Press Release

The Board of Directors of Class Editori Spa approves the Half-year Financial Report as at 30 June 2018. Net improvement and return to a positive EBITDA

- Revenue growth of Euro 34.56 million (+4.4%) during the first 6 months of the year
- Positive EBITDA amounting to Euro 0.037 million with the pro-forma consolidation of Gambero Rosso Spa from the beginning of the year and an improvement of Euro 2.3 million without consolidation.
- Improved EBIT by Euro 2.87 million. With the pro-forma consolidation of the Gambero Rosso income statement from the beginning of the year, the EBIT amounts to Euro -3.97 million.

Milan, 27 September 2018. The Board of Directors of Class Editori met today to approve the Half-year Financial Report as at 30 June 2018. Total revenues for the first six months of 2018, which include the income statement data of the Gambero Rosso Group for the month of June only (the acquisition of a controlling stake was completed on 28 May 2018) amounted to Euro 34.56 million, compared to Euro 33.09 million in the corresponding period of 2017 (+ 4.4%).

Advertising sales recorded by the Publishing House (net of the Gambero Rosso contributions) showed an increase of 4% in the first six months.

Operating costs during the first 6 months of the year amounted to Euro 35.96 million, compared with 36.86 million in the first half of 2017. However, excluding the incremental costs arising from the entrance of Gambero Rosso Spa into the scope of consolidation, these costs total Euro 35.04 million, with a reduction of 4.9% compared to the same period in 2017 (considering the same scope of consolidation).

The gross operating margin for the first half of 2018 (EBITDA, understood as the difference between the value and costs of production before amortisation, non-ordinary components and financial charges) amounts to Euro -1.40 million, a net improvement compared to Euro -3.77 million recorded in the first half of 2017, again with a Gambero Rosso contribution corresponding to just one month (Euro 0.35 million).

With the consolidation of the income statements of Gambero Rosso from 1 January 2018, pro-forma EBITDA for the first six months of the year is positive for Euro 0.037 million, highlighting a significant turnaround compared to the margins achieved in previous years.

Depreciation and amortisation of fixed assets show a reduction of 13.9% on a comparable basis, confirming the downward trend in the impact on the Group’s balance sheet, while writedowns of assets and provisions for funds are up 9%, reflecting the conservative approach of the Publishing House in evaluating and monitoring its assets. Total Depreciation, amortisation and writedowns, including Gambero Rosso figures for the month of June only, amounted to Euro 3.22 million, compared with Euro 3.38 million in the first half of 2017.

The operating result (EBIT) shows an improvement of about Euro 2.87 million, with a balance of Euro -4.52 million, compared with Euro -7.39 million in the same period of the previous year. Consolidating the income statement of Gambero Rosso from 1 January 2018, the pro-forma operating result totals Euro -3.97 million, with an improvement of nearly 50%.

The imbalance between financial income and expenses is negative for Euro 1.29 million, compared with Euro -0.22 million in the first half of 2017. The difference is entirely due to the effects of the evaluations of warrants held in the Telesia company.

The pre-tax loss for the Class Editori company and its subsidiaries for the first half of 2018 amounts to Euro -5.81 million, compared with Euro -7.61 million in the first half of 2017, highlighting an improvement of approximately Euro 1.75 million.

The Group net profit after minority interests and taxes amounted to Euro -6.00 million (compared with Euro -7.66 million recorded in the first half of 2017), with an improvement of approximately Euro 1.79 million.

Consolidated shareholders' equity, excluding non-controlling interests, amounts to Euro 20.71 million at 30 June 2018, compared with Euro 10.77 million at 31 December 2017.

The net debt of the Publishing House, analysed above, reflects a loss of Euro 69.23 million as at 30 June 2018, compared with Euro 67.33 million as at 31 December 2017. The difference compared to the end of 2017 takes into account the entry of Gambero Rosso in the scope of consolidation.

The balance sheet and income statement for the period are presented below, highlighting the values resulting from the Gambero Rosso consolidation.

