



Board of Directors approves Consolidated Quarterly Report as at 31 March 2019

Revenues up by 25.2% to Euro 19.56 million

Positive Ebitda amounting to Euro 0.95 million, showing a marked improved

Milan, 15 May 2019. The Board of Directors of Class Editori met today and approved the consolidated Interim Management Report for the first three months of the year.

Operating performance

Revenues for the quarter amount to Euro 19.56 million, up 25.2% compared to the corresponding period of the previous year (Euro 15.62 million). Revenues generated by Gambero Rosso's entry into the consolidation perimeter amounted to Euro 4.0 million.

Operating costs amounted to Euro 18.60 million (Euro 16.39 million in the first quarter of 2018). The increase is fully attributable to the entry of Gambero Rosso into the consolidation perimeter. On a like for like basis, the company recorded a 6.1% reduction in operating costs compared to the first quarter of 2018.

The **gross operating profit** (Ebitda) is positive and amounted to Euro 0.95 million, a marked improvement compared with the Euro -0.77 million reported in the first quarter of 2018. Without the consolidation of Gambero Rosso, Class Editori's Ebitda amounted to Euro 0.11 million.

Net **non-core income** totalled Euro 163 thousand (Euro 382 thousand as at 31 March 2018).

Depreciation/amortisation and **write-downs** amounted to Euro 2.31 million, compared with Euro 1.44 million in the first three months of the previous year.

The **Group's net loss** amounted to Euro -2.24 million (Euro -1.69 million in the first quarter of 2018). This, as a result of the higher write-downs of assets for prudential reasons and the application of the new IFRS 16 principle, which requires that all rental fees are recorded under debts for the full duration of the agreement.

The **financial charges** for the quarter amounted to Euro 0.91 million (Euro 0.51 million in the first quarter of 2018, when Gambero Rosso was not consolidated and the IFRS16 principle was not applied)

The **net debt of the Publishing House** amounts to Euro 93.39 million at 31 March 2019, compared with Euro 72.35 million as at 31 December 2018. Approximately Euro 19.82 million refer to the recognition of financial liabilities, following the introduction of the new IFRS 16 international accounting standard, in particular relating to the recognition of rental fees for the entire duration of the agreement. Net of this accounting effect, the net financial debt of the Publishing House as at 31 March 2019 amounts to Euro 73.57 million.

The Publishing House's Income Statement, provided below, highlights the impact of the Gambero Rosso Group on consolidated figures for the first quarter of 2019. Please note that the acquisition of Gambero Rosso's controlling interest took place on 29 May 2018.

<i>Euro/000</i>	31/03/18	31/03/19 Without G. R.	31/03/19
Revenues from sales	14,788	14,584	18,633
Other revenues and income	830	922	922
Total Revenues	15,618	15,506	19,555
Total operating costs	(16,393)	(15,392)	(18,602)
Gross operating profit (Ebitda)	(775)	114	953
Net non-core income (charges)	382	195	163
Depreciation, amortisation and writedowns	(1,445)	(1,697)	(2,313)
Operating result (Ebit)	(1,838)	(1,388)	(1,197)
Financial income (charges), net	(519)	(790)	(912)
Net result	(2,357)	(2,178)	(2,109)
(Profit)/Loss attributable to non-controlling interests	666	(133)	(127)
Result attributable to owners of the parent	(1,691)	(2,311)	(2,236)

Market trends and main economic - financial events during the quarter

Compared to an advertising market down 3.5% and approaching zero (-0.2%), including only the Over the Top (OTT) estimate, the publishing house was able to achieve a growth in commercial advertising, on a like-for-like basis, equal to +2%, thanks in large part to the liveliness and the number of proposed initiatives.

Within the scope of a very worrying printing market (-12.3%), the Publishing House's periodicals remained substantially unchanged on a like-for-like basis (compared to the -13% recorded by the market) and newspapers confirm a good sales performance (+1%), aligned with the same period of 2018 by virtue of special publishing projects such as the MilanoMarketing Festival and Milano Capitali.

Legal advertising sales volumes were positive (+21%), while financial advertising was on the decline (-23%), reflecting an even more negative market (-31.9%).

The Publishing House shows a positive trend with respect to all other media (Go TV, TV and Web), with the strong contribution of GO TV, confirmed as the second media after the newspaper sector and which continues its growth path, with a clear positive trend in the quarter (+12.5%) compared to a market performance close to zero.

