GRUPPO 24 ORE

Press Release

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

Il Sole 24 ORE S.p.A.: BoD approves results as at 31 December 2016

Milan, 5 April 2017. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Giorgio Fossa, approved the results as at 31 December 2016.

Market environment

Market figures in 2016 continue the downward trend reported in 2015 by advertising sales and newspaper circulation.

The relevant advertising market closed 2016 down by 3.5%. The trend was driven downwards by the negative performance of print (-6.1%), with dailies and magazines falling by 8% (net of the local typology) and 4.0% respectively, and by the drop of the Internet (-2.3%). Advertising revenue on Radio was the only positive performer (+2.3%, *Nielsen - January-December 2016*).

The latest audience data for 2016 indicate that radio listeners totaled 35,504,000 on average day, up by 1.4% (+486,000) versus 2015 (*GFK Eurisko, RadioMonitor*).

The persisting economic crisis has adversely affected the final demand coming from the Group's main markets: businesses, households, and professionals.

MAIN FIGURES OF THE 24 ORE GROUP		
Amounts in €million	FY 2016	FY 2015 Restated
Revenue	284	316
Operating profit (EBIT)	(74)	(15)
Net profit	(92)	(26)
Net financial position	(51)	(34)
Equity	(12)	81

MAIN FIGURES OF IL SOLE 24 ORE S.p.A.		
Amounts in €million	FY 2016	FY 2015 Restated
Revenue	260	278
Operating profit (EBIT)	(70)	(16)
Net profit	(89)	(26)
Net financial position	(45)	(29)
Equity	(11)	79

Consolidated results as at 31 December 2016

In 2016, the 24 ORE Group achieved **consolidated revenue** of 284.1 million euro versus a restated 316.2 million euro in 2015, falling by 32.1 million euro. The change is attributable to the deconsolidation for 13.3 million euro of the subsidiaries Newton Management Innovation and Newton Lab. Net of the above change, consolidated revenue fell by 18.7 million euro (-6.2%), mainly as a result of the drop of 10.5 million euro (-8.3%) in advertising revenue, and of the drop of 9.9 million euro (-16.4%) in revenue from print products.

Gross operating profit (EBITDA) amounted to -27.5 million euro versus a restated 0.8 million euro in 2015. A difference explained mainly by the drop in revenue and by non-recurring charges of 10.2 million euro, as well as by lower operating income. EBITDA, net of non-recurring charges, amounted to -17.3 million euro.

Operating profit (EBIT) amounted to -74.3 million euro versus a restated -15.5 million euro in 2015, and includes non-recurring charges of 36.2 million euro, 18.9 million euro of which for write-downs following the outcome of the impairment test.

EBIT, net of non-recurring charges, amounted to -38.1 million euro. Amortization and depreciation amounted to 20.8 million euro versus 17.3 million euro in 2015, up by 3.5 million euro, due mainly to the changed estimate of the useful life of certain intangible assets as suggested by the Independent Auditors. EBIT included non-recurring charges from the deconsolidation of Newton for 2.7 million euro, and losses of 2.1 million euro mainly from the disused assets following departure from the Pero offices as a result of the early termination of the lease. EBIT was also impacted by the write-off of software and licenses for 2.1 million euro, and by the impairment of goodwill of the Culture Area for 0.3 million euro.

The loss attributable to the owners of the parent came to -91.9 million euro versus a restated -25.6 million euro in 2015. Net of net non-recurring charges, the loss amounted to -44.3 million euro.

The 24 ORE Group closed 2016 with a **negative Equity of -11.7 million euro**, decreasing by 98.9 million euro versus 87.2 million euro as at 31 December 2015. The decrease in equity is ascribable to:

- the effects -6.3 million euro - of the retroactive change in the accounting standard relating to databases and other corrections of errors relating to 2015;
- the effects - 91.9 million euro – of the loss in 2016;
- the effects - 0.7 million euro - of other changes, mostly from the actuarial assessment of post-employment benefits.

The **net financial position came to -50.7 million euro**, which includes the remaining debt of 6.8 million euro relating to the recognition of the sale and lease back of the Bologna rotary press, versus a restated -33.9 million euro at 31 December 2015, increasing by 16.8 million euro. Mention should be made of the early collection of the vendor loan of 24.5 million euro in March 2016.