CONSOLIDATED BALANCE SHEET OF THE PUBLISHING HOUSE - ASSETS

Euro/000	**30/06/18**	***of which Gambero R.***
Intangible assets with an indefinite life	62,963	*13,049*
Other intangible assets	12,100	*3,944*
Intangible fixed assets	75,063	*16,993*
Tangible fixed assets	4,029	*1,169*
Investments measured at equity	6,831	--
Investments in subsidiaries	100	*100*
Other equity investments	395	*130*
Non-current trade receivables	3,059	--
Non-current tax receivables	19,669	*2,419*
Other non-current receivables	3,180	*114*
NON-CURRENT ASSETS	**112,326**	***20,925***
Inventories	2,317	*1,034*
Trade receivables	61,560	*7,225*
Financial receivables	9,357	--
Tax receivables	4,978	*406*
Other receivables	10,338	*257*
Liquid funds	2,723	*268*
CURRENT ASSETS	**91,273**	***9,190***
TOTAL ASSETS	**203,599**	***30,115***

CONSOLIDATED BALANCE SHEET OF THE PUBLISHING HOUSE - EQUITY AND LIABILITIES

Euro/000	30/06/18	of which Gambero R.
Share capital	40,785	10,322
Share premium	58,752	--
Legal reserve	2,544	209
Other reserves	(75,408)	124
Net profit (loss) for the year	(5,964)	40
Equity attributable to owners of parent	**20,709**	**10,695**
Capital and reserves attributable to NCI	10,386	21
Net profit (loss) attributable to NCI	(532)	(17)
Equity attributable to NCI	**9,854**	**4**
SHAREHOLDERS' EQUITY	**30,563**	**10,699**
Financial payables	70,112	368
Deferred tax liabilities	1,251	--
Other current payables	4,271	4,271
Provisions for risks and charges	555	--
Severance indemnities and other payroll provisions	7,314	685
NON-CURRENT LIABILITIES	**83,503**	**5,324**
Financial payables	11,202	3,415
Trade payables	47,899	4,495
Tax payables	7,299	4,239
Other payables	23,133	1,943
CURRENT LIABILITIES	**89,533**	**14,092**
TOTAL LIABILITIES	**173,036**	**19,416**
TOTAL LIABILITIES AND EQUITY	**203,599**	**30,115**

CONSOLIDATED INCOME STATEMENT OF THE PUBLISHING HOUSE

In the income statement, the first column represents the consolidated result taking into account Gambero Rosso for the month of June 2018 only, the second column shows the Gambero Rosso figures for the month of June 2018 only, while the last column shows the Group's pro-forma consolidated income statement under the assumption of consolidation of Gambero Rosso starting from 1 January 2018.

Euro/000	**30/06/18**	***of which Gambero R.***	**30/06/18 Pro Forma**
Revenues from sales	32,623	*1,268*	39,267
Other revenues and income	1,938	--	1,911
Total Revenues	**34,561**	***1,268***	**41,178**
Purchase costs	(1,480)	*(43)*	(1,688)
Service costs	(24,770)	*(601)*	(28,186)
Payroll costs	(8,215)	*(257)*	(9,717)
Other operating costs	(1,497)	*(17)*	(1,550)
Gross operating margin – EBITDA	**(1,401)**	***350***	**37**
Net non-core income (charges)	98	*(10)*	(52)
Depreciation, amortisation and writedowns	(3,219)	*(182)*	(3,957)
Operating result - EBIT	**(4,522)**	***158***	**(3,972)**
Net financial income and charges	(1,292)	*(101)*	(1,449)
Result before tax	**(5,814)**	***57***	**(5,421)**
Taxes	(682)	*(16)*	(750)
(Profit)/Loss attributable to non-controlling interests	532	*(1)*	432
New Group results	**(5,964)**	***40***	**(5,739)**

Market trends and main economic - financial events during the year

The advertising market in Italy closed the first six months of the year remaining substantially unchanged, when excluding from sales the search and social portion estimated by Nielsen (-0.4%) and +1.8% with search and social included. The recovery after a slow start in the first few months of 2018 is primarily linked to the performance in the month of June, when the football World Cup was held, which benefited first of all Mediaset, as well as other media such as radio, newspapers and the web. With regard to individual media, thanks to the June drive (+8.6%) Tv closed the first half of the year with a slight growth (+0.4%). GO TV, in which the Telesia subsidiary is a leader with a 50% market share, exceeded Euro 10 million in the first six months (+17.6%), surpassing Cinema revenues. The overall Web segment approaches a growth of 8%. The decline in newspapers was also resized in the month of June (-1.3%), which however remained negative at -6.8% over the six month period, down in the commercial and legal components, with the exception of the financial component (+0.8%). Magazine advertising fell by 8% during the first half of the year, the result of a negative trend in both the sale of monthly and weekly publications, for which a significant contraction of the average price is confirmed (approximately -5%).

