has reached intolerable levels of spread: Telegram channels have recorded, during the current health emergency, +46% of subscribers to the channels and +88% of illegally distributed newspapers. The estimate of losses incurred by publishing companies, in a highly conservative hypothesis, is Euro 670 thousand per day, about Euro 250 million per year *(Source: FIEG press release 14 April 2020*).

Following the request made by FIEG, AGCOM announced that it has started an investigation against Telegram for the removal of the channels whose content circulation activity is found to violate the protection of online copyright.

The Authority's investigation led to a partial adjustment by Telegram, which removed 7 of the 8 channels reported by FIEG. In addition, following the reports made by the FIEG to the Bari Finance Police, as part of the cooperation initiated to combat digital piracy on Telegram - as of 11 May 2020, 179 channels were blocked for copyright infringement, including those that had changed name and were the subject of renewed reporting by the Federation (Source: *FIEG Circ. no. 68/20/DG18 of 11 May 2020*).

With regard to the aforementioned risk in relation to press reviews, it should be noted that on 5 May 2020, with Resolution no. 169/20/CONS, AGCOM - accepting the Company's request in this regard - ordered the company L'Eco della Stampa, one of the largest Italian providers of press reviews, to remove, within two days of notification of the measure, the articles of the newspaper Il Sole 24 ORE bearing the wording "confidential reproduction" from its service, including the archives, deeming the operator's conduct to be in violation of copyright law.

With the removal order, AGCOM reiterated that the legislation in force requires providers of press review services to obtain the consent of the publisher for the reproduction of "confidential reproduction" articles, in line with what has been repeatedly stated by case law. On 14 May 2020, L'Eco della Stampa filed an appeal with the Lazio Regional Administrative Court for the annulment of AGCOM Resolution no. 169/20/CONS of 5 May 2020, requesting, as precautionary measure and also as a matter of urgency, the suspension of the measure.

On 16 May 2020, the request for suspension made by L'Eco della Stampa was rejected with presidential decree that set the Council Chamber for the collegial precautionary hearing on 3 June 2020.

At the hearing of 3 June 2020, the Lazio Regional Administrative Court (TAR) rejected the request for suspension made by L'Eco della Stampa, also on a collegial basis.

On 26 June 2020, L'Eco della Stampa:

- lodged a precautionary appeal with the Council of State against the order of the Lazio Regional Administrative Court referred to above with a request for a presidential injunction;
- notified additional grounds in the appeal on the merits before the Lazio Regional Administrative Court signed by new counsel.

On 30 June 2020, the President of the Sixth Section of the Council of State granted the L'Eco della Stampa request for a monocratic precautionary measure and suspended the deeds challenged in first instance, setting the hearing for discussion in chambers for 16 July 2020.

On 6 July 2020, L'Eco della Stampa served additional grounds in the appeal on the merits before the Lazio Regional Administrative Court.

On 17 July 2020, the Council of State filed Ordinance no. 4289/2020, referring the case back to the Lazio Regional Administrative Court for the setting of the hearing on the merits; the Council of State therefore accepted the precautionary appeal of L'Eco della Stampa only for the part relating to the setting of the hearing on the merits, essentially reconfirming both the validity of the AGCOM resolution of 5 May 2002, and the Lazio Regional Administrative Court's precautionary order of 3 June 2020.

On 22 July 2020, L'Eco della Stampa notified the Company of a further appeal before the Council of State to obtain the revocation of collegial order no. 4289/2020, of the sixth section of the same Council of State, which upheld the precautionary appeal proposed by L'Eco della Stampa only "for the purposes of promptly setting the hearing on the merits", pursuant to article 55, paragraph 10, of the Administrative Procedure Code.

Also on 22 July 2020, the Company filed its brief in the appeal proceedings.

On 24 July 2020, the President of the Sixth Section of the Council of State rejected by decree the application for the grant of the monocratic precautionary measures requested by L'Eco della Stampa in its appeal for revocation of collegial order no. 4289/2020.

By order of the Council of State of 28 August 2020, the appeal for revocation has also been rejected in its entirety for inadmissibility - to date, therefore, the AGCOM measure of 5 May 2020 has been assessed by as many as four rulings of the Lazio Regional Administrative Court and the Council of State and deemed fully valid and effective, confirming the correctness of the position of Il Sole 24 ORE, at least until the conclusion of the judgement on the merits currently pending before the Lazio Regional Administrative Court. A hearing on the merits of the case was scheduled for 03 March 2021, at which time the case was retained for decision. The outcome is still awaited.

It should also be noted that on 7 August 2020, Data Stampa S.r.l. - another important press review operator - notified the Company (and FIEG) of a writ of summons before the Court of Milan seeking to ascertain the right to use in press reviews articles, news and information, including those bearing the "confidential reproduction" clause, published in the newspapers of Il Sole 24 ORE and, conversely, that Il Sole 24 ORE is not entitled to receive any remuneration for the inclusion of articles, including those bearing the "*confidential reproduction*" clause, included in press reviews prepared by reviewers for their clients.

This summons was followed on 28 September 2020 by a similar summons from Intelligence 2020 - Waypress Agency and, on 2 October 2020, from L'Eco della Stampa.

All three summonses are before the Court of Milan for the hearing on 24 February 2021. The proceedings brought by Intelligence 2020 - Agenzia Waypress (G.R. no. 34139/2020) and by L'Eco della Stampa (G.R. no. 35260/2020) have been scheduled for the first hearing on 25 May 2021 and 2 March 2021 respectively, while the first hearing of the proceedings with Data Stampa (G.R. no. 30679/2020) has remained unchanged at the hearing on 24 February 2021.

After the first hearing for both judgements, Data Stampa (G.R. no. 30679/2020) and L'Eco della Stampa (G.R. no. 35260/2020), the judge granted the terms pursuant to article 183 paragraph 6 Civil Procedure Code (c.p.c.) for the filing of preliminary briefs, and set the next hearings for 25 May 2021 (Press date) and 8 June 2021, respectively.

On 4 November 2020, AGCOM notified the Company of Resolution no. 565/20/CONS concerning the dismissal for settlement of the proceedings initiated against L'Eco della Stampa for non-compliance with the order set out in Resolution 169/20/CONS of 5 May 2020.

Legal/regulatory risks

Risks related to the outcome of the proceedings before the Milan Public Prosecutor's Office crim. proc. no. 5783/17 R.G.N.R.

On 16 November 2018, the Milan Public Prosecutor's Office issued against Benito Benedini, Roberto Napoletano, Donatella Treu - respectively former Chairperson of the Board of Directors, former Editorial Director and former Chief Executive Officer of Il Sole 24 ORE S.p.A. (the Company) - the notice of conclusion of the investigations pursuant to article 415 *bis* of the Code of Criminal Procedure (c.c.p.) with reference to criminal proceedings no. 5783/17 R.G.N.R. for the offences of *false corporate communications by listed companies* pursuant to article 2622 of the Civil Code and *market manipulation* pursuant to article 185 of the Consolidated Law on Finance (TUF). It should be noted that the aforementioned offences were contested by the Milan Public Prosecutor's Office against Roberto Napoletano as de facto director of Il Sole 24 ORE S.p.A.

In the same notice, Il Sole 24 ORE S.p.A. was also charged with the administrative offences referred to in articles 5, paragraph 1, letter a), 6, 25 *ter*, paragraph 1, letter b) of Legislative Decree no. 231/2001 and articles 5, paragraph 1, letter a), 6, 25 *sexies* of Legislative Decree no. 231/2001, which are presumed to depend on the predicate offences indicated above.

On 15 February 2019, the Milan Public Prosecutor's Office requested that the Company be committed for trial in relation to the administrative offences under articles 25 *ter* and 25 *sexies* of Legislative Decree no. 231 of 2001 articles 5 paragraph 1, letter a), 6, 25 *ter* paragraph 1, letter b) of Legislative Decree no. 231/2001 and articles 5 paragraph 1 letter a), 6, 25 *sexies* of Legislative Decree no. 231/2001.

In particular, the Company has been charged with the administrative offences of false corporate communications (article 2622 of the Civil Code) and information manipulation of the market (article 185 of the Consolidated Law on Finance) alleged against its former directors and executives mentioned above.

More specifically, the aforementioned former directors and executives have been charged with the crime of false corporate communications for having, "in order to ensure an unjust profit for themselves and third parties", disclosed material facts that were not true about the Company's economic, equity and financial situation in the Half-Year Financial Report at 30 June 2015, the Interim Report at 30 September 2015, as well as in the financial statements at 31 December 2015.

This false representation focused "on the performance of the newspaper Il Sole 24 ORE on the sales of digital and printed copies and related revenues"; this was achieved with a representation always tending to overstate the results of management of the most significant asset of the company - the newspaper Il Sole 24 ORE - in particular, the general revenues from the sale of copies and market penetration, also camouflaging the losses accrued through the aggregation of different business areas".

The aforementioned persons were also charged with information manipulation of the market for having, by means of press releases issued between 2014 and 2016, provided the market with false information concretely capable of causing a significant alteration in the share price and relating to the performance of the circulation figures of the newspaper Il Sole 24 ORE S.p.A. and the related revenues.

On 12 September 2019, the first preliminary hearing was held before the preliminary hearing judge (GUP) at the Court of Milan, Ms Mannoci. In this context, the defendants Benito Benedini, Roberto Napoletano and Donatella Treu were joined as plaintiffs seeking damages by Consob, Confindustria, the Common Representative of Holders of Special Category Shares, Marco Pedretti, and the shareholders Angelo Mincuzzi, Roberto Galullo, Alessandro Di Cagno, Leonardo Sergio Cosmai, Nicola Alessio Borzi and Vincenza Loddo. The latter also filed a motion requesting that Il Sole 24 ORE S.p.A. be joined as a plaintiff seeking damages. The judge, deciding on the objections raised by the parties, admitted the appearance of all the aforementioned civil parties except for that of Vincenza Loddo against Il Sole 24 ORE S.p.A.. The preliminary hearings judge also acknowledged that Benito Benedini and Donatella Treu had filed plea bargains and that the Public Prosecutor had given consent.

The hearing was then adjourned until 24 September 2019. On that date, Il Sole 24 ORE S.p.A. also filed a plea bargaining application with the preliminary hearing judge, indicating the consent already given by the Public Prosecutor in relation to a pecuniary administrative sanction of Euro 50,310.00. In this context, the defendants' counsel, Benito Benedini and Donatella Treu, also delivered to the counsel for Il Sole 24 ORE S.p.A. two checks for Euro 100,000 and Euro 300,000, respectively, which the Company's counsel received as a mere down payment for the greater damages suffered.

After the judge ordered the separation of the proceedings against Roberto Napoletano, the hearing continued with a discussion by the defence counsel for the Public Prosecutor and the civil plaintiffs, who requested that the defendant be indicted, and by the defence counsel for the defendant, who requested acquittal.

On 29 October 2019, the Court of Milan, in ruling no. 19/2880, accepted the plea bargain submitted by the Company on 24 September 2019.

With the aforementioned sentence no. 19/2880, the Court, accepting the plea bargaining, also ordered the infliction of a mere pecuniary sanction for a reduced amount of Euro 50,310.00, acknowledging, at the same time, the suitability of the remedial measures adopted by the Company to strengthen and optimize its integrity and reliability. In particular, the reduction of the pecuniary administrative fine was granted - as mentioned in the same sentence - in consideration of the preparation of an organizational model suitable to prevent the commission of similar crimes and of the tenor of the communication of the dismissal order issued by Consob against the entity.

At the same hearing, the former Chairperson Benito Benedini and the former Chief Executive Officer Donatella Treu made plea bargains and were sentenced to 1 year, 5 months and 20 days imprisonment and 1 year and 8 months imprisonment, respectively, and to pay the costs of the civil parties. The aforementioned defendants were also granted a suspended sentence.

On 16 January 2020, the trial of Roberto Napoletano, former editor-in-chief of Il Sole 24 ORE and other newspapers of the 24 ORE Group, opened before the judges of the second criminal section of the Court of Milan. Napoletano is charged with false corporate communications and market manipulation.

At the aforementioned hearing of 16 January 2020, Consob - which had already joined the proceedings as a plaintiff in the preliminary hearing - announced that it would file a motion requesting that Il Sole 24 ORE be held civilly liable; consequently, Il Sole 24 ORE would be held jointly and severally liable with the other defendants, as a civilly liable party pursuant to article 2049 of the Civil Code, for any damages caused to third parties by the alleged criminal acts.

Six employees and former employees of the 24 ORE Group, as well as Confindustria (Confederation of Italian Industry), have already joined the proceedings as plaintiffs in the preliminary hearing.

At the 30 January 2020 hearing, the Lombardy Order of Journalists also joined the ongoing trial as a plaintiff.

At the hearing of 13 February 2020, which was dedicated to explaining the exceptions relating to the civil plaintiffs that had joined the proceedings, the Court reserved its decision on their admission and adjourned the hearing to 16 April 2020, which, as a result of the measures taken by the Government following the Covid-19 emergency, was postponed to 21 May 2020.

At the hearing of 21 May 2020, the Court preliminarily read out the decision by which all the civil parties were admitted, with the exception of that of the Order of Journalists, which was considered late.

As mentioned earlier in this Report, Consob, a plaintiff in a civil action, filed a motion requesting that the Company be held civilly liable.

The Court reserved its decision by adjourning the trial until 28 May 2020, for the dissolution of the reservation only.

At the hearing held on 28 May 2020, the Court granted the request to hold the Company civilly liable in accordance with the Consob motion.

On 6 June 2020, the Company was served with the relevant order summoning the civilly liable party for a hearing on 7 July 2020.

On 24 June 2020, through the Company's defence attorneys, the deed of incorporation and witness list were filed in the interest of the Company as civilly liable party.

At the trial hearing on 7 July 2020, the Company acknowledged the filing of the deed of constitution of the civilly liable party, as well as the list of witnesses and the late summons were pleaded since they occurred after four trial hearings and the Court - having also taken note of the replies from the Consob civil party - reserved the decision.

At the hearing on 15 September 2020, the Court lifted the reservation made, rejecting - as expected - the request for exclusion of the civilly liable party and the requests for exclusion of the civil parties. The Court then declared the trial open and invited the parties to request the admission of evidence. The Court, having suspended the hearing because the anti-Covid measures could not be guaranteed, therefore adjourned the trial to the hearing of 15 January 2021 to exhaust the evidence requests and for the examination of the first witnesses of the Prosecution.

At the hearing of 15 January 2021, the Court completed the phase of the admission of evidence by authorizing the summoning of all witnesses requested by the parties as well as the examination of the defendant.

The preliminary hearing phase was then opened and continued - as scheduled - with hearings on 28 January, 17 February and 25 and 11 March 2021. The next hearing is scheduled for 25 March 2021.

Following the commencement of the proceedings before the Milan Public Prosecutor's Office with a view to full transparency and although it did not affect the Company's possession of the requirements under article 80 of Legislative Decree no. 50/2016 (Public Contracts Code), the Company had prudently taken steps to declare in the public evidence tender documents its status as a legal entity under investigation pursuant to Legislative Decree 231 of 2001, given that this information had also been the subject of official communications by the Company, as well as widely circulated in the press.

This being said, the fact that the Company has been subjected to the pecuniary sanction pursuant to Legislative Decree no. 231/2001 constitutes a circumstance that must be declared when participating in procedures for the award of public contracts. The sanction does not have any automatic exclusionary effect on the Company's participation in the awarding procedures, but it must in any case be submitted to the individual contracting stations for the purpose of assessing the possible consideration of "a serious professional misconduct", i.e. the cause of exclusion "of a discretionary nature" provided for by article 80 paragraph 5 letter c) of Legislative Decree no. 50/2016). In particular, in order to be able to order exclusion from the procedure, the contracting station should, following an adversarial procedure with the Company, identify the existence of a situation that is likely to undermine the integrity/reliability of the Company for the purposes of carrying out the specific contract. In this regard, it should however be considered that, in order to demonstrate its integrity and reliability in the performance of the services covered by the contract, in the declarations that are submitted as part of the awarding procedures, the Company is already providing evidence of the self-cleaning measures that have been adopted.

In relation to these measures, it should be noted - inter alia - that in 2019, the Board of Directors resolved to entrust external lawyers and technical consultants with the task of assessing the existence of the circumstances for proposing to the ordinary shareholders' meeting to resolve to initiate liability actions, based on the findings.

On 12 March 2019, the Board of Directors resolved to submit to the Shareholders' Meeting called for 30 April 2019 a proposal for a corporate liability action pursuant to articles 2392 and 2393 of the Civil Code against Benito Benedini, Donatella Treu and Roberto Napoletano, under the terms specified in the illustrative report published pursuant to law.

On 30 April 2019, the Shareholders' Meeting resolved to approve the proposal of the Board of Directors concerning the aforementioned corporate liability action pursuant to articles 2392 and 2393 of the Civil Code against Benito Benedini, Donatella Treu and Roberto Napoletano, under the terms specified in the illustrative report published pursuant to law.

Accordingly, on 18 June and 24 June 2019, the Company served summonses on the following persons:

a) Benito Benedini, against whom a claim has been made for compensation for all damages suffered and to be suffered by Il Sole 24 ORE S.p.A. in relation to the Business Media Transaction (as defined in the illustrative report pursuant to article 125-ter, Legislative Decree no. 58 of 24 February 1998 published on 29 March 2019), currently quantifiable in no less than Euro 4,328,280.00, jointly with Donatella Treu.

b) Donatella Treu, against whom a claim has been made for compensation for all damages suffered and to be suffered by Il Sole 24 ORE S.p.A. in relation to:

   (i) commercial and reporting practices aimed at artificially increasing the circulation figures of the Newspaper, currently quantifiable in no less than Euro 7,548,043.31, jointly with Roberto Napoletano and KPMG S.p.A., which is also a defendant in the action;

   (ii) the Business Media Transaction, currently quantifiable in no less than Euro 4,328,280.00, jointly with Benito Benedini;

   (iii) the Stampa Quotidiana Transaction (as defined in the illustrative report pursuant to article 125-ter, legislative decree no. 58 of 24 February 1998 published on 29 March 2019), currently quantifiable in no less than Euro 665,560.00, an order to be made jointly with KPMG S.p.A..

c) Roberto Napoletano, in his capacity (deemed to exist by both the Public Prosecutor and CONSOB) as de facto Director of the Company, against whom a claim has been made for compensation for all damages suffered and to be suffered by Il Sole 24 ORE S.p.A. in relation to commercial and reporting practices aimed at artificially increasing the circulation figures of the Newspaper, currently quantifiable in no less than Euro 7,548,043.31, jointly with Donatella Treu and KPMG S.p.A..

The lawsuit was entered in the register of the Civil Court of Milan with R.G. 30810/2019 on 20 June 2019, and was subsequently assigned to the Investigations Judge (G.I.) Guido Vannicelli.

By order of 2 March 2020, the Investigations Judge postponed the date of the first hearing to 17 November 2020, in order to allow the defendants to sue the insurance companies. Subsequently, with a decree issued on 21 May 2020, the judge, in order to reschedule the hearing due to the problems caused by the Covid-19 emergency, postponed the first hearing to 9 February 2021.

At the hearing of 9 February 2021, the Judge, after hearing the defence attorneys on the issues of particular importance, insisted on ascertaining the willingness of the parties to consider a possible settlement and, finding that all parties were substantially willing, adjourned the hearing to 13 April 2021.

Risks associated with Consob inspections

The events described above are also the subject of the following inspections by Consob:

1) Audit initiated on 18 October 2016 by assignment letter prot. no. 0092429/16 and notified to the Company on 19 October 2016, pursuant to article 115 paragraph 1 letter c) of Legislative Decree no. 58 of 24 February 1998 and concerning: "*the procedures for collecting circulation data, the impact of such circulation data on the remuneration of personnel, on the sale of advertising space and on the process of defining forecast data, the relationships between the 24 ORE Group and the company Di Source, as well as the procedures regarding internal dealing*".

This audit was completed on 12 June 2017; its findings were described in two reports dated 19 April 2017 and 12 June 2017.

On 3 August 2018, the Company was notified by Consob of certain objections pursuant to article 187-septies of the Consolidated Law on Finance (prot. no. 0291113/18 and proceeding no. 84400/2018). In particular, the aforementioned objections concerned the case referred to in article 187-ter of the Consolidated Law on Finance (market manipulation), in the version applicable *ratione temporis,* and were directed both against five individuals no longer part of the Company (Donatella Treu, Roberto Napoletano, Anna Matteo, Alberto Biella and Massimo Arioli) and against the Company, as the party jointly liable, pursuant to article 6 of Law 689/1981.

The company was also charged with the offence envisaged by article 187-quinquies, paragraph 1, letter a), of the Consolidated Law on Finance (liability of the entity), for violation of article 187-ter, paragraph 1, of the Consolidated Law on Finance committed, in the opinion of Consob, in the interest of Il Sole 24 ORE S.p.A. by a former company representative no longer in office (Donatella Treu).

More specifically, the conduct alleged by Consob concerned the procedures for detecting and communicating to the company Accertamenti Diffusione Stampa S.r.l. (ADS) circulation data. Consob contested that the Company, in the period between 2012 and 2016, allegedly implemented unfair commercial and reporting practices aimed at artificially increasing the newspaper's circulation figures and providing an altered representation of the newspaper's circulation; all "*in a context of inadequate information systems and deficiencies in procedures and operational control mechanisms*".

On 8 November 2018, the Company submitted its written counter-claims to the Consob Administrative Sanctions office regarding the objections pursuant to article 187-septies of Legislative Decree no. 58/1998.

On 22 February 2019, the Consob Administrative Sanctions Office submitted the "Report for the Commission" with which it proposed the application of pecuniary administrative sanctions for the violation of article 187-ter, paragraph 1, of Legislative Decree 58/1998 against Donatella Treu, Roberto Napoletano, Anna Matteo, Alberto Biella and Massimo Arioli for a total of Euro 1,050 thousand. The Administrative Sanctions Office also proposed the application of a fine of Euro 140,000 against Il Sole 24 ORE S.p.A. pursuant to article 187-quinquies of Legislative Decree no. 58/1998. Pursuant to article 6, paragraph 3, of law no. 689/1991, Il Sole 24 ORE S.p.A. is also jointly liable with Donatella Treu, Roberto Napoletano, Anna Matteo, Alberto Biella and Massimo Arioli for the payment of the total pecuniary administrative sanction applied to the latter, without prejudice, in any case, to the right of recourse.

To cover the risk described above, a provision of Euro 140 thousand was recorded and allocated in the consolidated financial statements at 31 December 2018. With reference to the penalty proposed against Donatella Treu, Roberto Napoletano, Anna Matteo, Alberto Biella and Massimo Arioli for a total of Euro 1,050 thousand and for which Il Sole 24 ORE S.p.A. is obliged to pay, by way of joint liability, the level of risk has been assessed as possible, but not probable, and therefore no provision for risks has been set up.

The Company submitted its written counter-claims to the Office of the Secretary of the Commission on 22 March 2019.

The deadline for adopting the final measure was originally set for 1 May 2019. Subsequently, Consob suspended this deadline pursuant to article 8, paragraph 7, of the Regulation on sanctioning proceedings, having requested a supplementary report from the Administrative Sanctions Office. This supplementary report, together with the technical report of the Consob Markets Division, was received on 31 May 2019 and the Company was given a deadline to provide its counter-claims by 30 June 2019. The Company provided its written counter-claims on 28 June 2019.

On 11 September 2019, the aforementioned administrative sanctioning proceeding no. 84400/2018 was therefore concluded. In particular, Consob, having assessed the results of the preliminary investigation, did not consider that the conditions existed for the adoption of any sanctioning measure against the Company and, therefore, ordered the closure of the proceedings by means of a communication notified on 11 September 2019. In this regard, Consob did not find any orientation on the part of the Company aimed at achieving the unlawful purpose which, pursuant to current regulations, would make it administratively liable and, consequently, subject to sanctions against it. Moreover, Consob decided not to formulate any judgement of reprehensibility towards the Company itself, since it had taken steps to prepare organizational models capable of preventing offences of the kind that occurred. As a result of the events described above, the Company released the provision of Euro 140 thousand in 2019.

However, the Company remains jointly liable, pursuant to article 6, paragraph 3 of Law 689 of 1981, for payment of the penalties applied to the individuals (no longer present in the company) Donatella Treu, Roberto Napoletano, Anna Matteo, Alberto Biella and Massimo Arioli, for violation of article 187-ter, paragraph 1, of Legislative Decree 58/1998, amounting to a total of Euro 1,050 thousand, without prejudice, in any event, to the right of recourse. Following an appeal by some of these individuals, the amount of the fines was reduced to Euro 870,000.

In view of the intervening closure of the proceedings before Consob, in the context of the procedures for the award of public contracts, the Company is not required to provide any statement in relation to the outcome of the proceedings themselves, since this is an irrelevant circumstance as it is not likely to affect the Company's possession of the requirements set out in article 80 of Legislative Decree no. 50/2016.

On 19 December 2019, Consob adopted an order notifying the Company that it was replacing the monthly supplemental periodic reporting requirements established in an order adopted on 14 December 2016 with quarterly reporting requirements.

Therefore, the yearly and half-yearly reports and the interim management reports for the first and third quarters of the financial year published by the Company on a voluntary basis, starting with the Annual Financial Report at 31 December 2019, as well as, where relevant, press releases concerning the approval of the aforementioned accounting documents, will be supplemented with the additional information required by Consob.

2) On 13 August 2018, Consob notified the Company of the notice of initiation of the proceeding aimed at adopting the measure pursuant to article 154-ter, paragraph 7 of the Consolidated Law on Finance (prot. no. 0305181/18 and proceeding no. 84944/2018 L3). In particular, the aforementioned proceeding relates to Consob detection of certain critical issues that emerged in relation to the valuations carried out at the time of the 2015 financial statements and, consequently, in the subsequent method of recognizing certain related write-downs in the 2016 consolidated financial statements as well as, as a result of the above, in the 2016 comparative figures presented in the consolidated financial statements at 31 December 2017.

On 22 October 2018, the Company submitted to Consob its written comments on the notification of 13 August 2018 regarding the initiation of the proceeding aimed at adopting the measure pursuant to article 154-ter, paragraph 7 of Legislative Decree no. 58/98.

On 28 December 2018, the Commission communicated to the Company its resolution no. 20770 (the "Resolution"), whereby it ascertained the "non-compliance of the consolidated financial statements at 31 December 2017 of the company Il Sole 24 ORE S.p.A. with the rules governing their preparation, pursuant to article 154-ter, paragraph 7, of Legislative Decree no. 58/98". Specifically, according to the Resolution, the non-compliance of the Company's financial statements concerned, in particular, non-compliance profiles of the 2015 consolidated financial statements that were not identified in the 2016 financial statements and, consequently, in the 2016 comparative figures presented in the 2017 consolidated financial statements. Therefore, because of the non-compliance of the 2015 consolidated financial statements, this resulted in the incorrect application of IAS 1, paragraphs 27 and 28 and IAS 8, paragraphs 42 and 49 in relation to the 2016 financial statements and IAS 1, paragraphs 10, 38 and 38A in relation to the comparative information for the 2016 financial year presented in the 2017 consolidated financial statements.

Consob, therefore, pursuant to article 154-ter, paragraph 7, of Legislative Decree no. 58 of 1998, requested the Company to disclose the following information to the market:

- the shortcomings and critical aspects noted by Consob regarding the correctness of the accounting of the above financial statements;
- the applicable international accounting standards and the violations found in this regard;
- the illustration, in a special pro-forma statement of financial position - accompanied by comparative figures - of the effects that a true and fair view would have had on the balance sheet, income statement and equity for the year for which incorrect information was provided.

The Company, while reiterating its arguments already illustrated to Consob in the note of 22 October 2018, replied on 2 January 2019 to questions (i) and (ii) and on 22 January 2019 to question (iii) by means of a specific press release.

On 8 February 2019, the Company filed an application with Consob for access to records to review documents in the office file relevant to its defence.

On 26 February 2019, Il Sole 24 ORE S.p.A. announced that it had filed an appeal before the Lazio Regional Administrative Court to challenge Consob Resolution no. 20770 of 28 December 2018. With the aforementioned appeal, registered in the general register under no. 2436/19, the Company requested the annulment of the contested resolution, with all consequent rulings.

On 15 January 2020, having learned of the existence of further internal proceeding deeds in relation to Consob resolution no. 20770 of 28.12.2018, challenged before the Lazio Regional Administrative Court, with appeal R.G. no. 2436/19, the Company submitted a new request for access to the deeds.

The case (R.G. no. 2436/19), after several adjournments, was finally discussed and held for decision by the Regional Administrative Court of Lazio at the hearing on 2 March 2021. The outcome is awaited.

It cannot be excluded that in the event of a negative outcome of the aforementioned appeal proceeding before the Regional Administrative Court, there may be a further impact on the reputation of the Company, the brand and the Group's products, such as to potentially affect the Group's turnover.

Risks related to the use of social shock absorbers

In the second quarter of 2017, the Company engaged a leading consulting firm to perform an assessment with respect to the management and application of social shock absorbers. The findings of this assignment showed that, in the period from May 2013 to April 2016, at the maintenance area of the Milan plant, additional work was provided for by union agreement during the period of application of the defensive solidarity contract, to the extent of 12 hours/month per person, for which an indemnity was paid that was not offset against the wage supplement.

This constitutes an irregularity that exposes the Company to the obligation of repaying to the Paying Institution an amount corresponding to the wage integration allowance recognized and not due, in relation to the working hours actually not reduced with respect to the solidarity contract, in addition to the increases provided for administrative sanctions and interest on arrears that will be determined, within the limits of the law, by the same Institute and subsequently communicated to the Company.

The request for spontaneous regularization to INPS was activated and was granted. On 21 October 2019, the company paid the regularization expense.

Although the assessment carried out did not reveal any further critical issues, the Company cannot rule out the possibility that the anomalies found have also occurred in other areas of the Group.

In view of the residual criticalities illustrated above, the Company has maintained a provision for contingent liabilities at 31 December 2020 with a residual value of Euro 1,252 thousand.

Risks related to pending litigation

The Group is a party in civil, criminal, administrative, tax and labour law proceedings.

The Company monitors the development of these disputes, also with the help of external consultants, and proceeds to set aside the sums necessary to deal with existing disputes in relation to the varying degree of probability of losing the case, proceeding - in compliance with accounting principles - to allocate provisions for risks in cases where the occurrence of a liability is considered probable and, vice versa, highlighting exclusively in the notes to the financial statements the potential liabilities the occurrence of which is, on the other hand, considered possible and which must, in any case, be taken into consideration and highlighted as not being remote.

In particular, to cover the risk deriving from proceedings underway, a provision for risks is recognized, which at 31 December 2020 amounted to Euro 7,278 thousand (provision for litigation and provision for sundry risks). The provision includes accruals for risks relating primarily to libel suits against the newspaper and radio station, labour litigation, expected legal fees and contingent liabilities, including tax liabilities.

The Company believes that the amounts allocated to the risk provision are adequate in light of the circumstances existing at 31 December 2020, in accordance with IFRS accounting standards.

In particular, the Company is exposed, as are other operators in the sector, to the risk of legal action, with particular reference to disputes concerning claims for damages based on hypotheses of defamation in the press.

At 31 December 2020, the number of lawsuits related to claims against the 24 ORE Group was 71.

With reference to such disputes involving press defamation, it should be noted that, on the basis of the Group's experience, in those cases in which the Company is found not to have lost the case, the outcome is usually an award of damages amounting to a minimal sum compared with the original claim.

Moreover, for litigation initiated before 2010, the Company has insurance policies in place to cover financial losses caused involuntarily and directly to third parties as a result of unintentional breaches of obligations deriving from the law in the publishing of its publications, including libel suits, up to a maximum coverage of Euro 516,000 per claim.

Risks related to the protection of intellectual property

The protection of intellectual property, including copyright and industrial property rights, is fundamental to the traditional business model of a publishing company. In addition to copyright on editorial content, the Group owns numerous Internet domains and national, international and EU trademarks used to identify products and services in the product categories of interest of the Group. The Company therefore relies on the legal protection of copyrights, its own industrial property rights arising from the registration thereof, as well as the intellectual property rights of third parties granted to the Company under licence for use.

The Company regularly protects its industrial property rights through the filing of applications for the registration of trademarks relating to its printed and online publications, as well as the titles of radio programmes broadcast by Radio 24. However, even if trademark registrations are obtained, the related rights, given also the limited distinctiveness resulting from the use of the numeral 24, could: (*i)* not prevent competitors from developing products identified by similar signs, and in any case, *(ii*) prove ineffective in preventing acts of unfair competition by third parties. Moreover, the granting of regular registrations does not prevent the rights granted therein from being challenged by third parties.

Despite the fact that the Company has devised and launched an articulated enforcement strategy to protect its copyright on its own editorial content, it cannot exclude the occurrence of phenomena of unlawful exploitation of such rights by third parties, with consequent negative effects on the Group's operations and its economic and financial situation and prospects.

In this context, reference is made to the dispute with certain journalists, for which reference should be made to the paragraph entitled "Risk related to the improper use of reproduction rights for newspapers and magazines by press review companies".

Risks related to the failure to adopt EU Regulation 2016/679 on network access and personal data protection (GDPR)

On 25 May 2018, the new General Data Protection Regulation (GDPR - EU Regulation 2016/679) came into force across the European Community, with which the European Commission intended to strengthen and make more homogeneous the protection of personal data of EU citizens, both within and outside its borders. The GDPR stems from a clear need for legal certainty, harmonization and greater simplicity of the rules regarding the transfer of personal data from the EU to other parts of the world.

The GDPR applies to the wholly or partly automated processing of personal data and to the non-automated processing of personal data held in or intended to be held in a filing system. The GDPR applies to data of EU residents and also to companies and entities, organizations in general, with registered offices outside the EU that process personal data of EU residents.

Companies were therefore obliged to adopt a system of data processing according to the principle of privacy by design and by default. In other words, the Data Controller has been called upon to implement appropriate technical and organizational measures to ensure that only the personal data necessary for each specific purpose of processing is processed by default. This obligation applies to the quantity and quality of personal data collected, the period of storage and related accessibility by the parties concerned. The GDPR has therefore imposed interventions on various levels: from governance to processes, from physical and logical security to information modes.

A breach of the rules set out in the GDPR could expose the Company to the payment of administrative fines.

In fact, article 83 of the GDPR introduces specific administrative pecuniary sanctions against the Data Controller or the external Data Processor that does not comply with its provisions. Penalties for violations of the new rule consist of fines of up to 4% of turnover and up to a maximum of Euro 20.0 million. In addition to administrative pecuniary sanctions, each Member State shall, in accordance with article 84, lay down the rules on other sanctions for infringements of the Regulation, in particular for infringements not subject to administrative pecuniary sanctions under article 83, and shall take all measures necessary to ensure that they are implemented. Such penalties shall be effective, proportionate and dissuasive. In addition to the direct damage resulting from the penalties introduced by the Legislator, it is necessary not to overlook the damage to image and reputation that could result from non-compliance with the rules introduced by the GDPR.

Il Sole 24 ORE S.p.A. in order to ensure that the processing of personal data is carried out in accordance with the GDPR has initially set up a working group (consisting of personnel experienced in legal issues, IT, organization and marketing and assisted by a leading consulting firm) that has conducted a project of corporate compliance with the GDPR. As a result of this activity, the Company appointed a Data Protection Officer and adopted an Organization Model for the respect of privacy and the processing of personal data (GDPR Policy) in order to define the rules and security measures used in the processing and protection of the personal data of each individual with whom it comes into contact. The Company has also adopted monitoring systems useful for verifying the correct application of policies/procedures during the phases of each project that foresees the collection of personal data with a view to privacy by design and by default and has assigned internal and external privacy roles.

Risks related to the regulatory framework in the Group's business sectors

In the context of the Group's business, it is subject to detailed regulations at both national and EU level regarding publishing, printing and broadcasting. Amendments in the current regulatory framework could have negative effects on the Group's activities and economic, equity and financial situation.

Moreover, the Group companies, like any other operators in these sectors, are subject to controls, including periodic controls, by the competent regulatory authority (AGCOM), aimed at ascertaining that they comply with sector regulations and that they continue to meet the conditions necessary to maintain the authorizations provided for by the applicable legislation.

More specifically, the Group's activities are regulated:

a. as far as the publishing and press sector is concerned, inter alia, by (i) Law no. 47 of 8 February 1948 ("Provisions on the press"); (ii) Law no. 416 of 5 August 1981 ("Discipline of publishing companies and benefits for the publishing industry"); (iii) Law no. 67 of 25 February 1987 ("Renewal of Law no. 416 of 5 August 1981, regulating publishing companies and benefits for the publishing industry"); (iv) Law no. 62 of 7 March 2001 ("New rules on publishing and publishing products and amendments to Law no. 416 of 5 August 1981"); (v) Legislative Decree no. 170 of 24 April 2001 ("Reorganization of the system for circulation of newspapers and magazines, pursuant to article 3 of Law no. 108 of 13 April 1999"); (vi) Legislative Decree no. 177 of 31 July 2005 ("Consolidated law on audiovisual and radio media services"), as amended by Legislative Decree no. 44 of 15 March 2010 ("Romani Decree"); (vii) Law no. 198 of October

26, 2016: "Establishment of the Fund for pluralism and innovation of information and delegation to the Government for the redefinition of the discipline of public support for the publishing sector and local radio and television broadcasting, the discipline of pension profiles of journalists and the composition and powers of the National Council of the Order of Journalists. Procedure for the concession of the public radio, television and multimedia service (OG no.255 of 31 October 2016)"; and

b. with regard to the radio sector, inter alia, by Legislative Decree no. 177 of 31 July 2005 ("Consolidated law on audiovisual and radio media services") (amended inter alia by Legislative Decree no. 44 of March 15, 2010).

Regulatory amendments could require particular and additional burdens on Group companies not foreseen to date or cause slowdowns and interruptions to the Group's business, with possible negative repercussions on the Group's business and economic, equity and financial situation.

In view of the health emergency situation arising from the spread of the Covid-19 virus, in accordance with the order of 23 February 2020 by the Ministry of Health and the President of the Lombardy Region, some 24 ORE Group events and others were rescheduled during 2020. Following the same order, the Mudec – Museo delle Culture in Milan, managed by the subsidiary 24 ORE Cultura S.r.l., was closed until 28 May, with the consequent postponement of some exhibitions. Subsequently, as of 29 May, the City of Milan has reopened access to the Permanent Collection, whose entrance is free of charge, with a limited capacity for three days a week.

In the Official Gazette no. 70 of 17 March 2020, the following was published Decree Law no. 18 of 17 March 2020 on measures to strengthen the national health service and economic support for families, workers and businesses related to the Covid-19 epidemiological emergency. The decree came into force on 17 March 2020.

On the Official Gazette no. 94 of 8 April 2020, Law Decree no. 23 of 8 April 2020 was published, containing "Urgent measures on access to credit and tax compliance for companies, special powers in strategic sectors, as well as interventions on health and work, and extension of administrative and procedural terms".

By Law no. 40 of 5 June 2020 published in the Official Gazette no. 143 of 6 June 2020, Decree Law no. 23 of 8 April 2020 ("Liquidity Decree") was converted with amendments to ensure business continuity.

Ordinary Supplement no. 24 to Official Gazette no. 178 of 16 July 2020 published Decree-Law no. 76 of 16 July 2020 on "Urgent measures for simplification and digital innovation" (Simplification Decree).

Article 1 and article 2 of the decree in question modify, until 31 July 2021, the procedures for awarding public contracts, with consequences on the obligations to publish notices in daily newspapers.

In fact, in order to simplify these procedures, they derogate - albeit for a limited period - from the obligation to publish information on public contract award procedures in the daily press in order to ensure that administrative activity is transparent, correct and effective.

In particular, article 1 of the decree provides - until 31 July 2021 - the applicability of the negotiated procedure without a call for tenders to works contracts between Euro 1 and 5.3 million (the current Community threshold), with the consequence of eliminating the obligation to publish the related calls for tenders and notices in at least one local newspaper and one national newspaper.