In accordance with IAS 8, the Group has deemed it appropriate to correct the figures retroactively, by changing the comparative amounts.

The following table presents the key financial figures of the Group as at 31 December 2016 versus the restated figures in 2015:

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in €million	FY 2016	FY 2015 Restated	
Revenue	284.1	316.2	
Gross operating profit (EBITDA)	(27.5)	0.8	(*)
EBITDA net of non recurring charges	**(17.3)**	**0.8**	
Operating profit (loss) (EBIT)	(74.3)	(15.5)	
EBIT net of non recurring charges	**(38.1)**	**(15.5)**	
Pre-tax profit (loss)	(79.3)	(17.6)	
Profit (loss) from continuing operations	(91.9)	(25.7)	
Profit (loss) attributable to owners of the parent	(91.9)	(25.6)	
Profit (loss) net of non recurring charges	**(44.3)**	**(25.6)**	
Net financial position	(50.7)	(33.9)	(**)
Equity attributable to owners of the parent	(11.7)	80.9	
Average number of employees	1,221	1,241	

(*)EBITDA is defined as earnings before amortization of tangible and intangible assets, financial charges and income, capital gains/losses from disposal of fixed assets, write-down of equity interests, capital gains from disposal of equity interests, depreciation of intangible assets and income tax. Since EBITDA is not seen as an accounting measure by the European IFRS, the determination of its quantity may be prone to ambiguity. The principle adopted by the Group to determine EBITDA may differ from the criteria adopted by other groups. Hence, its amount may not be comparable with the amount determined by other groups.

(**)Net financial position is defined as the sum of cash and cash equivalents, short-term financial assets, non-current financial assets and the fair value measurement of hedged financial instruments, netted against overdrafts and bank loans due within a year and noncurrent financial liabilities. Net financial position is not seen as an accounting measure by the European IFRS. The principle adopted by the Issuer to determine net financial position may differ from the criteria adopted by other groups. Hence, the Group resulting balance, determined by the Issuer, may not be comparable with the balance determined by other groups.

Directors' assessment on the going concern assumption and business outlook

The draft financial statements show a negative equity of -11.0 million euro, confirming the previously announced position set out in art. 2447 of the Italian Civil Code. In this regard, in the coming weeks the Board of Directors will call the Shareholders' Meeting to adopt the measures set out in art. 2447 of the Italian Civil Code, and the appropriate resolutions for the recapitalization of the Company.

The Board of Directors has identified a series of concurrent measures, the favourable outcome of which is deemed adequate by the Board to achieve the goals of business and financial recovery of the Company.

Specifically, the Board plans to propose an operation at the Shareholders' Meeting to bring the share capital back into positive territory and strengthen the capital for an amount up to 70 million euro (including any share premium), deemed necessary and sufficient to restore the Company's financial and capital balance, on which the Shareholders' Meeting will be called to express its opinion and resolve at the same meeting called to approve the financial statements for the year ended 2016. The resolutions will be adopted by the Shareholders' Meeting based on the updated capital situation as at 28 February 2017, which will reflect the Company's results at such date.

The Board of Directors has started the appropriate discussions with the banks to agree on a possible rescheduling of its debt, which would ensure the preservation of the Company's financial balance and restore conditions of profitability and value creation for shareholders.

While aware of the presence of uncertainties that may cast doubts on the going concern assumption and on the Group's ability to continue operations in the foreseeable future, the Board of Directors, given also the state of negotiations to date and the lenders' willingness to continue supporting the Company's needs (without prejudice to the fulfillment of all the relevant decision-making processes by each of the banks), after making the necessary assessments, believes there are reasonable expectations for the Company to continue business and successfully complete the capital increase which, as mentioned, would ensure long-term structural stability and lay the groundwork for the success of the industrial actions set out in the 2017-2020 Business Plan approved on 20 February 2017. For these reasons, the Board of Directors has prepared the consolidated financial statements as at 31 December 2016 on a going concern basis, maintaining the amounts booked under assets, without making the further specific write-downs and provisions that would otherwise be required in the event of a business interruption.

