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ANNUAL REPORT

December 31st 2021

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SHAREHOLDERS' MEETING OF APRIL 20TH 2022

AGENDA

1. Presentation of the Separate and Consolidated Financial Statements for the year ended December 31st 2021, together with the Directors' Report, Board of Statutory Auditors' Report and the Independent Auditors' Report; resolutions thereon;
2. Remuneration Policy and Report; resolutions thereon.

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DELEGATED POWERS

In accordance with Consob recommendation No. 97001574 of February 20th 1997 the nature of the powers delegated to the members of the Board of Directors are reported below

Chairperson

The Chairperson has the power to undertake, with single signature, all acts of ordinary and extraordinary administration, with the exception of those reserved to the Shareholders' Meeting and to the Board of Directors.

Vice Chairpersons

The Vice Chairpersons are granted separately the same powers as the Chairperson, to be exercised only in the case of the declared impediment of the Chairperson.

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Corporate Boards

Board of Directors for the 2021-2023 three-year period

Chairperson	Azzurra Caltagirone
Vice Chairperson	Alessandro Caltagirone Francesco Caltagirone
Executive Director	Mario Delfini
Directors	Federica Barbaro [1] Tatiana Caltagirone Massimo Confortini [1] Francesco Gianni [1] Albino Majore Annamaria Malato [1] Valeria Ninfadoro [1]

Board of Statutory Auditors for the 2021-2023 three-year period

Chairperson	Antonio Staffa
Statutory Auditors	Edoardo Rosati Dorina Casadei

Executive Officer for Financial Reporting	Luigi Vasta
Independent Audit Firm	KPMG SpA

[1] *Independent Directors*

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DIRECTOR'S REPORT ON THE GROUP RESULTS FOR THE YEAR ENDED DECEMBER 31st 2021

INTRODUCTION

The present Directors' Report refers to the Consolidated and operating Financial Statements of Caltagirone Editore SpA (hereafter also "the Group") at December 31st 2021, prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), approved by the European Commission (hereinafter "IFRS").

The present Report should be read together with the Consolidated and Separate Financial Statements and the relative Notes, which constitute the Annual Accounts for 2021.

HIGHLIGHTS

The Group reports for 2021 a net profit of Euro 28.8 million, compared to a net loss of Euro 44.3 million in the previous year.

The table below illustrates the key consolidated financial results for the year 2021 compared to the previous year.

in Euro thousands	*2021*	*2020*	*cge.*	*cge.%*
OPERATING REVENUES	**122,677**	**119,896**	**2,781**	**2.3%**
CIRCULATION REVENUES	50,818	53,261	(2,443)	(4.6%)
ADVERTISING REVENUES	60,491	60,687	(196)	(0.3%)
REVENUES FROM SERVICES	1,809	1,904	(95)	(5.0%)
OTHER CIRCULATION REVENUES	2,289	503	1,786	355.1%
OTHER REVENUES AND INCOME	7,270	3,541	3,729	105.3%
OPERATING COSTS	**(107,218)**	**(114,361)**	**7,143**	**6.2%**
RAW MATERIALS, SUPPLIES & CONSUMABLES	(7,804)	(7,833)	29	0.4%
LABOUR COSTS	(48,099)	(53,338)	5,239	9.8%
OTHER OPERATING COSTS	(51,315)	(53,190)	1,875	3.5%
EBITDA	**15,459**	**5,535**	**9,924**	**179.3%**
AMORTISATION, DEPRECIATION, WRITE-DOWNS & PROVISIONS	(7,112)	(65,161)	58,049	89.1%
EBIT	**8,347**	**(59,626)**	**67,973**	**n/a**

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FINANCIAL INCOME	13,693	3,521	10,172	288.9%
FINANCIAL CHARGES	(549)	(651)	102	15.7%
NET FINANCIAL INCOME/(CHARGES)	**13,144**	**2,870**	**10,274**	**358.0%**
PROFIT/(LOSS) BEFORE TAXES	**21,491**	**(56,756)**	**78,247**	**n/a**
INCOME TAXES	7,242	12,479	(5,237)	(42.0%)
PROFIT/(LOSS) FOR THE YEAR	**28,733**	**(44,277)**	**73,010**	**164.9%**
MINORITY INTEREST	-	-	-	0.0%
GROUP NET PROFIT/(LOSS)	**28,733**	**(44,277)**	**73,010**	**164.9%**

The Caltagirone Editore Group reports for 2021 Operating Revenues of Euro 122.7 million, up 2.3% on Euro 119.9 million in 2020, mainly due to the increase in other circulation revenues and other income.

Operating costs of Euro 107.2 million decreased 6.2% on 2020 due to the 9.8% decrease in labour costs and the 3.5% reduction in other operating costs, both due to the personnel reorganisation and the cost-cutting measures, particularly with regards to service costs at the subsidiaries. Labour costs include non-structural charges of Euro 583 thousand (Euro 4.2 million in 2020).

Raw material costs decreased 0.4%, due to the lower quantity utilised in the production process, net of the increase in the price of paper.

EBITDA in 2021 reports a profit of Euro 15.5 million (Euro 5.5 million).

EBIT saw a profit of Euro 8.3 million (loss of Euro 59.6 million in 2020) and includes amortisation and depreciation for Euro 6.6 million (Euro 6.7 million in 2020), provisions for risks for Euro 98 thousand (Euro 118 million in 2020) and doubtful debts for Euro 452 thousand (Euro 914 thousand in 2020). The write-downs of indefinite life intangible assets were included in 2020 for Euro 57.4 million, as a result of the COVID-19 pandemic and in accordance with the applicable accounting standards.

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Net financial income of Euro 13.1 million (Net financial income of Euro 2.9 million in 2020), principally include dividends on listed shares in the period of approx. Euro 12.6 million (Euro 3.3 million in 2020).