Article 2 provides, inter alia, the use - also in this case until 31 July 2021 - of the procedure without a call for tenders also for contracts above the thresholds of services and supplies (amounting to more than Euro 214 million) and works (amounting to more than Euro 5.3 million) when, for reasons of extreme urgency resulting from the crisis caused by the Covid-19 pandemic, the deadlines, even shortened, provided by the ordinary procedures cannot be met. In any case, it will be possible, again until 31 July 2021, to resort to the procedure without a call for tenders - and therefore without the publication of notices in at least two local newspapers and two national newspapers - in the sectors of school, university, health and prison buildings, public safety infrastructure, transport and road, rail, port, airport, lake and water infrastructures, including interventions included in the ANAS-Mit 2016-2020 and RFI-Mit 2017-2021 programme contracts and related updates, as well as interventions functional to the implementation of the energy transition, and for contracts related or connected to them.

In Ordinary Supplement no. 25 to the Official Gazette no. 180 of 18 July 2020, Law no. 77 of 17 July 2020, "Conversion into law, with amendments, of Decree-Law no. 34 of 19 May 2020, containing urgent measures on health, support for work and the economy, as well as social policies related to the Covid-19 epidemiological emergency" was published.

The articles relating to measures for the publishing industry (Chapter II of Title VIII, from article 186 to 195), were not amended during the conversion process. In particular:

- the strengthening of incentives for advertising investments in the press, limited to 2020, with an increase in available resources (spending limit of Euro 60 million, of which Euro 40 million for newspapers and magazines, including online, and Euro 20 million for local radio and television) with an increase in the percentage of the maximum amount of eligible credit, raised from 30% to 50% on the total investments made in the year and not on the incremental part;
- a new extraordinary flat-rate scheme for newspaper returns for the purposes of value added tax. For the year 2020, for the trade of newspapers and magazines, VAT may be applied, by way of derogation from the current regime, in relation to the number of copies delivered or dispatched, reduced by way of a flat-rate yield of 95%, instead of 80%;
- the reintroduction, for 2020, of the tax credit for companies publishing newspapers and magazines for the purchase of paper used for printing newspapers. In particular, it provides for the recognition of a tax credit equal to 8% of the expenditure incurred in 2019 for the purchase of paper for the printing of published titles, within the expenditure limit of Euro 24 million;
- the introduction, for 2020, for companies publishing newspapers and magazines that employ at least one permanent employee, of a tax credit equal to 30% of the actual expenditure incurred in 2019, up to a limit of Euro 8 million, for the acquisition of server services, hosting and evolutionary maintenance for the titles published in digital format, and for information technology for the management of connectivity; a one-off contribution of up to Euro 500, up to a limit of Euro 7 million, to individuals running exclusive sales outlets for the resale of newspapers and magazines;
- the guarantee of imputed contributions for journalists accessing the "Cassa Integrazione in Deroga" (Wage Guarantee Fund in derogation) with Covid-19;
- an extraordinary, simplified procedure for the payment of the first instalment of direct contributions for publishing for the year 2019;
- the postponement, from 30 June to 31 December 2020, of the deadline for the INPGI financial rebalancing procedure;
- the further extension, from 31 December 2020 to 30 June 2021, of the duration of the press agencies' existing contracts with the Prime Minister's Office.

On 8 September 2020, the bill was definitively approved converting Decree-Law no. 76 of 16 July 2020, setting forth "Urgent measures for simplification and digital innovation" (Simplification Decree).

Article 1 and article 2 of the decree modify, until 31 July 2021, the procedures for awarding public contracts, with consequences on the obligations to publish notices in daily newspapers.

In particular, article 1 of the decree provides - until 31 December 2021 - the applicability of the negotiated procedure without a call for tenders to works contracts between Euro 1 and 5.3 million (the current Community threshold), with the consequence of eliminating the obligation to publish the related calls for tenders in at least one local newspaper and one national newspaper.

Article 2 provides for the use - also in this case until 31 December 2021 - in many cases of the procedure without a call for tenders also for contracts above the thresholds of services and supplies (amounting to more than Euro 214 million) and works (amounting to more than Euro 5.3 million) and, therefore, without publication of the relevant call for tenders in at least two local newspapers and two national newspapers.

In the conversion bill, a number of amendments have been introduced to extend the effectiveness of the extraordinary and temporary procedures to 31 December 2021 (the original text of the decree set 31 July 2021) and introduce some specifications on the subject of advertising the start of negotiated procedures without a call for tenders.

The derogation from tendering procedures in public contracts leads to the non-publication of the relative notices in the press, with the consequence of reducing the knowledge of the activity of the Public Administration.

The decision to eliminate the publication of procurement information in newspapers is a further detriment to publishing companies.

Official Gazette no. 253/2020 of 13 October published the law no. 126/2020, for the conversion of Decree-Law no. 104 of 14 August 2020, containing "Urgent measures for the support and relaunch of the economy" (August Decree).

Among the articles relating to the measures for the publishing industry, the following are noted in particular:

- Article 27 extends the exemption from social security contributions for employment in disadvantaged areas, as provided for in paragraph 1 of article 27 of the Decree, also to journalists employed by publishing companies, attributing the competence to INPGI; the related cost, estimated at Euro 1.5 million for 2020 and Euro 0.5 million for 2021, shall be covered by the resources of the Fund for publishing;
- Article 96 provides refinancing and simplifications for the publishing sector. In particular, the resources allocated to finance the tax credit for advertising investments in the newspaper and magazine press and television and radio broadcasters are increased from Euro 60 million to Euro 85 million (those allocated to newspapers are increased from Euro 40 million to Euro 50 million), and the tax credit granted to companies that publish newspapers and magazines for the purchase of paper used to print the titles published is raised from 8 to 10 percent, with reference to expenditure incurred in 2019, raising the related expenditure ceiling from Euro 24 million to Euro 30 million. In addition, the regulation of direct contributions to the publishing industry has been simplified through a number of provisions.

The effects of Covid-19 and of the consequent measures introduced at regional and national level listed above could also have an impact on the Group's business and on economic, equity and financial position.

Financial risks

Financial risks related to existing credit lines and loans

The Company has a securitization program in place, created by the vehicle company Monterosa SPV S.r.l. and structured by Banca IMI S.p.A. as arranger, whose maximum total amount that can be financed is Euro 50.0 million.

The program provides for the ongoing monthly transfer of portfolios of the Company's trade receivables to Monterosa SPV, either on a definitive non-recourse (i.e., without a guarantee of the transferred debtors' solvency) or on a recourse basis (i.e., with a guarantee of the transferred debtors' solvency) and matures in December 2026.

At 31 December 2020, the line of credit for the securitization of trade receivables with recourse (for a total amount of Euro 20.0 million) had been used for Euro 16.5 million.

The securitization contract does not provide for financial covenants but does provide for causes of impediment to the acquisition of the Company's portfolios of receivables, which, if not remedied, could result in the termination of the contract. It should also be noted that the contract provides for the possibility for both parties to conclude transactions at the end of each calendar quarter.

Any termination of the securitization program would impact the Group's financial operations if the Company were unable to fund itself through commercial net working capital leverage, or unable to raise additional capital and credit resources.

On 20 July 2020, the Company signed the addendum with Monterosa SPV regarding the extension of the securitization programme for an additional six years, extending the maturity date to December 2026, and also modifying the option for both parties to terminate transactions at the end of each calendar half year.

On 20 July 2020, the Group signed a new medium/long-term loan agreement with a pool of lending banks, comprising Intesa Sanpaolo (also acting as Financing and Guarantee Agent Bank), Cassa Depositi e Prestiti, Banco BPM, Banca Popolare di Sondrio and Banca Monte dei Paschi di Siena, backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree".

In relation to the SACE guarantee provided by the loan and in accordance with the provisions of the "Liquidity Decree", the Group has made the following commitments:

a) allocate the loan for the purpose of financing: *(i)* investments; (*ii*) working capital; (*iii*) personnel costs; *(iv)* costs of lease or rent fees of business units, exclusively for production facilities and business activities located in Italy (excluding acquisitions of investments); and: (*i)* to keep the substantial part of production in Italy; *(ii)* to use the proceeds of the loan exclusively in accordance with the purpose envisaged in such contract;

b) comply with the regulations in force from time to time concerning the fight against money laundering, financing of terrorism and corruption;

c) not to approve or execute dividend distributions or share repurchases during 2020 and to ensure that any other company based in Italy that is part of the same group does not approve or execute dividend distributions or share repurchases during 2020;

d) manage employment levels through trade union agreements for the entire duration of the loan.

There are no collateral or compulsory guarantees, but financial covenants recorded at consolidated level and calculated without giving effect to IFRS 16.

The contract includes, in addition to the clauses that are standard practice for this type of financing, such as: negative pledge, *pari passu*, cross-default and change of control, and some specific provisions that provide for mandatory partial early repayment upon the occurrence of certain events.

Failure to comply with even one covenant means that all amounts for which the Company has been declared delinquent will be immediately due and payable and the loan will be immediately cancelled. However, the lending banks may be asked to make amendments to the loan agreement, or to waive their rights to early termination, in the event of non-compliance with a covenant.

The Company ensures continuous monitoring of the performance indicators which could, if not met, trigger the causes of impediment envisaged in the securitization contract, and of the covenants which could cause the Company to lose the benefit of the term envisaged by the SACE loan, also for the purpose of taking all appropriate action in a timely manner to avoid such eventualities.

Tax risks

Tax risks related to the ability to recover deferred tax assets

At 31 December 2020, the Group recorded deferred tax assets of Euro 22.6 million, including Euro 19.2 million related to prior-year losses.

The recovery of this asset is subject to the availability over the next few years of a flow of taxable income sufficient to generate a theoretical tax expense sufficient to absorb past losses.

In this regard, article 23, paragraph 9 of Decree Law no. 98 of 6 July 2011 allows the recovery of tax losses without a time limit and a ceiling for their use in each year equal to 80% of taxable income. No indication of the length of the recovery period can be found in the relevant Accounting Standard.

As in previous years, the valuation of deferred tax assets on past losses was carried out using recovery forecasts consistent with the Business Plan, and extending these forecasts to the subsequent period, appropriately reducing them by 30% for the period 2025-2027, 55% for the period 2028-2030 and 100% beyond 2030.

If there are negative differences between the forecasts contained in the Plan and the actual figures available, the relevant accounting item will have to be written down. Under no circumstances will the Group recognize new deferred tax assets on prior losses before it has returned to positive taxable income. Similarly, the Group waives the recognition of deferred tax assets on new deductible temporary differences arising from the 2019 financial year.

Tax risk related to the Di Source Ltd affair

With reference to commercial relationships with Di Source Ltd, and in part Edifreepress S.r.l., Johnsons Holding S.r.l., Johnsons Inflight News Italia S.r.l., and P Publishing S.r.l., a risk profile of a fiscal nature is reported. In particular, invoices received by the Companies could be considered irregular, with consequent recovery of taxes and related penalties.

In order to address the tax risk profile, a specific provision for risks was recorded in the separate and consolidated financial statements at 31 December 2016, and then partially utilized for voluntary disbursements and adjustments, to cover the risk related to taxes and related penalties, the residual amount of which is Euro 1,123 thousand.

Risk resulting from the transfer of the IRES credit

On 28 September 2018, the Parent Company transferred without recourse to Banca IFIS the IRES credit for non-deduction of IRAP relating to employee and assimilated personnel expenses of Euro 2,400,978 plus related accrued and accruing interest, requested for the 2007 and 2008 tax periods.

In the event that future tax liabilities emerge due to disputes currently in litigation or any other future disputes, the Revenue Agency may suspend payment of the refund pending the final outcome of the litigation or a suitable surety guarantee. In such case, Banca IFIS requests to be held harmless and indemnified.

If the Revenue Agency requested a surety to guarantee disputes, including those not concerning the credit transferred, and the Company was unable to obtain such a guarantee, a breach of contract would occur. However, this possibility is remote, both because there are no disputes underway with a significant risk of losing and because there are no elements that, at present, suggest that the Company is unable to obtain this surety. In this regard, it should be noted that the Parent Company referred to the provisions of articles 6 and 7 of Decree Law no. 119 of 23 October 2018 for the facilitated settlement of two disputes that contained certain findings whose risk of losing the case was considered probable.

Operational risks

Risks related to the valuation of goodwill, intangible assets and tangible assets (impairment test)

The Group is characterized by a high incidence of goodwill, other intangible assets and tangible assets compared to total assets and equity, and is exposed to the risk of impairment of these assets.

At 31 December 2020, goodwill recognized in the consolidated financial statements amounted to Euro 22,019 thousand, intangible assets amounted to Euro 40,914 thousand and tangible assets, including rights of use recognized in accordance with IFRS 16, amounted to Euro 59,633 thousand, representing 8.0%, 14.9% and 21.7% of total consolidated assets, respectively. In total, at 31 December 2020, goodwill, intangible assets and tangible assets totalled Euro 122,565 thousand, or 44.7% of total consolidated assets, compared to consolidated equity of Euro 35,320 thousand.

On 25 February 2021, the Company's Board of Directors approved the update of the 2021-2024 Plan, which confirms the strategic direction and medium to long-term objectives of the previous 2020-2023 post-Covid Plan approved on 30 June 2020, of which it represents an update, evolution and acceleration, and the same was the basis for the impairment test. The results of the impairment test were determined on the basis of the impairment test procedure adopted by the Group, which was approved by the Board of Directors of Il Sole 24 ORE S.p.A. on 25 February 2021.

The assumptions made for the purpose of determining the value in use of the individual cash generating units, which support these asset values, by their very nature incorporate an element of uncertainty connected with all forecasts; therefore, they could lead to future adjustments to the book values depending on the actual realization of the assumptions underlying the estimates made by the directors.

Any future impairment of goodwill, intangible assets and tangible assets tested for impairment could result in a reduction in the Company's and the Group's assets and equity under IFRS, which would have a material adverse effect on the Company's and the Group's business and economic, equity and financial situation and going concern.

Risks related to the internal control and risk management system

Between November 2016 and January 2017, the need emerged to review and analyse the operational processes adopted by the Company deemed most significant in order to identify any critical issues and possible solutions.

The need to do so arose from specific circumstances, namely: the start of inspections by the Supervisory Authority; news that investigations were pending (at the time against unknown persons) by the Judicial Authorities; the results of the audit entrusted to an external consultant on the circulation and sale of copies of the newspaper; and the remarks made by the newly established Supervisory Board and the independent auditors. Following a resolution of the Board of Directors of Il Sole 24 ORE S.p.A., on 16 March 2017, the Company awarded a series of assignments to a leading consulting firm, all aimed at: *(i)* the identification of any shortcomings and/or significant areas for improvement in the design of the internal control and risk management system (hereinafter also "SCIGR") and of the control processes with respect to the existing Guidelines and Procedures, to the best reference practices and to the requirements of current legislation;

(*ii*) the assessment of the operation and effectiveness of the controls in place. In particular, the audits focused on the following company areas: (*i*) purchasing area, (*ii*) commercial area, (*iii*) expense reimbursement, (*iv*) circulation and distribution of the newspaper,(*v*) environment, (*vi*) health and safety.

These audits were followed by other audits carried out by the Internal Audit Department - in accordance with the annual plan approved by the Board of Directors - and by other third-party auditors.

The recommendations made as a result of the aforementioned audits and aimed at strengthening the internal control and risk management system are monitored by the Internal Audit Department which, in coordination with the Corporate General Management, verifies their actual implementation. The results of these follow-up actions are promptly reported to the Chairperson of the Board of Directors and the Chief Executive Officer.

In addition, in 2020, work continued on updating the internal regulatory system with the issue of new policies, guidelines and operating procedures and the consequent training/information aimed at company employees.

Lastly, it should be noted that in July 2020, the Company adopted the new Organization, Management and Control Model pursuant to Legislative Decree 231/2001 (CFR - Risk Organization and control model pursuant to Legislative Decree 231, 8 June 2001) and, also during the year, the monitoring of administrative and accounting processes continued pursuant to Law no. 262/2005 and the assessment of the main risks to which the Company is exposed (ERM).

Should the SCIGR be inadequate for the nature and size of the company, inefficiencies or dysfunctions could arise with consequent economic, equity and financial losses for the Company and the Group.

Risk of interruption of printing activity at plants

The printing of the Group's editorial products and the daily newspaper "Il Sole 24 ORE" is carried out in part at the Group's two production sites located in Milan and Carsoli (L'Aquila), and in part under contract at third-party sites located in Sassari and Rende.

With specific reference to proprietary plants, it should be noted that these plants are subject to operational risks, including, by way of example, equipment breakdowns, work stoppages, revocation of permits and licences, as well as events of an exceptional nature, including unlawful acts of third parties and natural disasters. Furthermore, the Group's activities rely on the efficient and uninterrupted operation of its IT, energy supply and communication systems, any damage to or interruption of which - for whatever reason (including, by way of example, computer viruses) - could lead to the compromise and/or loss of data with a consequent negative impact on the Group's activities.

With part of its printing activities contracted out to third parties, the Group is exposed, in particular with regard to its newspapers, to the possibility that the contracting companies may not abide by the terms agreed upon. In particular, at the date of this Annual Report, third-party printers supplied about 6.3% of the copies produced. It should be noted that, with reference to printing activities in Calabria and Sardinia, the Company uses third-party printers for all its volumes. For this reason, the Company believes there is dependence on third-party printers. However, these volumes are smaller and, overall, marginal compared to the total, as they are destined to more limited geographical areas.

Any interruptions or delays in the delivery of products, which could also arise as a result of the emergency caused by the spread of the Covid-19 virus, could have an adverse effect on the Group's economic, equity and financial position.

In order to minimize the operational risks associated with its own plants, the Group follows strict operating and control procedures; similarly, audits are carried out on a quarterly basis to check product quality and the efficiency, functionality and maintenance of the machinery present at external printers. Insurance policies have also been taken out, which are considered adequate and sufficient to guarantee coverage of direct damage to plants and equipment and coverage of indirect damage due to interruption of activities.

In addition, the Group has implemented, with the 16 March 2021 edition, the restyling of the Newspaper and its attachments with the consequent cessation of production at its own plants and the outsourcing of all printing activities to third-party suppliers.

Risk related to the availability of the raw material "coloured paper" in the supply market

The European paper market is characterized by an increasingly small number of reliable and stable suppliers. The last two years have seen the closure of a number of paper mills and the concentration of production in a smaller number of production sites, due to the decrease in overall volumes and the reduction in profit margins for paper suppliers. In this last period, following the consequences of Covid-19, one of the largest paper manufacturers declared disinterest in continuing the coloured paper business and declared the closure of a paper mill. This has led to the spread of uncertainties in the market, which could also undermine free competition.

Faced with this uncertain and critical period for the supply of paper, the 24 ORE Group has signed a series of Framework Agreements for the year 2021, with the main players in the supply of coloured paper in Europe, reducing the risk of non-supply and ensuring a favourable purchase price.

Risk related to dependence on a single supplier for the distribution of publishing products in Italy and abroad

On 29 June 2006, the Company signed with M-Dis Distribuzione Media S.p.A. (hereinafter, "M-DIS") an agreement for the exclusive distribution and marketing in Italy and abroad (France, Slovenia and Switzerland) of newspapers, add-ons and magazines published by the Group (hereinafter, the "Contract"). M-DIS is a joint venture between RCS (which holds 45%), Istituto Geografico DeAgostini S.p.A. (which holds 45%) and Hearst Magazines Italia S.p.A. (which holds 10%).

During the first few months of 2020, the Company signed new addenda both for the newspaper and for add-on products and magazines, with the aim of containing distribution costs as much as possible while extending their validity by 2 years; as a result, following the latest contractual amendments of 28 April 2020, the contract for the physical distribution and marketing in the news-stand channel of the newspaper Il Sole 24 ORE (and any future magazines that the Company decides to sell compulsorily in conjunction with the aforementioned newspaper) in Italy will expire on 31 December 2022; the contract regarding the distribution and marketing of magazines in Italy will expire on 31 December 2022, as will the contract regarding the distribution and marketing of add-ons in Italy, which will also expire on 31 December 2022. The contract for the physical distribution and marketing of the newspaper Il Sole 24 ORE abroad in the news-stand channel was also recently renewed, aligning its expiration with the other three existing contracts.

The Company has the right to terminate the Contract in advance, pursuant to article 1456 of the Civil Code, in case of breach - by M-DIS - of obligations provided for by specific contractual provisions (including failure to pay, for at least 4 times during the year, sums due to the Company as advance payment and/or balance), as well as in case of unilateral and voluntary suspension and/or interruption of the distribution activity by M-DIS (even where such suspension and/or interruption is justified by the Company's non-fulfilment).

The decision to turn to M-DIS as the main supplier is consistent with the search for and selection of a better condition for the Group, in terms of reliability and proven ability of the counterparty to manage this activity.

Despite the situation of dependence on the contractual relationship with M-DIS, the Company believes that the contents and conditions of the same are currently in line with market practice.

Since M-DIS is the exclusive distributor of the Group's entire distribution service, any suspension and/or interruption of the relationship between the parties could entail the need to identify new operators that can satisfy the Group's needs in a similar manner, both domestically and abroad. During this possible transition phase, the Group may incur higher costs.

It is not possible to exclude that the gradual concentration of distributors of publishing products could generate monopolies and/or territorial oligopolies for certain operators, resulting in a significant increase in the distribution costs borne by the Group, with a consequent negative impact on the Group's business and on its economic, equity and/or financial situation.

The Group constantly monitors developments in the distribution of editorial products in Italy, also with a view to identifying possible alternative solutions in the event of potential interruptions to activities (even for limited periods) by the current sole supplier and in view of future contractual expiry.

Risks related to possible escalation of conflict with workers

The company is pursuing the action of reducing the overall cost of labour, through a structural reduction of the workforce (of all the categories journalists, managers, polygraph, graphic personnel and radio operators) with benefits for the cost structure of the Group.

In the first part of the year, the Group signed agreements with trade union representatives in the journalism area for the use of solidarity contracts and implemented a reorganization plan in the presence of a crisis, pursuant to article 25-bis, paragraph 3, letter A) of Legislative Decree 148/2015, for the graphic and polygraph area that ended on 10 May 2020. This plan envisaged the use of the Cassa Integrazione Straordinaria (Extraordinary Wage Guarantee Fund), aimed at early retirement in the sector, to manage the redundancies resulting from the reorganization. In addition, the Company has started the activities to intervene on the paper product with a restyling of the Newspaper and its attachments that have an impact on the Group's industrial structure. Moreover, it decided to cease publication of the magazine "IL" as from the January 2021 edition.

The Company, in order to contain the economic effects of the Covid-19 health emergency, resorted to the work support measures made available by the law. In particular, for the graphics and polygraph areas, as from 11 May 2020, ordinary wage subsidies were activated for the maximum period permitted by law; for the journalism areas, agreements were signed for the use of the Cassa Integrazione in Deroga (Wage Guarantee Fund in derogation) as from 1 July 2020 for the maximum period permitted by law. These instruments were used until the end of the 2020 financial year.

In this context, it is not possible to exclude the possibility of an escalation of conflict with workers.

Given that the Group's activities mainly include publishing, journalism and printing activities, work stoppages or other forms of conflict by certain categories of workers (in particular journalists and polygraph personnel, given the rapidity of the economic cycle of the product) could lead to interruptions and, if prolonged, to inefficiencies that could affect the Group's economic results.

The Group ensures that any actions it intends to take that may have an impact on workers and the general corporate climate are discussed as a matter of priority with trade union representatives and communicated in compliance with applicable regulations.

OWNERSHIP STRUCTURE AND TREASURY SHARES

At 31 December 2020, the share capital of Il Sole 24 ORE S.p.A., fully subscribed and paid in, amounted to Euro 570,124.76, divided into 9,000,000 ordinary shares (representing 13.77% of the share capital) and 56,345,797 special category shares listed on the Mercato Telematico Azionario - MTA organized and managed by Borsa Italiana S.p.A. (representing 86.23% of the share capital), including 330,202 treasury shares, all without indication of nominal value.

Confindustria holds all of the ordinary shares of Il Sole 24 ORE S.p.A. and 31,217,484 special category shares, the latter having the rights referred to in article 7 of the Articles of Association, including the right to vote at the Company's general, ordinary and extraordinary shareholders' meetings.

The ordinary shares and special category shares held by Confindustria represent a total of 61.546% of the share capital.

All the shares issued by Il Sole 24 ORE S.p.A., currently owned by Confindustria - Confederazione Generale dell'Industria Italiana, are held in trust for Carlo Bonomi as Chairperson. All further shares that may be acquired in the future by Confindustria will be registered in the name of the *pro tempore* Chairperson.

By a resolution of the General Meeting of Shareholders on 28 June 2017, the limits on share ownership of special category shares already in the Articles of Association were abolished.

Pursuant to article 7 of the Articles of Association, the distribution of interim dividends may be resolved in favour of special category shares within the limits and in the manner provided for by law. Pursuant to article 37 of the Articles of Association, they are attributed a preferential dividend of 5%, equal to Euro 2.60 or, if higher, to the share implicit par value, which may not be accumulated from one financial year to the next. In the event of dissolution of the Company, they shall have a right of preference in the distribution of the Company's assets up to the share implicit par value.

At the date of the Board of Directors' meeting to approve the Annual Financial Report at 31 December 2020, based on the results of the Shareholders' Register and taking into account the communications received pursuant to article 120 of the Consolidated Law on Finance, the following parties held, directly or indirectly, shares in the Company equal to or greater than 5% of the share capital:

PARTIES THAT DIRECTLY OR INDIRECTLY OWN 5% OR MORE OF THE COMPANY'S SHARE CAPITAL

Declaring Party	Direct Shareholder	% of share capital	% of voting capital
Ordinary shares			
Confindustria - Confederazione Generale dell'Industria Italiana (General Confederation of Italian Industry)	Confindustria - Confederazione Generale dell'Industria Italiana (General Confederation of Italian Industry)	13.773%	13.843%
Special category shares			
Confindustria - Confederazione Generale dell'Industria Italiana (General Confederation of Italian Industry)	Confindustria - Confederazione Generale dell'Industria Italiana (General Confederation of Italian Industry)	47.773%	48.015%

It should be noted that pursuant to paragraph 7 of article 119-bis of the Issuers' Regulation, added by Consob resolution no. 16850 of 1 April 2009 and subsequent amendments and additions, management companies and qualified entities that have acquired, as part of the management activities referred to in article 116-terdecies, paragraph 1, letters e) and f) respectively, of the Issuers' Regulation, managed investments of more than 3% and less than 5%, are not required to comply with the disclosure obligations provided for in article 117 of the aforementioned Regulation.

There are no authorizations by the Shareholders' Meeting to purchase treasury shares pursuant to article 2357 and following of the Civil Code. However, the Board of Directors was authorized by the Shareholders' Meeting of 28 April 2009 to dispose of the treasury shares held in portfolio, pursuant to article 2357-ter of the Civil Code, without time limits, in accordance with the terms and conditions set out in the share incentive plans approved by the Company from time to time. At the date of this document, Il Sole 24 ORE holds 330,202 treasury shares, equal to 0.58% of the special category shares and 0.51% of the entire share capital, for which voting rights are suspended.

At the date of this Annual Report at 31 December 2020, the Shareholders' Meeting had not granted any powers to the Board of Directors to increase share capital pursuant to article 2443 of the Civil Code or to issue equity instruments.

ORGANIZATION AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231, 8 JUNE 2001

Legislative Decree no. 231 of 8 June 2001 introduced into Italian law the administrative liability of entities arising from the commission of crimes in the interest or to the advantage of the entity itself.

Also for the purpose of preventing conduct that could result in the perpetration of the offences listed in the Decree, Il Sole 24 ORE S.p.A. adopted for the first time on 28 July 2005 specific internal rules and regulations formalized in the Organization, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter the "231 Model") in compliance with the requirements of the Decree and the guidelines issued by Confindustria.

The Company's Board of Directors therefore approved the 231 Model and appointed the Supervisory Body, which is responsible for overseeing the functioning of and compliance with the Model, as well as for periodically checking its effectiveness and updating it.

The Supervisory Board currently in office was appointed on 30 April 2019 and is composed of Raffaele Squitieri (Chairperson), Gianluca Ferrero and Lelio Fornabaio.

During the course of the year, the Supervisory Body constantly carried out a detailed check on the state of updating and adequacy of the 231 Model in force, with reference to both the organizational and legislative framework of reference, and notified the Company of the need to proceed with an overall update of the 231 Model, focusing on a complete review of the mapping of risks related to the framework of sensitive activities and the types of alleged offences referred to in the Decree (which in the meantime have expanded as a result of the inclusion in the body of the Decree of new offences-231 compared with those contemplated in the 231 Model in force).

The report was promptly acknowledged by the Company, which quickly launched a comprehensive review of its assessment risk that also included the risks entailed by the existing 231 Model. The activity was completed at the beginning of the second half of 2020 and on 30 July 2020, the Board of Directors approved the updated version of the 231 Model of the Company and the Code of Ethics of the 24 ORE Group. Model 231 defines the rules of conduct and the control principles aimed at preventing the following underlying offences:

A. Offences committed to the detriment of the Public Administration;
B. IT offences;
C. Organized Crime offences;
D. Corporate offences;

E. Offences against the person;
F. Financial offences or market abuse;
G. Offences of manslaughter and serious or very serious culpable injuries, committed in violation of accident prevention rules and on the protection of workplace health and safety;
H. Offences of receiving stolen goods, money laundering and use of money, goods or utilities of illegal origin, as well as self-laundering;
I. Offences of copyright infringement;
L. Inducement not to make statements or to make false statements to the Supervisory Authority;
M. Environmental offences;
N. Employment of illegally staying third-country nationals;
O. Racism and Xenophobia;
P. Tax offences.

On the basis of the analysis carried out, the commission of the other types of offence provided for by the Decree was considered remote or only abstractly and not concretely possible.

The Model also defines the internal disciplinary system aimed at sanctioning any failure to comply with its provisions.

The Model of the Company, general part, and the Code of Ethics of the 24 ORE Group are available on the website of the Company at www.gruppo24ore.com in the Governance section.

In order to ensure greater effectiveness in the application of the rules adopted, the Company has promoted the knowledge and dissemination of the Model and the Code of Ethics. Specific training on the Decree extended to all personnel was therefore carried out in 2020.

The Company continues to monitor regulatory sources in order to promptly make any further updates to the Model.

During 2019 and 2020, the subject matter was affected by a number of legislative amendments including:

- Law no. 3/2019 concerning "*Measures for combating offences against the public administration, as well as in the matter of the prescription of the offences and in the matter of transparency of political parties and movements*" which, in addition to tightening the criminal and prohibitory sanctions provided for certain offences underlying the responsibility pursuant to Legislative Decree no. 231/2001, introduced amendments to the offences of *trafficking in illegal influences pursuant to article 346 bis of the Criminal Code*, also including it in the catalogue of predicate offences
- Decree Law no. 124 of 26 October 2019, converted, with amendments, by Law no. 157 of 19 December 2019, containing "*Urgent provisions on tax matters and for unavoidable needs*" ("Tax Decree"), which extended the catalogue of predicate offences set out in the Decree to include the tax offences provided for by Legislative Decree no. 74/2000. In particular, article 39, paragraph 2 of the Tax Decree introduced in Legislative Decree 231/2001 the new article 25-quinquiesdecies, by virtue of which some tax offences entail the administrative liability of legal entities and determine the application of pecuniary sanctions.
- The Legislative Decree (Legislative Decree 14 July, no. 75/2020) implementing the PIF Directive (Directive (EU) 2017/1371), which provides for amendments to the regulation of several offences and an extension of the list of predicate offences under Legislative Decree no. 231/2001. In fact, the Decree introduces special aggravating circumstances to the Legislative Decree provided for by articles 316 (embezzlement by means of profit from the error of others), 316 ter (undue receipt of funds to the detriment of the State), 319-quater (undue induction to give or promise benefits), in cases where the act offends the financial interests of the European Union and the damage or profit is greater than Euro 100,000.00. Articles 322 bis and 640 of the Criminal Code have also been amended to provide for an extension of punishability, also in the case of illegal activities to the detriment of the EU.

The Decree has also provided for the punishability of the attempt for some tax offences, which is not normally provided for by article 6 of Legislative Decree no. 74/2000. Specifically, the implementing decree provides for the punishability of the attempt for the offences referred to in articles 2 (fraudulent declaration through the use of invoices or other documents for non-existent transactions), 3 (fraudulent declaration through other devices) and 4 (unfaithful declaration) of Legislative Decree no. 74/2000, in the case of transnational facts (within the Union), if committed in order to evade VAT for an amount of not less than Euro 10 million.

The Decree also extended the list of predicate offences pursuant to Legislative Decree no. 231/2001. In fact, the heading of article 24 "Undue receipt of payments, fraud against the State, a public entity or the European Union or to obtain public funds, IT fraud to the detriment of the State or a public entity and fraud in public supplies" has been replaced, extending the liability of companies to the offences of: Fraud in public supplies (article 356 of the Criminal Code); Fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (article 2 of Law 898/1986).

The heading of article 25 "Embezzlement, extortion, undue induction to give or promise benefits, bribery and abuse of office" has also been amended, with the introduction in the list of offences against the P.A. of: Embezzlement of public funds, excluding embezzlement of use (article 314, paragraph 1, of the Criminal Code); Embezzlement of public funds by exploiting the error of others (316 of the Criminal Code); Abuse of office (323 of the Criminal Code). Article 25-quinquiesdecies of Legislative Decree no. 231/2001 introduces new tax offences: False declaration (in case of serious cross-border VAT fraud, article 4 Legislative Decree 74/200); Failure to make a declaration (in case of serious cross-border VAT fraud, article 5 Legislative Decree 74/200); Undue compensation (in case of serious cross-border VAT fraud, article 10-quater Legislative Decree. 74/200).

Finally, article 25-sexiesdecies was added, which provides for the offence of Smuggling (Presidential Decree 43/1973), modulating the penalty according to whether or not the offence exceeds the threshold of Euro 100,000.00, above which the damage to the EU financial interests must be deemed considerable.

TRANSACTIONS WITH RELATED PARTIES

With reference to transactions with related parties, it should be noted that all transactions carried out with related parties are limited in substance to commercial transactions with related parties and commercial, administrative and financial services with subsidiaries and associates. These transactions are part of normal business operations, within the scope of the typical activity of each party involved, and are regulated at market conditions.

The Company observes its own internal procedure "Regulation of Transactions with Related Parties", adopted on 12 November 2010 by resolution of the Board of Directors (the "Regulation"), in implementation of the Regulation approved by CONSOB resolution no. 17221 of 12 March 2010, and subsequently amended by resolution no. 17389 of 23 June 2010 (the "CONSOB Regulation"). The aforementioned Regulation was subsequently updated by resolution of the Board of Directors on 19 December 2018 and lastly revised, in order to update certain references contained therein, by resolution of the Board of Directors on 19 December 2019.

It should be noted that at the date of this Annual Report at 31 December 2020, activities are underway to adapt the Internal Regulation to the CONSOB Regulation, as most recently updated by CONSOB resolution no. 21624 of 10 December 2020, and the activities will be completed, in line with the deadlines set by the Authority, by the deadline of 30 June 2021. Information on transactions with related parties is provided in paragraph 10.1 Transactions with related parties in the notes to the financial statements.

Related parties consist of parties entered in the Register of Related Parties established by the Company. The Regulation is available on the website *www.gruppo24ore.com*, Governance section.

RECONCILIATION OF CONSOLIDATED AND PARENT COMPANY PROFIT (LOSS) AND EQUITY

The reconciliation schedules between consolidated and parent company profit (loss) and equity are shown in the consolidated financial statements in paragraph 11 - note 21 relating to the Notes to the financial statements.

OUTLOOK

The first few months of 2021 confirm the persistence of the weak market conditions and general uncertainty in the Italian economy which affect, in particular, the performance of advertising sales. The health emergency linked to the spread of the Covid-19 virus and the extraordinary measures introduced by the competent authorities to contain it have led to a worsening of the general conditions of the global economy, the extent and duration of which is currently difficult to predict. After the improvement recorded in the third quarter, the Italian economy contracted again in the fourth quarter due to the economic effects of the new measures adopted to contain the health emergency. This result led to a widening of the downward trend in GDP: from -5.1% in the previous quarter to -6.6% *(Source: Istat - preliminary estimate of GDP - Q4 2020 - 2 February 2021*).

In view of the health emergency situation, the publishing sector and in particular the advertising market are characterized by general uncertainty regarding the effects of the continuing Covid-19 epidemic and the consequent restrictive measures imposed by the competent authorities.

On 25 February 2021, the Company's Board of Directors approved the 2021-2024 Plan, which confirms the strategic direction and medium- to long-term objectives of the previous 2020-2023 post-Covid Plan approved on 30 June 2020, of which it represents an update, evolution and acceleration.

The 2021-2024 Plan confirms the progressive improvement of economic and financial indicators, driven by the growth of consolidated revenues and the reduction of costs. Compared to the 2020-2023 post-Covid Plan, updated estimates project a slower recovery in 2021, due to the effects of the pandemic, and an acceleration in subsequent years.

The Group continues to monitor very carefully both the evolution of the health emergency linked to the Covid-19 virus and the performance of the reference markets with respect to the hypotheses of the Plan, evaluating the actual possibility of rescheduling the planned initiatives, while maintaining proactive and constant attention to the containment of all costs and the identification of initiatives that can further mitigate the risk linked to revenues to protect profitability and expected cash flows.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR

On 1 February 2021, the Company informed the trade unions that from the edition of 16 March 2021, the restyling of the daily newspaper Il Sole 24 ORE will be adopted, which envisages a new format with the consequent cessation of printing activities carried out in the two production centres owned by the Group (Milan and Carsoli (AQ)). Discussions with the trade unions were concluded with the signing of an agreement for the management of the related excess employment.

On 25 February 2021, the Company's Board of Directors approved the 2021-2024 Plan, which confirms the strategic direction and medium- to long-term objectives of the previous 2020-2023 post-Covid Plan approved on 30 June 2020, of which it represents an update, evolution and acceleration.

The estimates of the 2021-2024 Plan reflect the new market trend forecasts and incorporate the updated implementation schedules of the initiatives already envisaged in the post-Covid 2020-2023 Plan, confirming the investment in printed products, primarily the re-launch of the newspaper in the new format, and in innovative digital initiatives.

The actions of the Plan are centred on a "digital first" strategy as an enabling element for the continuous enrichment of the system of multi-format and multi-platform products of Il Sole 24 ORE, the efficiency of processes, the sustainability of initiatives and the reduction of all operating costs, including labour costs for all professional categories.

The 2021-2024 Plan confirms the progressive improvement of economic and financial indicators, driven by the growth of consolidated revenues and the reduction of costs. Compared to the 2020-2023 post-Covid Plan, updated estimates project a slower recovery in 2021, due to the effects of the pandemic, and an acceleration in subsequent years.

The 2021-2024 Plan also provides for:

- initiatives aimed at strengthening the radio market and expanding the audience;
- greater emphasis on investments in new publishing initiatives, supported by innovative product technologies and management systems, as part of a process of accelerated digital transformation of the Group;
- reducing the costs of the operating structure through a profound industrial and editorial process reorganization, the streamlining of support and staff structures and the strengthening of distinctive skills.

On 16 March 2021, the new format of the Newspaper was introduced. The initiative represents the most visible new element within a broader plan to enhance the value of content (including audio/video/podcast content) and the continuous renewal of the supply system from a multi-format and multi-platform perspective, possible by virtue of the "digital first" strategy. In addition, the new format of the newspaper Il Sole 24 ORE and related initiatives represent an opportunity to strengthen circulation and pursue the engagement of traditional and new targets. The initiative has also had an impact on the industrial structure of the Group, with the consequent termination of production at its own plants and the outsourcing of all printing activities to third-party suppliers.

The enrichment of the printed and digital offer in the professional area exploits new publishing and technological platforms for the development of products and services and to create a product system, enhancing the great strength of the brand.

On 23 March 2021, the Board of Directors resolved to change the registered and administrative office to Milan, Viale Sarca 223.

PROPOSED ALLOCATION OF THE PROFIT (LOSS) OF FY 2020

Shareholders,

We submit for your approval the financial statements of Il Sole 24 ORE S.p.A. for the year ended 31 December 2020, which show a loss of Euro 1,010,732 that we propose to carry forward.