The Board of Directors will keep a constant eye on developments involving the elements taken into account in the formulation of its opinion on continuity as a going concern. Were such new elements to arise as to reasonably consider that the measures identified by the Board of Directors may not likely have a positive outcome, the Board of Directors will immediately make due amendments to the draft financial statements and promptly inform the market.

Proposal to cover the 2016 loss

The Board of Directors has decided to submit to the Annual Shareholders' Meeting its proposal to fully cover loss for the year and the losses carried forward of the Parent Il Sole 24 ORE S.p.A., by reducing the share capital and by means of the above capital increase.

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Consolidated financial statements as at 31 December 2016
(audit to be completed)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Amounts in €million	31.12.2016	31.12.2015 Restated	1.1.2015 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	24.7	48.7	52.5
Goodwill	16.0	18.4	18.1
Intangible assets	45.7	59.7	59.6
Investments in associates and joint ventures	0.8	-	0.0
Available-for-sale financial assets	0.7	0.9	0.9
Other non-current assets	3.4	29.0	27.0
Deferred tax assets	34.6	47.4	57.7
Total	**126.0**	**204.1**	**215.8**
Current assets			
Inventories	4.5	5.6	6.8
Trade receivables	92.7	105.0	112.2
Other receivables	8.3	9.8	10.8
Other current financial assets	1.0	-	(0.0)
Other current assets	5.1	6.2	5.8
Cash and cash equivalents	29.8	39.2	34.5
Total	**141.3**	**165.8**	**170.1**
Assets held for sale	-	-	-
TOTAL ASSETS	**267.3**	**369.9**	**385.9**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

Amounts in €million	31.12.2016	31.12.2015 Restated	1.1.2015 Restated
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Share capital	35.1	35.1	35.1
Equity reserves	61.7	83.0	98.8
Legal reserves	7.0	7.0	7.0
Negative goodwill	11.3	11.3	11.3
Post-employment benefits Reserve - IAS adjustment	(4.3)	(3.6)	(4.6)
Retained earnings	(30.6)	(26.9)	(32.8)
Profit (loss) attributable to owners of the parent	(91.9)	(25.6)	(9.8)
Total	**(11.7)**	**80.3**	**105.1**
Equity attributable to non-controlling interests			
Capital and reserves attributable to non-controlling interests	0.0	0.6	0.3
Profit (loss) attributable to non-controlling interests	(0.0)	(0.1)	0.5
Total	**(0.0)**	**0.5**	**0.8**
Total equity	**(11.7)**	**80.9**	**105.8**
Non-current liabilities			
Non-current financial liabilities	6.2	6.7	22.7
Employee benefit obligations	23.8	24.8	27.5
Deferred tax liabilities	5.3	5.2	6.7
Provisions for risks and charges	14.0	6.5	9.1
Total	**49.2**	**43.2**	**65.9**
Current liabilities			
Bank overdrafts and loans - due within one year	74.1	66.5	17.2
Other financial liabilietes	1.3	-	-
Financial liabilities held for trading	-	-	0.0
Trade payables	125.5	144.7	157.8
Other current liabilities	0.1	0.2	0.1
Other payables	29.0	34.4	39.2
Total	**229.9**	**245.8**	**214.2**
Liabilities held for sale			
Total liabilities	**279.0**	**289.1**	**280.1**
TOTAL EQUITY AND LIABILITIES	**267.3**	**369.9**	**385.9**

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CONSOLIDATED NET FINANCIAL POSITION		
Amounts in €million	31.12.2016	31.12.2015 Restated
Cash and cash equivalents	29.8	39.2
Bank overdrafts and loans due within one year	(74.1)	(66.5)
Short-term financial liabilities	1.0	-
Short-term financial payables to other lenders	(1.3)	-
Short-term net financial position	**(44.6)**	**(27.3)**
Non-current financial liabilities	(6.2)	(6.7)
Medium/long-term net financial position	**(6.2)**	**(6.7)**
Net financial position	**(50.7)**	**(33.9)**