The Group Profit was Euro 28.7 million (loss of Euro 44.3 million in 2020), also due to the use of the realignment rules of the tax values with the statutory values of intangible assets with indefinite lives by a number of the subsidiaries for an amount of approx. Euro 10 million.

Net Financial Position

The Group Cash Financial Position at December 31st 2021 is as follows:

(Euro thousands)	**31.12.2021**	**31.12.2020**
Cash and cash equivalents	66,610	100,496
Non-current financial lease liabilities	(12,149)	(3,562)
Current financial lease liabilities	(3,448)	(3,503)
Current financial liabilities to banks	(5,767)	(7,413)
Net Financial Position*	**45,246**	**86,018**

* The Net Financial Position in accordance with Consob Communication DEM 6064293 of July 28th 2006, updated on the basis of the Call to attention No. 5/21 of April 29th 2021, is illustrated at Note 10 of the Notes to the Consolidated Financial Statements.

The net financial (cash) position amounted to Euro 45.2 million, a decrease of Euro 40.8 million on December 31st 2020 (Euro 86 million) mainly due to investments in listed shares of Euro 51.3 million and to the portion of debt deriving from application of IFRS 16 for Euro 8.5 million, net of dividend income on listed shares of Euro 12.6 million and positive cash flow.

Shareholders' Equity

Group shareholders' equity amounted to Euro 402.9 million (Euro 339.3 million at December 31st 2020); the increase principally concerns the profit for the year and the fair value measurement of shares held by the Group.

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The balance sheet and income statement ratios are provided below:

	2021	2020
ROE* *(Net Result/Net Equity)***	7.1	(13.1)
ROI* *(EBIT/total assets)***	1.6	(13.2)
ROS* *(EBIT/Operating Revenues)***	6.8	(49.7)
Equity Ratio *(Net equity/total assets)*	0.8	0.8
Liquidity Ratio *(Current assets/Current liabilities)*	1.9	2.3
Capital Invested Ratio *(Net equity/Non-current assets)*	1.0	1.1

* percentage values

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

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

The earnings ratios, due to the improved operating profitability, were positive and grew on 2020, which included also the write-down of intangible assets with indefinite useful life.

Group operating performance

- *Publishing*

Revenues from Group title paper edition sales in 2021 contracted by 7.7% on 2020 and by 4.6% including digital subscription and sales. Also of note is the significant growth in the number of customers for digital products, which compensates for the decline in number of print copies sold.

The latest available circulation data indicates a reduction of 5.37[1]% in paper and digital copies sold in the January-December 2021 period compared with 2020.

[1] ADS figures (Newspaper Sales Figures) Total Paid Circulation Italy January-December 2021 vs January-December 2020: the figure includes for paper copies: Newsstand sales, Paid subscriptions, Multiple sales (Other sales + Bulk sales); for digital: copies sold ">10%" both individual and multiple

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- *Advertising*

Group advertising revenue in 2021 was substantially in line with the previous year.

Paper edition advertising revenues, including also third party advertising, contracted 1% on 2020.

Internet advertising, including third party advertising, rose 1.5% on 2020. The contribution of this segment to overall advertising revenues was 24.8%.

The market in the January - December 2021 period expanded 4.2%[2] for print newspaper advertising, while internet advertising contracted 17.6%[3].

In terms of web presence, the Caltagirone Editore network websites at November 2021 reported 2.8 million unique average daily users Total Audience (PC and mobile)[4].

Risk management

The activities of Caltagirone Editore and its subsidiaries are subject to various financial risks: market risks (raw materials prices and movements in listed share prices), credit risk, interest rate risk, liquidity risk and environmental and safety risks. The management of financial risks is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

The Group does not have any derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from operating activities).

- *Market risk (price of raw materials – paper)*

The Group is exposed to fluctuations in the price of paper - the principal raw material; this risk is managed through supply contracts with foreign companies with fixed prices and quantities for a maximum period of approximately 6 months, and through procurement from suppliers based in different geographic areas in order to avoid the risks related to an excessive concentration of suppliers and to obtain the most competitively priced supplies.

[2] *FCP newspaper research institute* figures – January – December 2021 compared with 2020
[3] *FCP Assointernet research institute* figures – January – December 2021 compared with 2020
[4] Audiweb figures Total Audience November 2021 (including TAL)

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- *Risks concerning the price of investments in equity instruments*

In relation to the risk of changes in the fair value of the equity instruments, the Group monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio.

- *Credit risk*

Receivables principally are of a commercial nature. In general, they are recorded net of any write-downs, calculated on the basis of the risk of non-fulfilment by the counterparty, determined considering the information available on the clients' solvency and historical insolvency data in relation to the varying expiry dates of receivables. Historically, there are no significant situations which are particularly problematic in relation to the solvency of the clients, as the policy of the Group is only to sell to clients after a prudent evaluation of their credit capacity and therefore within the established credit limits. Finally, no significant debtor positions were recorded which would equate to an excessive concentration of credit. On this basis, the credit risk to which the Group is exposed can be considered limited.

- *Interest rate risk*

The interest rate risk principally relates to an uncontrolled increase of the charges deriving from variable interest rates on medium/long-term loans. The Group currently does not have medium/long-term loans, while having an insignificant exposure to short-term debt interest rate risk.

- *Liquidity risk*

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. The Caltagirone Editore Group possesses liquidity and this risk is therefore not considered significant for the Group.

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- *Environment and security risk*

Existing regulations and laws are rigorously applied to workplace health and security and hence govern this area of risk.