Milan, 23 March 2021

The Chairperson of the Board of Directors Edoardo GARRONE

2020 Consolidated Non-Financial Statement

[Omitted]

Consolidated
Financial Statements
As At 31 December 2020

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Euro thousands	Notes (*)	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	59,633	26,083
Goodwill	(2)	22,019	22,019
Intangible assets	(3)	40,914	40,559
Non-current financial assets	(4)	704	716
Other non-current assets	(5)	846	16,254
Deferred tax assets	(6)	22,604	23,847
Total		**146,719**	**129,478**
Current assets			
Inventories	(7)	1,893	2,897
Trade receivables	(8)	58,887	55,147
Other receivables	(9)	5,180	3,866
Other current financial assets	(10)	16,004	1,384
Other current assets	(11)	4,813	5,086
Cash and cash equivalents	(12)	40,889	15,731
Total		**127,665**	**84,111**
Assets available for sale		-	-
TOTAL ASSETS		**274,384**	**213,589**

(*) Section 11 of the Notes to the Financial Statements.

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions or positions with related parties on the statement of financial position, statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in point 13.5 and detailed in point 13.1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)			
Euro thousands	Notes (*)	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Equity	(13)		
Equity attributable to shareholders of the parent company			
Share capital	(14)	570	570
Capital reserves	(15)	19,452	19,482
Employee severance indemnity (TFR) reserve - IAS adjustment	(16)	(4,822)	(4,553)
Profits (losses) carried forward	(17)	21,108	22,274
Profit (loss) attributable to shareholders of the parent company	(18)	(989)	(1,202)
Total		**35,320**	**36,572**
Equity attributable to minority shareholders	(13)		
Capital and reserves attributable to minority shareholders		-	-
Profit (loss) attributable to minority shareholders		-	-
Total		**-**	**-**
Total equity		**35,320**	**36,572**
Non-current liabilities			
Non-current financial liabilities	(19)	81,799	15,944
Employee benefits	(20)	15,774	17,614
Deferred tax liabilities	(6)	5,617	5,996
Provisions for risks and charges	(21)	9,648	9,668
Other non-current liabilities	(22)	103	103
Total		**112,941**	**49,325**
Current liabilities			
Current bank overdrafts and loans	(23)	17,188	16,315
Other current financial liabilities	(24)	8,803	11,150
Trade payables	(25)	79,104	78,403
Other current liabilities	(26)	424	10
Other payables	(27)	20,605	21,816
Total		**126,123**	**127,693**
Liabilities available for sale		-	-
Total liabilities		**239,064**	**177,018**
TOTAL EQUITY AND LIABILITIES		**274,384**	**213,589**

(*) Section 11 of the Notes to the Financial Statements.

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions or positions with related parties on the statement of financial position, statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in point 13.5 and detailed in point 13.1.

Statement of profit (loss) for the year

CONSOLIDATED STATEMENT OF PROFIT (LOSS)			
Euro thousands	Notes (*)	FY 2020	FY 2019
1) Continuing operations			
Revenues	**(28)**	**190,976**	**198,737**
Other operating income	(29)	9,375	11,717
Personnel costs	(30)	(78,692)	(80,825)
Change in inventories	(7)	(1,004)	782
Purchases of raw and consumable materials	(31)	(4,444)	(7,338)
Costs for services	(32)	(81,785)	(89,817)
Costs for rents and leases	(33)	(6,084)	(7,036)
Other operating expenses	(34)	(2,508)	(3,107)
Provisions	(21)	(2,697)	(1,230)
Bad debt	(8.9)	(3,019)	(841)
Gross operating margin		**20,119**	**21,042**
Amortization of intangible assets	(3)	(6,285)	(4,848)
Depreciation of tangible assets	(1)	(10,884)	(11,871)
Impairment of tangible and intangible assets	(35)	(696)	(7,083)
Gains/losses on disposal of non-current assets	(36)	14	(1)
Operating profit (loss)		**2,268**	**(2,761)**
Financial income	(37)	781	626
Financial expenses	(37)	(2,828)	(2,958)
Total financial income (expenses)		**(2,047)**	**(2,332)**
Other income from investment assets and liabilities	(38)	103	3,856
Valuation of investments at equity		-	838
Profit (loss) before taxes		**324**	**(398)**
Income taxes	(39)	(1,312)	(804)
Profit (loss) from continuing operations		**(989)**	**(1,202)**
2) Assets held for sale			
Profit (loss) from assets held for sale		**-**	**-**
Net profit (loss)	**(18)**	**(989)**	**(1,202)**
Profit (loss) attributable to minority shareholders	**-**	**-**	**-**
Profit (loss) attributable to the shareholders of the parent company	**(18)**	**(989)**	**(1,202)**
Basic earnings (loss) per share in Euro	**(18)**	**(0.02)**	**(0.02)**
Diluted earnings (loss) per share in Euro	**(18)**	**(0.02)**	**(0.02)**

(*) Section 11 of the Notes to the Financial Statements.

Statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Euro thousands	FY 2020	FY 2019
Net profit (loss)	**(989)**	**(1,202)**
Other components of comprehensive income		
Other components of comprehensive income that can be reclassified to the income statement	**-**	**-**
Other components of comprehensive income that cannot be reclassified to the income statement	**(269)**	**(612)**
Actuarial gains (losses) on defined-benefit plans	(269)	(612)
Other components of comprehensive income, net of tax effects	**(269)**	**(612)**
Total comprehensive income (expense)	**(1,257)**	**(1,814)**
Attributable to:		
Minority shareholders	**-**	**-**
Shareholders of the parent company	**(1,257)**	**(1,814)**
TOTAL COMPREHENSIVE INCOME (EXPENSE)	**(1,257)**	**(1,814)**

(*) Section 11 of the Notes to the Financial Statements.

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions or positions with related parties on the statement of financial position, statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in point 13.5 and detailed in point 13.1.

Income components arising from non-recurring events or transactions, i.e. transactions or events that do not recur frequently, are also reported in point 13.5.

Statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS			
Euro thousands	Notes (*)	FY 2020	FY 2019
Statement items			
Profit (loss) before taxes from continuing operations attributable to the Group [a]		324	(398)
Adjustments [b]		**23,444**	**13,810**
Amortization/Depreciation	(1.3)	17,169	16,719
(Gains) losses	(36)	(14)	1
Effect of valuation of investments	(4)	(40)	(864)
Gain on disposal of minority investments	(4)	(62)	
Allocation and (release) of provisions for risks and charges	(21)	714	(6,397)
Restatement of debt for restructuring expenses	(30)	2,736	(1,559)
Provision for employee benefits	(20)	198	328
Impairment of tangible and intangible assets	(35)	696	7,082
Gain on disposal of investment Business School24 S.p.A.			(3,831)
Financial income and expenses	(37)	2,047	2,332
Changes in operating net working capital [c]		**(10,072)**	**40**
Change in inventories	(7)	1,004	(782)
Change in trade receivables	(8)	(3,739)	8,651
Change in trade payables	(25)	701	(1,798)
Other changes in net working capital		(8,038)	(6,030)
Total cash flow from operating activities [d=a+b+c]		**13,695**	**13,452**
Cash flow from investing activities [e]		**(14,039)**	**(1,853)**
Investments in intangible and tangible assets	(1.3)	(14,868)	(8,614)
Proceeds from disposal of minority investments		115	5,000
Security deposits paid	(5)	(591)	-
Other changes in investing activities		1,304	1,761
Cash flow from financing activities [f]		**25,468**	**(18,531)**
Net financial interest paid	(37)	(2,156)	(2,332)
SACE guaranteed financing	(19,24,37)	36,805	
Change in medium/long-term bank loans	(19)	(643)	(609)
Change in short-term bank loans	(23)	839	(2,185)
Changes in other financial payables and receivables		(83)	(2,661)
Other changes in financial assets and liabilities		34	(31)
Change in payables IFRS 16		(9,328)	(10,713)
Change in financial resources [g=d+e+f]		**25,124**	**(6,931)**
Cash and cash equivalents at the beginning of the year		**15,122**	**22,053**
Cash and cash equivalents at the end of the year		**40,246**	**15,122**
Increase (decrease) for the year		**25,124**	**(6,931)**

(*) Section 11 of the Notes to the Financial Statements.

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions or positions with related parties on the statement of financial position, statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in point 13.5 and detailed in point 13.1.

Statement of Changes in Equity

24 ORE GROUP - STATEMENT OF CHANGES IN EQUITY								
Euro thousands	Share capital	Capital reserves	Employee severance indemnity (TFR) reserve - IAS adjustment	Profits (losses) carried forward	Profit (loss) for the period	Equity of parent company shareholders	Equity of minority shareholders	Total equity
	(14)	(15)	(16)	(17)	(18)	(14)		(14)
Balance at 31 December 2018	**570**	**26,763**	**(3,941)**	**18,475**	**(6,020)**	**35,846**	**-**	**35,846**
Effects of first-time application of IFRS 16	-	-	-	2,539	-	2,539	-	2,539
Balance at 1 January 2019	**570**	**26,763**	**(3,941)**	**21,014**	**(6,020)**	**38,385**	**-**	**38,385**
Actuarial adjustment TFR			(612)			(612)		(612)
Net profit (loss) for the period	-	-	-	-	(1,202)	(1,202)		(1,202)
Total income/expenses	**-**	**-**	**(612)**	**-**	**(1,202)**	**(1,814)**	**-**	**(1,814)**
Change in profit (loss) 2018		(7,280)		1,260	6,020	-		-
Balance at 31 December 2019	**570**	**19,482**	**(4,553)**	**22,274**	**(1,202)**	**36,572**	**-**	**36,572**
Balance at 31 December 2019	**570**	**19,482**	**(4,553)**	**22,274**	**(1,202)**	**36,572**	**-**	**36,572**
Actuarial adjustment TFR			(269)			(269)		(269)
Net profit (loss) for the period	-	-			(989)	(989)		(989)
Total income/expenses	**-**	**-**	**(269)**	**-**	**(989)**	**(1,257)**	**-**	**(1,257)**
Other changes				6		6		6
Change in profit (loss) 2019		(30)		(1,172)	1,202	-		-
Balance at 31 December 2020	**570**	**19,452**	**(4,822)**	**21,108**	**(989)**	**35,320**	**-**	**35,320**

(*) Section 11 of the Notes to the Financial Statements.

Milan, 23 March 2021

The Chairperson of the Board of Directors
Edoardo GARRONE

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The 24 ORE Group operates in a leadership position in the economic-financial information market, offering its services to the public, professional categories, businesses and financial institutions.

The composition of the Group and the scope of consolidation at 31 December 2020, with changes compared to 31 December 2019, is provided in paragraph 9, Scope of consolidation.

The companies included in the Group's scope of consolidation at 31 December 2020 are:

- **Il Sole 24 ORE S.p.A.**, the Parent Company, which acts both as a holding company, holding the controlling investments in the Group companies, and as an operating company, through the exercise of the core businesses (general, financial and professional information, news agency, etc.);
- **Il Sole 24 ORE UK Ltd.**, a wholly-owned subsidiary, which is responsible for the intermediation in the sale of advertising space in the United Kingdom;
- **24 ORE Cultura S.r.l.**, a wholly-owned subsidiary specialized in products dedicated to art and photography, and the organization of exhibitions and events;
- **Il Sole 24 ORE U.S.A. Inc.**, wholly-owned subsidiary operating in the sector of political-economic and financial information in the United States;
- **Il Sole 24 ORE Eventi S.r.l.**, wholly-owned subsidiary operating, both in Italy and abroad, in the sector of organization, management, promotion and sale of conferences, events, meetings and forums, which can also be attended remotely and aimed at students, professionals, companies, public and private entities.

In 2020, the registered and administrative office of Il Sole 24 ORE S.p.A. was in Milan at Via Monte Rosa 91. As of 23 March 2021, the registered and administrative office is in Milan, Viale Sarca 223. Confindustria holds control of the Parent Company.

The share capital of the Parent Company amounts to Euro 570,124.76, represented by 65,345,797 shares. The total shares are broken down as follows:

- 9,000,000 ordinary shares held by Confindustria, equal to 13.77% of the total number of shares;
- 56,345,797 special category shares listed on the MTA Standard Segment (Class 1) of Borsa Italiana S.p.A., equal to 86.23% of the total number of shares, of which 31,217,484 held by Confindustria, 24,798,111 held by other shareholders and 330,202 treasury shares.

The special category shares of Il Sole 24 ORE S.p.A. are currently listed on the MTA in the Standard Segment (Class 1) of Borsa Italiana S.p.A..

SHARE IDENTIFICATION CODES	
Name	Il Sole 24 ORE S.p.A.
ISIN Code	IT0005283111
Reuters Code	S24.MI
Bloomberg Code	S24: IM

The annual financial report, including the Group's consolidated financial statements for the year ended 31 December 2020, the draft financial statements, the report on operations and the certification required by article 154-bis, paragraph 5 of Legislative Decree 58/1998, Consolidated Law on Finance (T.U.F.), in accordance with the provisions of article 154-ter, paragraph 1 of Legislative Decree 58/1998 (T.U.F.), was authorized for publication by the Board of Directors on 23 March 2021.

2. Form, content and international accounting standards

These consolidated financial statements have been prepared on a going concern basis and in accordance with the recognition and measurement criteria established by the International Accounting Standards (IAS and International Financial Reporting Standards - IFRS), as integrated by the relevant interpretations (Standing Interpretations Committee - SIC and IFRS Interpretations Committee - IFRIC), approved and published by the International Accounting Standards Board - IASB, and endorsed by Regulation (EC) no. 1126/2008 of the European Commission and subsequent amendments and additions.

Regulation (EC) no. 1126/2008 of the European Commission and subsequent amendments and additions adopts international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, implemented by Legislative Decree no. 38 of 28 February 2005 "Exercise of the options provided for by article 5 of Regulation (EC) no. 1606/2002 on international accounting standards" (Legislative Decree 38/2005).

The international accounting standards applied to the financial statements for the year ended 31 December 2020 and comparative figures for the year ended 31 December 2019 are those endorsed by the European Commission at the reporting date.

The presentation currency of the consolidated financial statements is the Euro and the amounts are expressed in thousands of Euro, except where expressly indicated.

3. Financial Statements

The Group has prepared a *Statement of financial position* that classifies current and non-current assets and current and non-current liabilities separately.

For each asset and liability item that includes both amounts due within twelve months of the reporting date and amounts due beyond twelve months, the amount expected to be recovered or settled beyond twelve months has been indicated.

All revenue and expense items recognized in the period, including financial expenses, share of profit or loss of associates and joint ventures accounted for using the equity method, tax expense, and a single amount relating to total discontinued operations, are presented in the Statement of Profit (Loss) for the year, which immediately precedes the Statement of Comprehensive Income.

The Statement of Comprehensive Income begins with profit or loss for the period, presents the Other Comprehensive Income section, the total other comprehensive income, and the total comprehensive income (expense), which is the total of profit or loss for the period and other comprehensive income.

The Statement of Profit (Loss) for the year presents the allocation of profit (loss) for the year attributable to the shareholders of the parent entity and profit (loss) for the year attributable to minority interests.

The Statement of Comprehensive Income presents a breakdown of comprehensive income for the year attributable to the shareholders of the parent entity and comprehensive income for the year attributable to minority interests.

Items that are recognized outside profit (loss) for the current year on specific provision of certain IAS/IFRS are presented in the Other Comprehensive Income section of the Statement of Comprehensive Income.

The Other Comprehensive Income section of the Statement of Comprehensive Income presents the items relating to the amounts of Other Comprehensive Income for the year, classified by nature (including the portion of Other Comprehensive Income attributable to associates and joint ventures accounted for using the equity method) and grouped into those which, in accordance with the provisions of other IAS/IFRS:

- will not be reclassified subsequently to profit (loss) for the year;
- will subsequently be reclassified to profit (loss) when certain conditions are met.

Other comprehensive income components that may be reclassified to profit (loss) for the year are:

- gains and losses arising from the translation of the financial statements of a foreign operation;
- the effective portion of gains and losses on hedging instruments in a cash flow hedge;
- gains and losses on the restatement of financial assets available for sale.

Other comprehensive income components that cannot be reclassified to profit or loss are actuarial gains and losses from defined benefit plans.

Items in the Other Comprehensive Income section of the Statement of Comprehensive Income are presented gross of the related tax effects, with a single figure relating to the aggregate amount of tax relating to those items. The tax is allocated between items that could be subsequently reclassified to profit or loss and those that will not be subsequently reclassified to profit or loss.

The classification used for the Statement of Profit (Loss) for the year is by nature.

It should be noted that in these consolidated financial statements, unless otherwise specified, the term Income Statement refers to the Statement of Profit (Loss) for the year.

Information on cash flows is provided in the Statement of Cash Flows, which is an integral part of these consolidated financial statements.

The method used to present cash flows is the indirect method, whereby the result for the year is adjusted for effects of:

- changes in inventories, receivables and payables generated by operating activities;
- non-monetary transactions;
- all other items the monetary effects of which are cash flows from investing or financing activities.

A reconciliation between the amounts relating to the components of cash and cash equivalents in the Statement of Cash Flows and the equivalent items shown in the Statement of Financial Position is provided in the notes.

The statement showing the net financial position has been prepared on the basis of the "*ESMA update of the CESR recommendations. The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive*" of 20 March 2013 (formerly CESR Recommendation 05-054b of 10 February 2005). The table shows a breakdown of its main components and an indication of payables to and receivables from related parties.

The statement of changes in equity shows:

- income and expenses recognized directly in equity and included in the Statement of Comprehensive Income for the year, with separate indication of the total amounts attributable to the shareholders of the parent company and those attributable to minority investments;
- for each Equity item, any effects of retrospective application or retrospective restatement recognized in accordance with *IAS 8 Accounting Standards, Changes in Accounting Estimates and Errors*;

- for each Equity item, a reconciliation between the book value at the beginning and end of the year, showing separately the changes resulting from:
  - profit or loss;
  - other components of comprehensive income;
  - any transactions with shareholders, with separate indication of contributions from shareholders, distributions of equity to shareholders and changes in interests in subsidiaries without loss of control.

For each component of equity, the statement of changes in equity also presented an analysis of Other comprehensive income by element.

The Group has also prepared a reconciliation between the consolidated equity and the profit (loss) for the year in the consolidated financial statements and the corresponding figures in the financial statements of the Parent Company.

At the end of the Statement of Financial Position, the Statement of Profit (Loss) for the year, the Statement of Comprehensive Income and the Statement of Cash Flows, reference is made to a specific paragraph where, in a table, the sub-items relating to the amounts of positions or transactions with related parties are presented, indicating the effects on the Group's financial position, profit or loss for the year and cash flows.

The sub-items relating to any income components deriving from events or transactions the occurrence of which is not recurring are indicated separately in the cost or revenue items to which they refer, with an indication of the effects on the Group's financial position, income statement and cash flows, and are reported in the format drafted pursuant to Consob Resolution 15519 of 27 July 2006.

A specific table, which is an integral part of these consolidated financial statements, lists the Group companies, indicating their name, registered office, capital, shares held directly or indirectly, by the parent company and by each of the subsidiaries, the method of consolidation, as well as the list of investments accounted for using the equity method.

The Notes are presented in a systematic manner. In the Statement of Financial Position, the Statement of Profit (Loss) for the year, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity, reference is made to the detailed disclosures in the Notes to the Consolidated Financial Statements.

Comparative information from the prior year is provided for all amounts shown in these consolidated financial statements for the current year. Comparative information is also provided in the notes, if this is relevant to an understanding of the consolidated financial statements for the current year.

The presentation and classification of items in the consolidated financial statements are maintained from one year to the next except as noted in paragraph 6, Changes in accounting standards, errors and changes in estimates.

Where the presentation or classification of items in the consolidated financial statements has changed, the comparative amounts have been restated accordingly, indicating the nature, amount and reasons for the reclassification.

4. Principles of consolidation

The consolidated financial statements include the financial statements of Il Sole 24 ORE S.p.A. and its subsidiaries at 31 December 2020.

Control is obtained when the Group is exposed or entitled to variable returns, deriving from its relationship with the investee and, at the same time, has the ability to impact these returns by exercising its power over such entity.

Specifically, in accordance with IFRS 10, the Group controls an investee if, and only if, the Group has:

- power over the investee (or holds valid rights that give it the current ability to manage the relevant activities of the investee);
- exposure or rights to variable returns arising from the relation with the entity of the investment;
- ability to exercise its power on the entity of the investment to affect the amount of its returns.

Generally, there is a presumption that the majority of voting rights entails control. In support of this presumption and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all the relevant facts and circumstances to determine whether it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- voting rights and potential voting rights of the Group.

In preparing these consolidated financial statements, the Parent Company has fully consolidated its own financial statements and the financial statements of its subsidiaries as if they were the financial statements of a single economic entity.

The Parent Company's financial statements and those of its subsidiaries, used in the preparation of the consolidated financial statements, have all been prepared at 31 December 2020.

The financial statements of foreign subsidiaries expressed in currencies other than the presentation currency are translated into Euro using the following procedures:

- the assets and liabilities in each reported statement of financial position (including comparative figures) shall be translated at the closing rate at the date of the statement of financial position;
- the income and expenses of each Statement of Comprehensive Income and each Statement of Profit (Loss) for the year presented (including comparative figures) shall be translated at the exchange rates at the dates of the transactions;
- all resulting exchange rate differences shall be recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income.

Exchange rate differences at the reporting date of the consolidated financial statements are recorded in a separate component of equity called the Hedging and Translation Reserve.

The Group reconsiders whether or not it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the Consolidated Financial Statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The book value of the investments held by the Parent Company and other Group companies in each subsidiary included in the scope of consolidation is derecognized against the related equity.

For a detailed discussion of the measurement criteria applied to goodwill, refer to Goodwill and Business Combinations in paragraph 5, Measurement Criteria.

The profit (loss) for the year and each of the other components of the Comprehensive Income Statement are attributed to the shareholders of the parent company and minority investments, even if this implies that the minority investments have a negative balance. When necessary, appropriate adjustments are made to the Financial Statements of the subsidiaries, in order to ensure compliance with the Group's accounting standards.

All assets and liabilities, equity, revenues, costs and intra-group financial flows relating to transactions between Group entities are derecognized completely during the consolidation phase. Unrealized gains and losses arising from transactions between consolidated Group companies, if any, are also derecognized. Dividends distributed by consolidated companies are also derecognized from the income statement and added to the profits of previous years, if and to the extent that they have been withdrawn from them.

Changes in the investment in a subsidiary that do not involve the loss of control are recognized in equity.

If the Group loses control of a subsidiary, it must derecognize the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognized in the Income Statement. Any retained portion of investment must be recognized at fair value.

5. Measurement criteria

The consolidated financial statements of the 24 ORE Group were prepared in accordance with international accounting standards and in application of the provisions of Legislative Decree 38/2005.

This section provides a summary of significant international accounting standards applied, indicating the basic recognition and measurement criteria adopted in the preparation of the consolidated financial statements and other international accounting standards used that are significant for understanding the consolidated financial statements.

Non-current assets

Property, plant and equipment

Tangible assets relate to property, plant and equipment held for use in production, for the supply of goods and services and for administrative purposes, which are expected to be used for more than one financial year. Only items that are likely to generate future economic benefits and the cost of which can be reliably determined are recognized as such. Spare parts that meet the definition of property, plant and equipment are also recognized as such.

Tangible assets are initially recognized at cost, which is the amount of cash or cash equivalents paid or the fair value of other consideration given at the time of purchase.

The cost includes the purchase or manufacturing price, ancillary expenses and any directly attributable costs to bring the asset to the location and condition necessary for operation.

After initial recognition, the cost method was adopted, under which tangible assets are recognized in the financial statements at cost less accumulated depreciation and impairment losses.

The cost of each item of property, plant and equipment, having a residual value of zero, is depreciated on a systematic basis over its useful life. Depreciation begins when the asset is available for use.

Land has an unlimited useful life and therefore is not depreciated.

Tangible assets not yet available for use are not depreciated.

Depreciation ends on the later of the date on which the tangible asset is classified as held for sale (see Non-current assets classified as held for sale) and the date on which the asset is derecognized.

Depreciation does not cease when the tangible asset remains unused.

A tangible asset is derecognized on disposal or when no future economic benefit is expected from its use or disposal.

The period and method of depreciation of each item of property, plant and equipment are reviewed at the end of each reporting year.

At each reporting date, it is verified whether there is an indicator that tangible assets may have been impaired. If there is any such indication, the recoverable amount of the tangible asset is estimated.

The impairment test is carried out by comparing the book value of the tangible asset with its recoverable amount.

The recoverable amount is the higher of the fair value of the tangible asset, less costs to sell, and its value in use.

Fair value is the price that would be received to sell the asset in a regular transaction between market participants at the measurement date.

The value in use is calculated by discounting to present value the expected cash flows to be derived from the tangible asset subject to impairment test.

Impairment losses are recognized immediately in the income statement.

For impairment losses already recognized, at each reporting date, it is verified whether there is an indication that such losses no longer exist or should be reduced. If there is such an indication, the recoverable amount of the asset is estimated.

The reversal of an impairment loss on a tangible asset that was impaired in previous years is made only if there is a change in the valuations used to determine the recoverable amount of the asset. In this case, the book value is increased to the recoverable amount. This recoverable amount may not exceed the net book value that would have been determined had no impairment loss been recognized in prior years.

Reversals of impairment losses of tangible assets are recognized in the income statement.

Rights of use are not shown separately in the statement of financial position, but in the same line item in which the corresponding underlying assets would be shown if they were owned; therefore, they are included in the item Property, plant and equipment. In particular, rights of use were recognized relating to the rental of hardware and cars, the lease of space and areas for the positioning of radio broadcasting equipment owned by the Group.
The Group assesses when entering into a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract, it is necessary to verify the existence or otherwise of a lease through the following steps:

- identification of the asset;
- verification of the economic benefits from the use of the asset;
- control - use of the asset.

The Group will also make use of the exceptions proposed by the standard on lease contracts for which the terms of the lease contract expire within 12 months from the date of initial application and on lease contracts for which the underlying asset has a value less than as required by the new standard (USD 5 thousand).

The Group recognizes right-of-use assets on the start date of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made on or before the start of the lease, net of any incentives received. Following initial recognition, the right of use is depreciated over the duration of the contract or, if shorter, over the useful life of the asset.

The cost of the right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset under the terms and conditions of the lease, unless such costs are incurred in producing inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a given period. The Group's leases do not contain an obligation to dismantle, remove the underlying asset or an obligation to restore the site where the asset is located or restore it to a specified condition.

Right-of-use assets are subject to impairment testing.

Government contributions

Government contributions, including non-monetary contributions at fair value, are not recognized until there is reasonable assurance that the conditions for obtaining them will be met and that they will actually be received.

Government contributions obtained in relation to tangible assets are recognized as deferred revenues (deferred income) and recorded in the income statement under other operating income on a systematic and rational basis that allocates them appropriately over the useful life of the asset.

Government contributions to compensate for costs or losses already incurred or collectible to provide immediate financial support, without related future costs, are recognized in the income statement as income in the period in which they become receivable.

The benefits from a government loan with a below-market interest rate have been recognized as government contributions, in accordance with the principles specified above. These benefits were determined by measuring the difference between the initial book value of the loan, calculated using the amortized cost method, and the consideration received.

Business Combinations and Goodwill

Business combinations

All business combinations, included in the scope of application of IFRS 3 Business Combinations, are accounted for by applying the acquisition method.

The excess of the fair value of the consideration transferred, including the fair value of any contingent consideration and the proportionate share of any minority interest in the acquiree to which the existing equity instruments entitle, over the acquisition-date fair value of the identifiable assets acquired and liabilities assumed, is recognized as goodwill.

Costs incurred to effect the business combination are recognized as expenses in the periods in which they are incurred, except for costs related to the issuance of debt securities, which are recognized as an increase in the fair value of those debt securities, and costs related to the issuance of equity securities, which are recognized as a decrease in equity.

The contingent consideration, if any, is an obligation for the acquirer to transfer additional assets or interests to the former owners of the acquiree as part of the business combination agreement if specified future events occur or specified conditions are met. If the contingent consideration is classified as equity, it shall not be recalculated and its subsequent settlement shall be accounted for in equity. If, on the other hand, it is classified as a liability, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss for the year.

For business combinations with an acquisition date up to 31 December 2009, the excess of the cost of the business combination over the interest acquired in the net fair value of identifiable and recognizable assets, liabilities and contingent liabilities is recognized as goodwill.

Costs incurred for the business combination are included in the cost of the business combination itself, except for costs related to the issuance of debt securities, which are recognized as an increase in the fair value of those debt securities, and costs related to the issuance of equity securities, which are recognized as a decrease in equity.

Contingent consideration arising from business combinations with an acquisition date up to 31 December 2009 has not been subsequently adjusted. For such combinations, any expected adjustments to the cost of the combination contingent on future events were included in the cost of the combination at the acquisition date only if the adjustments were probable and could be measured reliably.

Goodwill

Goodwill recognized in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the individual cash-generating units or groups of units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill is allocated represent the lowest level within the company at which goodwill is monitored on a management basis, and is never greater than an operating segment, as identified in paragraph 12 Segment Reporting, prior to aggregation.

The cash-generating units to which goodwill has been allocated are tested annually for impairment and, if there is an indication of impairment, their book value is compared with their recoverable amount.

If specific events or changed circumstances indicate that goodwill may be impaired, tests are performed more frequently. If goodwill is initially recognized in the current year, the impairment test is performed before the end of the current year.

The recoverable amount is the greater of fair value less costs to sell and value in use, calculated by discounting to present value the expected cash flows to be generated by the cash-generating unit subject to impairment testing.

If the recoverable amount of the cash-generating unit is less than its book value, an impairment loss is recognized.

An impairment loss recognized for goodwill cannot be reversed in subsequent years.

If the amount relating to the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date exceeds the amount of the consideration transferred, as defined under *Business Combinations*, the gain resulting from the purchase at advantageous prices is recognized in the Statement of Profit (Loss) for the year at the acquisition date. This profit is attributed to the parent company.

Temporary differences arising from the difference between the net fair value of the identifiable assets acquired and the identifiable liabilities assumed at the date of acquisition and their value recognized for tax purposes give rise to the recognition of the relevant deferred tax assets and/or liabilities, if the conditions are met.

Intangible assets

Recognized intangible assets are non-monetary assets without physical substance:

– identifiable, i.e. separable or arising from contractual or other legal rights;
– controlled as a result of past events;
– from which future economic benefits are expected for the company;
– the cost of which can be reliably measured.

The initial measurement criterion is cost.

The cost includes the purchase price and any direct costs to prepare the activity for use.

For internally generated intangible assets, the formation process distinguishes between the research and development phases. No intangible assets arising from the research phase are recognized. Intangible assets arising from the development phase are recognized if they meet the criteria for recognition as specified above.

Internally generated trademarks, newspapers and publishing rights are not recognized under intangible assets.

The cost of internally-generated intangible assets is represented by the sum of expenses incurred since the date on which the intangible asset first meets the criteria for recognition.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in accordance with management's intentions. The directly attributable costs attributed to internally-generated intangible assets are essentially the costs of materials and services used or consumed in generating the intangible asset and the personnel costs arising from the generation of the intangible asset.

After initial recognition, the cost method is adopted.

Intangible assets with finite useful life are recognized at cost less accumulated amortization and impairment losses.

The cost of intangible assets with finite useful life, assuming their residual value to be zero, is amortized on a systematic basis over their useful life. Amortization begins when the asset is available for use.

Intangible assets with finite useful life that are not yet available for use are not amortized.

The period and method of amortization of intangible assets with finite useful life are reviewed at the end of each reporting year.

Amortization ends on the later of the date on which the intangible asset is classified as held for sale (see Non-current assets classified as held for sale) and the date on which the asset is derecognized.

An intangible asset is derecognized on disposal or when no future economic benefit is expected from its use or disposal.

Intangible assets with indefinite useful life are not amortized.

An intangible asset has an indefinite useful life when, based on certain determinants, there is no foreseeable limit to the year until which the asset is expected to generate net cash inflows.

Relevant factors that played a significant role in determining the indefinite useful life included:

- the expected use of the asset;
- the typical product life cycles of the asset, also referring to public domain information on estimated useful lives of similarly used asset types;
- technical, technological or any other kind of obsolescence;
- the stability of the economic sector in which the asset operates and changes in demand for the products or services generated by the asset;
- the actions allegedly carried out by competitors;
- the level of maintenance costs necessary to obtain the expected future economic benefits of the asset;
- the period of control over the activity and the legal limits on its use;
- the dependence of the useful life of the asset on the useful life of other assets.

The useful lives of unamortized intangible assets are reviewed at each financial year-end to ascertain whether the above determinants continue to support an indefinite useful life determination.

At each reporting date, it is verified whether there is an indicator that intangible assets may have been impaired.

For intangible assets with indefinite useful life and for those not yet available for use, regardless of whether there are any indications of impairment, there is an annual impairment test.

The impairment test is carried out by comparing the book value of the intangible asset with its recoverable amount.

The recoverable amount is determined with reference to the higher of fair value less costs to sell and value in use, calculated by discounting to present value the expected cash flows to be generated by the intangible asset subject to impairment testing.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. This recoverable amount is then compared with the book value of the same.

If the recoverable amount of an individual intangible asset or cash-generating unit is lower than its book value, an impairment loss is recognized.

Impairment losses are recognized immediately in the income statement.

For impairment losses already recognized, at each reporting date, it is verified whether there is an indication that such losses no longer exist or should be reduced. If there is such an indication, the recoverable amount of the asset is estimated.

The reversal of an impairment loss on an intangible asset that was impaired in previous years is made only if there is a change in the valuations used to determine the recoverable amount of the asset. In this case, the book value is increased to the recoverable amount. This recoverable amount may not exceed the book value that would have been determined had no impairment loss been recognized in prior years.

Reversals of impairment losses of intangible assets are recognized in the income statement.

Investments in associates and joint ventures

Associated companies are those over which a significant influence is exercised, although without having control.

A joint venture is a jointly controlled arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint control is the sharing, on a contractual basis, of control of an arrangement, whereby decisions about significant activities require the unanimous consent of all parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method, with the exception of those classified as held for sale, for which reference is made to Non-current assets classified as held for sale.

With the equity method, the investment is initially recognized at cost. Subsequently, the book value is increased or decreased to recognize the investor's share of the investee's profits or losses realized after the acquisition date. The share of the profit (loss) for the year of the investee of the investor is recognized in the Income Statement of the latter.

Dividends received from the investee reduce the book value of the investment.

The investor's share of the profits and losses of the associate arising from transactions between the two companies is derecognized.

If the share of losses exceeds the book value of the investment, the investor recognizes the additional losses in a provision as a liability only to the extent that it has incurred legal or constructive obligations on behalf of the associate or joint venture.

Subsequent to the application of the equity method, it is determined at each reporting date whether there is any objective evidence that each related investment is impaired.

If there is an indication of possible impairment, the entire value of the investment is subjected to an impairment test, by comparing its recoverable amount with its book value. The recoverable amount, i.e. the higher of value in use and fair value less costs to sell, is determined for each investment in an associate.

Fair value is the price that would be received to sell the investment in a regular transaction between market participants at the measurement date.

Value in use is calculated by estimating the investor's share of the discounted cash flows expected to be generated by the associate or joint venture, including cash flows from its operating activities and the consideration from the ultimate disposal of the investment.

If the recoverable amount of the associate or joint venture is less than its book value, an impairment loss is recognized.

Impairment losses are recognized immediately in the income statement.

For impairment losses already recognized, at each reporting date, it is verified whether there is an indication that such losses no longer exist or should be reduced. If there is such an indication, the recoverable amount of the investment is estimated.

A reversal of an impairment loss on an investment in an associate or joint venture that was impaired in prior years is made only if there is a change in the valuations used to determine the recoverable amount of the investment. In this case, the book value is increased to the recoverable amount. This recoverable amount may not exceed the book value that would have been determined had no impairment loss been recognized in prior years.

Reversals of impairment losses on investments in associates are recognized in the income statement.

Financial assets

Initial recognition and measurement

Upon initial recognition, financial assets are classified according to the subsequent measurement method, as appropriate, i.e. amortized cost, fair value through OCI and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model that the Group uses to manage them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied a practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied a practical expedient are measured at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at fair value through OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (solely payments of principal and interest - SPPI). This measurement is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for the management of financial assets refers to the way in which it manages its financial assets in order to generate financial flows. The business model determines whether the cash flows will arise from the collection of contractual cash flows, the sale of financial assets or both.

The purchase or sale of a financial asset that requires delivery within a period of time generally established by regulations or market conventions (standardized sale or regular way trade) is recognized on the trade date, i.e. the date on which the Group undertakes to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through other comprehensive income with reclassification of accumulated gains and losses (debt instruments);
- Financial assets at fair value through other comprehensive income without reversal of accumulated gains and losses on derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

1. Financial assets at amortized cost (debt instruments)

This category is the most significant for the Group. The Group measures financial assets at amortized cost if both of the following requirements are met:

- the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortized cost are subsequently measured using the effective interest criterion and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or revalued.

The Group's financial assets at amortized cost include trade receivables, other non-current assets and security deposits.

2. Financial assets at fair value through OCI (Debt instruments)

The Group measures assets from debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held as part of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets; and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest determined on the amount of principal to be repaid.

For assets from debt instruments at fair value through OCI, interest income, changes in exchange rates and impairment losses, together with reversals, are recognized in the income statement and are calculated in the same way as for financial assets at amortized cost. The remaining changes in fair value are recognized in OCI. Upon derecognition, the cumulative change in fair value recognized in OCI is reclassified to the income statement.

At 31 December 2020, the Group did not hold any instruments classified in this category.

3. Investments in equity instruments

On initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognized at fair value through profit or loss when they meet the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. The classification is determined for each individual instrument.

Gains and losses on these financial assets are never reclassified to the income statement. Dividends are recognized as other income in the income statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognized in OCI. Equity instruments recognized at fair value through OCI are not subject to impairment testing.

At 31 December 2020, the Group did not hold any instruments classified in this category.

4. Financial assets at fair value through profit or loss

This category includes assets held for trading, assets designated at the time of initial recognition as financial assets at fair value with changes recognized in the Income Statement, or financial assets that must be measured at fair value. Assets held for trading are all those assets acquired for sale or repurchase in the short term. Derivatives, including those separated, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not represented solely by principal and interest payments are classified and measured at fair value in the Income Statement, regardless of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be recognized at fair value in the Income Statement upon initial recognition if this results in the derecognition or significant reduction of an accounting mismatch.

Financial instruments at fair value with changes recognized in the income statement are recognized in the statement of financial position at fair value and net changes in fair value are recognized in profit or loss.

This category includes derivative instruments and listed equity investments that the Group has not irrevocably chosen to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit/(loss) for the year when the right to payment is established.

Non-current financial assets

This category includes investments in other companies over which neither control nor significant influence is exercised.

These investments are initially measured at fair value at the trade date (identifiable with the acquisition cost) net of transaction costs that are directly attributable to the acquisition.

After initial recognition, minority investments are recognized at fair value through profit/(loss) for the year (FVTPL). Therefore, they are measured at fair value, approximated by the value of the Group's share of the investee's equity. The effects of subsequent measurements at fair value are recognized in the income statement.

Dividends from investments in other companies are recognized in *Other income (expenses) from investment assets and liabilities* when the shareholders' right to receive payment is established.

Other non-current assets

The following are classified in this category:

- security deposits;
- tax credits awaiting refund.

The initial measurement of tax receivables awaiting refund and security deposits is carried out at fair value on the date of trading, net of directly attributable transaction costs.

After initial recognition, both tax receivables awaiting refund and security deposits are measured at amortized cost, using the effective interest method, calculated as indicated in the item *Other non-current financial assets*.

It is determined at each reporting date whether there is any objective evidence that each of the other non-current assets is impaired.

If there is objective evidence of an impairment loss, the amount of the loss is determined.

The amount of the impairment loss is measured as the difference between the book value and the present value of estimated future cash flows discounted at the original effective interest rate of the non-current asset in question.

The amount of the loss is recognized in the income statement.

If, in a subsequent year, the amount of the impairment loss decreases and this decrease is related to an event occurring after the impairment was recognized, the impairment loss is reversed and the related reversal is recognized in the income statement.

Deferred tax assets

Deferred tax assets, or deferred tax liabilities, are portions of income taxes recoverable in future periods relating to:

- deductible temporary differences;
- carry-forward of unused tax losses;
- carry-forward of unused tax credits.

Deductible temporary differences are differences between the book value of an asset or liability recognized in the statement of financial position and its tax base which, in determining taxable profit for future years, will result in deductible amounts when the book value of the asset or liability is realized or settled.