CONSOLIDATED INCOME STATEMENT		
Amounts in €millions	FY 2016	FY 2015 Restated
1) Continuing operations		
Revenue	**284.1**	**316.2**
Other operating income	4.5	9.9
Personnel expenses	(107.8)	(102.5)
Change in inventories	(1.1)	(1.2)
Purchase of raw materials and consumables	(11.2)	(11.6)
Services	(152.1)	(173.7)
Use of third party assets	(22.0)	(22.7)
Other operating costs	(8.8)	(8.0)
Provisions	(9.5)	(1.5)
Provisions for bad debts	(3.6)	(4.2)
Gross operating profit (EBITDA)	**(27.5)**	**0.8**
Amortisation of intangible assets	(12.0)	(8.7)
Depreciation of property, plant and equipment	(8.8)	(8.6)
Change in scope of consolidation	(2.7)	-
Impairment losses on property, plant and equipment and intangible assets	(21.2)	-
Net gains on disposal of non-current assets	(2.1)	1.1
Operating profit (EBIT)	**(74.3)**	**(15.5)**
Financial income	0.3	2.1
Financial expenses	(5.4)	(4.2)
Total Financial income (expenses)	**(5.1)**	**(2.1)**
Other income from investment assests and liabilities	0.0	(0.0)
Net profit (loss) before tax	**(79.3)**	**(17.6)**
Income tax	(12.6)	(8.1)
Net profit (loss) from continuing operations	**(91.9)**	**(25.7)**
2) Discontinued operations		
Profit (loss) from discontinued operations	**-**	**-**
Profit (loss) attributable to minorities	(0.0)	(0.1)
Profit (loss) attributable to the shareholders of the parent company	**(91.9)**	**(25.6)**

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CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € million	FY 2016	FY 2015 Restated
Items of the statement of cash flows		
Pre-tax profit (loss) attributable to owners of the parent [a]	(79.3)	(17.5)
Adjustments for [b]	**58.7**	**13.4**
Profit (loss) attributable to non-controlling interests	(0.0)	(0.1)
Amortization	20.8	17.3
Write-off	21.2	-
(Gains) loss	2.1	(1.1)
Deconsolidation of Newton	2.7	-
Increase (decrease) in provisions for risks and charges	7.5	(2.6)
Increase (decrease) in employee benefits	(0.8)	(2.6)
Changes in deferred tax assets/liabilities	0.5	0.7
Financial income (expenses)	5.1	1.7
Change in shareholders' equity of associates and joint venture	(0.3)	-
Changes in net working capital [c]	**(5.7)**	**(8.6)**
Increase (decrease) in inventories	1.1	1.2
Increase (decrease) in trade receivables	7.0	7.2
Increase (decrease) in trade payables	(15.7)	(13.1)
Income tax paid	(0.4)	(0.3)
Other changes in net working capital	2.4	(3.6)
Total cash flow used in operating activities [d=a+b+c]	**(26.3)**	**(12.7)**
Cash flow from investing activities [e]	**(6.2)**	**(12.8)**
Investments in intangible assets and property plant and equipment	(6.6)	(13.7)
Purchase of investments in of business branches	-	(0.3)
Proceeds from the disposal of intangible assets and property plant and equi	0.2	1.1
Other changes in investing activities	0.2	0.0
Cash flow from financing activities [f]	**24.0**	**(17.1)**
Net financial interest paid	(5.1)	(3.7)
Repayment of medium/long term bank loans	(0.5)	(16.0)
Changes in short-term bank loans	8.5	2.0
Net change in non-current financial assets	(3.7)	(0.0)
Dividends paid	-	(0.1)
Change in capital and reserves	(0.1)	1.0
Change in equity attributable to non-controlling interests	(0.5)	(0.2)
Other changes in financial assets and liabilities	25.4	(0.0)
Cash flow absorbed during of the yearg=d+e+f]	**(8.5)**	**(42.6)**
OPENING CASH AND CASH EQUIVALENTS	**(17.7)**	**24.8**
CLOSING CASH AND CASH EQUIVALENTS	**(26.2)**	**(17.7)**
INCREASE (DECREASE) FOR THE YEAR	**(8.5)**	**(42.6)**

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Parent financial statements as at 31 December 2016

(audit to be completed)