Following the Covid-19 emergency, the Group companies first of all assessed the risks of contagion in the company and promptly implemented actions aimed primarily at ensuring business continuity while guaranteeing full protection of workers' health and safety. The companies have adopted preventive measures to limit the spread of contagion such as, for example, the use, as far as possible, of remote working and, if necessary, the suspension of activities. In addition, the companies have drawn up ad hoc protocols containing indications for managing operations, ensuring the full protection of people's health in line with the indications provided by the Government. Lastly, the companies of the Group, in application of the rules for the prevention and spread of Covid 19 as well as the company protocols in force, have set up for employees and collaborators periodic cycles of Rapid Antigenic Swab Tests capable of detecting the viral load of the SARS-CoV-2 virus, responsible for Covid 19 disease.

Principal uncertainties and going concern

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

Related party transactions

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

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

The information on transactions with related parties, including those required by Consob communication of July 28th 2006, are shown in the Notes to the consolidated and separate financial statements.

Other information

During the year, the Companies of the Caltagiorne Group did not carry out any research and development activity.

At December 31st 2021, there were 584 employees (596 at December 31st 2020), with an average number in 2021 of 596 (598 in 2020).

For segment information on the costs, revenues and investments, reference should be made to the notes to the consolidated financial statements.

The reconciliation of the shareholders' equity and net profit of the Group and of the Parent Company as per Consob Communication No. 6064293 of 28/07/2006 is attached to the present report.

Outlook

The Group has maintained the initiatives targeting the growth of multi-media editions and an improved internet presence in order to expand new advertising streams and acquire new readers.

The Group will also continue to implement measures to limit all discretionary costs and to reduce direct and operative overheads.

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PARENT COMPANY OVERVIEW

For 2021 Caltagirone Editore SpA reports financial income of Euro 4.9 million and financial charges of Euro 16 thousand, with a net profit of Euro 3.7 million, as shown in the following table which compares the key financial results with the previous year, reclassified in accordance with Consob Communication No. 94001437 of February 23rd 1994:

Euro thousands	**2021**	**2020**
Dividends from other companies	4,925	1,675
Other financial income	36	-
Total financial income	**4,961**	**1,675**
Interest and financial charges from subsidiaries and associates	(7)	(7)
Interest and financial charges from third parties	(9)	(10)
Write-down of investments in subsidiaries and associates	-	(20,941)
Total financial charges	**(16)**	**(20,958)**
NET FINANCIAL INCOME/(CHARGES)	**4,945**	**(19,283)**
Result from operating activities	(1,588)	(1,627)
PROFIT/(LOSS) BEFORE TAXES	**3,357**	**(20,910)**
Income taxes	324	371
NET PROFIT/(LOSS)	**3,681**	**(20,539)**

The dividends from other companies relate to those received on listed shares.

The Shareholders' Equity of the company at December 31st 2021 was Euro 358.3 million (Euro 340.2 million at December 31st 2020). The change is attributable to the positive fair value measurement of the Company's equity investments in listed issuers and the net profit for the year.

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Net Financial Position

The net financial position is as follows:

Euro thousands	31.12.2021	31.12.2020
Current financial assets	13,730	33,111
Cash and cash equivalents	417	1,694
Non-current financial liabilities	(203)	(423)
Current financial liabilities	(52,737)	(7,046)
Net Financial Position *	**(38,793)**	**27,336**

* The Net Financial Position in accordance with Consob Communication DEM 6064293 of July 28th 2006, updated on the basis of the Call to attention No. 5/21 of April 29th 2021, is illustrated at Note 8 of the Notes to the Consolidated Financial Statements.

The net financial position at 31.12.2021 was a debt position of Euro 38.8 million (cash of Euro 27.3 million at 31.12.2020); the reduction of Euro 66.1 million is mainly due to capital payments made to subsidiaries in order to improve their financial stability, net of dividends collected.

Principal equity investments

The key results of the subsidiary companies are reported below.

Il Messaggero SpA

The Company publishes the daily newspaper Il Messaggero, founded in 1878 and the historic daily newspaper of the Capital. Il Messaggero is the leading daily newspaper in the Central Italian Region.

The Company in 2021 reports a net profit of Euro 5.8 million (net loss of Euro 3.4 million in 2020), against Operating Revenues of Euro 46 million, in line with Euro 46 million in 2020. EBITDA was Euro 3.4 million (Euro 25 thousand in 2020). A net profit was reported also due to the utilisation of rules to align tax values with the statutory values of intangible assets.

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Il Mattino SpA

The Company publishes Il Mattino, the daily newspaper of Naples and since 1892 the leading newspaper in Campania and the most popular newspaper in Southern Italy, thanks to its long tradition and extensive regional reach.

Il Mattino SpA in 2021 reported a Net Profit of Euro 1,905 thousand (loss of Euro 0.9 million in 2020), against Operating Revenues of Euro 15.4 million, decreasing 2.5% on Euro 15.8 million in 2020, following the contraction in paper and digital revenues (-6.4%) and in advertising revenues (-5.5%). EBITDA was Euro 861 thousand (Euro 527 thousand in 2020). A net profit was reported also due to the utilisation of rules to align tax values with the statutory values of intangible assets.

Il Gazzettino SpA

The Company publishes the daily newspaper Il Gazzettino, founded in 1887 and the historic newspaper of Venice. Il Gazzettino is among the leading 10 daily newspapers in Italy in terms of circulation and the largest newspaper in the North-East. Entering the Caltagirone Editore group in 2006, as is the case for the other Group newspapers – it is available also in an online and digital edition.

Il Gazzettino SpA in 2021 reported a Net Profit of Euro 1,183 thousand (Net Profit of Euro 496 thousand in 2020), against Operating Revenues of Euro 23.2 million, compared to Euro 22.3 million in 2020 (+3.9%). Circulation revenues of Euro 13.4 million decreased 1.2% due to general falling demand. Advertising revenues were Euro 8.5 million, in line with 2020.

EBITDA amounted to Euro 2,829 thousand, increasing on Euro 967 thousand in 2020.