Deferred tax assets are recognized for all deductible temporary differences, tax losses and unused tax credits carried forward, if it is probable that in future years, taxable income will be generated against which such deductible temporary differences can be used.

Deferred tax assets are measured at the tax rates that are expected to apply in the year in which the tax asset is expected to be realized, with reference to the measures in force at the reporting date.

Deferred tax assets are not discounted.

Taxes for deferred tax assets are recognized in the Income Statement, unless the tax arises from a transaction or event recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income or directly in equity, or from a business combination.

Deferred tax assets relating to items recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income are also recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income. Taxes for deferred tax assets relating to items credited or debited directly to equity are also credited or debited directly to equity.

Current assets

Inventories

They include goods for sale, such as goods purchased for resale and company products, and goods produced in the ordinary course of business, such as semi-finished or finished products, raw and consumable materials.

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories includes all acquisition costs, the transformation costs and other costs incurred to take inventories to their current location and state.

The purchase cost is determined on the basis of the price actually incurred, including directly attributable ancillary expenses such as transport and customs duties, net of any trade discounts.

For products already obtained or in the process of being obtained from the manufacturing process, the cost adopted is the manufacturing cost. In determining the manufacturing cost, account is taken of the purchase cost, as stated above, plus production or processing costs, i.e. direct and indirect costs, for the portion reasonably attributable to the product relating to the manufacturing period.

Raw materials and ancillary or consumable materials are measured using the weighted average cost method for the period, which takes into account the value of opening inventories.

If it is no longer possible to measure at cost, determined using the above criteria, due to lower sale prices, deteriorated, obsolete or slow-moving assets, the net realizable value inferred from market trends is used for goods, finished products, semi-finished products and work in progress, and replacement cost for raw, consumable and ancillary materials and semi-finished products.

Net realizable value represents the sale price in the normal course of business, less the costs of completion and direct selling expenses that can reasonably be expected.

Replacement cost represents the cost at which, under normal operating conditions, a particular inventory item can be repurchased or reproduced.

Raw materials are adjusted directly to replacement cost, while finished goods are adjusted to net realizable value through a specific provision for inventory write-downs, which is deducted directly from the nominal value recognized under assets.

Trade receivables

Trade receivables include receivables from customers and advances to suppliers.

Trade receivables are initially measured at fair value on the trade date, i.e. at the value of the consideration due, net of directly attributable transaction costs.

After initial recognition, trade receivables are shown at their estimated realizable value. The adjustment of the initial value to the presumed realizable value is obtained by means of a specific bad debt provision, directly deducted from trade receivables.

The adjustment to the estimated realizable value is obtained by adjusting the nominal value of the receivables, taking into account losses due to uncollectability, returns and invoicing adjustments, discounts and allowances not accrued and other causes of reduced realization. Invoicing adjustments also include estimated provisions for books and newspaper copies that will be returned in future years.

If receivables are disposed of definitively (without recourse), they are removed from the financial statements and the gain (or loss) is recognized for the difference between the value received and the value at which they were recognized in the financial statements.

Advances to suppliers refer to advance payments for tangible assets that have not yet been accessed and for services not yet received. The right of access to tangible assets arises when becoming the owner or when the supplier makes them available according to the agreed terms. Services shall be deemed to have been received when they have been performed by the supplier in accordance with a service contract.

Other receivables

Other receivables include the following types:

- Italian and EU VAT credits for which reimbursement has been requested, as well as tax credits for publishing and advance tax payments on employee severance indemnity (TFR);
- prepayments and advances to personnel;
- receivables from others, arising from other transactions that do not generate revenues. This group also includes advances to suppliers for the purchase of tangible and intangible assets.

Other receivables are measured at fair value on the trade date, i.e. at the value of the consideration due, net of directly attributable transaction costs.

Current tax assets are also shown in this category if the amount already paid for the current and prior years exceeds the amount due.

Other current assets

Other current assets include accrued income and prepaid expenses.

Accrued income and prepaid expenses relate to portions of income or costs common to two or more years. These measure income and expenses that are recognized in advance or in arrears with respect to the monetary event that gave rise to their recognition. A prerequisite for their recognition is that the amount of such portions of costs or income common to several periods varies over time.

Cash and cash equivalents

They include bank and postal deposits, and cash and cash equivalents.

Bank and postal deposits, cash and cash equivalents in national currency are measured at their nominal value.

The accounts opened for cash and cash equivalents include all changes in figures before the reporting date. Interest and ancillary expenses accrued and due at the reporting date are included even if received after that date.

Remittances of cash received after the end of the year are not taken into account, even if their value date is before that date.

Remittances of cash paid out or arranged after the reporting date are not taken into account.

Non-current assets classified as held for sale and discontinued operations

All non-current assets and disposal groups classified as held for sale are classified separately from other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

The book value of non-current assets and disposal groups classified as held for sale will be recovered primarily through a sale transaction rather than through continuing use.

The book value is considered to be recovered primarily through a sale transaction when management has committed to a programme to dispose of the asset.

Non-current assets classified as held for sale are measured at the lower of book value and fair value less costs to sell. These assets are not depreciated.

Non-current assets classified as held for sale that represent an autonomous branch or geographical area of activity or that are investments in subsidiaries acquired exclusively for the purpose of being sold are defined as discontinued operations.

A section identified as relating to discontinued operations is presented in the Statement of Profit (Loss) for the year. Gains or losses from discontinued operations and gains and losses, recognized as a result of measuring discontinued operations at fair value, net of costs to sell, are presented as a single, separate amount in that section of the Statement of Profit (Loss) for the year.

All gains and losses arising from non-current assets classified as held for sale, other than discontinued operations, are included in profit or loss from continuing operations.

Equity

This represents the difference between all asset and liability items, determined in accordance with the recognition and measurement criteria applied.

Equity is divided between the portion attributable to shareholders of the parent company and the portion attributable to minority shareholders.

Equity includes the items listed below.

Capital, i.e., the nominal value of the contributions provided by shareholders upon the Company's incorporation or during subsequent capital increases and the value of reserves allocated to share capital over time, net of the nominal value of receivables from shareholders for subscribed and uncalled capital and for called-up and unpaid capital.

Capital Reserves, which include:

- *capital contributions*, i.e., capital reserves that receive the value of new contributions by shareholders;
- the *share premium reserve*, i.e. the excess of the issue price of the shares over their nominal value;
- *costs relating to capital transactions*, i.e. all costs relating to the acquisition or issue of new shares, including costs arising from listing procedures on regulated markets, incurred by the Parent Company during the current year.

Hedging and Translation Reserves, which include:

- the Translation reserve, which holds the exchange rate differences that arise from the translation into the presentation currency of the financial statements of foreign subsidiaries included in the consolidated financial statements that prepare their financial statements in a currency other than the Euro;
- the Cash flow hedge reserve, relating to the portion of the gain or loss on cash flow hedging instruments that is determined to be an effective hedge.

The Hedging reserve, set up following changes in the fair value of cash flow hedging instruments, is unavailable pursuant to article 6, paragraphs 1 and 4 of Legislative Decree 38/2005.

Other Reserves, which include:

- the Legal reserve, i.e., the reserve required by article 2430 of the Civil Code, which states that at least one-twentieth of annual net profits must be set aside until reaching one-fifth of the share capital. Up to this limit, the Reserve is unavailable;
- the Merger surplus reserve. This is an adjustment to equity due to the incorporation of companies in previous years;
- Employee severance indemnity (TFR) reserve - IAS adjustment refers to the recognition of actuarial gains and losses relating to employee severance indemnities in the Other Comprehensive Income section of the statement of comprehensive income. This item represents the changes that the present value of the obligation undergoes as a result of an actual evolution of the programme, different from as foreseen in the actuarial valuations carried out;
- the IAS opening reserve, consisting of adjustments deriving from the transition to IAS/IFRS, relating to the value of treasury shares. This Reserve is offset by an equal amount in the *Unavailable reserve for the purchase of treasury shares*. Other adjustments relating to the transition to IAS/IFRS have been reclassified under *Profits carried forward;*
- the Statutory reserve and Other optional reserves include any reserves provided for in the Articles of Association or approved by the Ordinary Shareholders' Meeting;

- the Unavailable reserve consisting of the profits for the year recognized in the income statement to the extent of the gains, net of the related tax expense, resulting from the application of the equity method, pursuant to article 6, paragraphs 1 and 2, of Legislative Decree 38/2005.

Profits (Losses) carried forward, i.e., income from prior years that has not been distributed or allocated to other reserves and losses from prior years that have not been otherwise offset. All amounts relating to the transition to IAS/IFRS have also been reclassified under this item, with the exception of amounts relating to treasury shares.

The Profit (Loss) for the year as shown in the corresponding item in the Statement of Profit (Loss) for the year.

Equity is presented showing separately the portion attributable to the shareholders of the parent company, divided into the items indicated above, and the portion attributable to minority investments, divided between:

- the portion attributable to minority investments of the value of the profit or loss for the year of consolidated subsidiaries, separately identified;
- the portion of capital and reserves attributable to minority investments in consolidated subsidiaries, consisting of the value of minority interests at the date of acquisition of the investment and the portion attributable to minority interests of changes in equity since the date of acquisition.

Non-current liabilities

Financial liabilities

Financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss, as mortgages and loans, or as derivatives designated as hedging instruments.

All financial liabilities are initially recognized at fair value plus, in the case of mortgages, loans and payables, the directly attributable transaction costs. The Group's financial liabilities include trade and other payables, mortgages and loans, including current account overdrafts and derivative financial instruments.

Non-current financial liabilities

This category essentially includes payables to banks for medium/long-term loans and liabilities deriving from lease contracts at the present value of future lease payments, in application of IFRS 16. In particular, lease contracts relating to Group offices, capital goods (rental of hardware and cars) and lease of space and areas held for the positioning of radio broadcasting equipment owned by the Group.

The liability is gradually repaid with the payment of the lease fees and interest will be recognized on the same. In determining the liability, only the fixed component of the lease payments under the contract and any inflation-linked component are taken into account, but not any variable components. Future payments, thus determined, will be discounted using the contractual rate or the lessee's incremental borrowing rate, over the period that the contract is deemed non-cancellable.

Non-current financial liabilities are initially measured at fair value at the trade date, net of transaction costs that are directly attributable to the acquisition.

After initial recognition, non-current financial liabilities are measured at amortized cost, using the effective interest method.

Employee benefits

This item of the financial statements includes the liability for employee severance indemnities of all contractual categories of employees accrued at the reporting date, taking into account what is specified below.

Following the changes made to the rules for employee severance indemnities by the Supplementary Pension Scheme Reform introduced by Legislative Decree no. 252 of 5 December 2005 - Regulations for supplementary pension schemes, and subsequent amendments and additions, the Group has adopted the following accounting treatment:

- the employee severance indemnity (TFR) accrued at 31 December 2006 is considered a defined benefit plan, consistently with the recognition and classification made in previous years. Guaranteed employee benefits, in the form of employee severance indemnity, paid out on termination of employment, are recognized in the period in which the right accrues;
- the relative net defined benefit liability is determined by reliably estimating, through the use of the actuarial technique of the projected unit credit method, the final cost for the amount of benefits accrued by employees in exchange for their service in the current and previous years;
- the application of the actuarial technique of the projected unit credit method, entrusted to professional actuaries, allows the determination of the present value of the defined benefit obligation and of the cost relating to employment services, considering demographic variables, such as employee turnover and mortality, and financial variables, such as medical care costs and the discount rate. In particular, the discount rate used to discount the defined benefit obligations, calculated with reference to market yields at the end of the reporting period, determines the net interest on the net defined benefit liability. In view of the provisions introduced by the Supplementary pensions reform, the variable linked to expected future salary increases has been excluded from the discounting calculation as from 1 January 2007;
- current service cost, past service cost, gains and losses determined on settlement and net interest on the net defined benefit liability are recognized in profit or loss for the year;
- actuarial gains and losses are recognized in the Employee severance indemnity reserve - IAS adjustment classified in *Other reserves*, as indicated in the equity items, and recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income.

For the Employee severance indemnity accruing from 1 January 2007, reference is made to the item Other Payables.

Deferred tax liabilities

Deferred tax liabilities are portions of income taxes due in future years relating to taxable temporary differences.

Taxable temporary differences are differences between the book value of an asset or liability recognized in the statement of financial position and its tax base which, in determining taxable profit for future periods, will result in taxable amounts when the book value of the asset or liability is realized or settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except where this liability arises:

- from the initial recognition of goodwill; or
- from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting profit nor tax profit, at the date of the transaction.

Deferred tax liabilities are also recognized for taxable temporary differences arising from investments in associates, except where the Parent Company is able to control the timing of the reversal of the taxable temporary difference and it is probable that the temporary difference will reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the tax liability is expected to be settled, based on tax rates established by regulations in force at the reporting date.

Deferred tax liabilities are not discounted.

Taxes for deferred tax liabilities are recognized in the Income Statement, unless the tax arises from a transaction or event recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income or directly in equity, or from a business combination.

Deferred tax liabilities relating to items recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income are also recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income. Taxes for deferred tax liabilities relating to items credited or debited directly to equity are also credited or debited directly to equity.

Deferred tax liabilities are offset against deferred tax assets only if the two items refer to the same tax.

Provisions for risks and charges

This category includes provisions for risks and charges.

These provisions are made to cover liabilities with uncertain maturity or amount, originating from legal or implicit obligations, existing at the reporting date as a result of a past event.

Such obligations, whether arising from contractual, regulatory or legal provisions, established patterns of business practice or public assumptions of responsibility, mean that the company has no realistic alternative to settlement.

Obligations arising from a past event the settlement of which is likely to require the use of economic and financial resources and the amount of which can be reliably estimated are recognized.

Provisions are measured at the value representing the best estimate of the amount required to settle the obligation or to transfer it to third parties at the reporting date.

Where the effect of discounting money is a material issue as a result of the timing of settlement of the obligation, the amount of the provision is equal to the present value of the expenditure expected to be required to settle the obligation.

The financial component of discounted provisions is recognized in the income statement under financial expenses.

The current portions of provisions for risks and charges are reclassified under the item *Short-term portion of provisions for risks and charges*.

Contingent liabilities

Contingent liabilities are obligations that arise from past events and the existence of which will be confirmed by future events that are not wholly within the Group's control, or obligations for the settlement of which it is not probable that economic or financial resources will be required, or the amount of which cannot be estimated with sufficient reliability.

Contingent liabilities are not recognized, but are described in detail in the notes to the financial statements.

Other non-current liabilities

This category includes security deposits payable and payables due beyond twelve months after the reporting date.

The initial measurement of security deposits and payables due beyond twelve months is carried out at fair value on the trade date, net of directly attributable transaction costs.

After initial recognition, other non-current liabilities are measured at amortized cost, using the effective interest method.

Current liabilities

Bank overdrafts and loans

Bank current accounts with a debit balance are classified here, as are the current portions of payables to banks for medium/long-term loans, the expected settlement date of which is within twelve months of the reporting date.

Other current financial liabilities

This category includes:

- short-term financial payables;
- short-term payables in application of IFRS 16;
- accrued liabilities for financial expenses.

Short-term payables are measured at fair value on the trade date, i.e. at the value of the consideration due, net of directly attributable transaction costs.

Accrued liabilities for financial expenses are recognized by applying the method illustrated for other accruals under the item *Other current liabilities*.

This item also includes hedging instruments for which designated hedging has been established with the hedged item.

Hedging instruments are designated derivatives the cash flows of which are expected to offset changes in the cash flows of a designated hedged item. The designated hedges established are cash flow hedges, i.e. hedges against exposure to cash flow variability that is attributable to a particular risk associated with a recognized asset or liability and that could impact the income statement. A designated hedge qualifies as such when there is formal documentation to support the risk management and strategy in undertaking the hedge and when the effectiveness of the hedge, which is reliably assessed, is highly effective.

Derivatives designated as hedging instruments are initially measured at fair value on the date of initial recognition, i.e. at the transaction price of the consideration given or received.

After initial recognition, hedge accounting entails the symmetrical and opposite recognition of the effects on the income statement deriving from changes in the fair value of the hedging instrument and the hedged item.

In designated cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and disclosed in the Other Comprehensive Income section of the Statement of Comprehensive Income. The ineffective portion of the gain or loss on the hedging instrument is recognized in the Statement of Profit (Loss) for the year.

Trade payables

The category of trade payables includes payables to suppliers, liabilities to be paid for goods and services received and invoiced, advances received from customers for goods or services not yet delivered and deferred income relating to revenues from products sold under subscription.

Trade payables and customer advances are recognized at fair value at the trade date, i.e. at the value of the consideration formally agreed with the counterparty, net of trade discounts and adjusted for returns or other changes in invoicing.

Deferred income relating to revenues from products sold under subscription are recognized by applying the method illustrated for other deferred income in the item *Other current liabilities*.

When payment of trade payables is deferred and the transaction in fact is a financial transaction, after initial recognition, measurement is carried out at amortized cost, using the effective interest method.

Other current liabilities

Other current liabilities include accrued liabilities, other than those relating to financial expenses, classified under *Other current financial liabilities*, and deferred income, other than those relating to revenues from products sold under subscription, classified under *Trade payables*.

As already explained for accrued income and prepaid expenses, accrued liabilities and deferred income relate to portions of expenses or income common to two or more years.

This category also includes current and prior year direct taxes, to the extent that they have not already been paid.

The amount shown in the financial statements is net of advances for taxes already paid, withholding taxes and tax credits, unless a refund has been requested.

Current direct taxes are measured at the amount expected to be paid to the tax authorities, applying tax rates and tax regulations that have been enacted or substantively enacted at the reporting date.

Current taxes are recognized as an expense in the Income Statement, except for taxes that arise from transactions or events recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income, or that are credited or charged directly to equity.

Current tax liabilities that relate to items recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income are also recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income. Current tax liabilities that refer to items credited or debited directly to equity are also credited or debited directly to equity.

Other payables

The category of other payables includes:

- payables to social security institutions, relating to social security and pension contributions;
- tax payables other than direct taxes classified under *Other current liabilities*, such as payables for taxes due on the basis of assessments or disputes that have been settled, for withholdings made as withholding agent and for taxes of any kind that have become payable. The amount shown in the financial statements is net of tax advances already paid, withholding taxes and tax credits, unless a refund has been requested;
- payables to employees for wages and salaries, expenses to be paid, accrued holidays and additional monthly payments;
- dividends payable to shareholders;
- other payables not classifiable under other items of Current liabilities.

Other payables are initially measured at fair value on the trade date, i.e. at the value of the consideration agreed with the counterparty, net of directly attributable transaction costs.

Other payables, precisely because of their nature and duration, do not have a pre-established discount rate. After initial recognition, these payables are measured at their original value, given the immateriality of the effect of discounting.

This item also includes benefits due to employees on termination of employment.

Termination benefits arise from the Group's decision to terminate the employment relationship or from an employee's decision to accept an offer of benefits from the Group in exchange for termination of employment. Termination benefits do not include employee benefits resulting from termination of employment at the employee's request, without an offer of benefits by the Group, or as a result of mandatory retirement requirements.

The liability and cost relating to termination benefits are recognized on the most immediate of the following dates:

- the moment in which the Group can no longer withdraw the offer of such benefits; and
- the moment in which the Group recognizes the costs of a restructuring that falls within the scope of *IAS 37 Provisions, contingent liabilities and contingent assets* and involves the payment of termination benefits.

When termination benefits are an enhancement to post-employment benefits, the provisions for post-employment benefits are applied for measurement, using the actuarial valuation method outlined in the item Employee benefits. Otherwise:

- if it is expected that the benefits due on termination of employment will be paid in full within twelve months of the end of the period in which these benefits are recognized, the non-discounted cost is recognized;
- if it is not expected that the benefits due on termination of employment will be fully settled within twelve months of the end of the year, the discounted cost is recognized with actuarial gains (losses) recognized in the Statement of Profit (Loss) for the year.

Starting with the financial statements for the year beginning 1 January 2007, this category also includes:

- payables to supplementary pension funds, relating to employee severance indemnities accrued but not yet paid;
- payables to the Treasury Fund set up at the INPS (National Social Security Institute), relating to employee severance indemnities accrued but not yet paid.

Pursuant to the social security reform mentioned above under *Employee benefits*, the portions of employee severance indemnities accrued from 1 January 2007 onwards have been, at the employee's discretion:

- allocated to to supplementary pension schemes;
- retained in the company, which transferred the portions of the employee severance indemnity to the Treasury Fund set up at the INPS.

Both the portions of employee severance indemnities allocated from 1 January 2007 to supplementary retirement plans and those allocated from the same date to the Treasury Fund set up by the INPS are recognized as post-employment benefits and accounted for in the same way as defined contribution plans.

Contributions to be paid to a defined-contribution plan are recorded on an accruals basis as payables to supplementary pension funds and/or the Treasury Fund set up at the INPS, in relation to work performed by employees. In particular, the liability for the amounts to be paid to the Treasury Fund set up at the INPS does not include the revaluation expense, incurred by INPS.

Effects of changes in foreign currency exchange rates

At each reporting date, all monetary foreign currency items, i.e. all assets and liabilities that will be received or paid in a fixed or determinable number of currency units, are translated at the spot rate at the reporting date.

Exchange rate differences arising from the translation of monetary items at a rate different from that used at the time of initial recognition during the year or in previous financial statements are recognized in the income statement for the year in which they arise, except for exchange rate differences arising on a monetary item that forms part of an investment in a foreign associate.

Exchange rate differences arising on a monetary item that forms part of an investment in a foreign associate are, in fact, recognized in an Equity Reserve, until the investment is disposed of, and shown in the Other Comprehensive Income section of the Statement of Comprehensive Income. The total amount of exchange rate differences suspended in the appropriate Equity Reserve is recognized in the Statement of Profit (Loss) for the year when the gain or loss relating to the disposal is recognized.

At each reporting date, all non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. All non-monetary items expressed in a foreign currency and measured at fair value are translated at the exchange rate at the date the fair value was determined.

When the book value of a non-monetary item denominated in a foreign currency is determined, in accordance with GAAP, by comparing two or more amounts, the exchange rate applied to the amounts used for comparison with the original book value is that at the time the comparison is made, which is the closing rate at the reporting date.

This implies that if the book value to be recognized is that of one of the compared amounts, any emerging exchange rate differences are recognized in the Income Statement, when the item to which they relate is recognized in the Income Statement, or in the Other Comprehensive Income section of the Statement of Comprehensive Income, when the item to which they relate is recognized in the Other Comprehensive Income section of the Statement of Comprehensive Income.

If a designated fair value hedge has been established between a hedging instrument and a hedged item in foreign currency, the treatment for hedging instruments indicated in the item *Other current financial assets* applies.

Revenues

The recognition of revenues in the income statement follows the following five steps:

- identification of the contract with the customer;

- identification of contractual obligations;
- determination of the transaction price;
- allocation of the transaction price to the individual contractual obligations;
- recognition of revenue upon fulfilment of contractual obligations.

Revenues from contracts with customers are recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

The Group has generally concluded that it acts as Principal for most of the agreements from which revenues arise, with the exception of the following services in which it acts as Agent, as it usually controls the goods and services before transferring them to the customer.

In particular:

- revenues from the sale of goods are considered to have been earned when the company transfers control of the goods to the purchaser, which conventionally coincides with the dispatch of both daily newspapers and magazines sold individually, as well as book publications sold on an outright basis. Revenue is measured according to the amount of consideration received or receivable, net of reasonably estimated returns, allowances, trade discounts and volume reductions;
- revenues from the sale of subscription newspapers and magazines are recognized over the term of the subscription. It is industry practice to continue to provide the service for a certain period of time following the expiry of the subscription until the customer renews the subscription (gracing period). Revenues relating to gracing subscriptions at the end of the year are recorded on the basis of a historical estimate of the renewal rate for such subscriptions;
- publishing revenues from the sale of newspapers, magazines and books at news-stands and book stores are recognized on the basis of the price paid by the final purchaser gross of all premiums paid, including the share paid to newsagents. Distribution activities are in fact carried out by companies outside the Group's perimeter, acting as agents, whose premiums are recognized in the costs for services;
- revenues from the sale of advertising space are recorded on the basis of the date of publication of the insert or advertising message. The recognition of such revenues on an accrual basis presents elements of complexity due to the need to monitor punctually the publication of press releases in the various media of the Group (newspapers, magazines, Internet, radio, events, etc.) or of third parties for which the Group operates as concessionaire. To this end, the Group uses IT systems that link advertising contracts entered into with customers with the actual publication of the relevant press releases;
- advertising revenues deriving from the sale of advertising space on the media of third-party publishers are reported differently depending on whether the Group operates as principal or agent. The principal versus agent valuation is carried out on a contract-by-contract basis, taking into account certain indicators such as: the party with primary responsibility for meeting performance obligations, business risk and discretion in setting the sale price. Where the Group operates as an agent, revenues are recognized in the financial statements net of advertising revenues due to third-party publishers. If the Group operates as a principal, revenues are recorded gross of advertising fees due to third-party publishers, which are in this case recorded under costs for services. Based on the valuations performed for the contracts currently in place, the Group always operates as an agent;
- revenues from the provision of services with a contractual duration, such as IT services and subscriptions to databases, are recognized over the duration of the contract as the customer simultaneously receives and consumes the benefits provided by the Group. In particular,

database subscriptions often include free periods at the end of the contract period. In these cases, revenue is recognized over the actual duration of the service period, including the complimentary period;
- revenues from software sales are recognized over the life of the contract as the customer simultaneously receives and consumes the benefits provided by the Group. Despite the fact that the contracts in question are legally configured as sub-licences of third-party software and do not expose the Group to inventory risk, the Group has analysed the contracts included in the above stream from the customer's point of view and has decided to act as principal, having considered, in this specific case, that the customizations made, the exclusive right on the marketing of these products and the direct management by the Group of relations with customers (including the independent setting of the sale price), represent indicators of the Group's control over these goods and services before they are transferred to the customer.

Costs

Costs are recognized in the income statement when there is a decrease in future economic benefits resulting in a decrease in assets or an increase in liabilities that can be reliably measured.

Specifically, an expense is recognized immediately in the income statement when and to the extent that:

- an expense produces no future economic benefit;
- the future economic benefits do not qualify, or cease to qualify, for recognition as an asset in the statement of financial position;
- a liability is incurred without the recognition of an asset.

When cost components are material, their nature and amount are disclosed separately.

Earnings per share

Basic earnings per share, shown in the Statement of Profit (Loss) for the year for each period presented, has been calculated by dividing the profit or loss attributable to holders of ordinary and special shares of the Parent Company by the weighted average number of shares outstanding during the year. Basic earnings per share from discontinued operations are also presented in the Statement of Profit (Loss) for the year.

Diluted earnings per share, also shown in the Statement of Profit (Loss) for the year for each period presented, have been calculated by adjusting, so as to take into account the effects of all potential dilutive actions, both the profit or loss attributable to holders of ordinary and special shares of the Parent and the weighted average number of ordinary and special shares outstanding during the year. Diluted earnings per share from discontinued operations are also presented in the Statement of Profit (Loss) for the year.

The dilutive effects of potential ordinary and special shares are those that produce a reduction in earnings or an increase in loss per share as a result:

- conversion into ordinary and special shares of convertible instruments;
- the exercise of options or warrants on ordinary shares;
- the issuance of new ordinary shares upon the satisfaction of certain conditions.

Guarantees

The book value of financial assets pledged as collateral for liabilities or contingent liabilities and the related terms and conditions of use are disclosed separately in the Notes to the Financial Statements. If financial assets pledged as collateral can, by contract or custom, be sold or recommitted, their book value has been reclassified in the statement of financial position, separately from other assets.

For guarantees received for which it is permitted to sell or re-commit, as well as for guarantees received and re-committed, the fair value and the clauses and conditions associated with their use have been indicated separately.

Hedging transactions

For each type of hedge, the Notes to the Financial Statements have indicated separately:

- description of the transaction;
- description of the financial instruments designated as hedging instruments and their fair values at the reporting date;
- nature of the risks covered.

For cash flow hedges and fair value hedges, detailed information is also provided in the Notes to the Financial Statements.

Fair value

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a regular transaction between market participants at the measurement date.

The price considered is the price quoted in the main market, or the most advantageous price, unadjusted for transaction costs, at current market conditions (exit price), regardless of whether that price is directly observable or estimated using another valuation technique.

In particular, when fair value is applied to a non-financial asset, it considers the ability of a market participant to generate economic benefits by employing the asset to its highest and best use, or by selling it to another market participant that would employ it to its highest and best use.

According to the fair value measurement approach, the following were determined:

- the particular asset or liability being measured, in a manner consistent with its basis of measurement (unit of account);
- in the case of a non-financial asset, the appropriate valuation assumption for the measurement, consistent with its highest and best use;
- the principal (or most advantageous, if there is no principal) market for the asset or liability;
- the appropriate valuation techniques for measuring fair value, considering the availability of data with which to process the inputs representing the assumptions that market participants would use to determine the price of the asset or liability.

Valuation techniques were used that were appropriate in the circumstances and for which sufficient data was available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In particular, the three main valuation techniques were used, namely:

- the market approach;
- the cost approach;
- the income approach.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy that ranks the inputs to the valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted (unadjusted) prices in active markets for identical assets and liabilities (Level 1 data) and the lowest priority to unobservable inputs (Level 3 data).

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are directly or indirectly observable inputs for the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy prioritizes the inputs to valuation techniques and not the valuation techniques used to measure fair value. In some cases, the data used to measure the fair value of an asset or liability could be classified in different levels of the fair value hierarchy. In such cases, the fair value measurement was classified entirely in the same level of the fair value hierarchy in which the lowest level of the hierarchy input used for the measurement is classified.

6. Changes in Accounting standards, errors and changes in estimates

The accounting standards adopted are amended from one year to the next only if the change is required by a new standard or if it contributes to providing more reliable and relevant information on the effects of transactions on the entity's financial position, economic result or cash flows.

Changes in accounting standards are accounted for:

- in accordance with the specific transitional provisions, if any, of that standard;
- retrospectively, if the standard does not contain transitional provisions, or if the standard is amended voluntarily, with the effect in opening equity for the earliest of the years presented. Other comparative amounts indicated for each prior year are also adjusted as if the new standard had been applied from inception.

The prospective approach is adopted only when it is impracticable to determine the period-specific effects or the cumulative effect of the amendment for all prior periods.

In the case of material errors, the same treatment applies as for amendments in accounting standards as outlined above. In the case of immaterial errors, they are accounted for in the statement of profit (loss) for the period in which the error is detected.

In periods when an accounting standard is applied retrospectively, is retrospectively restated, or is reclassified and the retrospective application, retrospective restatement, or reclassification has a material impact on the information reported in the statement of financial position at the beginning of the prior year, three statements of financial position are presented:

- at the end of the current year;
- at the end of the previous year;
- at the beginning of the previous year.

Changes in estimates are accounted for prospectively in the statement of profit (loss) for the year in which the change takes place if it impacts only the latter, or in the year in which the change takes place and in subsequent years, if the change also impacts the latter.

New accounting standards, interpretations and amendments adopted by the Group

As of 1 January 2020, no new standards apply with respect to the 31 December 2019 financial statements. Other amendments to accounting standards on or after 1 January 2020, but which did not impact the Group's financial statements, are detailed below.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Definition of a Business to support entities in determining whether or not a set of acquired assets and properties constitutes a business. The amendments clarify the minimum requirements for having a business, remove the assessment of whether market participants can substitute any missing elements, add guidance to support entities in assessing whether an acquired process is substantial, narrow the definitions of a business and output, and introduce an optional fair value concentration test. New illustrative examples have been published along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of initial application, the Group is not affected by these amendments at the date of initial application.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

Amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and measurement provide a number of expedients, which apply to all hedging directly affected by the interest rate benchmark reform. Hedging is affected if the reform creates uncertainties about the timing and/or amount of cash flows based on benchmarks of the hedged item or hedging instrument. These amendments had no impact on the Group's consolidated financial statements as the Group does not have any interest rate hedging transactions in place.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of material in the standards and to clarify certain aspects of the definition. The new definition indicates that information is material if, as a result of its omission, or as a result of its incorrect or unintelligible presentation (obscuring), it could be reasonably expected to influence the decisions that the main users of the financial statements would make on the basis of the financial information contained therein.

The changes to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

Conceptual Framework for Financial Reporting

The Conceptual Framework does not represent a standard and none of the concepts it contains take precedence over the concepts or requirements of a standard. The purpose of the Conceptual Framework is to support the IASB in developing standards, to help reporters develop consistent accounting standards where there are no standards applicable in the specific circumstances, and to help all parties involved understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts.

These amendments had no impact on the Group's consolidated financial statements.

Amendment to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of contractual modifications for lease reductions granted by lessors that are a direct result of the Covid-19 outbreak. The amendment introduces a practical expedient whereby a lessee may choose not to assess whether lease reductions represent contractual changes. A lessee that chooses to use this expedient accounts for these reductions as if they were not contractual modifications within the scope of IFRS 16.

The amendments are applicable to financial statements for which the accounting period begins on or after 1 June 2020. Early adoption is permitted. These amendments had no impact on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations approved by the European Union but not yet in force and not adopted in advance by the Group

The IASB and IFRIC have approved some amendments to the IAS/IFRS already in force and issued new IAS/IFRS and new IFRIC interpretations. As these new documents have a deferred effective date, they have not been adopted for the preparation of these consolidated financial statements, but will be applied from the effective date established as mandatory.

The IASB has issued the following amendments, endorsed or not yet endorsed by the European Union: IFRS 17 Insurance Contracts (issued on 18 May 2017), Amendments to IAS 1 Presentation of Financial Statements classification of liabilities as current or non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020), Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued on 14 May 2020), Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021), Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued 12 February 2021), Proposed amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, Amendments to IFRS 4 Insurance Contracts - deferral of IFRS19 (issued 25 June 2020) and Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2 (issued on 27 August 2020).

7. Financial instruments and risk management

With reference to the Group's financial position, economic result and cash flows, additional information is provided to facilitate the assessment of the extent and nature of the related risks.

The risks related to the financial instruments used are:

- market risk, which is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. This risk can be further broken down into:
  - currency risk, i.e. the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates;
  - interest rate risk on fair value, i.e. the risk that the value of a financial instrument or its future cash flows will fluctuate due to changes in market interest rates;

   - o price risk, i.e. the risk that the fair value of a financial instrument or its future cash flows fluctuate due to changes in market prices;
- credit risk, i.e. the risk that one party to a financial instrument will fail to discharge an obligation and cause a financial loss to the other party;
- liquidity risk, i.e. the risk of encountering difficulties in meeting obligations relating to financial liabilities settled with cash or another financial asset.

Group financial situation

Available credit lines

In order to cover its short-term financial requirements, at 31 December 2020 the Group has available usable credit lines for a total of Euro 20.0 million relating to credit lines for advances on trade receivables with recourse connected with the securitization transaction.

At 31 December 2020, lines of credit for advances on trade receivables with recourse were used for a total amount of Euro 16.5 million; the remaining portion of the credit lines and available liquidity total Euro 42.0 million (cash and cash equivalents, lines available with recourse, net of the portion to be relegated on collections of receivables already factored without recourse).

On 8 May 2020, the Company:

- sent the request to obtain a medium-long term loan from a pool of banks, backed by a SACE guarantee pursuant to Law Decree 8 April 2020, no. 23, "Liquidity Decree";
- made a formal request to extend the trade receivables securitization line until December 2026 beyond the original maturity date of 31 December 2020.

On 20 July 2020, a medium-long term loan agreement was stipulated, backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree" for an amount of Euro 37.5 million maturing on 30 June 2026 and disbursed on 22 July 2020.

On 20 July 2020, an addendum was signed with Monterosa SPV to extend the trade receivables securitization line to December 2026.

On 20 July 2020, the Company sent Banca Centropadana a request to cancel the bilateral cash line for a total amount of Euro 1.5 million subscribed on 30 November 2017 and never used, which was confirmed by the bank on 23 July 2020.

On 22 July 2020, the Company sent a request to the pool of lending banks to cancel the cash revolving line for a total amount of Euro 28.5 million subscribed on 30 November 2017 and never used, which was confirmed by the banks on 29 July 2020.

Securitization of trade receivables

In 2013, the Company took part in a securitization transaction, carried out by Monterosa SPV S.r.l. (a special purpose vehicle established pursuant to Law 130 of 30 April 1999 and subsequent amendments and additions) and structured by Banca IMI S.p.A. as arranger, through the issue of asset-backed securities to finance the purchase of trade receivables of Il Sole 24 ORE S.p.A. Monterosa SPV S.r.l. is not controlled by the Group and is therefore not included in the scope of consolidation. The 24 ORE Group does not hold any investment in the financial instruments issued by the vehicle.

The transaction provides for the ongoing monthly transfer of portfolios of the Company's trade receivables to Monterosa SPV, either on a definitive non-recourse (i.e., without a guarantee of the transferred debtors' solvency) or on a recourse basis (i.e., with a guarantee of the transferred debtors' solvency).

On 13 November 2017, the Company entered into an agreement with Monterosa SPV to extend the maturity of the transaction until December 2020; however, it should be noted that the agreement provides for the option to terminate operations by either party at the end of each calendar quarter.

The maximum total amount that can be financed is Euro 50.0 million; at 31 December 2020, the line of credit for the securitization of trade receivables with recourse (for a total amount of Euro 20.0 million) had been used for Euro 16.5 million.

The securitization contract does not provide for financial covenants but does provide for causes of impediment to the acquisition of the Company's portfolios of receivables, which, if not remedied, could result in the termination of the contract.

At 31 December 2020, there were no causes of impediment to purchase and/or material events that would result in contract termination.

On 20 July 2020, an agreement was signed with Monterosa SPV to extend the maturity of the operation for a further 6 years, thus bringing the new maturity date to December 2026; the agreement also provides for the possibility for both parties to terminate the operation at the end of each calendar half-year.

Medium/long-term loan backed by SACE guarantee

On 20 July 2020, the Group signed a new medium/long-term loan agreement with the pool of lending banks, comprising Intesa Sanpaolo (also acting as Financing and Guarantee Agent Bank), Cassa Depositi e Prestiti, Banco BPM, Banca Popolare di Sondrio and Banca Monte dei Paschi di Siena, backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree".

In relation to the SACE guarantee provided by the loan and in accordance with the provisions of the "Liquidity Decree", the Group has made the following commitments:

a) allocate the loan for the purpose of financing: *(i)* investments; (*ii*) working capital; (*iii*) personnel costs; *(iv)* costs of lease or rent fees of business units, exclusively for production facilities and business activities located in Italy (excluding acquisitions of investments); and: (*i)* to keep the substantial part of production in Italy; *(ii*) to use the proceeds of the loan exclusively in accordance with the purpose envisaged in this contract;

b) comply with the regulations in force from time to time concerning the fight against money laundering, financing of terrorism and corruption;

c) not to approve or execute dividend distributions or share repurchases during 2020 and to ensure that any other company based in Italy that is part of the same group does not approve or execute dividend distributions or share repurchases during 2020;

d) manage employment levels through trade union agreements for the entire duration of the loan.

The amount of the loan is Euro 37.5 million and the duration is 6 years with maturity of 30 June 2026 and 24 months of pre-amortization; the amortization plan provides for quarterly instalments with a constant capital quota and the interest margin is equal to 3-month Euribor +1.65%.

The loan is backed by a first demand guarantee issued by SACE pursuant to the "Liquidity Decree", for a maximum amount equal to 90% of the loan amount; the cost of the guarantee is 50 bps for the first year, 100 bps for the second and third years, 200 bps from the fourth year. The Company considers that the effective interest rate on this loan (interest rate margin and cost of the SACE guarantee) is in a market range.

There are no collateral or compulsory guarantees, but financial covenants recorded at consolidated level and calculated without giving effect to IFRS 16. The structure of the covenants is described in the following table:

FINANCIAL COVENANTS

Euro millions	31/12/2020	30/06/2021	31/12/2021	30/06/2022	31/12/2022	30/06/2023	31/12/2023	30/06/2024	31/12/2024	30/06/2025	31/12/2025
EBITDA (*) ≥	n.r.	0.0	8.0								
Minimum SE ≥	18.0	18.0	18.0								
Lev Ratio (NFP/EBITDA (*)) ≤				2.75x	2.0x	2.0x	1.50x	1.50x	1.50x	1.50x	1.50x
Gearing Ratio (NFP/SE) ≤				2.5x	2.0x	1.5x	1.0x	1.0x	1.0x	1.0x	1.0x

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

The contract includes, in addition to the clauses that are standard practice for this type of financing, such as: negative pledge, *pari passu*, cross-default and change of control, and some specific provisions that provide for mandatory partial early repayment upon the occurrence of certain events.