STATEMENT OF FINANCIAL POSITION OF THE PARENT			
Amounts in €million	31.12.2016	31.12.2015 Restated	1.1.2015 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	22.1	45.4	52.1
Goodwill	16.0	16.0	16.0
Intangible assets	45.4	59.3	59.4
Investments in associates and joint ventures	0.8	-	-
Available-for-sale financial assets	0.7	0.9	0.9
Other non-current assets	6.6	34.0	33.3
Deferred tax assets	33.6	46.5	56.8
Total	**125.4**	**202.1**	**218.4**
Current assets			
Inventories	3.8	4.3	5.9
Trade receivables	83.2	89.8	98.0
Other receivables	5.4	6.4	8.1
Other current financial assets	11.0	17.3	3.5
Other current assets	2.2	3.6	4.2
Cash and cash equivalents	26.8	33.3	31.5
Total	**132.2**	**154.7**	**151.3**
Assets held for sale	-	-	-
TOTAL ASSETS	**257.6**	**356.8**	**369.6**

STATEMENT OF FINANCIAL POSITION OF THE PARENT (CONT.)

Amounts in €million	31.12.2016	31.12.2015 Restated	1.1.2015 Restated
EQUITY AND LIABILITIES			
Equity			
Share capital	35.1	35.1	35.1
Equity reserves	61.7	83.0	98.8
Legal reserves	7.0	7.0	7.0
Negative goodwill	(12.5)	(12.5)	(12.5)
Post-employment benefits Reserve - IAS adjustment	(4.3)	(3.7)	(4.6)
Other reserves	1.2	1.2	1.2
Retained earnings	(10.1)	(5.2)	(5.2)
Profit (loss) attributable to owners of the parent	(89.1)	(26.2)	(15.8)
Total equity	**(11.0)**	**78.8**	**104.0**
Non-current liabilities			
Non-current financial liabilities	6.2	6.7	22.7
Employee benefit obligations	23.3	24.1	26.8
Deferred tax liabilities	5.3	5.2	6.7
Provisions for risks and charges	15.0	8.9	7.6
Total	**49.7**	**44.9**	**63.7**
Current liabilities			
Bank overdrafts and loans - due within one year	74.1	65.5	16.6
Other financial liabilietes	2.8	7.3	1.9
Trade payables	114.5	127.5	145.7
Other payables	27.5	32.9	37.7
Total	**218.9**	**233.1**	**202.0**
Liabilities held for sale			
Total liabilities	**268.6**	**278.0**	**265.7**
TOTAL EQUITY AND LIABILITIES	**257.6**	**356.8**	**369.6**

NET FINANCIAL POSITION OF THE PARENT

Amounts in €million	31.12.2016	31.12.2015 Restated
Cash and cash equivalents	26.8	33.3
Bank overdrafts and loans due within one year	(74.1)	(65.5)
Short-term financial liabilities	11.0	17.3
Short-term financial payables to other lenders	(2.8)	(7.3)
Short-term net financial position	**(39.1)**	**(22.2)**
Non-current financial liabilities	(6.2)	(6.7)
Medium/long-term net financial position	**(6.2)**	**(6.7)**
Net financial position	**(45.3)**	**(28.9)**

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INCOME STATEMENT OF THE PARENT

Amounts in €millions	FY 2016	FY2015 Restated
1) Continuing operations		
Revenue	**259.6**	**277.6**
Other operating income	5.8	10.5
Personnel expenses	(103.8)	(97.1)
Change in inventories	(0.5)	(1.6)
Purchase of raw materials and consumables	(9.4)	(9.9)
Services	(136.5)	(144.1)
Use of third party assets	(21.3)	(21.9)
Other operating costs	(6.9)	(5.8)
Provisions	(12.1)	(5.0)
Provisions for bad debts	(1.7)	(2.7)
Gross operating profit (EBITDA)	**(26.8)**	**0.1**
Amortisation of intangible assets	(11.9)	(8.5)
Depreciation of property, plant and equipment	(8.4)	(8.4)
Impairment losses on property, plant and equipment and intangible assets	(20.9)	-
Net gains on disposal of non-current assets	(2.1)	1.1
Operating profit (EBIT)	**(70.1)**	**(15.7)**
Financial income	1.1	2.4
Financial expenses	(5.4)	(4.2)
Total Financial income (expenses)	**(4.3)**	**(1.8)**
Other income from investment assests and liabilities	(2.7)	(2.9)
Net profit (loss) before tax	**(77.1)**	**(20.3)**
Income tax	(12.0)	(5.8)
Net profit (loss) from continuing operations	**(89.1)**	**(26.2)**