Leggo Srl

The Company publishes the free newspaper Leggo. Founded in March 2001, Leggo is the leading free newspaper in Italy.

In 2021, the Company reported a net profit of Euro 276 thousand (net loss of Euro 256 thousand in 2020), against Operating Revenues from advertising sales of Euro 2.8 million, up 9.2% compared to Euro 2.5 million in 2020.

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EBITDA reports a profit of Euro 344 thousand (loss of Euro 376 thousand in 2020).

CORRIERE ADRIATICO SRL

The Company publishes the newspaper Corriere Adriatico which, founded in 1860, occupies a dominant position in the Le Marche region. Il Corriere Adriatico joined the Group in 2004.

In 2021, Corriere Adriatico Srl reported a Net Loss of Euro 103 thousand (loss of Euro 445 thousand in 2020). EBITDA reports a loss of Euro 84 thousand, although improving on 2020 (loss of Euro 523 thousand), due to the reduction in circulation revenues and revenues from advertising sales, partially offset by the reduction in operating costs.

QUOTIDIANO DI PUGLIA SRL

The Company publishes Il Nuovo Quotidiano di Puglia, founded in 1979 and the most widely read newspaper in the Ionico Salentina region.

In 2021, Quotidiano di Puglia Srl, which publishes the newspaper of the same name in the provinces of Lecce, Brindisi and Taranto, reported a net profit of Euro 221 thousand (loss of Euro 658 thousand in 2020), with Operating Revenues of Euro 4.4 million compared to Euro 3.7 million in 2020 (+17.2%).

PIEMME SPA

Piemme, founded in 1988, is the Group advertising agency with a portfolio comprising: Daily newspapers, each of which the undisputed leader in their respective regions, the Social Press, a modern social platform which everyday involves readers and web users, and online news websites and from March 2015 Piemme has also undertaken the local advertising on behalf of the RCS Group newspapers. Piemme is the leader on the central-south market.

The Company in 2021 reported a net profit of Euro 766 thousand (net loss of Euro 2.8 million in 2020). In 2021, the company generated advertising revenues of Euro 62.8 million (Euro 62.6 million in 2020), in line with the previous year. EBITDA amounted to Euro 1,726 thousand (Euro 739 thousand in 2020).

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Other Investments

Finced Srl, a Group finance company, in 2021 reported a Net Profit of Euro 8.7 million (Net Profit of Euro 2.2 million in 2020), principally due to the receipt of dividends on listed shares.

For information relating to the market trends and performances of the principal subsidiaries and the business strategies, reference should be made to the Directors' Report.

Transactions with Related Parties

For the transactions between the Companies of Caltagiorne Editore SpA and other related parties, reference should be made to the Notes to the Separate Financial Statements and the Directors' Report of the Consolidated Financial Statements.

Treasury Shares

At December 31st 2021 Caltagirone Editore SpA had 18,209,738 treasury shares in portfolio, comprising 14.57% of the share capital for a value of Euro 23,640,924.

Corporate Governance

The Shareholders' Meeting of April 26th 2021 appointed the new Board of Directors, comprising 11 members, to remain in office for the 2021 - 2023 three-year period and until approval of the 2023 Annual Accounts. The following persons were elected: Alessandro Caltagirone, Azzurra Caltagirone, Francesco Caltagirone, Tatiana Caltagirone, Federica Barbaro, Massimo Confortini, Mario Delfini, Francesco Gianni, Albino Majore, Annamaria Malato and Valeria Ninfadoro.

The Shareholders' Meeting appointed the Board of Statutory Auditors for the 2021 - 2023 three-year period, to remain in office until the approval of the 2023 Annual Accounts. The following persons were elected: Antonio Staffa, as Chairperson, Dorina Casadei and Edoardo Rosati as Statutory Auditors, Fabiana Flamini and Gerardo Pennasilico as Alternate Auditors.

On April 26th 2021 the Board of Directors appointed Azzurra Caltagirone as Chairperson and Alessandro Caltagirone and Alessandro Caltagirone as Vice Chairs. The Board at the same meeting assessed the Directors Francesco Gianni, Federica Barbaro, Massimo Confortini, Annamaria Malato and Valeria Ninfadoro as independent in accordance with the applicable regulation.

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The Board thereafter appointed, for the 2021 - 2023 three-year period, the members of the Control and Risks Committee as Directors Massimo Confortini (Chairperson), Tatiana Caltagirone, Federica Barbaro, Mario Delfini and Albino Majore, and the members of the Independent Directors Committee to assess related party transactions as Directors Francesco Gianni, Massimo Confortini, Annamaria Malato, Valeria Ninfadoro and Federica Barbaro. The same Board meeting appointed for 2021 the Executive Officer for Financial Reporting of the Company as Luigi Vasta.

For further information on the Corporate Governance system of Caltagirone Editore SpA and the shareholders, pursuant to Article 123 bis of the Consolidated Finance Act, reference should be made to the "Annual Corporate Governance and Ownership Structure Report", prepared in accordance with the indications and recommendations of Borsa Italiana SpA and published in accordance with article 89 of the Issuers' Regulations and available on the company website *http://www.caltagironeeditore.com/governance/assemblea-azionisti/.*

OTHER INFORMATION

Caltagirone Editore SpA ensures the protection of personal data in accordance with current legislative provisions.

The Remuneration Report was made available at the registered offices and on the internet site of the company http://www.caltagironeeditore.com/governance/assemblea-azionisti/ as required by Article 123 ter of the CFA, which reports the information concerning the policy adopted by the company for the remuneration of members of the management and control boards, the remuneration paid to the members of these boards and the information on investments held by these parties.

The Parent Company did not undertake research and development activity in the year and does not have any secondary offices.

At December 31st 2021, the company had 2 employees (unchanged on the previous year).