Failure to comply with even one covenant means that all amounts for which the Company has been declared delinquent will be immediately due and payable and the loan will be immediately cancelled. However, the lending banks may be asked to make amendments to the loan agreement, or to waive their rights to early termination, in the event of non-compliance with a covenant.

On 22 July 2020, the loan was disbursed to the Company for a total amount of Euro 37.5 million.

At 31 December 2020, compliance with the covenants is confirmed: equity net of IFRS 16 adjustments of Euro 34.5 million higher than the covenant minimum of Euro 18.0 million.

Financial risk

Financial risks are managed in accordance with the principle of prudence and the minimization of risks associated with financial assets and liabilities; transactions involving the investment of liquidity or the raising of the necessary financial resources are carried out with the primary objective of neutralizing, on the one hand, the risk of loss of capital, avoiding speculative transactions, and, on the other, the risk of fluctuations in interest rates, avoiding exposing the result for the period to any unexpected increases in financial expenses.

The Group constantly monitors the financial risks to which it is exposed, in order to assess any negative impact and take appropriate action to mitigate them. The Board of Directors of the Parent Company has overall responsibility for the creation and supervision of the Group's risk management system, as well as for the development and control of risk management policies.

The Group's risk management policies aim to identify and analyse the risks to which the Group is exposed, defining the appropriate limits and systems for monitoring these risks. The policies and related systems are reviewed periodically in consideration of changes in market conditions and the Group's business.

The financial management of subsidiaries is carried out through specific intercompany current accounts into which any surplus liquidity is deposited or into which the Parent Company transfers the financial resources necessary for the operating management of the same companies, with the aim of optimizing also the impact on the income statement in terms of financial income and expenses accrued on said current accounts.

The terms and conditions applied to intercompany current account agreements as of 31 December 2020 are as follows:

- lending rate on stocks of subsidiaries: 1-month Euribor flat;
- borrowing rate on the debt of subsidiaries: 1-month Euribor +2.81% (determined considering the effective rate of the medium/long-term loan inclusive of the cost of the SACE guarantee);
- repayment terms within 48 hours of any request by the Parent Company.

Centralized management of Group finance also makes it possible to efficiently control and coordinate the operations of the individual subsidiaries, including through more effective financial planning and control, which can also provide useful indications for optimizing the management of relations with banks and credit institutions of reference, and to systematically monitor the Group's financial risk and treasury performance.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, due to changes in interest rates, foreign exchange rates, or the prices of equity instruments. The objective of market risk management is to manage and control the Group's exposure to this risk within appropriate levels, while at the same time optimizing the return on the investments to which this risk is linked.

Exchange rate risk

The Group is marginally exposed to exchange rate risk on purchases denominated in currencies other than the functional currency of the various Group entities.

These transactions mainly refer to the EUR/USD, EUR/GBP and EUR/CHF exchange rates.

It is the Group's policy to fully hedge, where possible, significant exposures arising from receivables and payables denominated in currencies other than the Euro.

Interest rate risk

The Group's economic result is exposed to fluctuations in market interest rates following the signing of the medium/long-term loan secured by a SACE guarantee, which provides for an interest margin equal to 3-month Euribor +1.65%. The loan has a Euribor zero floor clause. Thus, as long as Euribor is negative, the value applied is zero. In relation to the current interest rate curve, which foresees a negative Euribor for the entire duration of the loan, the Group is not currently exposed to the risk of interest rate fluctuations.

The return on any financial investments, represented by short-term financial investments with maturities not exceeding three months, is not affected by changes in interest rates.

The cost of any financial funding relating to current account overdrafts and short-term hot money lines, which do not have maturities exceeding six months, is therefore not affected by changes in interest rates.

Price risk

The main raw material used by the Group, which could show significant price risks, is paper.

Paper procurement is managed centrally for all the Group's business units through careful planning of purchases and stock management. In line with best market practice, supply agreements are stipulated with leading Italian and foreign counterparts at defined quantity and price conditions for the maximum duration that the market currently allows, i.e. approximately one year.

The Group is not using hedging derivatives such as paper swaps, as these instruments are characterized by limited liquidity in terms of both counterparties and maturities.

Credit risk

Credit risk is the risk that a customer or one of the counterparties to a financial instrument will generate a financial loss by failing to meet an obligation.

Within the Group, credit risk mainly relates to trade receivables generated by the sale of products and services by the various business units.

In relation to the type of customers to which the Group's products and services are aimed, it is not considered that there is a high risk in terms of trade receivables, against which, given that there is no evidence of an excessive concentration of risk, it is nevertheless considered appropriate to follow operating procedures that limit sales to customers considered not solvent or unable to provide adequate guarantees.

Credit risk control activities for customers are carried out by grouping them by type and business area, considering whether they are advertising agencies, companies and financial institutions, public entities, professionals and individuals, distributors and book stores, or other customers, also examining their geographical location, sector, age of credit, due date of invoices issued and previous payment behaviour.

A specific bad debt provision has been set up to cover any losses due to non-collectible receivables.

Liquidity risk

Liquidity risk is represented by the risk that the Group may have difficulty in fulfilling the obligations associated with its financial liabilities and, therefore, have difficulty in obtaining, on economic terms, the financial resources necessary for its operations.

The Group's approach to managing liquidity risk is to ensure, as far as possible, that there are always sufficient financial reserves to meet its obligations as they fall due, both in normal conditions and in the event of financial stress.

The main factors that determine the Group's liquidity are represented by the flows generated or absorbed by operating and investment activities, and by the flows linked to the repayment of financial liabilities and the collection of income from financial investments, as well as the trend in market rates.

The Group has launched a series of actions to optimize the management of financial resources and mitigate liquidity risk:

- centralized management of the Group's liquidity through constant withdrawal of the financial surpluses of the subsidiaries and by covering the needs of the same subsidiaries with resources provided by the Parent Company;
- maintaining an adequate reserve of available liquidity;
- availability of adequate short and medium-term credit lines;
- planning of the prospective financial situation also with reference to the incidence of medium/long-term debt on the overall net financial position;
- use of an adequate internal control system to assess available liquidity in relation to the company's operational planning.

Financial income and expenses

FINANCIAL INCOME AND EXPENSES		
Euro thousands	FY 2020	FY 2019
Recognized in the income statement		
Interest income from financial assets held to maturity not written down	761	595
Interest income from bank deposits	1	2
Net exchange rate gains	20	29
Financial income	**781**	**626**
Interest expense from financial liabilities and other financial expenses	(2,814)	(2,919)
Net exchange rate losses	(14)	(39)
Financial expenses	**(2,828)**	**(2,958)**
The financial income and expenses shown above include the following amounts relating to assets (liabilities) not designated at fair value through profit or loss:		
Total interest income on financial assets	**781**	**626**
Total interest expense on financial liabilities	**(2,828)**	**(2,958)**
Recognized directly in equity		
Effective portion of changes in fair value of cash flow hedges	-	-

Financial assets

OTHER FINANCIAL ASSETS		
Euro thousands	31.12.2020	31.12.2019
Non-current financial assets		
Minority investments	704	716
M/L financial receivables and security deposits	721	131
M/L financial receivables IFRS16	114	899
Current financial assets		
Cash and cash equivalents	40,889	15,731
Current financial receivables	15,887	31
S/T financial receivables IFRS16	117	1,353
Total financial assets	**58,432**	**18,861**

Financial liabilities

FINANCIAL LIABILITIES		
Euro thousands	31.12.2020	31.12.2019
Non-current liabilities		
SACE M/L guaranteed financing	35,264	-
Other financial payables to third parties	4,870	6,758
M/L financial payables IFRS16	37,934	4,813
Unsecured loans from banks	3,731	4,373
Total non-current liabilities	**81,799**	**15,944**
Current liabilities		
SACE S/T guaranteed financing	1,788	-
Current portion of unsecured loans from banks	643	609
Other financial payables to third parties	4,505	2,416
S/T financial payables IFRS16	2,510	8,734
Unsecured current account advances	16,545	15,706
Total current liabilities	**25,991**	**27,464**
Total financial liabilities	**107,789**	**43,408**

Exposure to credit risk

The book value of financial assets, referring mainly to cash and cash equivalents at banks and receivables from customers, represents the Group's maximum exposure to credit risk. At the end of 2020, this exposure was as follows:

EXPOSURE TO CREDIT RISK		
Euro thousands	31.12.2020	31.12.2019
Minority investments	704	716
M/L financial receivables and security deposits	721	131
M/L financial receivables IFRS16	114	899
Current financial receivables	15,887	31
Receivables from customers (*)	62,845	60,723
Cash and cash equivalents	40,889	15,731
S/T financial receivables IFRS16	117	1,353
Total	**121,276**	**79,584**

(*) Not included: Bad debt provision, Supplier advances, Agents and Copyrights

The Group's exposure at the end of 2020 to credit risk associated with receivables from customers, broken down by geographical region, is as follows:

BREAKDOWN BY GEOGRAPHICAL REGION		
Euro thousands	31.12.2020	31.12.2019
Italy	61,312	59,122
Eurozone countries	975	789
United Kingdom	392	600
Other European countries	49	80
United States	52	58
Other	64	74
Total	**62,845**	**60,723**

The Group's exposure at the end of 2020 to credit risk associated with receivables from customers, broken down by type of customer, is as follows:

BREAKDOWN BY CUSTOMER TYPE		
Euro thousands	31.12.2020	31.12.2019
Advertising agencies	10,665	7,588
Companies and Financial Institutions	24,711	24,177
Public entities	1,991	1,981
Professionals and individuals	18,898	20,499
Other customers	6,579	6,478
Total	**62,845**	**60,723**

Impairment losses on trade receivables

The following table represents the seniority of receivables from customers at the end of 2020:

SENIORITY OF RECEIVABLES FROM CUSTOMERS				
Euro thousands		31.12. 2020		31.12. 2019
	Gross	Bad debt provision	Gross	Bad debt provision
Due	54,946	738	49,360	563
Past due 1 - 30 days	1,664	108	1,705	59
Past due 31 - 120 days	2,112	366	2,430	222
Past due 121 days - 1 year	1,179	311	1,846	493
Over 1 year	2,944	2,035	5,382	3,957
Total	**62,845**	**3,558**	**60,723**	**5,294**

Changes in the bad debt provision for trade receivables in 2020 were as follows:

CHANGES IN BAD DEBT PROVISION		
Euro thousands	31.12.2020	31.12.2019
Balance 1 January	5,294	10,018
Losses for the year	(3,026)	(5,566)
Allocations	1,291	841
Total	**3,558**	**5,294**

Liquidity risk

The contractual maturities of financial liabilities and trade payables are shown in the table below:

LIQUIDITY RISK

Euro thousands	31.12.2020						
	Book value	Expected cash flows	up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years
Non-derivative financial liabilities							
Unsecured loan from banks	4,373	(5,146)	(434)	(436)	(870)	(2,603)	(802)
Other M/L payables to third parties	7,042	(7,600)	(1,086)	(1,086)	(2,171)	(3,257)	-
SACE guaranteed financing	37,052	(41,227)	(311)	(2,669)	(5,343)	(28,439)	(4,465)
Unsecured current account advances	16,545	(16,545)	(16,545)	-	-	-	-
Other financial payables to third parties	2,333	(2,333)	(2,333)	-	-	-	-
Trade and other payables	47,782	(47,782)	(47,782)	-	-	-	-
Financial payables IFRS16	40,444	(46,643)	(1,632)	(1,956)	(3,846)	(17,353)	(21,856)
Total	**155,571**	**(167,276)**	**(70,124)**	**(6,147)**	**(12,230)**	**(51,652)**	**(27,123)**

Euro thousands	31.12.2019						
	Book value	Expected cash flows	up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years
Non-derivative financial liabilities							
Unsecured loan from banks	4,982	(6,017)	(435)	(437)	(870)	(2,606)	(1,669)
Other M/L payables to third parties	6,758	(7,600)	-	-	(2,171)	(5,429)	-
Unsecured current account advances	15,706	(15,706)	(15,706)	-	-	-	-
Other financial payables to third parties	2,416	(2,416)	(2,416)	-	-	-	-
Trade and other payables	49,521	(49,521)	(49,521)	-	-	-	-
Financial payables IFRS16	13,547	(14,350)	(4,586)	(4,527)	(1,634)	(3,045)	(558)
Total	**92,930**	**(95,610)**	**(72,665)**	**(4,963)**	**(4,676)**	**(11,080)**	**(2,227)**

Interest rate risk - Profile

The interest rate profile applied to the Group's interest-bearing financial instruments at the 2020 reporting date was as follows:

INTEREST RATE RISK

	Book value	
Euro thousands	31.12.2020	31.12.2019
Fixed-rate financial instruments		
Financial assets	721	847
Total	**721**	**847**
Floating-rate financial instruments		
Financial assets	57,007	16,661
Financial liabilities	(107,789)	(43,408)
Total	**(50,783)**	**(26,748)**

Sensitivity analysis - fair market value of fixed-rate instruments

The Group does not account for any financial instruments at fair value through profit or loss at 31 December 2020.

Sensitivity analysis - fair market value of floating-rate instruments

If interest rates had increased or decreased by 100 bps, at the 2020 reporting date, net profit (loss) would have improved or deteriorated by Euro 380 thousand, respectively, as shown in the following table:

SENSITIVITY ANALYSIS

	Profit / Loss		Equity	
Euro thousands	Increase 100 bps	Decrease 100 bps	Increase 100 bps	Decrease 100 bps
FY 2020				
Floating-rate financial instruments	(380)	380		
Cash flow sensitivity (net)	**(380)**	**380**	**0**	**0**
FY 2019				
Floating-rate financial instruments	(291)	291		
Cash flow sensitivity (net)	**(291)**	**291**	**0**	**0**

Criteria for determining fair value

The methods and main assumptions used to determine the fair values of financial instruments are set out below.

Non-derivative financial liabilities

Fair value is calculated on the basis of the present value of estimated future cash flows of principal and interest, discounted using the market interest rate at the reporting date.

Interest rates used to calculate fair value

The interest rates used to discount expected cash flows, where applicable, are based on the yield curve of government securities at the reporting date plus an appropriate credit spread.

Fair value and book value

The following table shows, for each financial asset and liability and for trade receivables and payables, the book value recorded in the balance sheet and the relative fair value:

FAIR VALUE

Euro thousands	31.12.2020		31.12.2019	
	Book value	Fair Value	Book value	Fair Value
Minority investments	704	704	716	716
M/L financial receivables and security deposits	721	721	15,326	15,326
M/L financial receivables IFRS16	114	114	899	899
Receivables from customers	62,845	62,845	60,723	60,723
Cash and cash equivalents	40,889	40,889	15,731	15,731
S/T financial receivables IFRS16	117	117	1,353	1,353
S/T financial receivables	15,887	15,887	31	31
Unsecured loans from banks	(4,373)	(5,222)	(4,982)	(6,052)
M/L financial payables IFRS16	(37,934)	(37,934)	(4,813)	(4,813)
SACE guaranteed financing	(37,052)	(37,052)	-	-
Other M/L financial payables to third parties	(4,870)	(4,870)	(6,758)	(6,758)
Unsecured current account advances	(16,545)	(16,545)	(15,706)	(15,706)
Other financial payables to third parties	(4,505)	(4,505)	(2,416)	(2,416)
S/T financial payables IFRS16	(2,510)	(2,510)	(8,734)	(8,734)
Trade and other payables	(47,782)	(47,782)	(49,521)	(49,521)
Total	**(34,295)**	**(35,144)**	**1,849**	**779**
(Loss) / Profit not recognized		(849)		(1,070)

Guarantees and commitments

At 31 December 2020, the Group has bank and insurance sureties outstanding for a total of Euro 20,969 thousand.

These sureties are summarized below:

- sureties issued by the Parent Company to guarantee lease contracts for Euro 10,854 thousand. In particular, we note the sureties in favour of Selectiv Core Italy SICAF for the property located at via Monte Rosa 91 in Milan for Euro 7,600 thousand, in favour of Finamo for the property located at Piazza Indipendenza 23 in Rome for Euro 238 thousand and in favour of Sarca 223, as a deposit to guarantee the signing of the lease agreement and the taking over by 1 May 2021 of the property located at Viale Sarca 223 in Milan, for Euro 3,000 thousand;
- guarantee in favour of Selective Core Italy SICAF to guarantee the payment of the instalments relating to the indemnity for the early termination of the lease contract for the property located at via Monte Rosa 91 for Euro 7,600 thousand;
- sureties issued by the Parent Company and its subsidiaries mainly in favour of ministries, public entities or municipalities to guarantee calls for tenders, competitions for prizes, contracts for the supply of services, etc., totalling Euro 1,868 thousand;
- sureties issued by the Parent Company to guarantee the commitments of its subsidiaries to private third parties or public entities in relation to tenders, commercial transactions, supply contracts, etc., totalling Euro 648 thousand, granted on the Parent Company's bank lines of credit.

It should be noted that, in order to guarantee the issuance of the surety in favour of Selective Core Italy SICAF connected to the payment of the instalments relating to the indemnity for the early termination of the lease of the property located at Via Monte Rosa 91 for Euro 7,600 thousand, on 19 December 2019, the Parent Company signed with Banca Intesa Sanpaolo a deed of pledge on the balance of a dedicated current account and a contract for the transfer of receivables as collateral, having as its object the receivable connected to the deferred price portion, amounting to Euro 16,500 thousand, deriving from the disposal of the shares of the company Business School24 S.p.A., the payment of which is set by 31 December 2021. The pledge is effective for a maximum guaranteed amount of Euro 7,600 thousand until the obligations connected with the guarantee are fulfilled and in particular, the payment of the instalments of the indemnity indicated above.

8. Key sources of estimation uncertainties

Estimates are made primarily in the context of the going concern assumption, the recognition of impairment losses on assets, the calculation of returns to be received for distributed publishing products, the calculation of renewal rates for gracing subscriptions, the valuation of receivables and inventories, the quantification of amounts to be set aside against probable risks and the assessment of the recoverability of deferred tax assets.

Estimates are also used in actuarial calculations to determine employee severance indemnities and agents' termination indemnities; to measure taxes: to determine the fair value and useful life of assets; to determine the lease term of contracts that contain an extension option and the incremental borrowing rate.

Estimates and assumptions are reviewed at least annually and the effects of any changes are immediately reflected in the income statement.

In particular, estimates relating to the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful life are made on the basis of fair value less costs to sell or value in use using the discounted cash flow technique. The valuation techniques and assumptions used are explained in section 11 Notes to the financial statements of the relevant items.

Estimates of returns of publishing products are carried out using statistical techniques and updated monthly on the basis of final figures received.

The estimate of legal risks takes into account the nature of the dispute and the probability of losing the case.

9. Scope of consolidation

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ON A LINE-BY-LINE BASIS

Company Name	Business	HQ	Currency	Share Capital fully paid-in	% of consolidation	Held by
24 ORE Cultura S.r.l.	Products dedicated to art	Milan	Euro	120,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE Eventi S.r.l.	Organization, management and sale of events	Milan	Euro	24,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd.	Sale of advertising space	London	Euro	50,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE U.S.A. INC.	American News Agency	New York	Dollar	2,000	100.0%	Il Sole 24 ORE S.p.A.

SUBSIDIARIES: BREAKDOWN OF SHARES

Company Name	Consolidation: group share	Consolidation: minority share	Voting right: Group share	Voting right: Minority share	Held by
24 ORE Cultura S.r.l.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE Eventi S.r.l.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE U.S.A. INC.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.

Investments in subsidiaries

On 8 January 2020, the Shareholders' Meeting of Ticket 24 ORE S.r.l. approved the plan to merge the company into the parent company 24 ORE Cultura S.r.l.; the merger took effect on 29 February 2020 with retroactive accounting effect from 1 January 2020 and had no impact on the consolidated financial statements.

On 25 February 2020, by deed of the Notary Firm, Zabban, Notari, Rampolla & Associati, the deed of merger of the company Ticket 24 ORE S.r.l. into the parent company 24 ORE Cultura S.r.l. was signed.

Investments in associates and joint ventures

At the date of these consolidated financial statements, there were no investments in associated companies.

Minority investments

Compared to the previous approved financial statements, the investment in Editorial Ecoprensa S.A. was disposed of on 13 March 2020. Details are shown in the notes to the statement of financial position under the corresponding item.

10. Key reclassified figures of the financial statements of subsidiaries, associates and joint ventures

BALANCE SHEET

Company	Notes	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Total equity	Total liabilities and equity
24 ORE Cultura S.r.l.	(1)	3,117	5,432	8,549	1,956	3,655	5,611	2,938	8,549
24 ORE Eventi S.r.l.	(1)	5	3,081	3,086	87	2,091	2,178	908	3,086
Il Sole 24 ORE UK Ltd	(1)	-	1,017	1,017	-	85	85	932	1,017
Il Sole 24 ORE USA Inc.	(1)	152	459	610	115	114	229	381	610
Total subsidiaries		**3,274**	**9,989**	**13,263**	**2,158**	**5,946**	**8,103**	**5,159**	**13,263**

(1) Statutory data with IAS/IFRS adjustments

INCOME STATEMENT

Company	Notes	Revenues	Gross operating margin	Operating profit (loss)	Profit (loss) before taxes	Net profit (loss)	Share allocated to minority shareholders
24 ORE Cultura S.r.l.	(1)	2,482	631	(517)	(537)	(334)	-
24 ORE Eventi S.r.l.	(1)	4,343	1,027	1,022	1,015	740	-
Il Sole 24 ORE UK Ltd	(1)	340	172	172	172	138	-
Il Sole 24 ORE USA Inc.	(1)	538	90	46	34	19	-
Total subsidiaries		**7,703**	**1,920**	**724**	**684**	**562**	**-**

(1) Statutory data with IAS/IFRS adjustments

FINANCIAL FIGURES

Euro thousands	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Increase (decrease) for the year	Group dividends	Third-party dividends
Il Sole 24 ORE Eventi S.r.l.	(201)	152	441	392	-	-
Il Sole 24 ORE UK Ltd	128	-	(1)	127	-	-
24 ORE Cultura S.r.l.	40	1,639	(202)	1,477	-	-
Il Sole 24ORE USA Inc.	(32)	-	(39)	(71)	-	-

11. Notes to the financial statements

Impairment test

Introduction

The results of the impairment test were determined on the basis of the impairment procedure adopted by the Group. The procedure for 2020 was approved by the Board of Directors on 25 February 2021, which confirmed the approach of the impairment test procedure of the previous year.

The impairment test is performed at each reporting date and consists of verifying whether there are any indications that an asset may be impaired. The impairment test is passed if the recoverable amount is equal to or greater than the book value of the asset being measured. In this case, the book values are confirmed.

The recoverable amount of an asset is defined by IAS 36 as the greater of the value that can be obtained through its use (i.e. value in use) and the value that can be obtained from its sale (i.e. fair value net of costs to sell).

In the case of goodwill and intangible assets with indefinite useful life, it shall be verified annually that their recoverable amount is at least equal to their book value.

With reference to assets with finite life, the test is carried out only when necessary, i.e. in the presence of a trigger event (IAS 36 paragraph 9). To this end, the Company, having examined the external and internal sources of information indicated in paragraphs 12-14 of IAS 36, considered that taking into account the income results (net of non-recurring income and expenses) recorded in 2020 and in particular the impact of the spread of the Covid-19 virus, there could be indications of potential impairment losses and therefore carried out an impairment test also with reference to assets with finite useful life.

The impact on the impairment test of the entry into force of IFRS 16 - Leases from 2019 is also taken into account.

During the preparation of this Annual Report 2020, in relation to the methods for determining the recoverable amount of goodwill and intangible and tangible assets, which may be impacted by a deterioration in the economic outlook, the possible impacts of the Covid-19 pandemic were also considered, also through the performance of specific simulation analyses. Recent guidelines, useful for the definition of the impairment procedure, published as a result of the emergency situation, were also considered.

Assets subject to impairment test

Below are the assets subject to impairment testing for the purpose of preparing these financial statements.

Determination of the fair value of assets with finite useful life

The Group carried out the valuation of the following assets, with independent and qualified experts:

- Properties owned;
- Rotary printing presses.

Intangible assets with indefinite useful life (concessions and radio frequencies)

The impairment test is carried out through an estimate of fair value made by an external expert appointed for this purpose, in continuity with previous years. This determination of fair value is Level 3.

Value in use of CGUs

The CGUs subject to valuation were defined with reference to the segments identified on the basis of the company's operating activities that generate revenues and costs, the results of which are periodically reviewed at the highest operational decision-making level for the purpose of making decisions on resource allocation and performance assessment, and for which separate financial information is available.

Below is a list of the CGUs subject to impairment testing:

- Publishing & Digital;
- Tax & Legal;
- System;
- Radio;
- Events;
- Culture.

If the difference between the recoverable amount and the respective book value is negative, this would result in an impairment loss attributable proportionally to the assets of the CGU.

Goodwill

The recoverability of goodwill is tested by estimating the value in use of the Tax & Legal and Events CGUs.

Determination of the fair value of assets with finite useful life

Properties owned

The Group owns two property complexes, used as offices and production facilities. These properties are located in Milan and Carsoli (AQ).

For the purposes of determining the fair value, the Group engaged an external, qualified and independent expert. The valuation covered land, buildings, internal fixed installations and external building works.

The value of the properties was determined on the assumption that the properties were vacant (not leased), for sale as a whole (not in portions) and in their current use, and on the assumption of the highest and best use of the property, i.e. considering, among all the technically possible, legally permissible and financially possible uses, only those that could potentially give the property the highest value.

The fair value was determined using the market method, based on a comparison between the assets being analysed and other comparable assets that were recently bought and sold or are currently offered on the same market or in competitive markets.

Below is a summary of the valuations carried out:

LAND AND BUILDINGS MILAN AND CARSOLI (AQ)			
Euro thousands	Milan	Carsoli	Total
Land	2,053	817	2,870
Buildings	1,627	2,346	3,972
Fixed installations of buildings	913	209	1,122
Total	**4,592**	**3,372**	**7,964**
Fair value	5,620	4,420	10,040

Rotary printing presses

In 2020, the Group used two *Regioman* model rotary presses from MANROLAND WEB SYSTEMS at its Milan and Carsoli (AQ) plants, purchased at the end of 2004, installed in 2005 and expanded in 2008. The machines can print a 56-page full-colour newspaper. These facilities are attributed to the Publishing & Digital CGU. The Group has a third production plant at its plant in Medicina (BO), equipped with a rotary press with the same production features as the Milan and Carsoli plants. With a view to the reorganization and optimization of production assets in 2019, production at the production site in Medicina (BO), at which the Group has the same rotary press model as the previous ones, was reallocated to the printing centres in Milan and Carsoli. With the 16 March 2021 edition, the Group implemented the restyling of the Newspaper and its attachments, resulting in the cessation of production at its own plants and the outsourcing of all printing activities to third-party suppliers.

For the purposes of determining the fair value, the Group engaged an external, qualified and independent expert. The valuation covered the printing equipment, the packaging and shipping machines and the CTP (Computer To Plate), which form an integral part of the production cycle. The fair value was determined using the market method, based on a comparison between the assets being analysed and other comparable assets.

The analyses and valuations carried out take into account the situation of the publishing market in Italy, and in particular the daily newspapers market, which has seen a steady decline in circulation and in the number of printed newspapers for several years and a production capacity of the production plants in Italy that is far greater than that required to meet market demand. The impossibility of reversing this trend has given rise for some years to reorganization processes and production rationalizations, closures of printing centres. In the period 2018-2020, there has been a further decrease in the number of plants, a reduction in facilities, resulting in a reduction in production capacity. Despite these reductions, the sector continues to be impacted by overcapacity and some publishing companies have already announced partial outsourcing of the printing of their newspapers with a consequent further shutdown of some plants.

The main elements for determining fair value are:

1. market survey carried out among resellers of offset rotary presses - used and new - comparable with the assets under appraisal;
2. estimation of the probable cost of a format reduction, in order to obtain a more compact newspaper in line with the currently most popular formats;
3. estimation of removal, dismantling, transport and reassembly costs.

The fair value of individual rotary presses is shown below.

ROTARY PRESSES			
Euro thousands	Fair value	Book value at 31.12.2020	Difference
Production site Milan	526	474	52
Production site Carsoli (AQ)	389	331	58
Production site Medicina (BO)	170	203	(33)
Total	**1,085**	**1,008**	**77**

The book values of the Milan and Carsoli (AQ) plants have been confirmed. At 31 December 2020, the book value was aligned with the fair value of the production plant in Medicina (BO). In this regard, reference should be made to the paragraph Value in use of the CGUs.

Determination of the fair value of concessions and radio frequencies

Estimates for the measurement of the recoverable amount of radio frequencies and concessions were made with reference to the fair value, net of costs to sell, determined on the basis of inputs compared with a sample of radio frequency purchases and sales.

An impairment test was carried out to determine whether the asset was impaired. The impairment test consists of comparing the book value of an intangible asset with indefinite useful life with its recoverable amount determined with reference to the fair value of the asset, less costs to sell, which in this case were considered to be zero.

In order to estimate the fair value, the company has used, since previous years, an external expert who prepared an appraisal report, the results of which fully confirmed the book values.

The main assumptions used to estimate fair value, in the absence of an active market for trading frequencies, are as follows:

- the population covered, i.e. the number of people reached by the radio signal radiated by the individual broadcasting facilities. This index was determined taking into account ISTAT demographic data and the quality of the signal perceived by the listener, objectively determined through a system of technical measurements of the audio signal received by a common radio receiver;
- the per capita value of the single frequency. This value was determined for each individual frequency and depends on the population density of the area, the average household expenditure of the population covered, the Effective Radiated Power of the plant, the motorway networks and the provincial capitals covered.

Analyses of assumptions showed that:

- the regulatory framework has not changed. Broadcasting in analogue frequency modulation continues to be the *sine qua non* for entering the new digital area. At the same time, there is still no date for the switch-off of analogue broadcasting in frequency modulation, as has been done for television;
- the assets of Radio 24 consist of 208 stations throughout Italy and did not show any cause for impairment;
- the number of national commercial radio stations continues to be 10, plus 2 Community radio stations and 5 national radio stations operated by the public operator;
- the determination of the economic value of the ministerial concession and of the rights to use the relevant terrestrial broadcasting frequencies due to the health emergency arising from the spread of the Covid-19 virus on a global scale, takes on particular significance this

year compared to previous years. It is configured as a snapshot of the discontinuity of a market that, beyond the objective difficulties and the persistent uncertainty, has the effect of maintaining itself in a situation of suspension. In a short period of time, radio has been impacted by: the almost total block of frequency transactions between broadcasters; the inconvenience of a vertical drop in advertising revenues, partially recovered in the months in which the lock-down eased and the reduction in the use of vehicles, where radio listening takes place mainly.

In light of the above, the fair value of the radio frequencies has been updated, which compared to the 2019 valuation sees a partial reduction in the market value. However, the overall fair value shows a value that can confirm the values recorded in the 2020 financial statements.

Value in use of CGUs

The estimate of the value in use of the CGUs is determined by discounting the operating cash flows generated by the CGU itself, net of the tax effect, at a discount rate (post-tax) representing the weighted average cost of capital (WACC). The impairment tests were carried out with the support of an external expert.

The discount rate (WACC, weighted average cost of capital) used to calculate the value in use of the CGUs is determined as follows:

- Risk Free Rate equal to 0.54% (yield on ten-year Italian government bonds at 31 December 2020);
- Market Risk Premium of 6.2%;
- Beta Unlevered adj between 0.759 and 0.884;
- Firm Specific Risk Premium additional premium, aimed at reflecting in the assessment the risk of execution of the objectives inherent in the forecasts, with reference also to the way in which the forecasts are formulated within the explicit forecasting period for all CGUs and for the Group equal to 4.0%;
- Target financial structure (debt/equity) fully equity funded.

On the basis of these parameters, the following discount rates (WACC) were arrived at:

CGU SUBJECT TO IMPAIRMENT TEST AND DISCOUNT RATE

CGU	Impairment test approach	Plan time horizon	Discount rate (pre-tax)	Discount rate (post-tax)	Growth rate in the terminal value
Publishing & Digital	Value in use	2021-2024	8.02%	9.27%	0.00%
Tax & Legal	Value in use	2021-2024	10.86%	9.76%	0.00%
Radio	Value in use	2021-2024	10.41%	9.25%	0.00%
System	Value in use	2021-2024	8.89%	10.02%	0.00%
Culture	Value in use	2021-2024	9.56%	9.27%	0.00%
Events	Value in use	2021-2024	11.09%	10.02%	0.00%

The value in use of each CGU is estimated from the projections in the 2021-2024 business plan approved by the Board of Directors on 25 February 2021. The results of the impairment test and sensitivity analysis are summarized below:

Publishing & Digital

The book value of net assets allocated to the CGU is Euro 12,398 thousand. The analyses carried out confirm the book values.

Tax & Legal

The book value of net assets allocated to the CGU is Euro 14,893 thousand. Goodwill of Euro 15,469 thousand is allocated to the Tax & Legal CGU. The analyses carried out confirm the book values.

System

The book value of net assets allocated to the CGU is a negative Euro 1,573 thousand. The analyses carried out confirm the book values.

Radio

The net book value of the assets allocated to the CGU is Euro 23,349 thousand. The analyses carried out confirm the book values.

Culture

The net book value of the assets allocated to the CGU is Euro 896 thousand. The analyses carried out confirm the book values.

Events

The book value of net assets allocated to the CGU is Euro 6,555 thousand and refers mainly to the goodwill allocated to the CGU. The analyses carried out confirm the book values.

Sensitivity analysis

The sensitivity analysis did not provide any significant indicators that would lead to a value in use lower than the book values. The following parameters were used in making this assessment:

- discount rate (WACC, weighted average cost of capital): increase of up to one percentage point;
- growth rate beyond the explicit period (g): negative by up to one percentage point;
- plan free cash flow: deterioration of up to 10%.

For the Publishing & Digital and Radio CGUs, independent experts have provided estimates of the fair value less costs of disposal of the fixed assets, which in any case confirm the recoverability of the values recorded.

A WACC value was also calculated, which would make the recoverable amount of the CGUs equal to their book value:

- Publishing & Digital: 12.50%;
- Tax & Legal: 77.40%;
- Radio: 12.05%;
- System: n.s.% (negative book value);
- Culture: 37.80%;
- Events: 12.29%.

The impairment process also included a second-level test carried out at the level of the Group as a whole. The book value of net assets allocated to the Group as a whole is Euro 67,284 thousand. The analyses carried out confirm the book values.

For the sake of full disclosure, a sensitivity analysis was also performed to determine the conditions under which, in a disruptive scenario, corporate assets could be impaired. This analysis shows that up to a reduction of more than 50% (straight line) in all flows over the Plan period and in the final value, there would be no impairment of the Group's assets as a whole.

The stress tests carried out, and in particular the worsening of up to 10% of the plan free cash flow, and the identification of the disruptive scenario are aimed at taking into account the potential uncertainties regarding the spread of the Covid-19 virus, according to the indications provided by ESMA.

Non-current assets

(1) Property, plant and equipment

Property, plant and equipment at the end of the year amounted to Euro 59,633 thousand and the breakdown is as follows:

PROPERTY, PLANT AND EQUIPMENT		
Euro thousands	Net value at 31.12.2020	Of which investments
Land	2,870	-
Buildings	4,087	-
Plant and equipment	3,753	395
Industrial and commercial equipment	2,158	1,081
Rights of use	40,016	36,400
Other assets	6,748	6,581
Total	**59,633**	**44,457**

Investments in 2020 amounted to Euro 44,457 thousand and mainly relate to:

- plant and equipment amounting to Euro 395 thousand and relating for Euro 212 thousand to broadcasting systems for Radio 24, production systems for Euro 26 thousand and for Euro 157 thousand to generic systems;
- industrial and commercial equipment, amounting to Euro 1,081 thousand, relating to purchases of hardware (Euro 1,038 thousand) and air-conditioning systems and sundry equipment (Euro 43 thousand);
- rights of use amounting to Euro 36,400 thousand and referring to the recognition of the present value of future lease payments as an asset (right of use) in relation to the new contracts for the Milan and Rome offices for Euro 34,851 thousand, the present value of car rental fees for Euro 112 thousand. Rights of use relating to broadcasting towers increased by Euro 1,438 thousand. With regard to contracts for the lease of space and areas held for the positioning of radio broadcasting equipment owned by the Group, the useful life of the asset was determined considering their duration as equal to the plan horizon and, at 31 December 2020, was therefore increased by one year to align with the new plan horizon, i.e. until 2024;
- other assets amounting to Euro 6,581 thousand and referring mainly to investments in plant and equipment at the new Milan headquarters in Viale Sarca that are not yet available for use.

The changes are as follows:

PROPERTY, PLANT AND EQUIPMENT							
Euro thousands	Opening Balance	Purchases	Disposals	Depreciation	Disposal of assets - Write off	Other changes	Closing Balance
Historical Cost:							
Land	2,870	-	-	-	-	-	2,870
Buildings	29,062	-	-	-	-	-	29,062
Plant and equipment	82,968	395	(151)	-	(33)	(4)	83,175
Industrial and commercial equipment	40,251	1,081	(307)	-	(1,024)	(4)	39,996
Rights of use	18,460	36,400	-	-	-	(79)	54,782
Other assets	168	6,581	-	-	-	-	6,748
Total historical cost	**173,778**	**44,457**	**(458)**	**-**	**(1,057)**	**(87)**	**216,632**
Accumulated depreciation:							
Buildings	(24,363)	-	-	(611)	-	-	(24,974)
Plant and equipment	(77,957)	-	150	(1,618)	-	4	(79,422)
Industrial and commercial equipment	(38,447)	-	306	(724)	1,023	3	(37,838)
Rights of use	(6,927)	-	-	(7,930)	-	91	(14,765)
Other assets	(1)	-	-	-	-	-	(1)
Total accumulated depreciation	**(147,695)**	**-**	**456**	**(10,883)**	**1,023**	**99**	**(156,999)**
Tangible assets:							
Land	2,870	-	-	-	-	-	2,870
Buildings	4,698	-	-	(611)	-	-	4,087
Plant and equipment	5,010	395	(1)	(1,618)	(33)	-	3,753
Industrial and commercial equipment	1,804	1,081	(1)	(724)	(1)	(1)	2,158
Rights of use	11,533	36,400	-	(7,930)	-	13	40,016
Other assets	167	6,581	-	-	-	-	6,748
Total	**26,083**	**44,457**	**(2)**	**(10,883)**	**(34)**	**12**	**59,633**

Depreciation of tangible assets amounted to Euro 10,883 thousand and was determined in relation to the expected useful life. Assets purchased during the year are depreciated from the time they are available for use. The criteria used to determine them did not change from the previous year.

At 31 December 2020, the book value was aligned with the fair value of the production plant in Medicina (BO) and a write-down of Euro 33 thousand was recorded.

The application of IFRS 16 resulted in the recognition under non-current assets of the right to use the asset covered by the contract, in particular rental of hardware and vehicles, leases of spaces and areas held for the positioning of radio broadcasting equipment owned by the Group. The value of the rights of use thus determined is Euro 40,016 thousand.

Below is the breakdown of the rights of use:

RIGHTS OF USE						
Euro thousands	Opening Balance	Purchases	Disposals	Depreciation	Other changes	Closing Balance
Historical Cost:						
Right of use properties	12,686	34,851	-	-	136	47,673
Right of use broadcasting towers	3,410	1,438	-	-	(8)	4,839
Right of use car	2,215	112	-	-	(57)	2,270
Properties in progress IFRS 16	150	-	-	-	(150)	-
Total historical cost	**18,460**	**36,400**	**-**	**-**	**(79)**	**54,782**
Accumulated depreciation:						
Right of use properties	(5,593)	-	-	(6,531)	32	(12,092)
Right of use broadcasting towers	(686)	-	-	(833)	40	(1,479)
Right of use car	(648)	-	-	(565)	19	(1,194)
Total accumulated depreciation	**(6,927)**	**-**	**-**	**(7,930)**	**91**	**(14,765)**
Rights of use						
Right of use properties	7,093	34,851	-	(6,531)	169	35,581
Right of use broadcasting towers	2,724	1,438	-	(833)	32	3,360
Right of use car	1,567	112	-	(565)	(38)	1,076
Properties in progress IFRS 16	150	-	-	-	(150)	-
Total	**11,533**	**36,400**	**-**	**(7,930)**	**13**	**40,016**

With reference to the lease agreement for the new offices in Milan, it should be noted that this contract provides for a term of ten years, tacitly renewable for a further six years unless one of the parties gives formal notice of termination at least twelve months prior to expiry, in accordance with current legislation. For the purposes of accounting for this lease in accordance with IFRS 16, the Group has considered the initial ten-year period as the term of the contract but has not included the renewal period as, at the date of preparation of the financial statements, it is not reasonably certain that it will exercise this option.