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STATEMENT OF CASH FLOWS OF THE PARENT

Amounts in €million	FY 2016	FY 2015 Restated
Items of the statement of cash flows		
Pre-tax profit (loss) attributable to owners of the parent [a]	(77.1)	(20.3)
Adjustments for [b]	**59.5**	**19.6**
Amortization	20.3	16.9
Write-off	20.9	-
(Gains) loss	2.1	(1.1)
Effect of investment valuation	6.2	2.2
Increase (decrease) in provisions for risks and charges	6.0	1.3
Increase (decrease) in employee benefits	(0.8)	(2.7)
Changes in deferred tax assets/liabilities	0.5	1.2
Financial income (expenses)	4.3	1.8
Changes in net working capital [c]	**(8.2)**	**(9.1)**
Increase (decrease) in inventories	0.5	1.6
Increase (decrease) in trade receivables	6.6	8.2
Increase (decrease) in trade payables	(13.0)	(18.2)
Other changes in net working capital	(2.4)	(0.7)
Total cash flow used in operating activities [d=a+b+c]	**(25.8)**	**(9.9)**
Cash flow from investing activities [e]	**(7.0)**	**(10.8)**
Investments in intangible assets and property plant and equipment	(6.4)	(10.2)
Proceeds from the disposal of intangible assets and property plant and equipment	-	(0.6)
Other changes in investing activities	(0.6)	0.0
Cash flow from financing activities [f]	**26.2**	**(0.7)**
Net financial interest paid	(4.3)	(3.7)
Repayment of medium/long term bank loans	(0.5)	(1.0)
Changes in short-term bank loans	8.5	2.0
Net change in non-current financial assets	(4.5)	(0.0)
Dividends received	-	0.1
Change in capital and reserves	(0.7)	1.0
Other changes in financial assets and liabilities	27.7	1.0
Cash flow absorbed during of the yearg=d+e+f]	**(6.6)**	**(21.3)**
OPENING CASH AND CASH EQUIVALENTS	**(22.7)**	**24.1**
CLOSING CASH AND CASH EQUIVALENTS	**(29.2)**	**2.8**
INCREASE (DECREASE) FOR THE YEAR	**(6.6)**	**(21.3)**

Supplements required by Consob pursuant to art. 114 of legislative decree 58/1998

Failure to meet covenants, negative pledges and any other clause of the Group's debt, involving limits in the use of financial resources, with the disclosure to date of the degree of compliance with such clauses

The loan agreement concluded with a pool of banks on 23 October 2014 does not require any collateral or compulsory security, but has financial covenants recognized at a consolidated level. The initial structure of the covenants was changed on 27 July 2015 in agreement with the lenders, and is currently as follows:

- the NFP/equity ratio must not exceed 0.75 for the entire duration of the loan;
- the net financial position must not exceed a negative 30.0 million euro at 30 June 2015, at 31 December 2015 and at 30 June 2016;
- EBITDA must not exceed a negative 3.0 million euro at 30 June 2015 and at 31 December 2015, and must be greater or equal to zero at 30 June 2016;
- the NFP/EBITDA ratio must not exceed:

  3.0 at 31 December 2016;
  3.0 at 30 June 2017.

Failure to meet even one of the covenants results solely in the right to early withdrawal from the loan by the lenders. However, changes to the loan agreement may be requested from the lenders, or the lenders may waive their right to early withdrawal if failure to meet a covenant should occur.

At 30 June 2016, as a result of extraordinary and one-off events, of external factors and of various market trends that specifically marked the second quarter of the year, the Group requested the lenders to suspend the application of the EBITDA-related financial covenant for the calculation date of 30 June 2016 relating to the above syndicated loan.

On 2 August 2016, the lenders accepted the Group's request and confirmed the approval by their decision-making bodies to suspend the application of the EBITDA-related financial covenant solely for the calculation date of 30 June 2016.