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

In accordance with Article 6, paragraph 2 of Legislative Decree No. 254 of December 30th 2016, the Consolidated Non-Financial Report was not prepared, as drawn up by the parent company Caltagirone SpA (parent company subject to the same obligations) with registered office in Rome Via Barberini, 28."

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The reconciliation of the shareholders' equity and net profit of the Group and of the Parent Company as per Consob Communication No. 6064293 of 28/07/2006 is attached to the present report.

Subsequent events

No significant subsequent events took place.

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PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

we propose to you the approval of the Financial Statements at December 31st 2021, consisting of the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity and the Cash Flow Statement, as well as the relative attachments and the Directors' Report.

As the Legal Reserve has reached the limit of one-fifth of the Share Capital as per Article 2430 of the Civil Code, the Board of Directors proposes to the Shareholders' Meeting to allocate the net profit for the year of the Parent Company Caltagirone Editore SpA of Euro 3,681,374 as follows:

- Euro 73,627.48 as 2% available to the Board of Directors in accordance with Article 25 of the company's By-Laws;
- Euro 3,203,707.86 as the total dividend, corresponding to Euro 0.03 for each of the 106,790,262 ordinary shares currently in circulation, taking into account the treasury shares in portfolio, currently numbering 18,209,738;
- Euro 404,038.66 to be carried over.

The Board finally proposes May 23, 2022 for the allocation of the dividend coupon, based on the record date of May 24, 2022, for the granting of profit distribution rights and the establishment of the dividend payment date, net of withholding taxes where applicable, as from May 25, 2022 by the intermediaries appointed through the Sistema di Gestione Accentrata Monte Titoli SpA.

ROME, MARCH 8TH 2022

FOR THE BOARD OF DIRECTORS

THE CHAIRPERSON

MS. AZZURRA CALTAGIRONE

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RECONCILIATION BETWEEN THE NET RESULT AND THE NET EQUITY OF THE PARENT COMPANY AND THE CONSOLIDATED NET RESULT AND NET EQUITY

31.12.2021	Net Result	Net Equity
Net Result and Net Equity for the year as per financial statements of the parent company	**3,681**	**358,314**
Contribution of subsidiary and associated companies	20,398	(17,251)
Adjustment to the international accounting standards IFRS/IAS	4,654	61,933
Net Result and Net Equity as per the consolidated financial statements	**28,733**	**402,997**

31.12.2020	Net Result	Net Equity
Net Result and Net Equity for the year as per financial statements of the parent company	**(20,539)**	**340,171**
Contribution of subsidiary and associated companies	15,091	(37,630)
Adjustment to the international accounting standards IFRS/IAS	(38,829)	36,728
Net Result and Net Equity as per the consolidated financial statements	**(44,277)**	**339,269**

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CONSOLIDATED FINANCIAL STATEMENTS

December 31st 2021

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Consolidated Balance Sheet

Assets

(in Euro thousands)	note	31.12.2021	31.12.2020
Non-current assets			
Intangible assets with definite life	1	487	866
Intangible assets with indefinite life	2	103,003	103,003
Newspaper titles		*103,003*	*103,003*
Property, plant and equipment	3	46,705	40,419
Equity investments and non-current securities	4	196,647	108,159
Other non-current assets	5	135	135
Deferred tax assets	6	52,844	53,389
TOTAL NON-CURRENT ASSETS		**399,821**	**305,971**
Current assets			
Inventories	7	1,695	1,592
Trade receivables	8	37,065	41,031
of which related parties		*167*	*208*
Tax receivables	6	-	41
Other current assets	9	3,629	1,024
of which related parties		*3*	*3*
Cash and cash equivalents	10	66,610	100,496
TOTAL CURRENT ASSETS		**108,999**	**144,184**
TOTAL ASSETS		**508,820**	**450,155**

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Consolidated Balance Sheet

Shareholders' Equity & Liabilities

(in Euro thousands)	note	*31.12.2021*	*31.12.2020*
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Other reserves		268,129	277,411
Profit/(loss) for the year		28,733	(44,277)
Group shareholders' equity		**402,997**	**339,269**
Minority interest shareholders' equity		-	-
TOTAL SHAREHOLDERS' EQUITY	11	**402,997**	**339,269**
Liabilities			
Non-current liabilities			
Employee benefits	12	13,870	14,802
Non-current provisions	13	115	155
Non-current financial liabilities	14	12,149	3,562
of which related parties		*10,979*	*1,936*
Other non-current liabilities	15	1,368	1,859
Deferred tax liabilities	6	20,089	27,548
TOTAL NON-CURRENT LIABILITIES		**47,591**	**47,926**
Current liabilities			
Current provisions	13	9,782	11,769
Trade payables	16	19,844	19,647
of which related parties		*674*	*248*
Current financial liabilities	14	9,215	10,916
of which related parties		*2,800*	*2,783*
Current income tax payables	6	1,064	-
Other current liabilities	15	18,327	20,628
of which related parties		*26*	*33*
TOTAL CURRENT LIABILITIES		**58,232**	**62,960**
TOTAL LIABILITIES		**105,823**	**110,886**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**508,820**	**450,155**

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Consolidated Income Statement