During the first quarter of 2019, as certified by Analytics' real traffic data of digital systems, MF-Milano Finanza's website registered a daily average of 161,882 unique users, with an increase of 17.4% compared to the first quarter of 2018, and a monthly average of 2.38 million unique users, up 16.1% compared to 2018. The average number of pages viewed on a daily basis remained more or less stable in the first quarter of 2019 (+0.6) compared to 2018, totalling 1.67 million pages. The same was also true for the average number of pages viewed on a monthly basis (+0.6%), amounting 49.9 million.

The number of readers following the website news in real time on Twitter was close to 100 thousand for MF/Milano Finanza and exceeds 40 thousand for Italia Oggi.

With regard to the printed and digital circulation of publications, MF-Milano Finanza reported an average circulation of approximately 56,000 copies for the period, Class of approximately 30,000 copies and Capital of approximately 30,000 copies (Ads data).

Key events in the first quarter included:

- On 14 and 15 January 2019 Class Editori held its Board of Directors Meeting, during which an update of the Business Plan was approved. The Board of the Directors was also updated on the progress of negotiations with the Group's Lending Banks for the rescheduling of the existing debt and the revision of the financial covenant, launched in June 2018, as already communicated to the market on September 27, 2018 on the occasion of the approval of the semi-annual report as at June 30.
- On 1 February 2019 Class Editori received approval from Consob, of the Prospectus relating to the public offer for the subscription of Category A ordinary shares in Class Editori, aimed at the exchange between these shares and shares in Gambero Rosso Spa and admission to listing on the MTA of a maximum of 56,351,100 Category A ordinary shares in Class Editori, deriving from the capital increases in support of the business integration with the

Gambero Rosso Group. The period during which it was possible to participate in the Public Exchange Offer extended from 4 February 2019 to 22 February 2019.

- On 27 February 2019, the final results of the public exchange offer promoted by Class Editori were disclosed, on all ordinary shares of Gambero Rosso Spa, excluding the shares already held by Class Editori. On the basis of what was communicated by Equita SIM Spa, intermediary in charge of coordinating the collection of acceptances, a total of 1,978,750 Gambero Rosso shares were subscribed as part of the IPO, representing a total of 13.69% of the Issuer's share capital and 42.11% of the total number of Gambero Rosso shares covered by the IPO. The total value of Gambero Rosso Shares subscribed as part of the IPO amounts to 7,717,125 newly issued Class Editori Shares, for a total capital increase of Euro 3,053,666.36 (of which Euro 738,528.86 as a premium reserve). Class Editori's share capital therefore increased to Euro 43,100,619.90. Following the IPO, Class Editori's stake in Gambero Rosso rose from 67.48% to 81.17% of the share capital.
- During its meetings held on 19 March 2019 and 23 April 2019, Class Editori's Board of Directors unanimously approved the Report pursuant to Article 2441, paragraph 6 of the Italian Civil Code, regarding the proposal for a capital increase of Euro 5,000,000.00 to be deliberated, under the mandate contained in Article 6, first paragraph, no. 1 (a) of the Articles of Association and the fifth paragraph of Article 2441 of the Italian Civil Code. The transaction provides for the issue of 17,857,143 new category A shares reserved to the C5 Srl company, against payment in cash amounting to Euro 5,000,000.00 with an issue price per share of Euro 0.28. The new Class shares will bring the total number of Class Editori shares to 161,525,876, with the share assigned to the C5 Srl company which will equal to 11.06% of the post-increase share capital.
- From March 28 to 30, the Fabbrica del Vapore in Milan became an international marketing laboratory, thanks to the third edition of the Milan Marketing Festival organised by Class Editori, under the patronage of the Municipality of Milan and the Lombardy Region and which confirmed itself as a consolidated point of reference examining and getting an in-depth look at some of the most innovative topics relating to the marketing and communication sectors.
- With reference to the Gambero Rosso Group, a good trend in commercial activities and advertising sales was registered, as well as a good performance of international events.

Subsequent events and outlook for operations

- From 1 to 5 April, the first edition of Milano Capitali was held, event organised by Class Editori under the patronage of the Municipality of Milan, Borsa Italiana (Italy's stock exchange) and leading money management associations, in order to promote the role of Milan as the capital of finance for development. The event kicked off with an exhibition in the heart of the Galleria Vittorio Emanuele of a work created by sculptor Francesco Messina

depicting a bull, the symbol of a dynamic and positive finance sector. The bull was exhibited in the centre of the Galleria Vittorio Emanuele exedra for the entire duration of the event, which was part of the Fuorisalone included in the Salone del Risparmio event (event concerning the investment management industry in Italy).