In light of this trend, advertising sales for the Publishing House (net of the contributions of Gambero Rosso) amounted to Euro 19.81 million, an increase of 4% in the first six months. Among the media segments managed by the Publishing House, GO TV recorded a +10% increase compared to the same period in 2017, a growth also sustained by the investments made to support schedules based on digital technologies that allow customers and media centres to schedule, with maximum flexibility, in the Reservation and Programmatic modes. In the TV sector, the growth of Class CNBC continues in 2018 (+17%).
In contrast, compared to the market, a positive trend was seen in the print media segment (+2%), with newspapers at +1.7% and magazines with a significant performance (+7%). Within the segment, the positive trend of legal advertising continues (+5%), as well as a recovery in financial advertising (+2%).
Sales from Internet advertising ended the first six months with an increase of 3%, in line with the reference market. In the first half of the year, the overall growth recorded in the accounts by the Publishing House amounts to 9.9%, following the introduction of the new IFRS 15 standard on criteria for the recognition of revenue on an accrual basis.

The crisis affecting the banking sector and the consequent mergers have resulted in revenue reductions in the sector dealing with the provision of financial information services to banks and online trading platforms, with a decrease in revenues for the period amounting to approximately Euro 0.80 million. The sector has also suffered from an increase in operating costs related to the policies adopted by the Italian Stock Exchange and by other foreign exchanges, which in recent months have increased the commissions required for the provision of financial data, to the point that their impact now exceeds 50% of the value of the service.

In the first six months of the 2018 the Milano Finanza website, as confirmed by actual traffic data recorded by the Analytics systems, exceeded 2 million unique users on a monthly basis (2.08 million, +4.5%), with 50.2 million page views (+ 9.5%). On a daily basis, the website had an average of 137,583 unique users, an increase of 1.6% compared with the first half of 2017, and 1.67 million page views, up 9.8%.

The number of readers following the news from the websites in real time on Twitter has reached 97 thousand for MF-Milano Finanza almost 39 thousand (38.800) for Italia Oggi.

The combined hard-copy/digital distribution of Milano Finanza during the first 6 months of the year averaged about 56 thousand copies, while Class averaged about 30 thousand copies and Capital approximately 29 thousand.

Key events in the first semester included:

- on 1 March 2018 Class Editori sold a minority stake in the Telesia Spa, company listed on the AIM Italia market, to StarTip Srl (fully owned by Tamburi Investment Partners SpA). The sale was executed at a price of Euro 1.49 million and resulted in a reduction of the stake held in Telesia Spa, from 77.17% to 65.74%.
- On 16 March 2018 the Class Editori Board of Directors, resolved to accept the Binding Proposal received on 14 March 2018 by PIM Spa, controlling shareholder of Gambero Rosso Spa, company listed on the AIM Italia market. The proposal concerns the transfer to Class Editori by PIM of the controlling interest (67.48%) in Gambero Rosso. The transaction aims to create the first Italian media company producing not only content, but also services for companies and consumers, in Italy and abroad, in the Made in Italy sectors of excellence.
- On 12 April 2018 the Board of Directors of Class Editori approved the capital increase pursuant to Article 6 , paragraph 1, no. 1 (a) of the company's Articles of Association and Article 2343, paragraph 1, second sentence of the Italian Civil Code, for a total value of Euro 15,046,492.50 (of which Euro 11,407,500.00 to be allocated to the nominal capital and Euro 3,638,992.50 to the share premium), with the issue of 38,025,000 new Category A shares to be paid by contribution in kind, according to Article 2441, fourth paragraph, first sentence of the Italian Civil Code, through the transfer of 9,750,000 shares in Gambero Rosso S.p.a. (amounting to 67.48% of the share capital). The issue price of the new Class Editori shares is Euro 0.3957. Following the subscription of the capital increase by conferment in kind, which took place on 28 May 2018 with the filing with the Milan Company Register on 29 May 2018,