(in Euro thousands)	Note	*2021*	*2020*
Revenues	17	115,407	116,355
of which related parties		*283*	*241*
Other operating revenues	18	7,270	3,541
of which related parties		*73*	*76*
TOTAL REVENUES		**122,677**	**119,896**
Raw material costs	19	(7,804)	(7,833)
Labour costs	12	(48,099)	(53,338)
of which non-recurring charges		*(583)*	*(4,212)*
Other operating charges	20	(51,315)	(53,190)
of which related parties		*(1,139)*	*(706)*
TOTAL COSTS		**(107,218)**	**(114,361)**
EBITDA		**15,459**	**5,535**
Amortisation & depreciation		(2,993)	(3,056)
Amort. leased assets		(3,570)	(3,673)
Provisions		(98)	(118)
Write-down of intangible assets with indefinite life		-	(57,400)
Write-down of receivables and other fix assets		(452)	(914)
Amortisation, depreciation, provisions and write-downs	21	**(7,112)**	**(65,161)**
EBIT		**8,347**	**(59,626)**
Financial income		13,693	3,521
of which related parties		*11,623*	*3,250*
Financial charges		(549)	(651)
of which related parties		*(134)*	*(62)*
Net financial income	22	**13,144**	**2,870**
PROFIT/(LOSS) BEFORE TAXES		**21,491**	**(56,756)**
Income taxes	6	7,242	12,479
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**28,733**	**(44,277)**
NET PROFIT/(LOSS) FOR THE YEAR		**28,733**	**(44,277)**
Group Net Profit/(loss)		28,733	(44,277)
Minority interest share		-	-
Basic and diluted earnings per share	23	0.269	(0.415)

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Consolidated Comprehensive Income Statement

(in Euro thousands)	Note	2021	2020
Net Profit/(Loss) for the year		**28,733**	**(44,277)**
Items which are not reclassified subsequently to profit/(loss) for the year			
Effect of actuarial gains/losses, net of tax effect	12	36	(205)
Profit/(loss) from the disposal of Investments in equity instruments net of the tax effect		(13)	-
Profit/(loss) from the valuation of Investments in equity instruments net of the tax effect	4	35,065	(24,459)
Total other items of the Comprehensive Income Statement	23	**35,088**	**(24,664)**
Comprehensive profit/(loss) for the year		**63,821**	**(68,941)**
Attributable to:			
Parent Company shareholders		63,821	(68,941)
Minority interests		-	-

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Statement of Changes in Consolidated Shareholders' Equity

(in Euro thousands)	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Net Result	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2020	**125,000**	**(18,865)**	**(23,641)**	**21,087**	**335,278**	**(30,649)**	**408,210**	**-**	**408,210**
Prior year result carried forward					(30,649)	30,649	**-**		**-**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(30,649)**	**30,649**	**-**	**-**	-
Change in fair value reserve				(24,459)			**(24,459)**		**(24,459)**
Change employee reserve					(205)		**(205)**		**(205)**
Net loss						(44,277)	**(44,277)**		**(44,277)**
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**(24,459)**	**- 205**	**(44,277)**	**(68,941)**	**-**	**(68,941)**
Balance at December 31st 2020	**125,000**	**(18,865)**	**(23,641)**	**(3,372)**	**304,424**	**(44,277)**	**339,269**	**-**	**339,269**
Balance at January 1st 2021	**125,000**	**(18,865)**	**(23,641)**	**(3,372)**	**304,424**	**(44,277)**	**339,269**	**-**	**339,269**
Prior year result carried forward					(44,277)	44,277	**-**		**-**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(44,277)**	**44,277**	**-**	**-**	-
Change in fair value reserve				35,065			**35,065**		**35,065**
Change employee reserve					36		**36**		**36**
Change in other provisions					(13)		**(13)**		**(13)**
Net Profit						28,733	**28,733**		**28,733**
Total comprehensive profit for the year	**-**	**-**	**-**	**35,065**	**23**	**28,733**	**63,821**	**-**	**63,821**
Other changes					(93)		**- 93**		**(93)**
Balance at December 31st 2021	**125,000**	**(18,865)**	**(23,641)**	**31,693**	**260,077**	**28,733**	**402,997**	**-**	**402,997**

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Consolidated Cash Flow Statement

in Euro thousands	Note	*2021*	*2020*
CASH & CASH EQUIVALENTS PREVIOUS YEAR	10	**100,496**	**112,368**
Net Profit/(loss) for the year		28,733	(44,277)
Amortisation & depreciation		6,563	6,729
(Revaluations) and write-downs		452	58,313
Net financial charges		(13,144)	(2,870)
(Gains)/losses on disposals		-	(14)
Income taxes		(7,242)	(12,479)
Changes in employee provisions		(897)	(989)
Changes in current and non-current provisions		(2,026)	754
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**12,439**	**5,167**
(Increase) Decrease in inventories		(104)	60
(Increase) Decrease in Trade receivables		3,514	905
Increase (Decrease) in Trade payables		197	(1,637)
Change in other current and non-current liabilities		(5,507)	(244)
Change in deferred and current income taxes		(44)	(121)
OPERATING CASH FLOW		**10,495**	**4,130**
Dividends received		12,571	3,250
Interest paid		(549)	(549)
Other income (charges) received/paid		1,122	271
Income taxes paid		(626)	(71)
A) CASH FLOW FROM OPERATING ACTIVITIES		**23,013**	**7,031**
Investments in intangible fixed assets		(183)	(600)
Investments in tangible fixed assets		(217)	(448)
Non-current investments and securities		(66,333)	(12,369)
Sale of intangible and tangible assets		-	63
Sale of equity investments and non-current securities		14,998	-
Change in non-current financial assets		-	(36)
B) CASH FLOW FROM INVESTING ACTIVITIES		**(51,735)**	**(13,390)**
Change in current financial liabilities		(5,164)	(5,513)
C) CASH FLOW FROM FINANCING ACTIVITIES		**(5,164)**	**(5,513)**
D) Effect exc. diffs. on cash & cash equivalents		-	-
Change in net liquidity		**(33,886)**	**(11,872)**
CASH AND CASH EQUIVALENTS CURRENT YEAR	10	**66,610**	**100,496**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31st 2021

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Introduction

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

At December 31st 2021, the shareholders with holdings above 3% of the share capital, as per the shareholders' register, the communications received in accordance with Article 120 of Legislative Decree No. 58 of February 24th 1998, and other information available are:

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

  The above investment is held indirectly through the companies:

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

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

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

The company in addition holds 18,209,738 treasury shares, equal to 14.57% of the share capital.