In consideration of the negative net financial position of 29.6 million euro and the equity of 28.2 million euro at 30 June 2016, calculated following approval of the above waiver, non-compliance also resulted with the NFP/equity-related financial covenant, which must not exceed 0.75 for the entire duration of the loan.

On 26 September 2016, the lenders received notice of the failure to meet the financial covenants and the concurrent request of a willingness to make arrangements for a meeting without delay to share the reasons for the failure to meet the financial covenants and to restructure the loan, as set out in the Business Plan.

On 6 October 2016, the Company met the lenders and requested the freezing of the fundings and borrowing facilities in place, allowing the renewal of all existing utilizations until 28 February 2017.

On 3 November 2016, the Company submitted the Business Plan to the approval of the Board of Directors, the guidelines of which had been previously approved on 27 September 2016. To allow the new Board of Directors appointed on 14 November 2016 to review and finalize the Plan, the Company asked the lenders to further extend the freezing period until 30 June 2017.

On 28 December 2016, the lenders signed an agreement confirming the standstill of borrowing facilities until 28 February 2017, awaiting to review the elements of the new 2017-2020 Business Plan and the proposed financial plan.

The Company was granted also by the other banks where it holds borrowing facilities, advances or loan guarantees, the freezing of their respective credit lines until 28 February 2017.

On 23 February 2017, the Company informed the lenders that, as part of the measures adopted to solve the current situation of financial strain and to ensure business continuity in the interest of the Company, therefore, of its creditors, it had appointed Vitale & Co. and Studio Legale Bonelli Erede respectively as its financial and legal advisors and that, on 20 February 2017, the Company's Board of Directors had approved the new Business Plan on the recovery of financial stability and return to profitability of its core business.

Given the above, whereas it is vital that the lenders continue supporting the Company in order to preserve business continuity and business value, the Company has asked the lenders to agree on an extension of the standstill until 30 September 2017. The term is in line with the time requirements (estimated in light of the applicable regulatory provisions) to finalize and complete the recapitalization currently being examined.

On 10 March 2017, the plenary meeting was held with the lenders, where the Company, together with its financial and legal advisors, presented the guidelines of the Business Plan and the proposed financial plan, also with the aim of discussing and agreeing on the terms of the extension of the standstill which had expired on 28 February 2017.

As for the measurement of the covenants as at the updated date of 31 December 2016, the above financial parameters regarding the NFP/equity and NFP/EBITDA ratio are confirmed to be unmet, given EBITDA of -27.4 million euro, a net financial position of -50.7 million euro and equity of -11.7 million euro.

State of implementation of the Business Plan, and disclosure of deviations of actual data from expectations.

The significant negative deviations from the Budget forecasts for 2016, disclosed in the Group's results at 30 June 2016, had rendered the 2015-2019 Plan unfulfilled; accordingly, a new 2016-2020 Business Plan was prepared and approved on 3 November 2016.

Following the appointment of the new Board of Directors by the Shareholders' Meeting on 14 November 2016 and the co-optation of Franco Moscetti as new CEO, the Board deemed it appropriate to review the 2016-2020 Business Plan.

On 20 February 2017, the Board approved the 2017-2020 Business Plan, which outlines overall stability in revenue growth, the adoption of a new Editorial Plan to relaunch the Daily Newspaper, a faster shift towards the digital model, greater attention to activities with higher profitability, corporate reorganization aimed at a sustainable reduction in labour costs, and focus on cost-cutting measures, all initiatives geared towards the achievement of economic and financial balance.

The 2017-2020 Business Plan was submitted to an Independent Business Review (IBR), performed by the same independent expert who had carried out the analysis of the Plan approved on 3 November 2016. According to the expert's opinion, the Plan contains conservative elements on the revenue front, and is mainly focused on cost cutting measures. However, mention should be made that the Group's relevant market, Publishing & Digital and System in particular, is clearly marked by uncertainty and risk, factors that cannot rule out even a significant deviation from the revenue and margin forecasts envisaged in the Plan. The experts believe that, if such negative scenarios were to occur, Management should consider taking stronger action on the cost front in order to absorb any reduction in revenue and margins.

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Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Giancarlo Coppa, in his capacity as corporate financial reporting manager, attests that the accounting information contained herein is consistent with the Company's document results, books and accounting records.

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