the share capital of Class Editori increased from Euro 29,377,982.40 to Euro 40,785,482.40 and is divided into 135,931,608 Class A shares and 20,000 class B shares, all without an indication of the par value. In consideration of the foregoing, the effectiveness of the capital increase and of the contribution in kind implies the obligation on Class Editori's part, pursuant to Article 106 TUF to promote a public offer for the exchange of shares aimed at other Gambero Rosso shareholders (holding a total of 32.52% of the share capital), drawn up in accordance with the provisions of current legislation and of the Statute of Gambero Rosso, and based on the same terms and conditions used for the transfer and the consequent Capital Increase. Therefore, the Board of Directors also resolved to further increase the share capital, in tranches, for a maximum of Euro 5,497,830.00, with a total premium of Euro 1,753,807.77, by issuing a maximum number of 18,326,100 class A shares with no nominal value, to be offered to the other shareholders of Gambero Rosso holding a total of 32.52% of the company's share capital and therefore of 4,699,000 shares of the company.

The capital increases approved will involve the issuance and admission to the listing of category A Class Editori shares, which will represent, in a twelve-month period, more than 20% of the number of shares of the same class already admitted to trading on the Italian Equities Market and, therefore, it is necessary to also publish an information prospectus for admission to trading pursuant to Articles 113 et seq. of the Consolidated Law on Financial Intermediation and Articles 52 et seq. of the Issuers' Regulations, as well as solicitation for the purpose of the Public Exchange Offer.

In addition to defining further cost containment and revenue development actions which in the future may lead to an improvement in operating margins and in the timing of the collection of receivables, on June 11 the Publishing House, with the support of Lucciola & Partners as its financial advisor and Gitti & Partners as its legal advisor, presented a proposal for a financial manoeuvre aimed at credit institutions and lenders, to reschedule the repayment of existing debt and to review the thresholds of the financial covenant in order to adapt them to the changed reference scenarios. All the institutions involved showed interest and willingness to consider the proposal and the legal and financial advisors are continuing positively in the implementation phases of this agreement. On September 26 the PwC company was appointed as an Independent Business Reviewer.

- On 28 June 2018 the Class Editori Board of Directors approved a new Business Plan for the 2018 - 2021 period, subsequently integrated and brought to the attention of the Board of Directors in its final version on 23 August 2018.

Main events subsequent to 30 June 2018

The growth trend in advertising revenues of the Publishing Houses' media outlets continued beyond the first half of the year, with a +4% recorded in the first seven months, on a comparable basis, with respect to the same period in 2017. According to Nielsen data, in the period between January to July the market trend equalled +0.2%, excluding Search and Social Media values. With regard to print media (newspapers and magazines), growth amounted to +0.7% compared with a -7.2% decrease registered by the market. More specifically, newspapers of the publishing house broke even compared with a 6% decrease in the market while magazines saw a growth of +13%, also on a comparable basis, compared to a market decline of -8.8%. Advertising on other Class Editori media was up 7.2%, with the overall result for all media handled by the publishing house amounting to +4%.

On 26 September 2018 the European Parliament met in a plenary session in Strasbourg approving the negotiating mandate for the new copyright directive. The proposal must now move from the talks between the Parliament, the Commission and the Council of Ministers to receive the final go-ahead by the end of May 2019. The EU can require Member States to provide publishers of "journalistic publications" (such as those of the Publishing House) rights that allow them to "obtain a fair and proportionate remuneration for the digital use of their publications by information providers (Google, Facebook, etc.)". Moreover, the Parliament approved a so-called "upload filter" measure bases on which online platforms will be called to "sign license agreements with owners of the rights, unless these do not intend to guarantee a license or it is not possible to stipulate such Agreements". In the absence of an agreement, the same online service providers must establish "appropriate and proportionate measures that lead to non-availability of works or other subjects infringing the copyright or related rights".