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

The Consolidated financial statements at December 31st 2021 include the financial statements of the Parent Company and its subsidiaries (together the "Group"). The financial statements prepared by the Directors of the individual companies for approval by the respective shareholders' meetings were utilised for the consolidation, amended in view of the accounting standards utilised by the parent company to prepare the Consolidated Financial Statements (IFRS).

These consolidated financial statements were authorised for publication by the Directors on March 8th 2022.

Compliance with international accounting standards approved by the European Commission

The consolidated financial statements at December 31st 2021 are prepared on the going concern basis of the Parent Company and the subsidiaries and in accordance with Articles 2 and 3 of Legislative Decree 38/2005 and International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the

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European Commission and in force at the balance sheet date, in addition to the preceding International Accounting Standards (IAS). For simplicity, all the standards and interpretations are hereafter stated simply as "IFRS".

In the preparation of the present document, account was taken of Article 9 of Legislative Decree No.38 of February 28th 2005, of the provisions of the civil code, of CONSOB Resolution No. 15519 ("Regulations relating to financial statements to be issued in accordance with article 9, paragraph 3 of Legs. Decree No. 38/2005") and No. 15520 ("Modifications and amendments to the implementation rules of Legs. Decree No. 58 of 1998") both of July 27th 2006 as well as CONSOB communication No. DEM/6064293 of July 28th 2006 ("Disclosure of issuers of shares and financial instruments in accordance with Article 116 of the CFA").

All of the financial statements of the companies consolidated fully are prepared at the same date as the consolidated financial statements and, with the exception of those of the Parent Company which are prepared according to IFRS, were prepared according to Italian GAAP, to which the necessary adjustments were made in order to render them uniform with the Parent Company principles.

The Group did not opt for the advance adoption of the standards, interpretations and updates already approved, which are applicable after the date of the accounts.

The Group evaluated the possible effects related to the application of the new standards/changes to accounting standards already in force listed below in the present notes; based on an evaluation undertaken significant effects did not emerge in the consolidated and separate financial statements.

Basis of presentation

Presentation criteria

The Consolidated Financial Statements consist of the Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Consolidated Cash Flow Statement, and the Statement of changes in Shareholders' Equity, an outline of the accounting principles adopted and the present Notes to the financial statements.

The basis of presentation of the Group financial statements is as follows:

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- the current and non-current assets and current and non-current liabilities are presented as separate classifications in the Consolidated Balance Sheet;
- the consolidated income statement is based on the nature of costs;
- the consolidated comprehensive income statement, beginning with the net result, highlights the effect of profits and losses recorded directly to net equity;
- the statement of changes in consolidated Shareholders' Equity reports the changes in the period of the individual accounts within Net Equity;
- the consolidated cash flow statement is presented using the indirect method.

The historic cost is the general criteria adopted, with the exception of the financial statement accounts measured at Fair value according to the individual IFRS, as described in the measurement criteria below.

It should also be noted that "current" means within 12 months of the balance-sheet date, whereas "non-current" means beyond 12 months from the balance-sheet date.

The IFRS were applied in accordance with the "Framework for the preparation and presentation of financial statements" and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 19.

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

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

The Consolidated Financial Statements are presented in Euro, the functional currency of the Parent Company, and the amounts shown in the notes to the financial statements are shown in thousands, except where indicated otherwise.

The operational and presentation currency of the Group is the Euro, which is also the operational currency of all of the companies included in the present financial statements.

The accounting principles and criteria applied in the present financial statements are in line with those adopted in the consolidated financial statements for the year ended December 31st 2020, except as specified below.

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The 2021 financial statements of the Parent Company Caltagirone Editore SpA are also prepared in accordance with IFRS as defined above.

Accounting standards and amendments to standards adopted by the Group

a) From January 1st 2021, the Group adopted the following new accounting standards:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, which was endorsed by the EU on January 13th 2021 with Regulation No. 25. The objective of the document is to modify the existing standards affected by the reform to include some practical expedients and some facilitations, thereby limiting the accounting impacts resulting from the reform of IBORs.
- Amendments to IFRS 4 Contracts - deferral of IFRS 9, which was endorsed by the EU on December 16th 2020 with Regulation No. 2097. The objective of the document is to clarify a number of applicational aspects of IFRS 9 before the definitive application of IFRS 17.

The adoption of the new standards applicable from January 1st 2021 did not have significant effects.

b) Accounting Standards and interpretations on Standards effective from the periods subsequent to 2021 and not adopted in advance by the Group:

- 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 designed to make specific improvements to those standards. This document, adopted by the European Union with Regulation No. 1080 of June 28th 2021, is applicable from periods beginning on, or subsequent to, January 1st 2022.

- On February 12th 2021, the IASB published "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, with the aim of improving the information provided about the accounting standards and accounting policies adopted in order to provide users of the financial statements with more useful information. The amendments are applied to financial statements concerning periods beginning from January 1st 2023.

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- On February 12th 2021, the IASB published "Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors: Definition of Accounting Estimates," with the goal of distinguishing changes in accounting principles from changes in accounting estimates. The amendments are applied to financial statements concerning periods beginning from January 1st 2023.