- On April 12, the first edition of the Milan Agrifood & Travel global summit was held, organised by Class Editori and Gambero Rosso, the first event in which the two sectors were analysed together, as a merged company of excellence that characterises Made in Italy around the world. The Summit, attended by the Minister of agriculture and tourism Gian Marco Centinaio and numerous protagonists from associations and private enterprises in the sector was titled “The New Grand Tour d’Italia” and focused on promoting and enhancing the value of the territory through good food and wine, good living and hospitality of excellence.
- On 7 May 2019, the process of signing the rescheduling agreement of the existing debt with leading banks was concluded, concerning credit lines in favour of Class Editori and subsidiaries, for a total of approximately Euro 79.5 million. Specifically, the agreement provides for a new repayment plan and a reduction of loans granted to Class Group companies, with the payment of half-yearly instalments until 31 December 2024. Moreover, it was established that previously applied economic conditions will be maintained, including, in particular, a 2.5% interest rate on an annual basis.
- On 10 May 2019, the C5 Srl company subscribed and completed a capital increase of Euro 5 million, already approved by Class Editori’s Board of Directors on 23 April 2019 (with the relative details communicated to the market on the same date). A total of 17,857,143 new category A shares with no nominal value were therefore issued in favour of C5 Srl, with the same characteristics as the category A shares already in circulation, with possession on 1 January 2018. The number of Class Editori shares therefore increased to 161,505,876 category A shares, without indication of face value (traded on the MTA) and 20,000 category B shares (unlisted). The issue price of the new shares (amounting to Euro 0.28 per share) is approximately 30% higher than the average price of Class Editori shares recorded on the stock exchange during the six month period prior to 19 March 2019, date of approval of the Explanatory Report of the Board of Directors, and approximately 34% higher than the stock exchange price as at 10 May 2019. The transaction is in line with the Group’s 2018-2021 Business Plan approved on 23 August 2018 (as last amended on 15 January 2019), which provides for the contribution of Euro 5 million in cash, also as part of the debt rescheduling agreement with the Group’s banks, signed on 7 May 2019, as already communicated to the market. The capital increase is therefore aimed at contributing to the necessary resources for the issuer to cover the investments provided for in the Business Plan and to finance the growth of

new planned activities. The C5 Srl company carries out activities in the same sector.

Future prospects

After the drop in GDP recorded at the end of 2018, the national economic context does not yet offer signs of improvement. The revenue growth recorded by the Publishing House 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. For this reason, in addition to the development programmes set out in the Industrial Plan, the Publishing House continues its cost containment strategy (Euro 1 million less in the first quarter of 2019), covering all sectors and all product/service categories (from rental expenses to the abolition of technology outsourcing contracts for Class Cnbc and for 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 initiatives already planned and quantified in the expected revenues) and the development of information platforms (in particular the platform developed with the Xinhua News Agency for the New Silk Road project) based on meetings between companies and investors, is predicting a further improvement in operating results.

The Consolidated Income Statement and the Consolidated Net Financial Position tables are presented below

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 Spa, hereby certifies that the accounting information in this document is consistent with accounting records.

Consolidated Income Statement for the period ended 31 March 2019

INCOME STATEMENT	31/03/2018	31/03/2019
<i>€uro/000</i>		
REVENUES		
Revenues from sales	14,778	18,633
Other operating income	830	922
Total Revenues	15,618	19,555
COSTS		
Operating costs	(16,393)	(18,602)
Gross operating profit (Ebitda)	(775)	953
Net non-core income/(charges)	382	163
Depreciation, amortisation and writedowns	(1,445)	(2,313)
Operating result (Ebit)	(1,838)	(1,197)
Financial income (charges), net	(519)	(912)
Net result	(2,357)	(2,109)
Net (profit) loss attributable to NCI	666	(127)
Net result attributable to the Group	(1,691)	(2,236)

Consolidated net financial position as at 31 March 2019

€uro/000	31/12/2018	31/03/2019	Changes	Change %
Liquid funds	2,287	1,229	(1,058)	(46.3)
Current financial receivables	8,575	9,388	813	9.5
Non-current financial payables	(60)	(18,029)	(17,969)	n.s.
<i>Of which for IFRS 16</i>		(18,013)	(18,013)	n.s.
Current financial payables	(83,150)	(85,980)	(2,830)	(3.4)
<i>Of which for IFRS 16</i>		(1,809)	(1,809)	n.s.
Net financial position	(72,348)	(93,392)	(21,044)	(29.1)
<i>Of which for IFRS 16</i>	--	(19,822)	(19,822)	n.s.