Future prospects

The national economic context, with a GDP growth that continues to be below global levels, is still not offering solid signs of improvement. The growth in revenues recorded by the Publishing House from advertising sales is even more significant as it takes place in a market context that continues to show losses in turnover. Moreover, the full positive effect resulting from the entry into force of the measure provided for in Decree Law 50/17 has still not been fully realised, concerning the granting of a tax credit from 75% to 90% of the value of incremental investments in advertising campaigns in print and local TV made by companies and professionals. Consequently, in addition to the development programmes included in the Business Plan which places the focus on a new business model no longer based on revenues from content and advertising, but also from the use of content for services provided to companies and individuals, the Publishing House also continues its cost containment strategy covering all sectors and all product/service categories (from rental expenses to the abolition of technology outsourcing contracts for Class Cnbc and digital services to banks). The simplification of the corporate structure also continues. In terms of revenues the Publishing House has launched a series of projects aimed at increasing its market share in the digital advertising sector and a significant revenue growth is expected for GO TV Telesia. All this, combined with a continued focus on special and reoccurring events and initiatives in upcoming years (a total of 200 events and special initiatives already planned and quantified in expected revenues) and the development of previously described platforms (in particular the platform developed with the Xinhua News Agency for the New Silk Road project and the Educational platform in partnership with the Pegaso Telematic University, an absolute leader in the segment) for meetings between companies and investors, is predicting a further improvement in operating results. To which, in the context of the next consolidation, the Publishing House will also be able to add the contribution of the already more than positive results of Gambero Rosso, which, by covering the Food and Wine segment, makes it possible to complete the Group's presence in the four "Fs" that define "Made in Italy".

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he income statement and the statement of financial position are presented below.
The Consolidated Half-year Report at 30 June 2018 will be made available to the public on the Publishing House's website
, www.classeditori.it, prior to the legal deadline

Declaration pursuant to Article 154-bis (2) of Legislative Decree no. 58 of 24 February 1998

Daniele Lucherini, the Director in charge of financial reporting for Class Editori S.p.A., hereby certifies that the accounting information in this document is consistent with accounting records.

Consolidated statement of comprehensive income for the period ended 30 June 2018

(Thousands of Euro)	**30 June 2017**	**30 June 2018**
Revenues	31,058	32,623
Other operating income	2,035	1,938
Total Revenues	**33,093**	**34,561**
Purchase costs	(1,379)	(1,480)
Service costs	(25,970)	(24,770)
Payroll costs	(8,094)	(8,215)
Other operating costs	(1,417)	(1,497)
Gross operating margin – EBITDA	**(3,767)**	**(1,401)**
Net non-core income/(charges)	(248)	98
Depreciation, amortisation and writedowns	(3,377)	(3,219)
Operating result - EBIT	**(7,392)**	**(4,522)**
Net financial income/(charges)	(216)	(1,292)
Pre-tax profit (loss)	**(7,608)**	**(5,814)**
Taxes	(815)	(682)
Net Result	**(8,423)**	**(6,496)**
Results attributable to NCI	*766*	*532*
Results attributable to the Group	***(7,657)***	***(5,964)***
Other components of comprehensive income		
Profit (loss) from the foreign currency translation of financial statements	(139)	47
Actuarial income/(charges) not recorded in income statement (IAS 19)	65	(5)
Capital increase costs as a direct reduction in equity	--	(141)
Total components of comprehensive income, net of tax effect	**(74)**	**(99)**
TOTAL COMPREHENSIVE INCOME	**(8,497)**	**(6,595)**
Attributable to:		
NON-CONTROLLING INTERESTS	**(787)**	**(525)**
PARENT COMPANY SHAREHOLDERS	**(7,710)**	**(6,070)**
TOTAL COMPREHENSIVE INCOME	**(8,497)**	**(6,595)**
Basic earnings per share	*(0.08)*	*(0.04)*
Diluted earnings per share	--	--