The following table shows the useful life of the assets included in the categories reported in the financial statements:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT		
Asset category	Useful life	Rate
Land	Indefinite	-
Buildings		-
Industrial buildings	30-33 years	3%-3.33%
Lightweight construction	12 years	8.33%
Plant and equipment		-
General plants	10-20 years	5%-10%
Plants (leasehold improvements)	10-12 years	8.33%-10%
Rotary presses	8-15 years	6.5%-12.5%
Finishing machines	5-15 years	6.5%-20%
Electronic photocomposition and photoreproduction systems	5 years	20.00%
Radio broadcasting systems	3-9 years	11.1%-33.33%
Industrial and commercial equipment		
Hardware	5 years	20.00%
Furniture and fittings	5-20 years	5%-20%
Electronic office equipment	5 years	20%
Acclimatization plants	20 years	5.00%
Internal means of transport	10 years	10.00%
Miscellaneous and small equipment	10 years	10%

The right of use is depreciated over the duration of the contract or, if shorter, over the useful life of the asset.

(2) Goodwill

Goodwill recorded in the financial statements amounted to Euro 22,019 thousand and is unchanged from 31 December 2019.

The book values of goodwill attributed to CGUs (Cash Generating Units) are as follows:

GOODWILL	
values in Euro thousands	31.12.2020
Tax & Legal	15,469
Events	6,549
Total	**22,019**

Goodwill and intangible assets with indefinite useful life are not subject to amortization but to an impairment test of their book value. This test concerns the value of the individual asset or of the related cash-generating unit. For the results of the impairment test, refer to the specific paragraph.

(3) Intangible assets

Intangible assets amounted to Euro 40,914 thousand and the breakdown is as follows:

INTANGIBLE ASSETS		
Euro thousands	Net value at 30.12.2020	Of which investments
Radio frequencies	27,929	-
Licences and software	12,096	5,965
Assets in progress and advances	889	883
Total	**40,914**	**6,848**

Investments in intangible assets amounted to Euro 6,848 thousand and included Euro 1,051 thousand for the capitalization of internally developed software (in 2019, they amounted to Euro 644 thousand).

Investments in assets in progress relate to software projects in progress and refer to the development of new products and development of systems for processes.

Investments in licences and software amounting to Euro 5,965 thousand refer to activities related to the development of systems for processes for Euro 2,974 thousand and the development and implementation of products, in particular digital products, for Euro 2,991 thousand.

The following table shows the nature of investments for the year.

INVESTMENTS IN LICENCES AND SOFTWARE	
	Investments 2020
Intangible assets for processes	**2,974**
Business processes	1,041
Publishing and editorial processes	722
Accounting and management control system	638
Advertising sales cycle	421
Purchasing cycle	61
HR System	45
Publishing sales cycle	32
Technological infrastructure	14
Intangible assets for product development	**2,991**
Online product system development	2,991
Total	**5,965**

Changes in intangible assets in 2020 are as follows:

INTANGIBLE ASSETS							
Euro thousands	Opening Balance	Purchases	Disposals	Amortization	Other changes	Write off	Closing Balance
Historical cost:							
Newspapers	9,245	-	-	-	-	-	9,245
Trademarks	724	-	-	-	-	-	724
Radio frequencies	105,254	-	-	-	-	-	105,254
Licences and software	114,000	5,965	(79)	-	878	(31)	120,733
Assets in progress and advances	1,499	883	-	-	(1,489)	(4)	889
Total historical cost	**230,722**	**6,848**	**(79)**	**-**	**(611)**	**(35)**	**236,844**
Accumulated amortization:							
Newspapers	(9,245)	-	-	-	-	-	(9,245)
Trademarks	(724)	-	-	-	-	-	(724)
Radio frequencies	(77,325)	-	-	-	-	-	(77,325)
Licences and software	(102,870)	-	79	(6,285)	408	31	(108,637)
Total accumulated amortization	**(190,163)**	**-**	**79**	**(6,285)**	**408**	**31**	**(195,930)**
Intangible assets:							
Newspapers	-	-	-	-	-	-	-
Trademarks	-	-	-	-	-	-	-
Radio frequencies	27,929	-	-	-	-	-	27,929
Licences and software	11,130	5,965	-	(6,285)	1,285	-	12,096
Assets in progress and advances	1,499	883	-	-	(1,489)	(4)	889
Total	**40,559**	**6,848**	**-**	**(6,285)**	**(204)**	**(4)**	**40,914**

Amortization of intangible assets amounted to Euro 6,285 thousand. The criteria for determining amortization did not change compared to the previous year.

The value of intangible assets with indefinite useful life refers to the value of radio frequencies, amounting to Euro 27,929 thousand. An impairment test was carried out to determine whether the asset had suffered any impairment loss, for which reference should be made to the specific paragraph.

In order to estimate the fair value, the Company has used, since previous years, an external expert who prepared an appraisal report, the results of which fully confirmed the book values.

The following table shows the useful life of the assets included in the categories reported in the financial statements:

USEFUL LIFE OF INTANGIBLE ASSETS		
Asset category	Useful life	Rate
Radio frequencies	Indefinite	-
Licences and software	3 - 8 years	12.5%-33%

The value of intangible assets with indefinite useful life attributable to the value of radio frequencies was subjected to an impairment test and reference should be made to the specific paragraph.

(4) Non-current financial assets

This item relates to minority investments totalling Euro 704 thousand (Euro 716 thousand at 31 December 2019). The decrease of Euro 8 thousand refers to the positive fair value measurement of Euro 41 thousand, net of the sale of the minority investment in Editorial Ecoprensa S.A. for Euro 53 thousand. This disposal resulted in the recognition of a gain of Euro 62 thousand.

Minority investments are measured at fair value (with changes recognized in the income statement), which is considered to be close to the value of the Group's portion of equity of the investee company.

MINORITY INVESTMENTS

Euro thousands	31.12.2020	fair value measurement	Disposals	31.12.2019
Ansa Soc. Coop a r.l.	527	11	-	517
Editoriale Ecoprensa S.A.	-		(53)	53
Dab Italia Società consortile per azioni	66	9	-	57
C.S.I.E.D.	72	11	-	61
Immobiliare Editoriale Giornali S.r.l.	20	(1)	-	21
S.F.C. Società Consortile per azioni	1	0	-	1
Player editore radio S.r.l.	1	1		0
Tavolo Editori Radio S.r.l.	17	10	-	7
Total minority investments	**704**	**41**	**(53)**	**716**

(5) Other non-current assets

Other non-current assets amounted to Euro 846 thousand and the breakdown is as follows:

OTHER NON-CURRENT ASSETS

Euro thousands	31.12.2020	31.12.2019	Changes
Medium/long-term financial receivables IFRS 16	114	899	(785)
Receivables from Education Acquisitions Limited deferred price	-	15,195	(15,195)
Security deposits	721	131	591
Tax receivables	10	30	(19)
Total	**846**	**16,254**	**(15,408)**

In accordance with IFRS 16, "Medium/long-term financial receivables IFRS 16" were recorded for Euro 114,000 equal to the present value of collections due under sublease agreements, the value of which was Euro 899,000 at 31 December 2019. The decrease is attributable to the collections for the year and to the change in the duration of the sublease agreement for Mudec, which led to the derecognition of receivables recorded for Euro 684 thousand.

Security deposits amounting to Euro 721 thousand, up Euro 591 thousand compared to 31 December 2019 mainly refer to the refundable deposits provided for the new Milan Viale Sarca office, which will be delivered upon completion of the renovation works.

In the consolidated financial statements for the year ended 31 December 2019, the receivable from Education Acquisitions Limited related to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. was recorded as a non-current asset, at the date of these consolidated financial statements it has been reclassified as a current financial asset.

(6) Deferred tax assets and deferred tax liabilities

The items express the effect of deferred tax assets and liabilities calculated, respectively, on deductible and taxable differences temporarily arising between the book values and tax values.

The amounts at 31 December 2020 and 31 December 2019 of deferred tax assets and deferred tax liabilities are shown below:

DEFERRED TAX ASSETS AND LIABILITIES

	31.12.2020	31.12.2019	Changes
Deferred tax assets	22,604	23,847	(1,243)
Deferred tax liabilities	5,617	5,996	(379)

Deferred tax assets decreased by Euro 1,243 thousand.

Deferred tax assets relate to tax assets recognized on tax loss that can be carried forward of Euro 19,167 thousand and Euro 3,437 thousand relating to assets recognized on other temporary differences.

In this regard, it should be noted that article 23, paragraph 9, of Decree Law 98 of 6 July 2011 allows the recovery of tax losses without maturity. However, taking into account the difficulty of estimating taxable profits, the Group has not recognized deferred tax assets since 2013. Moreover, as in previous years, the valuation of deferred tax assets on past losses was carried out using recovery forecasts consistent with the Business Plan, and extending these forecasts to the subsequent period, appropriately reducing them by 30% for the period 2025-2027, 55% for the period 2028-2030 and 100% beyond 2030.

The Group will continue to monitor on an ongoing basis any differences between the forecasts contained in the Business Plan and the actual figures available. These differences, if any, will provide supporting considerations for a possible further manoeuvre on the residual value of deferred tax assets, limiting, however, the recognition of new deferred tax assets on previous tax losses only from the tax period in which positive taxable income will be recognized. Similarly, the Company waives the recognition of deferred tax assets on new temporary differences arising from the 2019 financial year.

The total theoretical tax asset on losses, which the Group waived (determined on the basis of the last tax return filed) amounted to Euro 72.4 million.

Deferred tax assets recorded on tax losses decreased by Euro 580 thousand. The change is attributable, for Euro 86 thousand, to the transformation into a tax credit following the sale of impaired loans for Euro 1.8 million in accordance with article 55 of the "Cura Italia" decree no. 18/2020, for Euro 494 thousand to the use against the profit (loss) for the year of some Group companies.

Deferred tax assets on other timing differences arise from taxed changes that will be reversed in future years, mainly in relation to taxed provisions and asset impairment. During 2020, these temporary differences were reduced, resulting in the use of deferred tax assets of Euro 664 thousand.

Deferred tax liabilities are recognized on the value of radio frequencies originally recognized following reorganization operations and following the tax-only amortization of frequencies with indefinite useful life as well as taxable timing differences on subleases, recognized on the first-time adoption of the new IFRS 16.

During the year, deferred tax liabilities decreased by Euro 732 thousand due to the derecognition of differences recorded during the period following the trend in subleases.

Details at 31 December 2020 and 2019 of deferred tax assets and deferred tax liabilities are shown in the following table:

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Euro thousands	Assets		Liabilities		Net	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Property, plant and equipment	1,081	1,081	(50)	(430)	1,031	651
Intangible assets	30	464	(5,571)	(5,571)	(5,541)	(5,107)
Receivables and provisions	2,313	2,543	(7)	(7)	2,306	2,536
Other	12	13	12	12	24	24
Losses that can be carried forward	19,167	19,747	-	-	19,167	19,747
Deferred tax assets (liabilities)	**22,604**	**23,848**	**(5,616)**	**(5,996)**	**16,988**	**17,852**
Offsetting of taxes	-	-	-	-	-	-
Net deferred tax assets (liabilities)	**22,604**	**23,848**	**(5,616)**	**(5,996)**	**16,988**	**17,852**

CHANGES IN DEFERRED TAX ASSETS/LIABILITIES OF THE GROUP

Euro thousands	31.12.2020	31.12.2019	Recognized in the separate income statement	Conversion of deferred tax assets into tax receivables
Property, plant and equipment	1,031	651	380	-
Intangible assets	(5,541)	(5,107)	(434)	-
Receivables and provisions	2,306	2,536	(230)	-
Other	24	24	-	-
Losses that can be carried forward	19,167	19,747	(494)	(86)
Deferred tax assets (liabilities)	**16,987**	**17,851**	**(778)**	**(86)**

Current assets

(7) Inventories

INVENTORIES			
Euro thousands	31.12.2020	31.12.2019	Changes
Paper	1,528	2,395	(867)
Inks	33	60	(27)
Photographic material	24	20	4
Raw, ancillary and consumable materials	**1,585**	**2,475**	**(890)**
Work in progress and semi-finished products	**1**	**17**	**(16)**
Books	533	429	104
Other products	365	348	17
Provision for write-down of finished products	(592)	(373)	(219)
Finished products	**307**	**405**	**(98)**
Total	**1,893**	**2,897**	**(1,004)**

Inventories are presented net of provisions for inventory write-downs, which have changed as follows:

PROVISION FOR WRITE-DOWN OF FINISHED PRODUCTS				
Euro thousands	Opening Balance	Allocations	Use of provisions	Closing Balance
Provision for write-down of finished products	(373)	(11)	(207)	(592)

(8) Trade receivables

Trade receivables derive from normal operations and the breakdown is as follows:

TRADE RECEIVABLES			
Euro thousands	31.12.2020	31.12.2019	Changes
Receivables from customers	62,845	60,723	2,121
Provision for returns to be received	(400)	(282)	(118)
Bad debt provision	(3,558)	(5,294)	1,736
Total	**58,887**	**55,147**	**3,739**

The Group's trade receivables amounted to Euro 58,887 thousand at 31 December 2020 and are recorded net of securitized receivables sold without recourse for Euro 13,912 thousand.

The Group's trade receivables include securitized receivables assigned with recourse for Euro 16,545 thousand. When the proceeds from the disposal of the receivable are recognized, a balancing entry is recognized in current financial liabilities.

It should also be noted that the balance of trade receivables includes receivables, totalling Euro 11,831 thousand, belonging to customers in the securitization portfolio but not yet sold at 31 December 2020. These receivables, which will soon be sold, amounted to Euro 8,953 thousand, referring to the portfolio of customers transferred without recourse, and to Euro 2,878 thousand, referring to the portfolio of customers transferred with recourse.

SECURITIZED LOANS		
Euro thousands	Nominal value receivables assigned at 31 December 2020	Nominal value receivables to be assigned at 31 December 2020
Receivables securitized without recourse	13,912	8,953
Receivables securitized with recourse	16,545	2,878
Total	**30,457**	**11,831**

The value of trade receivables is shown net of the provision for returns to be received, amounting to Euro 400 thousand, which will occur in the following year and net of the bad debt provision of Euro 3,558 thousand.

Changes in these provisions were as follows:

PROVISION FOR RETURNS TO BE RECEIVED AND BAD DEBT PROVISION				
Euro thousands	Opening Balance	Allocations	Use of provisions and other changes	Closing Balance
Provision for returns to be received	(282)	(317)	199	(400)
Bad debt provision	(5,294)	(1,291)	3,026	(3,558)
Total	**(5,576)**	**(1,608)**	**3,225**	**(3,958)**

It should be noted that on 21 December 2020, the Group transferred without recourse receivables past due by more than 365 days, for a total of Euro 1,791 thousand, for which an bad debt provision was allocated for the same amount, for an insignificant consideration.

(9) Other receivables

The item amounted to Euro 5,180 thousand and the breakdown is as follows:

OTHER RECEIVABLES			
Euro thousands	31.12.2020	31.12.2019	Change
Ordinary supplier advances	5,610	3,054	2,556
Tax receivables	482	307	174
Current taxes	118	173	(55)
Receivables relating to personnel	67	148	(81)
Other receivables	632	182	450
Bad debt provision - other receivables	(1,729)	-	(1,729)
Total	**5,180**	**3,866**	**1,314**

Other receivables are shown net of the bad debt provision for other receivables.

BAD DEBT PROVISION - OTHER RECEIVABLES				
Euro thousands	Opening Balance	Allocations	Use of provisions and other changes	Closing Balance
Bad debt provision - other receivables	-	(1,729)	-	(1,729)
Total	**-**	**(1,729)**	**-**	**(1,729)**

The purpose of the bad debt provision is to adjust the value of advances to suppliers recorded in the financial statements to their estimated realizable value.

Ordinary supplier advances include advances to agents of Euro 643 thousand.

Tax receivables are broken down as follows:

TAX RECEIVABLES			
Euro thousands	31.12.2020	31.12.2019	Changes
VAT Receivable	469	260	208
VAT refund pending	0	26	(26)
Receivables from foreign tax authorities	13	21	(8)
Total	**482**	**307**	**174**

Receivables from personnel amounting to Euro 67 thousand refer to provisions for employee expenses.

Other receivables, which amounted to Euro 632 thousand, are broken down as follows:

OTHER RECEIVABLES			
Euro thousands	31.12.2020	31.12.2019	Changes
Receivables from Poste Italiane	129	117	12
Receivables from social security institutions	19	8	11
Receivables for reimbursement of legal fees	65	-	65
Receivables for municipal taxes	50	-	50
Other	369	57	312
Total	**632**	**182**	**450**

(10) Other current financial assets

Other current financial assets amounted to Euro 16,004 thousand.

OTHER CURRENT FINANCIAL ASSETS			
Euro thousands	31.12.2020	31.12.2019	Changes
Receivables from Education Acquisitions Limited deferred price	15,887	-	15,887
Short-term financial receivables IFRS 16	117	1,353	(1,236)
Other receivables	-	31	(31)
Total	**16,004**	**1,384**	**14,619**

The receivable from Education Acquisitions Limited of Euro 15,887 thousand is attributable to the present value at 31 December 2020 of the deferred component, maturing no later than 31 December 2021 of a nominal amount of Euro 16,500 thousand. This receivable has been discounted at a rate of 4.2%. In the consolidated financial statements for the year ended 31 December 2019, this receivable was recorded as a non-current asset; at the date of these consolidated financial statements, it has been reclassified to current financial assets.

Short-term financial receivables IFRS 16 amounting to Euro 117 thousand refer to receivables relating to the sublease of properties to third parties. The decrease is attributable to the collections for the year and the change in the duration of the Mudec sublease agreement.

(11) Other current assets

Other current assets consist of prepaid expenses and refer to:

PREPAID EXPENSES			
Euro thousands	31.12.2020	31.12.2019	Changes
Agents' commissions	3,560	3,331	229
Hardware and software maintenance fees	374	171	203
User licence fees	325	439	(114)
Royalties on software fees	186	112	74
Expenses for the organization of conferences, exhibitions and fairs	125	387	(262)
Provision of IT services	43	43	-
Insurance premiums	18	60	(42)
Bank fees	-	179	(179)
Refinancing costs	-	159	(159)
Other	182	206	(24)
Total	**4,813**	**5,086**	**(273)**

(12) Cash and cash equivalents

Cash and cash equivalents amounted to Euro 40,889 thousand and increased by Euro 25,158 thousand (Euro 15,731 thousand at the beginning of the year) due to the signing of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree" with a nominal value of Euro 37.5 million and a duration of 6 years.

Cash and cash equivalents consist of cash on hand, equivalents and demand or short-term deposits with banks that are actually available and readily realizable.

In the statement of cash flows, cash and cash equivalents are shown at Euro 40,246 thousand, net of current account overdrafts and portions of bank loans falling due within one year, as shown below:

CASH AND CASH EQUIVALENTS			
Euro thousands	31.12.2020	31.12.2019	Change
Cash and cash equivalents	40,889	15,731	25,158
Short-term portion of medium/long-term loans	(643)	(609)	(34)
Cash and cash equivalents at the end of the year	**40,246**	**15,122**	**25,124**

The short-term portion of medium/long-term loans amounting to Euro 643 thousand refers to the residual portion of the payable to MPS Leasing & Factoring S.p.A.

Equity

(13) Equity

Consolidated equity at 31 December 2020 amounted to Euro 35,320 thousand and compared to a figure of Euro 36,572 thousand at 31 December 2019, decreased by Euro 1,252 thousand from the previous year due to the following effects:

- loss for the year of Euro 989 thousand;
- actuarial adjustments to employee severance indemnities and expenses recognized in equity for Euro 269 thousand.

(14) Share capital

The share capital, fully subscribed and paid in, amounts to Euro 570,125, divided into 65,345,797 shares, of which 9,000,000 ordinary shares (13.77% share capital) and 56,345,797 special category shares (86.23% share capital), of which 330,202 treasury shares. The book value of treasury shares, amounting to Euro 22,447 thousand, is reduced to zero by an equity item of the same amount.

Special category shares are assigned a preferential dividend of 5%, equal to Euro 2.60 or, if higher, to the share implicit par value, which may not be accumulated from one financial year to the next.

(15) Capital reserves

Capital reserves refer to the share premium reserve and amounted to Euro 19,452 thousand, changed by Euro 30 thousand compared to 31 December 2019 due to the allocation of the Parent Company's profit (loss) of the previous year.

(16) Employee severance indemnity (TFR) reserve - IAS adjustment

The item Employee severance indemnity (TFR) reserve - IAS adjustment went from a negative value of Euro 4,553 thousand to a negative value of Euro 4,822 thousand for the actuarial adjustment of the TFR.

(17) Profits (losses) carried forward

Profits (losses) carried forward were positive at Euro 21,108 thousand (positive at Euro 22,274 thousand at the end of 2019). The change is attributable to the change in the 2019 profit (loss).

(18) Profit (loss) for the year

At 31 December 2020, a loss of Euro 989 thousand was recorded. The loss per share is equal to Euro -0.02 and is determined by the ratio between the result attributable to the shareholders of the parent company, negative for Euro 989 thousand, and the weighted average number of shares outstanding during the year, equal to 65,015,595.

The following tables show the reconciliation with the financial statements of the Parent Company:

RECONCILIATION OF NET PROFIT (LOSS) OF THE PARENT COMPANY WITH NET PROFIT (LOSS) OF THE CONSOLIDATED FINANCIAL STATEMENTS

Euro thousands	FY 2020	FY 2019
Net profit (loss) from annual financial statements - Parent Company Il Sole 24 ORE S.p.A.	**(1,011)**	**(30)**
Profit (loss) for the year of subsidiaries	562	595
Valuation at equity of subsidiaries on the Parent Company financial statements	(540)	(458)
Investments valued at equity on subsidiaries	-	(4)
Delta consolidated gain on sale of investment Business School24 S.p.A.	-	(2,143)
Valuation at equity of Business School24 S.p.A.	-	838
Net profit (loss) from consolidated financial statements - 24 ORE Group	**(989)**	**(1,202)**

RECONCILIATION OF PARENT COMPANY AND CONSOLIDATED EQUITY

Euro thousands	31.12.2020	31.12.2019
Equity from annual financial statements - Parent Company Il Sole 24 ORE S.p.A.	**35,327**	**36,581**
Investments in subsidiaries	(11,709)	(11,731)
Equity and profit (loss) of consolidated companies	5,159	5,179
Goodwill Events	6,550	6,550
Other intragroup changes	(7)	(7)
Equity from consolidated financial statements - 24 ORE Group	**35,320**	**36,572**

STATEMENT OF OTHER COMPREHENSIVE INCOME WITH RELATED TAX EFFECTS				
Euro thousands	FY 2020		FY 2019	
	Gross value	Tax effect	Gross value	Tax effect
Other components of comprehensive income				
Actuarial gains (losses) on defined-benefit plans	(269)		(612)	
Total	**(269)**	**-**	**(612)**	**-**

Non-current liabilities

(19) Non-current financial liabilities

Non-current financial liabilities amounted to Euro 81,799 thousand and comprise:

NON-CURRENT FINANCIAL LIABILITIES			
Euro thousands	31.12.2020	31.12.2019	Changes
Financial payables IFRS 16	37,934	4,813	33,121
SACE medium/long-term guaranteed financing	35,264	-	35,264
Financial payables to MPS Leasing & Factoring	3,731	4,373	(643)
Other financial payables	4,870	6,758	(1,888)
Total	**81,799**	**15,944**	**65,855**

The item SACE-guaranteed financing of Euro 35,264 refers to the medium/long-term loan agreement entered into on 20 July 2020 backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", for a nominal amount of Euro 37,500 million maturing on 30 June 2026 and disbursed on 22 July 2020. The initial measurement of financial liabilities was carried out at fair value, net of transaction costs that are directly attributable to underwriting (Euro 545 thousand). After initial recognition, the financial liability was measured at amortized cost, using the effective interest method.

As a result of the application of IFRS 16, non-current financial payables of Euro 37,934 thousand were recorded at 31 December 2020, deriving from lease agreements relating to the Group's offices, capital goods (rental of hardware and cars) and lease of space and areas held for the positioning of radio broadcasting equipment owned by the Group. The change of Euro 33,121 thousand is mainly attributable to the recognition of the financial liability arising from the lease agreement for the Viale Sarca office in Milan, the non-current financial liability of which is Euro 29,796 thousand, and the lease agreement for the Rome office, the non-current financial liability of which is Euro 3,522 thousand, net of payments for the year.

The item other financial payables amounting to Euro 4,870 thousand is attributable to the present value at 31 December 2020 of the deferred component, relating to the indemnity deriving from the settlement agreement for the early termination of the lease agreement for the Milan - Via Monte Rosa office. The financial payable provides for quarterly payments from January 2021 to April 2024 of a total nominal amount of Euro 7,600 thousand. This payable is discounted at a rate of 4.2%.

Non-current financial liabilities include Euro 3,731 thousand relating to the residual medium/long-term portion of the payable to MPS Leasing & Factoring.

(20) Employee benefits

Employee benefits amounted to Euro 15,774 thousand and have changed since the beginning of the year as follows:

EMPLOYEE BENEFITS						
Euro thousands	Opening Balance	Labour cost	Financial income and expenses	Actuarial gains and losses	Uses and other changes	Closing Balance
Employee severance indemnity (TFR)	17,614	63	135	269	(2,307)	15,774
Total	**17,614**	**63**	**135**	**269**	**(2,307)**	**15,774**

The main actuarial assumptions used to estimate the benefits to be recognized on termination of employment are as follows:

Demographic assumptions:

- for mortality, the IPS55 tables were used;
- the annual probability of a request for advance payment of employee severance indemnities was set at 2%, based on the historical data of the Companies included in the valuation.

Economic financial assumptions:

- the discount rate was determined to be 0.5% based on Euro area High Quality Corporate Bonds;
- the inflation rate used is 1.0%;
- the average percentage of accrued severance indemnity requested in advance was set at 7.5%, based on historical data;
- salary/salary growth rate 2%.

(21) Provisions for risks and charges

Provisions for risks and charges at 31 December 2020 amounted to Euro 9,648 thousand and changed as follows:

PROVISION FOR RISKS AND CHARGES					
Euro thousands	Opening Balance	Allocations	Use of provisions	Releases	Closing Balance
Provision for litigation	1,472	1,281	(454)	(215)	2,084
Provision for other risks	6,032	1,064	(270)	(1,632)	5,194
Provision for agents' indemnities	2,163	352	(9)	(136)	2,370
Total	**9,668**	**2,697**	**(734)**	**(1,983)**	**9,648**

The provision for litigation (Euro 2,084 thousand) covers risks known at the date of preparation of these consolidated financial statements. These risks relate primarily to litigation involving personnel and agents (Euro 1,508 thousand), litigation against the newspaper (Euro 365 thousand) and Radio (Euro 135 thousand), and other litigation (Euro 76 thousand).

Uses of the provision for litigation amounted to Euro 454 thousand and consisted primarily of litigation involving the newspaper (Euro 80 thousand), litigation involving personnel and agents (Euro 331 thousand), Radio (Euro 17 thousand) and other litigation (Euro 26 thousand). Releases totalled Euro 215 thousand, of which Euro 166 thousand related to personnel and agent disputes, Euro 46 thousand to disputes brought against the newspaper and Euro 3 thousand to Radio.

Allocations to the provision for litigation of Euro 1,281 thousand relate to litigation involving personnel and agents for Euro 1,103 thousand, litigation against the newspaper for Euro 92 thousand, against the radio station for Euro 51 thousand and other litigation for Euro 35 thousand.

The provision for other risks amounted to Euro 5,194 thousand and covers the following risks:

- contingent liabilities, also of a fiscal nature, amounting to Euro 1,123 thousand, which could arise on conclusion of the criminal proceedings pending before the Court of Milan under no. 5783/17 R.G.N.R;
- liabilities for expenses that the Group may incur for the disposal of production plants amounting to Euro 690 thousand;
- risks relating to potential critical issues in the application and management of social shock absorbers amounting to Euro 1,579 thousand. At 31 December 2020, the provision was recalculated on the basis of the residual potential criticalities, the effect of this assessment led to the recognition of a gain of Euro 128 thousand. Provisions of Euro 327 thousand were also made for contingent liabilities relating to claims by social security institutions, against which the Group has lodged an appeal;

- risks for disputes relating to the company 24 ORE Cultura S.r.l. for a total of Euro 450 thousand, unchanged compared to the previous year;
- risks for terminated agents amounting to Euro 932 thousand. In 2020, there were uses of Euro 270 thousand, releases of Euro 4 thousand and provisions for contingent liabilities of Euro 332 thousand;
- risks for a claim for contractual damages amounting to Euro 400 thousand, in respect of which mediation proceedings are underway;
- risks for other disputes for a total of Euro 20 thousand.

During the year, a contingent liability of Euro 1.5 million was released in relation to risks related to possible claims for registration tax on the sale of the investment in Business School24 S.p.A. In particular, the Company carried out a new risk assessment, which takes into account the legislative interventions of 2018, 2019 and the Constitutional Court ruling of 21 July 2020. The Company therefore considers that the reasons for maintaining the provision under liabilities have ceased to exist.

The agents' termination indemnity includes provisions to cover risks arising from early termination of contracts and those relating to the termination of the agency relationship pursuant to article 1751 of the Civil Code. The actuarial valuation of the agents' termination indemnity is based on the following actuarial assumptions:

- the discount rate 0.50%
- IPS55 mortality tables
- INPS disability tables
- voluntary turnover rate 8.0%
- corporate turnover rate 8.0%
- retirement current compulsory general insurance requirements.

(22) Other non-current liabilities

Other non-current liabilities amounted to Euro 103 thousand and refer to security deposits received for the subleases of the properties in Rome and Milan and are unchanged compared to the previous year.

Current liabilities

(23) Bank overdrafts and loans due within one year

These amounted to Euro 17,188 thousand (Euro 16,315 thousand in the previous year) and refer for Euro 16,545 thousand to the financial payable relating to the securitization transaction of trade receivables with recourse and for Euro 643 thousand to the residual payable relating to the Bologna rotary press lease expiring in the short term:

CURRENT BANK OVERDRAFTS AND LOANS			
Euro thousands	31.12.2020	31.12.2019	Changes
Short-term bank loans	16,545	15,706	839
Short-term portion of medium/long-term loans	643	609	34
Total	**17,188**	**16,315**	**873**

(24) Other current financial liabilities

Other current financial liabilities amounted to Euro 8,803 thousand (Euro 11,150 thousand at 31 December 2019) and mainly relate to short-term financial payables arising from the application of IFRS 16, relating to short and medium-term financial liabilities arising from the present value of future lease payments of Euro 2,510 thousand. The item other financial payables for non-recourse management and other payables amounting to Euro 4,505 thousand includes: *i)* the financial payable of Euro 2,333 thousand to Monterosa SPV S.r.l. for the management of the collection of receivables securitized without recourse; *ii)* other financial payables relating to the current portion of the payable for the indemnity deriving from the settlement agreement for the early termination of the lease contract for the Milan - Via Monte Rosa office.

OTHER CURRENT FINANCIAL LIABILITIES			
Euro thousands	31.12.2020	31.12.2019	Changes
Financial payables IFRS 16	2,510	8,734	(6,224)
Financial payables for non-recourse management and other payables	4,505	2,416	(82)
Other financial payables	1,788	-	3,959
Total	**8,803**	**11,150**	**(2,347)**

Other financial payables referred to the short-term portion of the loan guaranteed by SACE maturing on 31 December 2021.

(25) Trade payables

TRADE PAYABLES			
Euro thousands	31.12.2020	31.12.2019	Changes
Suppliers	41,808	43,483	(1,675)
Deferred income	31,322	29,806	1,516
Trade payables to associated companies and minorities	73	12	61
Other trade payables	5,900	5,102	798
Total	**79,104**	**78,403**	**700**

Trade payables, amounting to Euro 79,104 thousand, increased by Euro 700 thousand compared to the previous year.

Deferred income is broken down as follows:

DEFERRED INCOME			
Euro thousands	31.12.2020	31.12.2019	Changes
Electronic publishing by subscription	25,539	23,431	2,108
Subscriptions Il Sole 24 ORE Newspaper	2,619	3,691	(1,072)
Services	1,342	760	582
Sale of magazines	1,049	1,676	(627)
Subscription software	689	-	(689)
Condominium expenses	-	220	(220)
Lease income	-	3	(3)
Other deferred income	84	26	58
Total	**31,322**	**29,806**	**1,516**

Other trade payables amounted to Euro 5,900 thousand, of which Euro 4,393 thousand relate to payables to agents.

(26) Other current liabilities

Other current liabilities amounted to Euro 424,000 (Euro 10,000 at 31 December 2019) and consisted of:

OTHER CURRENT LIABILITIES			
Euro thousands	31.12.2020	31.12.2019	Changes
Accrued liabilities	9	10	(1)
Current tax liabilities	415	-	415
Total	**424**	**10**	**414**

(27) Other payables

Other payables amounted to Euro 20,605 thousand (Euro 21,816 thousand at 31 December 2019) and consisted of the following:

OTHER PAYABLES			
Euro thousands	31.12.2020	31.12.2019	Changes
Payables to personnel for restructuring	7,440	6,424	1,017
13th and 14th monthly salaries accrued but not paid	1,549	1,696	(147)
Payables for holidays accrued and not taken	2,320	2,514	(193)
Social security institutions	5,483	5,755	(272)
Tax payables	3,328	4,103	(774)
Other personnel expenses	17	559	(542)
Other payables	466	766	(301)
Total	**20,605**	**21,816**	**(1,212)**

Payables to personnel for restructuring, amounting to Euro 7,440 thousand, relate to the liability recorded for restructuring expenses. Disbursements for restructuring expenses made in 2019, in accordance with the plans, amounted to Euro 1,720 thousand (Euro 5,391 thousand in 2019). In 2020, on the basis of the actions to reorganize the Group's structure, and certain activities, in line with the post-Covid Business Plan approved on 30 June 2020, the liability recognized in the financial statements for restructuring expenses to personnel was restated; also taking into account the regulatory amendments that have taken place and the tools made available by Budget Law no. 178/2020, it resulted in the recognition of an expense of Euro 2,736 thousand (income of Euro 1,559 thousand in 2019).

Tax payables amounted to Euro 3,328 thousand and regard payables to the tax authorities for withholding tax on income from self-employment and employment and VAT payable.

TAX PAYABLES

Euro thousands	31.12.2020	31.12.2019	Changes
Withholding taxes on employee income	2,745	2,988	(244)
Withholding taxes on self-employment income	204	231	(27)
VAT payable and pro rata	285	817	(532)
Payables to foreign tax authorities	73	42	31
Other tax payables	22	24	(2)
Total	**3,328**	**4,103**	**(775)**

Statement of profit (loss)

(28) Revenues

REVENUES

Euro thousands	FY 2020	FY 2019	Change	% change
Publishing revenues	101,958	101,326	632	0.6%
Advertising revenues	78,877	80,971	(2,094)	-2.6%
Other revenues	10,142	16,441	(6,299)	-38.3%
Total	**190,976**	**198,737**	**(7,761)**	**-3.9%**

In 2020, the 24 ORE Group reported **consolidated revenues** of Euro 190,976 thousand, down Euro 7,761 thousand (-3.9%) compared to 2019. The negative variance in revenues was significantly impacted by the effects of the health emergency caused by the spread of the Covid-19 virus and the consequent restrictive measures imposed by government authorities, which exacerbated the weakness associated with the structural decline in the reference market, although the last few months of the 2020 financial year saw the Group's revenues holding up better.

Publishing revenues amounted to Euro 101,958 thousand, an increase of Euro 632 thousand (+0.6%) on the previous year.

Advertising revenues of Euro 78,877 thousand were down Euro 2,094 thousand (-2.6%) compared to 2019.

Other revenues, amounting to Euro 10,142 thousand, decreased by Euro 6,299 thousand (-38.3%) compared to the previous year, mainly due to lower revenues from exhibitions as a result of the Covid-19 health emergency, as the activities of Mudec - Museo delle Culture di Milano were completely closed until 28 May 2020. Subsequently, as of 29 May 2020, the City of Milan reopened access to the Permanent Collection with limited capacity for three days a week. From 8 September 2020, the Permanent Collection reopened 6 days a week until the end of September, but retail activities, exhibitions curated by 24 ORE Cultura, didactics and ticketing remained suspended. Subsequently, in accordance with Prime Ministerial Decrees (DPCM) of 24 October 2020, 3 November 2020 and 3 December 2020, all activities were closed until the end of 2020.

(29) Other operating income

OTHER OPERATING INCOME				
Euro thousands	FY 2020	FY 2019	Change	% change
Recovery of sundry expenses	2,336	2,867	(530)	-18.5%
Contingent assets	369	585	(216)	-36.6%
Contributions	4,286	1,321	2,964	>100%
Lease income	98	328	(230)	-70.0%
Releases of provisions	1,983	6,396	(4,413)	-69.0%
Other	302	219	83	37.9%
Total	**9,375**	**11,717**	**(2,342)**	**-20.0%**

Releases of provisions amounted to Euro 1,983 thousand and refer to the release of provisions for risks and charges, to which reference should be made (note 21 of the Notes to the financial statements).

The item contributions amounting to Euro 4,286 thousand includes income of Euro 3,521 thousand collected by the company 24 ORE Cultura S.r.l. for the period 23 February - 31 July 2020 relating to the "Allocation of a portion of the emergency fund for companies and cultural institutions referred to in article 183, paragraph 2, of Decree-Law no. 34 of 2020, intended to compensate operators in the art exhibition sector on 3 August". Other contributions obtained in support of businesses following the health emergency caused by the spread of the Covid-19 virus amounting to Euro 291 thousand were also recorded.

(30) Personnel costs

PERSONNEL COSTS				
Euro thousands	FY 2020	FY 2019	Change	% change
Wages, salaries and remuneration	53,622	57,688	(4,066)	-7.0%
Contributions and pension fund	18,222	20,028	(1,806)	-9.0%
Employee severance indemnity (TFR)	4,128	4,426	(298)	-6.7%
Overtime, holidays and other costs and income	2,720	(1,318)	4,038	>100%
Total personnel costs	**78,692**	**80,825**	**(2,132)**	**-2.6%**
of which non-recurring expenses and income	(2,736)	1,559	(4,295)	<100%
Total personnel costs net of non-recurring expenses and income	**75,956**	**82,384**	**(6,427)**	**-7.8%**

Personnel costs of Euro 78,692 thousand decreased by Euro 2,132 thousand compared to 2019, when they amounted to Euro 80,825 thousand. The average number of employees, 863, decreased by 42 compared to the previous year when it was 905.

Personnel costs net of non-recurring income and expenses amounted to Euro 75,956 thousand, down Euro 6,427 thousand (Euro 82,384 thousand in 2019; -7.8% vs. 2019). In 2020, on the basis of the actions to reorganize the Group structure, and certain activities, in line with the post-Covid Business Plan approved 30 June 2020, the payable to personnel for restructuring expenses was restated and an expense of Euro 2,736 thousand was recorded (in 2019, a gain of Euro 1,559 thousand). In addition, the Group has also decided to cease publication of the magazine "IL" as from the January 2021 edition. The lower personnel cost is mainly the effect of the reduction in average workforce compared to 2019 as a result of the early retirement of graphic and polygraph personnel, in accordance with the provisions of Budget Law no. 160/2019, and redundancies resulting from the reorganization. In addition, the Group, in order to contain the economic effects of the Covid-19 health emergency, resorted to the work support measures made available by the law. In particular, for the graphic and polygraph area, ordinary wage subsidies have been in effect since 11 May 2020 for the maximum period permitted by law; for the Newspaper and Radiocor journalism areas, agreements have been signed for the use of the Cassa Integrazione in Deroga (Wage Guarantee Fund in derogation) from 1 July 2020 to cover the entire year.