Consolidated statement of financial position at 30 June 2018

ASSETS ***(Thousands of Euro)***	**31 December 2017**	**30 June 2018**
Intangible assets with an indefinite life	42,056	62,963
Other intangible assets	9,878	12,100
Intangible assets	51,934	75,063
Tangible fixed assets	2,927	4,029
Investments measured at equity	6,844	6,831
Investments in subsidiaries	--	100
Other equity investments	265	395
Non-current trade receivables	3,183	3,059
Non-current tax receivables	17,741	19,669
Other receivables	3,211	3,180
NON-CURRENT ASSETS	**86,105**	**112,326**
Inventories	1,417	2,317
Trade receivables	55,217	61,560
Financial receivables	8,682	9,357
Tax receivables	5,152	4,978
Other receivables	9,738	10,338
Liquid funds	4,106	2,723
CURRENT ASSETS	**84,312**	**91,273**
TOTAL ASSETS	**170,417**	**203,599**

Consolidated statement of financial position at 30 June 2018

LIABILITIES AND EQUITY ***(thousands of Euro)***	**31 December 2017**	**30 June 2018**
Share capital	29,378	40,785
Share premium account	55,254	58,752
Legal reserve	2,544	2,544
Other reserves	(60,863)	(75,408)
Net profit (loss) for the year	(15,538)	(5,964)
Equity attributable to owners of parent	**10,775**	**20,709**
Capital and reserves attributable to NCI	7,859	10,386
Net profit (loss) attributable to NCI	(2,106)	(532)
Equity attributable to NCI	**5,753**	**9,854**
SHAREHOLDERS' EQUITY	**16,528**	**30,563**
Financial payables	72,215	70,112
Deferred tax liabilities	1,231	1,251
Other current payables		4,271
Provisions for liabilities and charges	555	555
Severance indemnities and other payroll provisions	6,799	7,314
NON-CURRENT LIABILITIES	**80,800**	**83,503**
Financial payables	7,903	11,202
Trade payables	40,600	47,899
Tax payables	2,157	7,299
Other payables	22,429	23,133
CURRENT LIABILITIES	**73,089**	**89,533**
TOTAL LIABILITIES	**153,889**	**173,026**
TOTAL LIABILITIES AND EQUITY	**170,417**	**203,599**

Statement of consolidated cash flows for the period ended 30 June 2018

(Thousands of euro)	1st Half 2017	1st Half 2018
OPERATING ACTIVITIES		
Net profit (loss) for the period	(7,657)	(5,964)
Adjustments:		
- Depreciation and amortisation	2,812	2,603
Self-financing	**(4,845)**	**(3,361)**
Change in inventories	1	(900)
Change in current trade receivables	2,945	(6,343)
Change in current trade payables	1,660	7,299
Change in other current receivables	(3,131)	(1,275)
Change in other current payables	594	704
Change in current tax receivables/payables	(281)	5,316
Cash flows from operating activities (A)	**(3,057)**	**1,440**
INVESTING ACTIVITIES		
Change in intangible fixed assets	(725)	(25,305)
Change in tangible fixed assets	(233)	(1,529)
Change in equity investments	264	(217)
Cash flows from investing activities (B)	**(694)**	**(27,051)**
FINANCING ACTIVITIES		
Change in amounts due to banks and other lenders	1,171	1,196
Change in provisions for liabilities and charges	(89)	--
Change in non-current tax receivables/payables	717	(1,908)
Change in non-current trade receivables/payables	(15)	124
Change in other non-current receivables/payables	41	4,302
Change in severance indemnities	(83)	515
Change in equity reserves	1,455	15,898
Change in equity attributable to NCI	760	4,101
Cash flows from financing activities (C)	**3,957**	**24,228**
Change in liquid funds (A)+(B)+(C)	**206**	**(1,383)**
Liquid funds at start of year	**2,505**	**4,106**
Liquid funds at end of year	**2,711**	**2,723**

Consolidated net financial position

€ (thousands)	**31/12/2017**	**30/06/2018**	***of which Gambero R.***	**Change**	**Change %**
Liquid funds	4,106	2,723	*268*	(1,383)	*(33.7)*
Current financial receivables	8,682	9,357	--	675	*7.8*
Non-current financial payables	(72,215)	(70,112)	*(368)*	2,103	*2.9*
Current financial payables	(7,903)	(11,202)	*(3,415)*	(3,299)	*(41.7)*
Net financial position	**(67,330)**	**(69,234)**	***(3,515)***	**(1,904)**	***(2.8)***