In 2020, personnel costs of Euro 1,050 thousand (Euro 644 thousand in 2019) were capitalized for internally developed software. It should also be noted that personnel carried out additional projects aimed at innovation that did not qualify for capitalization.

(31) Purchases of raw and consumable materials

PURCHASES OF RAW AND CONSUMABLE MATERIALS				
Euro thousands	FY 2020	FY 2019	Change	% change
Purchase of paper	3,336	5,825	(2,489)	-42.7%
Purchase of photographic material and ink	391	339	52	15.4%
Purchase of material for plant maintenance	312	326	(14)	-4.3%
Purchase of fuel	220	281	(61)	-21.7%
Purchase of goods for resale	58	447	(389)	-86.9%
Other sundry costs	126	169	(43)	-25.5%
Adjustments previous years	0	(49)	49	>100%
Total	**4,444**	**7,338**	**(2,895)**	**-39.5%**

Purchases of raw and consumable materials amounted to Euro 4,444 thousand, down by Euro 2,895 thousand (-39.5%) compared to 2019 (amounting to Euro 7,338 thousand) and are mainly represented by the purchase of paper.

(32) Costs for services

COSTS FOR SERVICES				
Euro thousands	FY 2020	FY 2019	Change	% change
Commissions and other sales expenses	16,838	16,312	526	3.2%
Distribution costs	18,188	18,934	(746)	-3.9%
IT and Software services	7,487	6,734	753	11.2%
Editorial costs	6,349	6,590	(241)	-3.7%
Promotional and commercial expenses	6,177	8,661	(2,484)	-28.7%
Costs for conferences and exhibitions	2,859	4,597	(1,738)	-37.8%
Other consultancy costs	4,193	5,983	(1,790)	-29.9%
Printing costs	2,028	2,290	(262)	-11.4%
Utilities (telephone, energy, water, etc.)	2,970	3,349	(379)	-11.3%
Administrative services	976	1,894	(918)	-48.5%
Fees for Corporate Bodies and Independent Auditors	1,540	1,556	(16)	-1.0%
Sundry production costs	1,839	1,218	621	51.0%
General services expenses	1,461	1,763	(302)	-17.1%
Maintenance and repair expenses	1,943	2,008	(65)	-3.2%
News agency costs	1,390	1,510	(120)	-7.9%
Insurance expenses	740	992	(252)	-25.4%
Employee services	1,084	1,391	(307)	-22.1%
News purchase costs	1,326	1,364	(38)	-2.8%
Preparation costs	1,518	1,420	98	6.9%
Reimbursement of personnel expenses	288	872	(584)	-67.0%
Bank fees	969	752	217	28.8%
Product storage costs	434	453	(19)	-4.2%
Packaging costs	134	125	9	7.2%
Adjustments previous years	(946)	(948)	2	0.2%
Total	**81,785**	**89,817**	**(8,032)**	**-8.9%**

Costs for services amounted to Euro 81,785 thousand and were down overall by Euro 8,032 thousand (-8.9%) compared to 2019, when they amounted to Euro 89,817 thousand.

In particular, it should be noted that:

- distribution costs and printing costs declined by Euro 746 thousand and Euro 262 thousand, respectively. These cost reductions are due to new agreements with suppliers and the closure during 2019 of the plant in Medicina (BO);
- costs for conferences and exhibitions down by Euro 1,738 thousand (-37.8% from Euro 4,597 to Euro 2,859 thousand), following the suspension of the exhibition activities of the subsidiary 24 ORE Cultura S.r.l. due to the health emergency;
- promotional and commercial expenses down Euro 2,484 thousand (-28.7% from Euro 8,661 to 6,177 thousand);
- costs for administrative services decreased by Euro 918 thousand (-48.5% from Euro 1,894 to 976 thousand);
- costs for other consulting services decreased by Euro 1,790 thousand (-29.9% from Euro 5,983 to 4,193 thousand).

The following, on the other hand, have increased: commissions and other sales expenses of Euro 526 thousand (up 3.2% from Euro 16,312 to Euro 16,838 thousand); sundry production costs of Euro 621 thousand (up 51% from Euro 1,218 to 1,839 thousand); and costs for IT and software services of Euro 753 thousand (up 11.2% from Euro 6,734 to 7,487 thousand).

(33) Costs for rents and leases

COSTS FOR RENTS AND LEASES				
Euro thousands	FY 2020	FY 2019	Change	% change
Lease expenses and other condominium expenses	1,771	1,324	447	33.8%
Rental fees and ancillary costs for mixed use cars	958	1,356	(398)	-29.3%
Hardware rental-lease fees	94	407	(313)	-76.9%
Rental fees and ancillary costs for radio broadcasting systems	286	424	(138)	-32.6%
Royalties	1,267	1,221	46	3.8%
Copyrights	366	540	(174)	-32.3%
Other fees	1,614	1,622	(8)	-0.5%
Other sundry costs	214	261	(47)	-17.9%
Adjustments previous years	(486)	(119)	(368)	<100%
Total	**6,084**	**7,036**	**(953)**	**-13.5%**

Costs for rents and leases amounted to Euro 6,084 thousand and decreased by Euro 953 thousand compared to 2019. This item includes the costs of rental contracts which, also on the basis of the contractual clauses applied, did not require the recognition of rights of use in accordance with IFRS 16. In 2020, income of Euro 473 thousand was recognized in relation to a settlement agreement.

(34) Other operating expenses

OTHER OPERATING EXPENSES				
Euro thousands	FY 2020	FY 2019	Change	% change
Other taxes and duties	945	1,776	(832)	-46.8%
VAT to be paid by the Publisher	396	738	(342)	-46.4%
Entertainment expenses	66	228	(163)	-71.3%
Purchase of newspapers and magazines	291	258	33	12.8%
Expenses for membership fees	307	259	48	18.5%
Expenses for prize contests	2	7	(5)	-65.7%
Other sundry expenses	566	916	(350)	-38.2%
Adjustments previous years	(64)	(1,075)	1,011	94.1%
Total	**2,508**	**3,107**	**(599)**	**-19.3%**

Other operating expenses amounted to Euro 2,508 thousand in 2020, down by Euro 599 thousand (Euro 3,107 thousand in 2019) mainly due to the decrease in the item other taxes and duties for Euro 832 thousand euro attributable to the lower 2020 pro-rata VAT effect of the subsidiary 24 ORE Cultura S.r.l..

(35) *Impairment of tangible and intangible assets*

Impairment of tangible and intangible assets amounted to Euro 696 thousand. The breakdown of the item is as follows:

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS		
Euro thousands	FY 2020	FY 2019
Indemnity for early termination of Milan - Monte Rosa office	-	(6,758)
Write-down of assets of Milan - Monte Rosa office due to early termination	-	(226)
Cancellation of free rent deferral on condominium expenses of Milan - Monte Rosa office	-	239
Impact of IFRS 16 - early termination of Milan - Monte Rosa office	-	417
Impact of IFRS 16 - early termination of Rome office	-	(273)
Impact of IFRS 16 - contractual change of sub-lease Business School24 - Mudec	(662)	(481)
Write-down of rotary press of Medicina (BO)	(33)	-
Total impairment losses on assets	**(696)**	**(7,083)**

The contractual variation of the sublease agreement has led, on the basis of the provisions of IFRS 16, to the recognition of expenses of Euro 662 thousand due to the partial financial bad debt to reflect the present value of the modified lease fees relating to the sublease of the Mudec.

At 31 December 2020, the book value was aligned with the fair value of the production plant in Medicina (BO).

(36) *Gains/losses on disposal non-current assets*

Gains of Euro 14,000 were recorded during 2020 (losses of Euro 1,000 in 2019).

(37) *Financial income (expenses)*

FINANCIAL INCOME (EXPENSES)				
Euro thousands	FY 2020	FY 2019	Change	% change
Other financial income	761	595	166	27.9%
Exchange rate gains	20	29	(9)	-32.5%
Total income	**781**	**626**	**155**	**24.8%**
Exchange rate losses	(14)	(39)	25	64.8%
Financial expenses on short-term payables	(709)	(621)	(88)	-14.2%
Financial expenses from amortized cost	(247)	-	(247)	
Other financial expenses	(1,859)	(2,298)	439	19.1%
Total expenses	**(2,828)**	**(2,958)**	**129**	**4.4%**
Total	**(2,047)**	**(2,332)**	**285**	**12.2%**

Net financial income and expenses were a negative Euro 2,047 thousand and decreased by Euro 285 thousand compared to 2019.

The application of IFRS 16 resulted in the recognition of negative financial income and expenses of Euro 569 thousand (Euro 976 thousand in 2019).

(38) Other income from investment assets and liabilities

Other income from investment assets and liabilities amounted to Euro 103 thousand (Euro 3,856 thousand in 2019) and related to:

- sale of the minority investment in Editorial Ecoprensa S.A. This disposal resulted in the recognition of a gain of Euro 62 thousand.
- Euro 41 thousand deriving from the fair value measurement of minority investments.

In the 2019 financial statements, a gain of Euro 3,831 thousand had been recognized in connection with the disposal of the associated investment in Business School24 S.p.A., determined as the difference between the book value of the investment and the net disposal value.

(39) Income taxes

The main components of income taxes for the periods ended 31 December 2020 and 31 December 2019 are as follows:

TAXES			
Euro thousands	FY 2020	FY 2019	Change
IRAP	(491)	(13)	(478)
Taxes of previous years	6	12	(7)
Foreign taxes	(49)	(52)	3
Total current taxes	**(534)**	**(53)**	**(481)**
Use of provision for deferred taxes	379	732	(353)
Deferred tax assets/liabilities	(1,157)	(1,483)	326
Deferred tax assets/liabilities	**(778)**	**(751)**	**(27)**
Total	**(1,312)**	**(804)**	**(508)**

It should be noted that Il Sole 24 ORE S.p.A. and its Italian subsidiaries have adopted the group taxation regime pursuant to article 117 et seq. of Presidential Decree no. 917 of 22 December 1986 (tax consolidation), as a result of which they determine a single overall IRES taxable base.

In 2020, the tax result of most of the Group companies is positive. However, the overall tax result of the tax consolidation is negative, due to the tax loss of the company 24 ORE Cultura S.r.l., impacted by the tax deduction of the compensation received to support companies following the spread of the Covid-19 virus.

Current taxes recognized in 2020 therefore relate exclusively to IRAP and current taxes.

In the 2020 period, deferred tax liabilities of Euro 379 thousand were derecognized, recognized on the first-time adoption of IFRS 16 in relation to sublease dynamics. In addition, deferred tax assets on the use of taxed provisions amounting to Euro 1,157 thousand were derecognized.

Pending a return to positive tax results, neither deferred tax assets on operating losses nor deferred tax assets on newly taxed temporary differences were recognized.

The table below shows the reconciliation between the theoretical IRES rate and the effective IRES rate.

RECONCILIATION BETWEEN CURRENT TAX EXPENSE AND THEORETICAL TAX EXPENSE (IRES)				
Euro thousands	31/12/2020	%	31/12/2019	%
Profit (loss) before taxes from continuing operations	324		(398)	
Theoretical IRES	**(78)**	**24.0%**	**96**	**24%**
PEX effect	-		(1,497)	
Tax effect increases/decreases	403		1,342	
Effect on foreign result	(49)		59	
Unrealized losses	(770)			
Use of previous losses	494		-	
IRES recorded in the financial statements	**-**	**0.0%**	**-**	**0.0%**

The table below shows the reconciliation between the theoretical IRAP rate and the effective IRAP rate.

RECONCILIATION BETWEEN CURRENT TAX EXPENSE AND THEORETICAL TAX EXPENSE (IRAP)				
Euro thousands	31/12/2020	%	31/12/2019	%
Difference between production value and costs (operating result) aggregate Italian companies	2,819		(2,993)	
Theoretical IRAP	**-110**	**3.9%**	**117**	**3.9%**
Non-deductible personnel cost	(189)	6.7%		0.0%
Bad debt	(117)	4.2%		0.0%
Provisions	(28)	1.0%		0.0%
Other changes	(18)	0.6%	(104)	-3.5%
Adjustments for increased rates	(29)	1.0%		0.0%
IRAP recorded in the financial statements	**(491)**	**17.4%**	**13**	**0.4%**

12. Segment reporting

Segment reporting has been prepared in such a way as to provide the information necessary to allow an evaluation of the nature and effects on the financial statements of the activities carried out and the economic context of reference.

Operating segments have been identified on the basis of the company's operating activities that generate revenues and costs, the results of which are periodically reviewed at the highest operational decision-making level for the purpose of making decisions on resource allocation and performance assessment, and for which separate financial information is available.

An operating segment identified in accordance with the qualitative requirements set out above is separately disclosed when the following quantitative limits have been exceeded:

- reported revenues, including both sales to external customers and intersegment sales, represent at least 10% of the total revenues of all operating segments;
- the segment profit or loss represents at least 10% of the greater, in absolute value, between the total profit of all operating segments in profit and the total loss of all operating segments in loss;

– the activities of one segment account for at least 10% of the total activities of all operating segments.

If the quantitative thresholds indicated above are not exceeded, but management has deemed it useful to provide separate disclosure for the purposes of assessing the nature and effects on the financial statements of the related operating activities, the operating segments identified for this purpose have been reported in detail.

The Group's operating segments, which are indicated separately, are as follows:

- **Publishing & Digital** is the division responsible for the daily newspaper Il Sole 24 ORE, digital products linked to the newspaper, products attached to the newspaper, magazines, add-ons; the website; the press agency Radiocor Plus;
- **Tax & Legal** develops integrated product systems, with technical, regulatory and networking content, aimed at the world of professionals, companies and public administration. The specific market segments covered are Tax, Labour, Law, Construction and Public Administration. For each of them, integrated specialized information tools are created, capable of satisfying all the information, operational and networking needs of the reference targets: databases, vertical newspapers, magazines, books, internet services, software solutions, visibility platforms.
- **Radio** manages the national radio station Radio 24, News & Talk with an editorial format that alternates radio news with information and entertainment programmes;
- **System**, is the division that carries out the activity of advertising concessionaire for the Group's main media and some third-party media;
- **Culture** operates in the management and enhancement of museums (Mudec), in the production and sale of exhibitions and related services (bookshop, ticketing, events) as well as in the design and publication of books and merchandising. These activities are carried out through the company 24 ORE Cultura S.r.l.. It should be noted that on 29 February 2020, the subsidiary Ticket 24 ORE S.r.l was merged by incorporation into the Company 24 ORE Cultura S.r.l.;
- **Events** operates in the management and organization, promotion and sale, both in Italy and abroad, of conferences, events, meetings, also in collaboration with public and private entities These activities are carried out through the company Il Sole 24 ORE Eventi S.r.l.;
- **Corporate and centralized services** includes the Group's coordination departments and services related to support processes.

For these areas, the following information is provided as it is periodically presented to the highest level of operational decision-making:

- revenues from external customers, for the assessment of the segment profit or loss;
- intersegment revenues for the measurement of segment profit or loss;
- depreciation and amortization for the valuation of segment profit or loss;
- an evaluation of the segment profits and losses, represented by EBITDA (gross operating margin) and EBIT (operating profit/loss);
- the assets for each segment are shown for the purposes of assessing the performance of the segment and relate in particular to property, plant and equipment, intangible assets, goodwill and trade receivables;
- a reconciliation of the total of the reportable segments' measures of profit or loss to the profit or loss reported in the statement of profit or loss for the period before tax expense and gains or losses from discontinued operations.

The Group carries out its activities mainly in Italy and the activities carried out in other countries are not relevant. With regard to information on its customers, it should be noted that there are no external customers with which transactions exceeding 10% of the Group's revenues have been carried out.

INCOME STATEMENT BY BUSINESS AREA

SECTOR	Revenues from third parties	Intersegment revenues	Total Revenues	EBITDA	Amortization/Depreciation	IFRS 16 contractual changes and other write-downs	Gains/losses	EBIT
PUBLISHING & DIGITAL								
FY 2020	65,281	42,506	107,787	11,795	(4,831)	(33)	1	6,932
FY 2019	62,232	45,579	107,811	3,209	(4,044)	-	(0)	(834)
TAX&LEGAL								
FY 2020	44,014	267	44,281	13,535	(1,067)	-	-	12,467
FY 2019	43,219	128	43,348	12,994	(798)	-	0	12,196
RADIO								
FY 2020	164	15,755	15,919	2,825	(1,375)	-	4	1,453
FY 2019	185	18,214	18,400	4,146	(1,200)	-	1	2,947
SYSTEM								
FY 2020	77,789	(2,205)	75,584	554	(28)	-	-	526
FY 2019	81,860	(749)	81,110	(141)	(26)	-	-	(167)
EVENTS								
FY 2020	1,681	2,662	4,343	1,027	(5)	-	-	1,022
FY 2019	-	-	-	-	-	-	-	-
CULTURE								
FY 2020	2,048	434	2,482	430	(485)	(662)	-	(718)
FY 2019	11,241	906	12,146	1,097	(523)	(481)	-	93
CORPORATE AND CENTRALIZED SERVICES								
FY 2020	1	-	1	(10,047)	(9,377)	-	9	(19,416)
FY 2019	1	-	1	(264)	(10,127)	(6,602)	(1)	(16,995)
CONSOLIDATED								
FY 2020	**190,976**	**-**	**190,976**	**20,119**	**(17,169)**	**(696)**	**14**	**2,268**
FY 2019	**198,737**	**-**	**198,737**	**21,042**	**(16,719)**	**(7,083)**	**(1)**	**(2,761)**

BUSINESS BY SECTOR				
SECTOR	Property, plant and equipment	Goodwill	Intangible assets	Trade receivables
PUBLISHING & DIGITAL				
FY 2020	10,698		4,702	5,765
FY 2019	12,895	-	4,291	5,244
TAX&LEGAL				
FY 2020	36	15,469	2,059	22,152
FY 2019	43	15,469	1,914	21,998
RADIO				
FY 2020	4,478		28,150	-
FY 2019	4,035		28,137	59
SYSTEM				
FY 2020	49		-	28,958
FY 2019	75		3	26,292
CULTURE				
FY 2020	2,303		94	649
FY 2019	2,686		83	1,498
EVENTS				
FY 2020	5	6,550	-	1,207
FY 2019	10	6,550		15
CORPORATE AND CENTRALIZED SERVICES				
FY 2020	42,064		5,908	155
FY 2019	6,339		6,131	41
CONSOLIDATED				
FY 2020	**59,633**	**22,019**	**40,913**	**58,886**
FY 2019	**26,083**	**22,019**	**40,559**	**55,147**

13. Further information

13.1. Transactions with related parties

A related party is a person or entity related to the Parent Company, identified in accordance with the provisions of *IAS 24 Related Party Disclosures*. The definition of a related party always includes companies controlled by associates and joint ventures of the Parent Company.

For transactions entered into with related parties during the period covered by these Condensed Interim Consolidated Financial Statements, the nature of the existing transaction with the related party, the amount of transactions, the amount of outstanding balances, including commitments, contractual terms and conditions, any guarantees received or given have been disclosed. If it had been necessary to make provisions for bad debts or recognize losses on non-collectible receivables, it would have been disclosed.

Transactions between the Parent Company and its subsidiaries are always indicated, regardless of whether transactions have taken place between them.

The information concerning related parties and transactions with them is summarized in the summary table below, with specific evidence of transactions, positions or balances that have an impact on the Group's financial position, economic result and cash flows. Transactions and outstanding balances with intercompany related parties have been derecognized in the preparation of these consolidated financial statements.

Transactions carried out with related parties are essentially limited to commercial, administrative and financial services with subsidiaries and associates. These transactions are part of normal business operations, within the scope of the typical activity of each party involved, and are regulated at market conditions.

The Company observes its own internal procedure "Regulation of Transactions with Related Parties", adopted on 12 November 2010 by resolution of the Board of Directors (the "Regulation"), in implementation of the Regulation approved by CONSOB resolution no. 17221 of 12 March 2010, and subsequently amended by resolution no. 17389 of 23 June 2010 (the "CONSOB Regulation"). The aforementioned Regulation was subsequently updated by resolution of the Board of Directors on 19 December 2018 and lastly revised, in order to update certain references contained therein, by resolution of the Board of Directors on 19 December 2019.

It should be noted that at the date of this Annual Report at 31 December 2020, activities are underway to adapt the Internal Regulation to the CONSOB Regulation, as most recently updated by CONSOB resolution no. 21624 of 10 December 2020, and the activities will be completed, in line with the deadlines set by the Authority, by the deadline of 30 June 2021.

Related parties are entities registered in the Register of Related Parties, established by the procedure adopted on 12 November 2010. The procedure is available on the website *www.gruppo24ore.com*, Governance section.

Related parties are entities registered in the List of Related Parties, established by Regulation adopted on 12 November 2010. The Regulation is available on the website www.gruppo24ore.com, Governance section.

TRANSACTIONS WITH RELATED PARTIES - CONSOLIDATED AT 31 DECEMBER 2020								
Company	Receivables and other assets	Financial receivables	Payables and other liabilities	Financial payables	Operating revenues and income	Costs	Financial income	Financial expenses
Confederazione Generale dell'Industria Italiana (General Confederation of Italian Industry)	4	-	-	-	69	-	-	-
Total Parent Company	**4**	**-**	**-**	**-**	**69**	**-**	**-**	**-**
Key Executives	-	-	(38)	-	-	(1,630)	-	-
Board of Directors	-	-	(138)	-	-	(1,124)	-	-
Board of Statutory Auditors	-	-	(214)	-	-	(220)	-	-
Other related parties	55	-	(14)	-	76	(6)	-	-
Total other related parties	**55**	**-**	**(404)**	**-**	**76**	**(2,981)**	**-**	**-**
Total related parties	**59**	**-**	**(404)**	**-**	**145**	**(2,981)**	**-**	**-**

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

- sale of newspapers, books and magazines;
- sale of subscription electronic products;
- sale of advertising space.

Revenues relate primarily to the sale of advertising space in proprietary publications and subscriptions to the newspaper.

On 12 March 2020, the Company's Chief Executive Officer extended the designation of Key Executives (DIRS) to Eraldo Minella - General Manager Professional Area, and Romeo Marrocchio - Central Director Personnel and Operations. At the date of the Report, the following Executives are identified as DIRS of the Company: Paolo Fietta - General Manager Corporate & CFO; Federico Silvestri - General Manager System 24 and General Manager Radio 24; Karen Sylvie Nahum - General Manager Publishing & Digital; Eraldo Minella - General Manager Professional Services; Romeo Marrocchio - Central Director Personnel and Organization.

In compliance with the RPT Regulation and the Regulation on Related Party Transactions approved by Consob resolution 17221/2011, the Company periodically updates the List of Related Parties of the Company. In line with the RPT Regulation and the Consob Regulation, the Company lastly identified, on 30 June 2020, through specific declaration forms addressed to "Related Parties" as per Annex 1 of the Consob Regulation to which the RPT Regulation fully refers, its direct and indirect Related Parties. The Company also promptly updated the aforementioned List on the occasion of the resignation of Marcella Panucci and Vanja Romano from their positions as Directors of the Company, with effect from the relevant effective date and the appointment by co-option of Mirja Cartia d'Asero by resolution of the Board of Directors on 23 July 2020 and Veronica Diquattro by resolution of the Board of Directors on 7 October 2020.

13.2. Breakdown of the Group's past due positions by type

PAST DUE DEBT POSITIONS OF THE 24 ORE GROUP									
values in Euro thousands	Breakdown of payables by days past due								total past due
	0-30	31-60	61-90	91-120	121-150	151-180	181-210	Over 210	
Financial payables	-	-	-	-	-	-	-	-	-
Trade payables	1,789	37	192	18	5	2	0	1,028	3,072
Social security payables	-	-	-	-	-	-	-	-	-
Payables to employees	-	-	-	-	-	-	-	-	-
Tax payables	-	-	-	-	-	-	-	-	-
	1,789	**37**	**192**	**18**	**5**	**2**	**0**	**1,028**	**3,072**

The past due debt positions of the 24 ORE Group refer to trade payables.

With regard to past due amounts exceeding 210 days, it is noted that this past due amount includes suppliers blocked for disputed claims that amount to a total of Euro 336 thousand for the Parent Company. With regard to the amounts in dispute, the Parent Company has received two injunctions for Euro 347 thousand, which it has opposed. It is noted that following a ruling by the Court of Rome on 21 January 2021, one of the two injunctions was revoked for Euro 296 thousand.

As far as creditor initiatives are concerned, it is noted that the reminders received are part of normal administrative operations. At the date of this Annual Report at 31 December 2020, there is no evidence of any further injunctions received in relation to the above debt positions and no suspensions in supply have been implemented that would compromise normal business operations.

13.3. Government contributions

The Group has received contributions, indemnities or compensation related to the emergency from Covid-19 in 2020. In detail:

CONTRIBUTIONS	
Euro thousands	31.12.2020
Restatement of losses deriving from the cancellation, following the Covid-19 epidemic emergency, of shows, fairs, conferences and exhibitions (first half of the year) art. 183 paragraph 2 Relaunch Decree 34/2020	3,521
Tender Invitalia Impresa Sicura (art. 43 DL 18/2020)	47
Incentives for sanitization and purchase of PPE (art. 125 Relaunch Decree 34)	11

Pursuant to article 1, paragraphs 125 to 129 of Law no. 124 of 4 August 2017, on the transparency of public disbursements, and article 3-quater, paragraph 2, of Decree-Law no. 135/2018 (simplification decree), it is noted that Entities are required to publish the contributions disbursed on the National Register of Aid, accessible at the following address: https://www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza.

13.4. Events subsequent to the end of the year

On 1 February 2021, the Company informed the trade unions that from the edition of 16 March 2021, the restyling of the daily newspaper Il Sole 24 ORE will be adopted, which envisages a new format with the consequent cessation of printing activities carried out in the two production centres owned by the Group

(Milan and Carsoli (AQ)). Discussions with the trade unions were concluded with the signing of an agreement for the management of the related excess employment.

On 25 February 2021, the Company's Board of Directors approved the 2021-2024 Plan, which confirms the strategic direction and medium- to long-term objectives of the previous 2020-2023 post-Covid Plan approved on 30 June 2020, of which it represents an update, evolution and acceleration.

The estimates of the 2021-2024 Plan reflect the new market trend forecasts and incorporate the updated implementation schedules of the initiatives already envisaged in the post-Covid 2020-2023 Plan, confirming the investment in printed products, primarily the re-launch of the newspaper in the new format, and in innovative digital initiatives.

The actions of the Plan are centred on a "digital first" strategy as an enabling element for the continuous enrichment of the system of multi-format and multi-platform products of Il Sole 24 ORE, the efficiency of processes, the sustainability of initiatives and the reduction of all operating costs, including labour costs for all professional categories.

The 2021-2024 Plan confirms the progressive improvement of economic and financial indicators, driven by the growth of consolidated revenues and the reduction of costs. Compared to the 2020-2023 post-Covid Plan, updated estimates project a slower recovery in 2021, due to the effects of the pandemic, and an acceleration in subsequent years.

The 2021-2024 Plan also provides for:

- initiatives aimed at strengthening the radio market and expanding the audience;
- greater emphasis on investments in new publishing initiatives, supported by innovative product technologies and management systems, as part of a process of accelerated digital transformation of the Group;
- reducing the costs of the operating structure through a profound industrial and editorial process reorganization, the streamlining of support and staff structures and the strengthening of distinctive skills.

On 16 March 2021, the new format of the Newspaper was introduced. The initiative represents the most visible new element within a broader plan to enhance the value of content (including audio/video/podcast content) and the continuous renewal of the supply system from a multi-format and multi-platform perspective, possible by virtue of the "digital first" strategy. In addition, the new format of the newspaper Il Sole 24 ORE and related initiatives represent an opportunity to strengthen circulation and pursue the engagement of traditional and new targets. The initiative has also had an impact on the industrial structure of the Group, with the consequent termination of production at its own plants and the outsourcing of all printing activities to third-party suppliers.

The enrichment of the printed and digital offer in the professional area exploits new publishing and technological platforms for the development of products and services and to create a product system, enhancing the great strength of the brand.

On 23 March 2021, the Board of Directors resolved to change the registered and administrative office to Milan, Viale Sarca 223.

13.5. Disclosure pursuant to Consob Regulation no. 11971 and subsequent amendments

Fees for services rendered by the independent auditors and entities belonging to their network

The following table, prepared in accordance with article 149-duodecies of Consob Regulation no. 11971 and subsequent amendments and additions, shows the fees for the year 2020 for audit and non-audit services rendered by the same independent auditors and entities belonging to its network.

INDEPENDENT AUDITORS' FEES			
Service provided	Service provider	Recipient	2020 fees
Statutory audit	EY S.p.A.	Il Sole 24 ORE S.p.A.	420
Certifications	EY S.p.A.	Il Sole 24 ORE S.p.A.	117
Other services	EY S.p.A.	Il Sole 24 ORE S.p.A.	43
Statutory audit	EY S.p.A.	Subsidiaries	40
Total			**620**

13.6. Disclosure pursuant to Consob Resolution no. 15519 of 27 July 2006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Euro thousands	31.12.2020	of which related parties	31.12.2019	of which related parties
ASSETS				
Non-current assets				
Property, plant and equipment	59,633	-	26,083	-
Goodwill	22,019	-	22,019	-
Intangible assets	40,914	-	40,559	-
Non-current financial assets	704	-	716	-
Other non-current assets	846	-	16,254	-
Deferred tax assets	22,604	-	23,847	-
Total	**146,719**	**-**	**129,478**	**-**
Current assets				
Inventories	1,893	-	2,897	-
Trade receivables	58,887	59	55,147	53
Other receivables	5,180		3,866	
Other current financial assets	16,004	-	1,384	-
Other current assets	4,813	-	5,086	-
Cash and cash equivalents	40,889	-	15,731	-
Total	**127,665**	**59**	**84,111**	**53**
Assets available for sale	-	-	-	-
TOTAL ASSETS	**274,384**	**59**	**213,589**	**53**

(*) Section 11 of the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)				
Euro thousands	31.12.2020	of which related parties	31.12.2019	of which related parties
EQUITY AND LIABILITIES				
Equity				
Equity attributable to shareholders of the parent company				
Share capital	570	-	570	-
Capital reserves	19,452	-	19,482	-
Employee severance indemnity (TFR) reserve - IAS adjustment	(4,822)	-	(4,553)	-
Profits (losses) carried forward	21,108	-	22,274	-
Profit (loss) attributable to shareholders of the parent company	(989)	-	(1,202)	-
Total	**35,320**	**-**	**36,572**	**-**
Equity attributable to minority shareholders				
Capital and reserves attributable to minority shareholders	-	-	-	-
Profit (loss) attributable to minority shareholders	-	-	-	-
Total	**-**	**-**	**-**	**-**
Total equity	**35,320**	**-**	**36,572**	**-**
Non-current liabilities				
Non-current financial liabilities	81,799	-	15,944	-
Employee benefits	15,774	-	17,614	93
Deferred tax liabilities	5,617	-	5,996	-
Provisions for risks and charges	9,648	-	9,668	-
Other non-current liabilities	103	-	103	-
Total	**112,941**	**-**	**49,325**	**93**
Current liabilities				
Current bank overdrafts and loans	17,188	-	16,315	-
Other current financial liabilities	8,803	-	11,150	-
Trade payables	79,104	228	78,403	132
Other current liabilities	424	-	10	-
Other payables	20,605	176	21,816	598
Total	**126,123**	**404**	**127,693**	**730**
Liabilities available for sale	-	-	-	-
Total liabilities	**239,064**	**404**	**177,018**	**823**
TOTAL EQUITY AND LIABILITIES	**274,384**	**404**	**213,589**	**823**

(*) Section 11 of the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF PROFIT (LOSS)						
Euro thousands	FY 2020	of which related parties	of which non-recurring	FY 2019	of which related parties	of which non-recurring
1) Continuing operations						
Revenues	**190,976**	**145**		**198,737**	**634**	
Other operating income	9,375	-	5,440	11,717	1,707	5,960
Personnel costs	(78,692)	(1,630)	(2,736)	(80,825)	(4,988)	1,559
Change in inventories	(1,004)			782		
Purchases of raw and consumable materials	(4,444)			(7,338)		-
Costs for services	(81,785)	(1,351)		(89,817)	(3,604)	-
Costs for rents and leases	(6,084)			(7,036)		-
Other operating expenses	(2,508)			(3,107)	-	(50)
Provisions	(2,697)		(327)	(1,230)	-	(90)
Bad debt	(3,019)			(841)		
Gross operating margin	**20,119**	**(2,836)**	**2,377**	**21,042**	**(6,251)**	**7,379**
Amortization of intangible assets	(6,285)			(4,848)		
Depreciation of tangible assets	(10,884)			(11,871)		
Impairment of tangible and intangible assets	(696)		(696)	(7,083)		(6,745)
Gains/losses on disposal of non-current assets	14			(1)		
Operating profit (loss)	**2,268**	**(2,836)**	**1,682**	**(2,761)**	**(6,251)**	**634**
Financial income	781	-		626	225	
Financial expenses	(2,828)	-		(2,958)	-	-
Total financial income (expenses)	**(2,047)**	**-**	**-**	**(2,332)**	**225**	**-**
Other income from investment assets and liabilities	103	-		3,856	-	3,831
Gains (losses) on valuation of investments	-	-	-	838	-	-
Profit (loss) before taxes	**324**	**(2,836)**	**1,682**	**(398)**	**(6,026)**	**4,465**
Income taxes	(1,312)	-	203	(804)	-	-
Profit (loss) from continuing operations	**(989)**	**(2,836)**	**1,885**	**(1,202)**	**(6,026)**	**4,465**
2) Assets held for sale						
Profit (loss) from assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss)	**(989)**	**(2,836)**	**1,885**	**(1,202)**	**(6,026)**	**4,465**
Profit (loss) attributable to minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) attributable to the shareholders of the parent company	**(989)**	**(2,836)**	**1,885**	**(1,202)**	**(6,026)**	**4,465**

(*) Section 11 of the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS				
Euro thousands	FY 2020	of which related parties	FY 2019	of which related parties
Statement items				
Profit (loss) before taxes from continuing operations attributable to the Group [a]	324		(398)	
Adjustments [b]	**23,444**	**(93)**	**13,810**	**(198)**
Amortization/Depreciation	17,169		16,719	
(Gains) losses	(14)		1	
Effect of valuation of investments	(40)		(864)	
Gain on disposal of minority investments	(62)		-	
Allocation and (release) of provisions for risks and charges	714		(6,397)	
Restatement of debt for restructuring expenses	2,736		(1,559)	
Provision for employee benefits	198	(93)	328	(198)
Impairment of tangible and intangible assets	696		7,082	
Gain on disposal of investment Business School24 S.p.A.	-		(3,831)	
Financial income and expenses	2,047		2,332	
Changes in operating net working capital [c]	**(10,072)**	**(332)**	**40**	**869**
Change in inventories	1,004		(782)	
Change in trade receivables	(3,739)	(6)	8,651	1,371
Change in trade payables	701	96	(1,798)	(949)
Other changes in net working capital	(8,038)	(422)	(6,030)	447
Total cash flow from operating activities [d=a+b+c]	**13,695**	**(425)**	**13,452**	**671**
Cash flow from investing activities [e]	**(14,039)**	**-**	**(1,853)**	**-**
Investments in intangible and tangible assets	(14,868)		(8,614)	
Proceeds from disposal of minority investments	115		5,000	
Security deposits paid	(591)		-	
Other changes in investing activities	1,304		1,761	
Cash flow from financing activities [f]	**25,468**	**-**	**(18,531)**	**(7)**
Net financial interest paid	(2,156)		(2,332)	
SACE guaranteed financing	36,805		-	
Change in medium/long-term bank loans	(643)		(609)	
Change in short-term bank loans	839		(2,185)	(7)
Changes in other financial payables and receivables	(83)		(2,661)	
Other changes in financial assets and liabilities	34		(31)	
Change in payables IFRS 16	(9,328)		(10,713)	
Change in financial resources [g=d+e+f]	**25,124**	**(425)**	**(6,931)**	**664**
Cash and cash equivalents at the beginning of the year	**15,122**		**22,053**	
Cash and cash equivalents at the end of the year	**40,246**		**15,122**	
Increase (decrease) for the year	**25,124**		**(6,931)**	

(*) Section 11 of the Notes to the Financial Statements.

It should be noted that no atypical and/or unusual transactions were carried out with third parties, related parties or Group companies.

13.7. Net financial position

NET FINANCIAL POSITION OF THE 24 ORE GROUP		
Euro thousands	31.12.2020	31.12.2019
A. Cash	47	87
B. Other cash and cash equivalents (bank and postal accounts)	40,842	15,644
C. Securities held for trading	-	-
D. Liquidity (A) + (B) + (C)	**40,889**	**15,731**
E. Current financial receivables	**16,004**	**1,384**
F. Current bank payables	(16,545)	(15,706)
G. Current portion of non-current debt	(643)	(609)
H. Other current financial payables	(8,803)	(11,150)
I. Current financial debt (F) + (G) + (H)	**(25,991)**	**(27,464)**
J. Current net financial position (I) + (E) + (D)	**30,902**	**(10,349)**
K. Non-current bank payables	(38,994)	(11,131)
L. Bonds issued	-	-
M. Other non-current payables	(42,804)	(4,813)
N. Non-current financial debt (K) + (L) + (M)	**(81,799)**	**(15,944)**
O. Net financial position (J) + (N)	**(50,897)**	**(26,293)**

The **net financial position** at 31 December 2020 was a negative Euro 50.9 million and compares with a negative Euro 26.3 million at 31 December 2019, a deterioration of Euro 24.6 million. The change in the net financial position is mainly related to:

- the cash flow from investments and the payment of non-recurring expenses relating to incentive payments made during the year;
- the increase in current financial receivables, which at 31 December 2020 included Euro 15.8 million from Education Acquisitions Limited referring to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. This receivable in the financial statements at 31 December 2019 was included in non-current assets and therefore, not included in the related net financial position;
- the increase in the payable deriving mainly from the present value of the lease fees of the new contracts for the offices in Milan, Viale Sarca, equal to Euro 29.8 million, and in Rome, equal to Euro 3.5 million in application of IFRS 16.

Non-current financial debt also includes the long-term bank payable resulting from the signing on 20 July 2020 of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", with a nominal value of Euro 37.5 million and a duration of 6 years.

The Group's current net financial position was a positive Euro 30.9 million, compared with a negative Euro 10.3 million at 31 December 2019.

13.8. Employees

The average number of employees by category is as follows:

EMPLOYEES						
AVERAGE WORKFORCE	FY 2020		FY 2019		Change	
	Number	%	Number	%	Number	%
Executives	28.8	3.3%	28.4	3.1%	0.5	1.6%
Journalists	279.9	32.4%	283.1	31.3%	(3.2)	-1.1%
White-collar workers	515.6	59.7%	547.7	60.5%	(32.1)	-5.9%
Blue-collar workers	39.0	4.5%	46.1	5.1%	(7.1)	-15.4%
Total	**863.3**	**100.0%**	**905.2**	**100.0%**	**(41.9)**	**-4.6%**

DIRECTORS' ASSESSMENT OF THE GOING CONCERN ASSUMPTION

The 24 ORE Group closed 2020 with a net loss of Euro 1.0 million (net loss of Euro 1.2 million in 2019) and at 31 December 2020 had equity of Euro 35.3 million (Euro 36.6 million at 31 December 2019), a negative net financial position of Euro 50.9 million (Euro 26.3 million at 31 December 2019).

From the second half of February 2020, the market is affected by the health emergency linked to the Covid-19 virus and the extraordinary measures introduced by the competent authorities to contain it. The effects on the publishing market concerned in particular advertising in all media, physical events and cultural activities. As a result, publishers have been quick to review their publishing plans for 2020, considering rescheduling initiatives where possible. Radio has also been particularly affected by the health emergency.

In this context, on 20 July 2020, Il Sole 24 ORE S.p.A. finalized with a pool of banks the new medium-long term loan agreement for an amount of Euro 37.5 million, assisted by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree". The loan, which has a term of six years and expires on 30 June 2026, enables the Company to strengthen its financial structure by guaranteeing the investments envisaged over the period of the plan, necessary for the development of revenues and the achievement of greater operating efficiency. In addition, an agreement was reached to extend the maturity of the trade receivables securitization line for an additional six years, bringing the new maturity date to December 2026.

Therefore, despite the uncertainties deriving from the continuation of the health emergency linked to the Covid-19 virus and the inevitable uncertainties typical of the sector and of any forecasting activity that could affect the results that will actually be achieved, as well as the related methods and timing of occurrence, the Group believes, also in light of the provisions of the 2021-2024 Plan approved by the Board of Directors on 25 February 2021, that it has the financial and equity resources to enable the Directors to prepare the Annual Financial Report at 31 December 2020 on a going concern basis.

OUTLOOK

The first few months of 2021 confirm the persistence of the weak market conditions and general uncertainty in the Italian economy which affect, in particular, the performance of advertising sales. The health emergency linked to the spread of the Covid-19 virus and the extraordinary measures introduced by the competent authorities to contain it have led to a worsening of the general conditions of the global economy, the extent and duration of which is currently difficult to predict. After the improvement recorded in the third quarter, the Italian economy contracted again in the fourth quarter due to the economic effects of the new measures adopted to contain the health emergency. This result led to a widening of the downward trend in GDP: from -5.1% in the previous quarter to -6.6% *(Source: Istat - preliminary estimate of GDP - Q4 2020 - 2 February 2021*).

In view of the health emergency situation, the publishing sector and in particular the advertising market are characterized by general uncertainty regarding the effects of the continuing Covid-19 epidemic and the consequent restrictive measures imposed by the competent authorities.

On 25 February 2021, the Company's Board of Directors approved the 2021-2024 Plan, which confirms the strategic direction and medium- to long-term objectives of the previous 2020-2023 post-Covid Plan approved on 30 June 2020, of which it represents an update, evolution and acceleration.

The 2021-2024 Plan confirms the progressive improvement of economic and financial indicators, driven by the growth of consolidated revenues and the reduction of costs. Compared to the 2020-2023 post-Covid Plan, updated estimates project a slower recovery in 2021, due to the effects of the pandemic, and an acceleration in subsequent years.

The Group continues to monitor very carefully both the evolution of the health emergency linked to the Covid-19 virus and the performance of the reference markets with respect to the hypotheses of the Plan, evaluating the actual possibility of rescheduling the planned initiatives, while maintaining proactive and constant attention to the containment of all costs and the identification of initiatives that can further mitigate the risk linked to revenues to protect profitability and expected cash flows.

Milan, 23 March 2021

Chairperson of the Board of Directors
Edoardo GARRONE

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED

1. The undersigned Giuseppe Cerbone, in his capacity as Chief Executive Officer, and Paolo Fietta, in his capacity as Manager in charge of financial reporting of Il Sole 24 ORE S.p.A., taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998, certify

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the preparation of the 2020 consolidated financial statements.

2. In this respect, the following significant issues have emerged:

- the verification of the adequacy and effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements and the analysis of the results achieved were carried out in a complex context characterized, among other things, by the continuation of the organizational review of corporate processes;
- the adequacy of the administrative and accounting procedures for the preparation of the consolidated financial statements at 31 December 2020 was assessed on the basis of the methodological standards of Il Sole 24 ORE S.p.A. defined taking into account the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the main reference framework for the creation, analysis and evaluation of the internal control system used at international level. The analysis that was carried out with reference to the 2016 financial year and the subsequent in-depth analyses developed during 2017 have revealed margins for improvement in the controls, mainly relating to documentary and authorization aspects or concerning the need to update/adjust certain company procedures/processes. With reference to these aspects of improvement, an action plan providing for the necessary corrective actions has been prepared and was approved by the Company's Audit and Risk Committee and the Board of Directors at the beginning of 2018;
- the significant renewal of top management and the partial organizational redesign in 2018 meant that only a portion of the corrective actions envisaged in the action plan were actually implemented and had a desired impact as early as 2018. In particular, during the fourth quarter of 2018, an in-depth revision of the Administrative - Accounting Model was initiated pursuant to Law no. 262/2005. Further actions were carried out in the 2019-2020 financial years and will continue during 2021. Pending the full implementation of the above plan, compensating control procedures have also been put in place, as a result of which there has been no economic or financial impact on the amounts shown in the consolidated financial statements at 31 December 2020.

3. It is further certified that:

- the Consolidated Financial Statements:
  - o have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  - o correspond to the information contained in the accounting ledgers and records;
  - o provide a true and fair representation of the equity, economic and financial situation of the Company in question.

The report on operations includes a reliable analysis of the operating performance and results for 2020, as well as the situation of the issuer, together with a description of the principal risks and uncertainties.

Milan, 23 March 2021

CEO	Manager in charge of financial reporting
Giuseppe CERBONE	Paolo FIETTA

ADDITIONS AT THE REQUEST OF CONSOB PURSUANT TO ARTICLE 114 OF LEGISLATIVE DECREE 58/1998

The net financial position of Il Sole 24 ORE S.p.A. and the 24 ORE Group, showing the short-term components separately from the medium/long-term components

NET FINANCIAL POSITION OF THE 24 ORE GROUP

Euro thousands	31.12.2020	31.12.2019
A. Cash	47	87
B. Other cash and cash equivalents (bank and postal accounts)	40,842	15,644
C. Securities held for trading	-	-
D. Liquidity (A) + (B) + (C)	**40,889**	**15,731**
E. Current financial receivables	**16,004**	**1,384**
F. Current bank payables	(16,545)	(15,706)
G. Current portion of non-current debt	(643)	(609)
H. Other current financial payables	(8,803)	(11,150)
I. Current financial debt (F) + (G) + (H)	**(25,991)**	**(27,464)**
J. Current net financial position (I) + (E) + (D)	**30,902**	**(10,349)**
K. Non-current bank payables	(38,994)	(11,131)
L. Bonds issued	-	-
M. Other non-current payables	(42,804)	(4,813)
N. Non-current financial debt (K) + (L) + (M)	**(81,799)**	**(15,944)**
O. Net financial position (J) + (N)	**(50,897)**	**(26,293)**

The **net financial position** at 31 December 2020 was a negative Euro 50.9 million and compares with a negative Euro 26.3 million at 31 December 2019, a deterioration of Euro 24.6 million. The change in the net financial position is mainly related to:

- the cash flow from investments and the payment of non-recurring expenses relating to incentive payments made during the year;
- the increase in current financial receivables, which at 31 December 2020 included Euro 15.8 million from Education Acquisitions Limited referring to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. This receivable in the financial statements at 31 December 2019 was included in non-current assets and therefore, not included in the related net financial position;
- the increase in the payable deriving mainly from the present value of the lease fees of the new contracts for the offices in Milan, Viale Sarca, equal to Euro 29.8 million, and in Rome, equal to Euro 3.5 million in application of IFRS 16.

Non-current financial debt also includes the long-term bank payable resulting from the signing on 20 July 2020 of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", with a nominal value of Euro 37.5 million and a duration of 6 years.

The Group's current net financial position was a positive Euro 30.9 million, compared with a negative Euro 10.3 million at 31 December 2019.

Net financial position of the Parent Company

NET FINANCIAL POSITION OF IL SOLE 24 ORE S.p.A.		
Euro thousands	31.12.2020	31.12.2019
A. Cash	29	31
B. Other cash and cash equivalents (bank and postal accounts)	36,595	12,938
C. Securities held for trading		-
D. Liquidity (A) + (B) + (C)	**36,623**	**12,969**
E. Current financial receivables	**16,328**	**1,230**
F. Current bank payables	(16,545)	(15,706)
G. Current portion of non-current debt	(643)	(609)
H. Other current financial payables	(9,137)	(13,916)
I. Current financial debt (F) + (G) + (H)	**(26,325)**	**(30,230)**
J. Current net financial position (I) + (E) + (D)	**26,626**	**(16,031)**
K. Non-current bank payables	(38,994)	(11,131)
L. Bonds issued	-	-
M. Other non-current payables	(41,719)	(3,524)
N. Non-current financial debt (K) + (L) + (M)	**(80,713)**	**(14,655)**
O. Net financial position (J) + (N)	**(54,087)**	**(30,687)**

The **Parent Company's net financial position** at 31 December 2020 was negative by Euro 54.1 million and compares with a negative Euro 30.7 million at 31 December 2019, a deterioration of Euro 23.4 million. The change in the net financial position is mainly related to:

- the cash flow from investments and the payment of non-recurring expenses relating to incentive payments made during the year;
- the increase in current financial receivables, which at 31 December 2020 included Euro 15.8 million from Education Acquisitions Limited referring to the present value of the deferred component of the disposal of the investment in Business School24 S.p.A. This receivable in the financial statements at 31 December 2019 was included in non-current assets and therefore, not included in the related net financial position;
- the increase in the payable deriving mainly from the present value of the lease fees of the new contracts for the offices in Milan, Viale Sarca, equal to Euro 29.8 million, and in Rome, equal to Euro 3.5 million in application of IFRS 16.

Non-current financial debt also includes the long-term bank payable resulting from the signing on 20 July 2020 of a medium/long-term loan backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree", with a nominal value of Euro 37.5 million and a duration of 6 years.

The Parent Company's current net financial position was a positive Euro 26.6 million, compared with a negative Euro 16.0 million at 31 December 2019.

The past due debt positions of the Company and the Group, broken down by type (financial, commercial, tax, social security and employee) and any related creditor reaction initiatives (reminders, injunctions, suspension of supplies, etc.)

Past due debt positions of the 24 ORE Group broken down by type at 31 December 2020

PAST DUE DEBT POSITIONS OF THE 24 ORE GROUP									
values in Euro thousands	Breakdown of payables by days past due								total past due
	0-30	31-60	61-90	91-120	121-150	151-180	181-210	Over 210	
Financial payables	-	-	-	-	-	-	-	-	-
Trade payables	1,789	37	192	18	5	2	0	1,028	3,072
Social security payables	-	-	-	-	-	-	-	-	-
Payables to employees	-	-	-	-	-	-	-	-	-
Tax payables	-	-	-	-	-	-	-	-	-
	1,789	**37**	**192**	**18**	**5**	**2**	**0**	**1,028**	**3,072**

Past due debt positions of Il Sole 24 ORE S.p.A. broken down by type at 31 December 2020

PAST DUE DEBT POSITIONS OF IL SOLE 24 ORE S.p.A.									
values in Euro thousands	Breakdown of payables by days past due								total past due
	0-30	31-60	61-90	91-120	121-150	151-180	181-210	Over 210	
Financial payables	-	-	-	-	-	-	-	-	-
Trade payables	1,763	29	191	18	5	2	0	594	2,602
Social security payables	-	-	-	-	-	-	-	-	-
Payables to employees	-	-	-	-	-	-	-	-	-
Tax payables	-	-	-	-	-	-	-	-	-
	1,763	**29**	**191**	**18**	**5**	**2**	**0**	**594**	**2,602**

The past due debt positions of the 24 ORE Group and the parent company Il Sole 24 ORE S.p.A. refer to trade payables.

With regard to past due amounts exceeding 210 days, it is noted that this past due amount includes suppliers blocked for disputed claims that amount to a total of Euro 336 thousand for the Parent Company. With regard to the amounts in dispute, the Parent Company has received two injunctions for Euro 347 thousand, which it has opposed. It is noted that following a ruling by the Court of Rome on 21 January 2021, one of the two injunctions was revoked for Euro 296 thousand.

As far as creditor initiatives are concerned, it is noted that the reminders received are part of normal administrative operations. At the date of this Annual Report at 31 December 2020, there is no evidence of any further injunctions received in relation to the above debt positions and no suspensions in supply have been implemented that would compromise normal business operations.

The main changes in the related party transactions of this Company and Group since the last annual or half-yearly financial report approved in accordance with article 154-ter of the Consolidated Law on Finance (TUF) are as follows

TRANSACTIONS WITH RELATED PARTIES - CONSOLIDATED AT 31 DECEMBER 2020								
Company	Receivables and other assets	Financial receivables	Payables and other liabilities	Financial payables	Operating revenues and income	Costs	Financial income	Financial expenses
Confederazione Generale dell'Industria Italiana (General Confederation of Italian Industry)	4	-	-	-	69	-	-	-
Total Parent Company	**4**	**-**	**-**	**-**	**69**	**-**	**-**	**-**
Key Executives	-	-	(38)	-	-	(1,630)	-	-
Board of Directors	-	-	(138)	-	-	(1,124)	-	-
Board of Statutory Auditors	-	-	(214)	-	-	(220)	-	-
Other related parties	55	-	(14)	-	76	(6)	-	-
Total other related parties	**55**	**-**	**(404)**	**-**	**76**	**(2,981)**	**-**	**-**
Total related parties	**59**	**-**	**(404)**	**-**	**145**	**(2,981)**	**-**	**-**

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

- sale of newspapers, books and magazines;
- sale of subscription electronic products;
- sale of advertising space.

Revenues relate primarily to the sale of advertising space in proprietary publications and subscriptions to the newspaper.

On 12 March 2020, the Company's Chief Executive Officer extended the designation of Key Executives (DIRS) to Eraldo Minella - General Manager Professional Area, and Romeo Marrocchio - Central Director Personnel and Operations. At the date of the Report, the following Executives are identified as DIRS of the Company: Paolo Fietta - General Manager Corporate & CFO; Federico Silvestri - General Manager System 24 and General Manager Radio 24; Karen Sylvie Nahum - General Manager Publishing & Digital; Eraldo Minella - General Manager Professional Services; Romeo Marrocchio - Central Director Personnel and Organization.

In compliance with the RPT Regulation and the Regulation on Related Party Transactions approved by Consob resolution 17221/2011, the Company periodically updates the List of Related Parties of the Company. In line with the RPT Regulation and the Consob Regulation, the Company lastly identified, on 30 June 2020, through specific declaration forms addressed to "Related Parties" as per Annex 1 of the Consob Regulation to which the RPT Regulation fully refers, its direct and indirect Related Parties. The Company also promptly updated the aforementioned List on the occasion of the resignation of Marcella Panucci and Vanja Romano from their positions as Directors of the Company, with effect from the relevant effective date and the appointment by co-option of Mirja Cartia d'Asero by resolution of the Board of Directors on 23 July 2020 and Veronica Diquattro by resolution of the Board of Directors on 7 October 2020.

There have been no changes in existing contractual relationships since the situation relating to the last approved half-yearly financial report.

TRANSACTIONS WITH RELATED PARTIES - PARENT COMPANY AT 31 DECEMBER 2020								
Company	Receivables and other assets	Financial receivables	Payables and other liabilities	Financial payables	Operating revenues and income	Costs	Financial income	Financial expenses
Confederazione Generale dell'Industria Italiana (General Confederation of Italian Industry)	4	-	-	-	69	-	-	-
Total Parent Company	**4**	**-**	**-**	**-**	**69**	**-**	**-**	**-**
24 ORE Cultura S.r.l.	169	-	(282)	(481)	545	(420)	-	-
Il Sole 24 ORE Eventi S.r.l.	275	441	(1,418)	-	766	(2,662)	7	-
Il Sole 24 ORE UK Ltd	-	-	(179)	-	-	(340)	-	-
Il Sole 24 ORE U.S.A. Inc	-	-	(164)	-	24	(506)	-	-
Total Subsidiaries	**444**	**441**	**(2,043)**	**(481)**	**1,336**	**(3,928)**	**7**	**-**
Key Executives	-	-	(38)	-	-	(1,630)	-	-
Board of Directors	-	-	(138)	-	-	(1,124)		
Board of Statutory Auditors	-	-	(198)	-	-	(198)	-	-
Other related parties	55	-	(14)	-	76	(6)	-	-
Total other related parties	**55**	**-**	**(388)**	**-**	**76**	**(2,959)**	**-**	**-**
Total related parties	**503**	**441**	**(2,431)**	**(481)**	**1,480**	**(6,887)**	**7**	**-**

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

- sale of newspapers, books and magazines;
- sale of subscription electronic products;
- sale of advertising space in its proprietary publications;
- receivables for corporate services;
- receivables for advertising space brokerage activities;
- receivables from tax consolidation and VAT.

Trade payables/other payables refer mainly to:

- payables to the subsidiary Il Sole 24 ORE UK Ltd., for commercial brokerage activities relating to the sale of advertising space in the United Kingdom;
- payables to the subsidiary Il Sole 24 ORE Eventi S.r.l., for commercial brokerage activities relating to the organization of events on behalf of the Parent Company;
- trade payables for services to Il Sole 24 ORE U.S.A. Inc;
- payables for services and editorial services;
- payables for the purchase of information;
- payables from tax consolidation and VAT consolidation.

Financial payables relate to current account relations with the subsidiary 24 ORE Cultura S.r.l. Financial receivables refer to current account relations with the subsidiary Il Sole 24 ORE Eventi S.r.l.

Operating revenues and income mainly refer to:

- sale of newspapers, books and magazines;
- sale of subscription electronic products;
- sale of advertising space in its proprietary publications;
- debit of centralized services to Group companies.

Costs mainly refer to:

- contractual agreement with the subsidiary Il Sole 24 ORE UK Ltd., for commercial brokerage activities relating to the sale of advertising space in the United Kingdom;
- contractual agreement with the subsidiary Il Sole 24 ORE U.S.A Inc. for the provision of services;
- contractual agreement with the subsidiary Il Sole 24 ORE Eventi S.r.l., for commercial brokerage activities relating to the sale of advertising space and for its share of the sponsorship of events.

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

On 12 March 2020, the Company's Chief Executive Officer extended the designation of Key Executives (DIRS) to Eraldo Minella - General Manager Professional Area, and Romeo Marrocchio - Central Director Personnel and Operations. At the date of the Report, the following Executives are identified as DIRS of the Company: Paolo Fietta - General Manager Corporate & CFO; Federico Silvestri - General Manager System 24 and General Manager Radio 24; Karen Sylvie Nahum - General Manager Publishing & Digital; Eraldo Minella - General Manager Professional Services; Romeo Marrocchio - Central Director Personnel and Organization.

In compliance with the RPT Regulation and the Regulation on Related Party Transactions approved by Consob resolution 17221/2011, the Company periodically updates the List of Related Parties of the Company. In line with the RPT Regulation and the Consob Regulation, the Company lastly identified, on 30 June 2020, through specific declaration forms addressed to "Related Parties" as per Annex 1 of the Consob Regulation to which the RPT Regulation fully refers, its direct and indirect Related Parties. The Company also promptly updated the aforementioned List on the occasion of the resignation of Marcella Panucci and Vanja Romano from their positions as Directors of the Company, with effect from the relevant effective date and the appointment by co-option of Mirja Cartia d'Asero by resolution of the Board of Directors on 23 July 2020 and Veronica Diquattro by resolution of the Board of Directors on 7 October 2020.

There have been no changes in existing contractual relationships since the situation relating to the last approved half-yearly financial report.

Non-compliance with covenants, negative pledges and any other clause of the Group's debt that imposes restrictions on the use of financial resources, with an indication of the degree of compliance with these clauses at the date of the financial statements

On 20 and 22 July 2020, the Company sent requests to its lending banks to cancel cash revolving lines that had never been used; these requests were confirmed on 23 and 29 July 2020, respectively.

On 20 July 2020, the Company entered into an agreement with Monterosa SPV to extend the maturity of the transaction until December 2026; however, it should be noted that the agreement provides for the option to terminate operations by either party at the end of each calendar half-year.

The maximum total amount that can be financed is Euro 50.0 million; at 31 December 2020, the line of credit for the securitization of trade receivables with recourse (for a total amount of Euro 20.0 million) had been used for Euro 16.5 million.

The securitization contract does not provide for financial covenants but does provide for causes of impediment to the acquisition of the Company's portfolios of receivables, which, if not remedied, could result in the termination of the contract. At 31 December 2020, there were no causes of impediment to purchase and/or material events that would result in contract termination.

On 20 July 2020, the Group signed a new medium/long-term loan agreement with a pool of lending banks, comprising Intesa Sanpaolo (also acting as Financing and Guarantee Agent Bank), Cassa Depositi e Prestiti, Banco BPM, Banca Popolare di Sondrio and Banca Monte dei Paschi di Siena, backed by a SACE guarantee pursuant to Decree Law no. 23 of 8 April 2020, "Liquidity Decree".

In relation to the SACE guarantee provided by the loan and in accordance with the provisions of the "Liquidity Decree", the Group has made the following commitments:

a) allocate the loan for the purpose of financing: *(i)* investments; (*ii*) working capital; (*iii*) personnel costs; *(iv)* costs of lease or rent fees of business units, exclusively for production facilities and business activities located in Italy (excluding acquisitions of investments); and: (*i)* to keep the substantial part of production in Italy; *(ii)* to use the proceeds of the loan exclusively in accordance with the purpose envisaged in this contract;

b) comply with the regulations in force from time to time concerning the fight against money laundering, financing of terrorism and corruption;

c) not to approve or execute dividend distributions or share repurchases during 2020 and to ensure that any other company based in Italy that is part of the same group does not approve or execute dividend distributions or share repurchases during 2020;

d) manage employment levels through trade union agreements for the entire duration of the loan.

The amount of the loan is Euro 37.5 million and the duration is 6 years with maturity of 30 June 2026 and 24 months of pre-amortization; the amortization plan provides for quarterly instalments with a constant capital quota and the interest margin is equal to 3-month Euribor +1.65%.

The loan is backed by a first demand guarantee issued by SACE pursuant to the "Liquidity Decree", for a maximum amount equal to 90% of the loan amount; the cost of the guarantee is 50 bps for the first year, 100 bps for the second and third years, 200 bps from the fourth year. The Company considers that the effective interest rate on this loan (interest rate margin and cost of the SACE guarantee) is in a market range.

There are no collateral or compulsory guarantees, but financial covenants recorded at consolidated level and calculated without giving effect to IFRS 16. The structure of the covenants is described in the following table:

FINANCIAL COVENANTS

Euro millions	31/12/2020	30/06/2021	31/12/2021	30/06/2022	31/12/2022	30/06/2023	31/12/2023	30/06/2024	31/12/2024	30/06/2025	31/12/2025
EBITDA (*) ≥	n.r.	0.0	8.0								
Minimum SE ≥	18.0	18.0	18.0								
Lev Ratio (NFP/EBITDA (*)) ≤				2.75x	2.0x	2.0x	1.50x	1.50x	1.50x	1.50x	1.50x
Gearing Ratio (NFP/SE) ≤				2.5x	2.0x	1.5x	1.0x	1.0x	1.0x	1.0x	1.0x

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

The contract includes, in addition to the clauses that are standard practice for this type of financing, such as: negative pledge, *pari passu*, cross-default and change of control, and some specific provisions that provide for mandatory partial early repayment upon the occurrence of certain events.

Failure to comply with even one covenant means that all amounts for which the Company has been declared delinquent will be immediately due and payable and the loan will be immediately cancelled. However, the lending banks may be asked to make amendments to the loan agreement, or to waive their rights to early termination, in the event of non-compliance with a covenant.

On 22 July 2020, the loan was disbursed to the Company for a total amount of Euro 37.5 million.

At 31 December 2020, compliance with the covenants is confirmed: equity net of IFRS 16 adjustments of Euro 34.5 million higher than the covenant minimum of Euro 18.0 million.

The status of implementation of the business plan, highlighting any deviations from the actual figures compared to those forecast.

On 30 June 2020, the Company's Board of Directors approved an update to the 2020-2023 Plan that incorporates the impacts of the health crisis related to the spread of Covid-19.

The previous 2020-2023 Plan, approved on 12 March 2020, did not reflect the impacts of the health emergency related to the spread of the Covid-19 virus and the extraordinary measures subsequently introduced by the competent authorities to contain it, the extent of which could not yet be predicted, both in terms of duration and impact on business. The final figures for the first few months of 2020, the slowdown in the economy following the pandemic and the updated analysts' estimates have forced the Company's Management to update its forecasts, albeit within a general reference context that still remains very uncertain.

Below is a comparison of the 2020 consolidated economic results with the 2020 forecast figures of the 2020-2023 post-Covid Plan approved by the Board of Directors on 30 June.

FINAL 2020 VS PLAN 2020 post-Covid

Euro millions	FY 2020	2020 Plan post-Covid
Revenues	191	178
EBITDA	20	15
EBIT	2	(2)

The year 2020 was penalized by the health emergency linked to Covid-19 and characterized by the persistence of weak market conditions and general uncertainty in the Italian economy. The health emergency linked to the spread of the Covid-19 virus and the extraordinary measures introduced by the competent authorities to contain it have led to a worsening of the general conditions of the global economy, the extent and duration of which is currently difficult to predict.

However, consolidated revenues for 2020 show a lower impact of the Covid-19 health emergency than expected in the post-Covid plan, particularly with regard to the performance of advertising sales. Circulation revenues of the newspaper and the Il Sole 24ore.com website also improved, thanks to the extraordinary coverage of the Covid-19 emergency and the in-depth analysis of the many new regulations.

EBITDA for the year 2020 compared to the post-Covid plan incorporated non-recurring income of Euro3.5 million attributable to the Company 24 ORE Cultura S.r.l. relating to the "Allocation of a portion of the emergency fund for companies and cultural institutions referred to in article 183, paragraph 2, of Decree-Law no. 34 of 2020, intended to compensate operators in the art exhibition sector on 3 August" and higher provisions for risks and bad debts. In addition, the 2020 personnel cost incorporates greater use of temporary measures to contain labour costs and a rescheduling of structural measures on personnel costs with respect to the assumptions of the 2020-2023 post-Covid Plan.

The deviation of EBIT for 2020 compared to the post-Covid plan includes, in addition to as outlined above in terms of EBITDA, the effects of the change in the duration of the sublease contract for Mudec, which led to the recognition of financial bad debt of Euro 0.7 million.

On 25 February 2021, the Company's Board of Directors approved the 2021-2024 Plan, which confirms the strategic direction and medium- to long-term objectives of the previous 2020-2023 post-Covid Plan approved on 30 June 2020, of which it represents an update, evolution and acceleration.

The estimates of the 2021-2024 Plan reflect the new market trend forecasts and incorporate the updated implementation schedules of the initiatives already envisaged in the post-Covid 2020-2023 Plan, confirming the investment in printed products, primarily the re-launch of the newspaper in the new format, and in innovative digital initiatives.

The actions of the Plan are centred on a "digital first" strategy as an enabling element for the continuous enrichment of the system of multi-format and multi-platform products of Il Sole 24 ORE, the efficiency of processes, the sustainability of initiatives and the reduction of all operating costs, including labour costs for all professional categories.

The 2021-2024 Plan confirms the progressive improvement of economic and financial indicators, driven by the growth of consolidated revenues and the reduction of costs. Compared to the 2020-2023 post-Covid Plan, updated estimates project a slower recovery in 2021, due to the effects of the pandemic, and an acceleration in subsequent years.

The year 2021 is in fact still penalized by the health emergency linked to Covid-19 and by a context of general economic slowdown and high uncertainty in terms of the duration of the crisis situation and potential effects on business.

The exhibition activities of the Culture area were particularly penalized, with a further postponement to the second quarter of 2021 of the exhibitions already rescheduled for the end of 2020. Over the period of the Plan, in addition to the contribution of the exhibitions, an improvement in results is also expected from the development of the new merchandising channels, the enrichment of the publishing initiatives and the improved control of foreign markets.

The Events area reacted promptly to the pandemic by adapting and enriching its offer with the development of a line of digital events and other alternative solutions capable of responding to new market needs.

On 16 March 2021, the new format of the Newspaper was introduced. The initiative represents the most visible new element within a broader plan to enhance the value of content (including audio/video/podcast content) and the continuous renewal of the supply system from a multi-format and multi-platform perspective, possible by virtue of the "digital first" strategy. In addition, the new format of the newspaper Il Sole 24 ORE and related initiatives represent an opportunity to strengthen circulation and pursue the engagement of traditional and new targets.

The enrichment of the printed and digital offer in the professional area exploits new publishing and technological platforms for the development of products and services and to create a product system, enhancing the great strength of the brand.

The 2021-2024 Plan also envisages initiatives aimed at strengthening coverage of the radio market and expanding the audience.

As part of a process of accelerated digital transformation of the Group, the 2021-2024 Plan envisages a greater thrust on investments in new publishing initiatives, supported by innovative product technologies and management systems.

The same 2021-2024 Plan sets the strategic objective of reducing the costs of the operating structure through a profound industrial and editorial process reorganization, the streamlining of support and staff structures and the strengthening of distinctive skills.

The forecasts contained in the 2021-2024 Plan confirm the growth in profitability over time, also thanks to the continuous focus on further efficiencies to be achieved in direct and operating costs, and on the containment of labour costs to be achieved both through temporary measures and structural cost reduction interventions for all professional categories.

The forecasts of the 2021-2024 Plan show a worsening of the net financial position for the years 2021 and 2022, mainly due to the acceleration of investments and the dynamics of disbursements related to personnel restructuring expenses, to then gradually improve in subsequent years during the Plan period.

The forecasts of the 2021-2024 Plan confirm compliance with the existing financial covenants.

The main forecast economic indicators expected in the 2021-2024 Plan are shown below:

2021-2024 PLAN		
Euro millions	Plan 2021	Plan 2024
Revenues	203	245
EBITDA	16	54
EBIT	(2)	36

Below are the main forecast economic indicators expected in the previous 2020-2023 post-Covid Plan:

PLAN 2020-2023 post-Covid		
Euro millions	Plan 2020	Plan 2023
Revenues	178	234
EBITDA	15	40
EBIT	(2)	24

It is noted that the forward-looking figures represented in the 2021-2024 Plan are strategic objectives established as part of corporate planning.

The development of the 2021-2024 Plan was based on, among other things: *(i)* general and hypothetical assumptions, as well as discretionary assumptions, and *(ii)* a series of estimates and hypotheses relating to the implementation by the directors of specific actions to be undertaken in the Plan reference time period, or relating to future events that the directors can only partially influence and that may not occur or may vary during the Plan period.

The realization of the objectives and the achievement of the results envisaged by the 2021-2024 Plan depend not only on the actual realization of the volume of revenues indicated, but also on the effectiveness of the actions identified and the timely implementation of these actions, in accordance with the time frame and economic impacts assumed.

If the Group's results were to differ significantly from those forecast in the 2021-2024 Plan, there could be adverse effects on the Group's financial position and prospects.

The Group continues to monitor very carefully both the evolution of the health emergency linked to the Covid-19 virus and the performance of the reference markets with respect to the hypotheses of the Plan, evaluating the actual possibility of rescheduling the planned initiatives, while maintaining proactive and constant attention to the containment of all costs and the identification of initiatives that can further mitigate the risk linked to revenues to protect profitability and expected cash flows.

Milan, 23 March 2021

Chairperson of the Board of Directors
Edoardo GARRONE

Il Sole 24 Ore S.p.A.

Consolidated financial statements at December 31, 2020

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Il Sole 24 Ore S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of 24 Ore Group (the Group), which comprise the consolidated statement of financial position as of December 31, 2020, and the consolidated statement of profit (loss) for the year, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Il Sole 24 Ore S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to paragraphs "Risks related to the outcome of the proceedings before the Milan Public Prosecutor's Office crim. proc. no. 5783/17 R.G.N.R." and "Risks associated with Consob inspections" of the Directors' Report, which describe the relevant updates, the assessments and the actions taken by the Directors regarding the outcome of the ongoing proceedings before the Public Prosecutor's Office and the Consob inspections. Our opinion is not modified in respect of these matters.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Assessment of the going concern basis	
At December 31, 2020 the consolidated equity, including Euro 1.0 million of the consolidated loss for the year then ended, amounts to Euro 35.3 million, the consolidated net financial position is negative for Euro 50.9 million, and the current assets exceed current liabilities of Euro 1.5 million. On February 25, 2021 the Board of Directors of Il Sole 24 Ore S.p.A. approved the Group's Business Plan 2021-2024 (the "Plan"), that updated the previous Plan 2020-2023 post-Covid, approved on June 30, 2020. The assumptions underlying the updated Plan and the related assessment on the going concern basis are complex by nature, and require Directors' judgement, in particular for the revenues' projections and the outcome of the cost rationalization and efficiency programs. These projections are subject to the possible impacts from the extension of the health emergency due to Covid-19, and the uncertainties of this industry and of any projections generally, which could affect the results that will be actually achieved, as well as their related outcome and timing. Considering the judgment required from the Directors in developing the assumptions and the projections to support the going concern basis as stated in the Plan, we deemed this area to represent a key audit matter. The financial statements disclosure is provided in the paragraph "Directors' assessment of the going concern assumption", while the comparison between the main prospective financial information of the Plan and those included in the previous Plan 2020-2023 post-	Our audit responses to this key audit matter included, among others: • understanding the rationale underlying the directors' assessment of the going concern assumption and assessing the key assumptions of the Plan approved by the Board of Directors on February 25, 2021; • assessing the differences between the prospective financial information for the year 2020 included in the previous Plan 2020-2023 post-Covid and those actually achieved for the same year; • assessing the differences between the prospective financial information of the Plan and those included in the previous Plan 2020-2023 post-Covid; • obtaining written representations from Management relating to its future actions. Finally, we verified the adequacy of the disclosure provided in the notes to the financial statements regarding this matter.

Covid is reported in the paragraph "The status of implementation of the business plan, highlighting any deviations from the actual figures compared to those forecast" of the notes to the consolidated financial statements.

Valuation of goodwill and other non-current assets with an indefinite and definite useful life

At 31 December 2020, goodwill and other non-current assets with an indefinite and definite useful life amount to Euro 122.6 million.
The Group tested for impairment the Cash Generating Units (CGUs) to which goodwill and other non-current assets with an indefinite useful life are allocated, as well as the other CGUs where impairment indicators were noted based on the 2020 results (net of non-recurring income and expenses).

The methodologies for evaluating and determining the recoverable amount of each CGU, in terms of value in use, are based on complex assumptions which, by nature, require Directors' judgement, regarding the forecasting of cash flows included in the Plan, the determination of the normalized cash flows for the development of the terminal value, and the determination of the long-term growth and of the discounting rates applied to the forecasted cash flows. In this regard, the possible impacts arising from the extension of the health emergency due to Covid-19 and the assessments of the uncertainties of this industry and of any projections generally, in particular for revenues over the period of the Plan, are significant.

Considering the judgments required and the complexity of assumptions underlying the estimation of the recoverable amount of goodwill and other non-current assets with an indefinite and definite useful life, and the sensitivity of value in use to changes in key assumption, we deemed this area to represent a key audit matter.

The financial statements disclosure on goodwill and other non-current assets with an indefinite and definite useful life, on the assumptions underlying the impairment analysis and on the sensitivity analysis regarding the impacts on

Our audit responses to this key audit matter included, among others:

- understanding the impairment process and the key controls put in place by the Management, considering the impairment test procedure approved by the Board of Directors on February 25, 2021;
- testing the adequacy of the perimeter of the CGUs and the allocation of the book values of assets and liabilities to each CGU;
- assessing the report of the management's specialist, who assisted the Company in the impairment test, as well as the evaluation of its competence and objectivity;
- assessing key assumptions and methodologies used in the impairment process, including projections of revenues, operating results and cash flows, also in relation to the most recent post Covid-19 market estimates;
- assessing the determination of long-term growth rates and discount rates;
- assessing the sensitivity tests performed.

In our audit, we also involved our specialists in valuation techniques, who performed independent recalculation and sensitivity analyses on key assumptions in order to determine changes in assumptions that could significantly impact the valuation of recoverable value.

Lastly, we verified the adequacy of the disclosure provided in the notes to the consolidated financial statements, in particular those related to assumptions which determine the most relevant effects on the recoverable amounts of the goodwill and other non-current assets with an indefinite and definite useful life.

recoverable amounts from changes in key assumptions, is provided in the explanatory note 11 "Notes to the financial statements - Impairment test" and in the explanatory note 5 "Measurement criteria – Non-current assets" to the consolidated financial statements.

Recoverability of deferred tax assets

At 31 December 2020, deferred tax assets amount to Euro 22.6 million.

The recoverability of these assets is subject to assessment by the Group Management on the basis of the projections of future taxable incomes, consistently with the results included in the Plan, as well as the projections of taxable incomes for periods beyond the Plan, with recoverability rates decreasing over time to account for the higher uncertainties of such forecasted results.

Considering the judgment required and the complexity of the assumptions applied in forecasting future taxable incomes, which are the basis to estimate the recoverable value of deferred tax assets, we deemed this area to represent a key audit matter.

The financial statements disclosure related to deferred tax assets is provided in the explanatory note 6 "Deferred tax assets and deferred tax liabilities" and in the explanatory note 5 "Measurement criteria - Deferred tax assets" to the consolidated financial statements.

Our audit responses to this key audit matter included, among others:

- understanding the process for determining income taxes and the key controls put in place by the Management on the recoverability of deferred tax assets;
- assessing the assumptions underlying the Plan, as described in the previous key audit matter;
- assessing the projections of future taxable incomes and their reconciliation with the correspondent pre-tax results included in the Plan, as well as the analysis of the projections of taxable income for periods beyond the Plan.

Lastly, we verified the adequacy of the disclosure provided in the notes to the consolidated financial statements in relation to the recoverability of deferred tax assets.

Revenue recognition from sales of advertising, databases, and multiple digital newspapers

For the year ended December 31, 2020, revenues amount to Euro 191.0 million. The Group considers revenue as a key indicator of its performance.

Certain streams of revenue present complexities with reference to specific assertions, such as the existence of publishing revenues from sales of multiple digital newspapers and the occurrence of advertising revenues, as well as revenues from sales of databases. Therefore, we assessed that this matter represents a key audit matter.

Our audit responses to this key audit matter included, among others:

- understanding the procedure and key controls put in place by the Management regarding the revenue recognition;
- performing test on the controls over the revenue recognition process;
- testing contracts with major clients and assessing the renewal rate of subscriptions in relation to revenues from sales of multiple digital newspapers;
- testing the advertising revenues accruals at year-end and performing analytical

The financial statement disclosure related to the revenue recognition criteria adopted by the Group is provided in the explanatory note 5 "Measurement criteria - Revenues" to the consolidated financial statements.	procedures on the correlation between advertising revenues and actual publication dates; • performing analytical procedures on revenues related to sales of database, considering the subscription period, including any free periods. Lastly, we verified the adequacy of the disclosure provided in the notes to the consolidated financial statements in relation to this matter.
Internal control system – purchasing process	
Between the end of 2016 and the beginning of 2017, the Group, also with the support of an external consultant, started an assessment of its business processes and internal control system, which identified material weaknesses in the internal control system with particular emphasis on controls surrounding the purchasing area. As a result of this activity, the Group planned actions to remediate the weaknesses identified. During the years 2018, 2019 and 2020, the upgrade of the administrative-accounting model according to Law no. 262/2005 continued and further actions, as reported from the Company, will continue in 2021. Pending the complete implementation of the aforementioned actions and for the purposes of preparing the consolidated financial statements at December 31, 2020, the Management put in place compensating controls. The effectiveness of the internal control system is a significant matter for the audit, as it determines the possibility of planning the audit to rely on key internal controls and, consequently, an efficient design of the nature, extension and timing of the audit procedures. In consideration of the fact that the remedial actions had a progressive implementation during 2020 and that further actions will be implemented in 2021, with a related impact on the audit procedures performed on the financial statements as of December 31, 2020, we assessed that this matter represents a key audit matter.	Our audit responses to this key audit matter included, among others: • additional tests of details on the completeness assertion of trade payables, including the analysis of unrecorded invoices received after year-end, having decided to not rely on the internal control system in planning and perform the audit procedures related to that assertion; • testing the main consulting contracts to ensure the correct cut-off of the related costs; • external confirmation procedures over the most significant vendors; • extending the size of sample selected to test authorizations on purchases. Lastly, we verified the adequacy of the disclosure provided in the notes to the consolidated financial statements in relation to the updating process of the internal control system.

The disclosure related to the process of upgrading internal control system is provided in the paragraph "Main risks and uncertainties - Risks related to the internal control and risk management system" of the Directors' report.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group’s ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Il Sole 24 Ore S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;

- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Il Sole 24 Ore S.p.A., in the general meeting held on April 29, 2016, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Il Sole 24 Ore S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group 24 Ore at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Group 24 Ore at December 31, 2020 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Group 24 Ore at December 31, 2020 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Il Sole 24 Ore S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated December 30, 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated December 30, 2016, such non-financial information are subject to a separate compliance report signed by us.

Milano, April 2, 2021

EY S.p.A.
Signed by: Massimo Meloni, Auditor

This report has been translated into the English language solely for the convenience of international readers.