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

c) Accounting standards, amendments and interpretations not yet endorsed by the European Union:

At the date of the approval of the present Consolidated Financial Statements, the IASB had issued (however not yet approved by the European Union) a number of accounting standards, interpretations and amendments - some still in the consultation phase - among which we highlight:

- On May 18th 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts improves transparency on profit sources and on the quality of profits realised and ensures a high level of results comparability, introducing a single standard for the recognition of revenues which reflects the services provided. On June 25th 2020, the IASB published the document “Amendments to IFRS 17”, which includes some changes to IFRS 17 and the deferral of the entry into force of the new accounting standard to January 1st 2023. At the reporting date, the endorsement process was ongoing.
- On January 23rd 2020, the IASB published amendments to IAS 1. The document “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" provides that a liability is classified as current or non-current according to the rights existing at the date of the financial statements. In addition, it states that the classification is not affected by the entity's expectation to exercise its rights to defer settlement of the liability. Finally, it is clarified that this regulation refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments were initially due to come into force from January 1st 2022, however the IASB, with a second document published on July 15th 2020 titled “Classification of Liabilities as Current or Non-current – Deferral of Effective Date”, has deferred their

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entry into force to January 1st 2023. Early application is permitted. At the reporting date, the endorsement process was ongoing.

- The IASB, on March 31st 2021, published the amendment entitled "Amendments to IFRS 16 Leases: Covid 19-Related Rent Concessions beyond 30 June, 2021", with which it amended IFRS 16 Leases in order to extend for a further twelve months, until June 30th 2022, the practical expedient introduced by the document "Covid 19-Related Rent Concessions" published on May 28th 2020 and relating to the accounting by lessees of rent concessions obtained as a result of the COVID-19 pandemic. This practical expedient is optional, does not apply to lessors, and allows lessees not to account for rent concessions (rent suspensions, deferrals of lease payments due, rent reductions over a period of time, possibly followed by rent increases in future periods) as lease modifications if they are a direct result of the COVID-19 pandemic and meet certain conditions. The 2021 amendments to IFRS 16 come into force from the financial statements of the financial years starting from or after April 1st 2021, but may be applied early to the financial statements of previous financial years whose publication has not yet been authorised. The endorsement process is still in progress.
- On May 7th 2021, the IASB published the document “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The amendments require entities preparing financial statements to recognise deferred taxes on transactions that result in an equivalent amount of taxable and deductible temporary differences upon initial recognition. The amendments are effective for the years beginning on or after January 1st 2023. Earlier application is permitted. The endorsement process is still in progress.

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

The standards are not expected to have a material impact on the Group's consolidated financial statements.

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Basis of Consolidation

Consolidation scope

The consolidation scope, which remains the same as last year, includes the Parent Company and all of its subsidiaries, directly or indirectly held (hereinafter the “Group”).

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

	Registered Office	31.12.2021	31.12.2020	Activities
Caltagirone Editore SpA	Rome	Parent	Parent	finance
Il Messaggero SpA	Rome	100%	100%	publishing
Il Mattino SpA	Rome	100%	100%	publishing
Piemme SpA	Rome	100%	100%	advertising
Leggo Srl	Rome	100%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico Srl	Rome	100%	100%	publishing
Quotidiano Di Puglia Srl	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Stampa Venezia Srl	Rome	100%	100%	printing
Imprese Tipografiche Venete Srl	Rome	100%	100%	printing
P.I.M. Srl	Rome	100%	100%	advertising
Servizi Italia 15 Srl	Rome	100%	100%	services
Stampa Roma 2015 Srl	Rome	100%	100%	printing
Stampa Napoli 2015 Srl	Rome	100%	100%	printing

For a list of consolidated shareholdings and related method of consolidation, see the annex included below (provided pursuant to Article 38 of Legislative Decree No. 127/1991).

Subsidiaries

Subsidiaries are considered all companies for which the Group is exposed to variable income streams or when possessing rights to such income streams, based on the relationship with the entity, and at the same time has the capacity to affect such income steams through the exercise of its power. In the evaluation of control, consideration is also taken of the potential voting rights.

Subsidiaries are consolidated from the date in which control occurs until the moment in which this control terminates.

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The financial statements used for the consolidation were prepared at December 31st and are normally those prepared and approved by the Board of Directors of the individual companies, appropriately adjusted, where necessary, in accordance with the accounting principles of the Parent Company.

Inactive subsidiaries or those that generate an insignificant volume of turnover are not included in the consolidated financial statements as their impact would not be significant. Unconsolidated subsidiaries are measured at fair value.

Consolidation procedures

The subsidiary companies are consolidated using the line-by-line method. The criteria adopted for line-by-line consolidation were as follows:

- the assets and liabilities and the charges and income of the companies fully consolidated are recorded line-by-line, attributing to the minority shareholders, where applicable, the share of net equity and net result for the period pertaining to them; this share is recorded separately in the net equity and in the consolidated income statement;
- the inter-group balances and transactions, including any unrealised gains with third parties, are eliminated net of the fiscal effect, if significant. The unrealised losses are not eliminated, where the transaction indicates a reduction in value of the activity transferred;
- the gains and losses deriving from the sale of an investment in a consolidated company are recorded to group net equity as a transaction with shareholders for the amount corresponding to the difference between the sales price and the corresponding share of the consolidated net equity sold. In the case in which the sale results in the loss of control and therefore the deconsolidation of the investment, the difference between the sales price and the corresponding share of consolidated net equity sold must be recorded as a profit or loss to the income statement.

Foreign currency transactions

All transactions in currencies other than the functional currency of the individual Group companies are recognised at the exchange rate at the date of the transaction.

The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period.

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The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement.

The non-monetary assets and liabilities denominated in foreign currencies other than the Euro and recorded at historical cost are translated utilising the exchange rate at the initial date of the recording of the operation.

The non-monetary assets and liabilities recognised at fair value are translated using the exchange rate at the transaction date.

Business combinations

Business combinations are recognised according to the acquisition method. According to this method:

i. the amount transferred to a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are recorded to the income statement when they are incurred;

ii. at the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; exceptions to this are the deferred tax assets and liabilities, employee benefit assets and liabilities, liabilities or equity instruments relating to share-based payments of the entity acquired or share-based payments relating to the Group issued in replacement of the contracts of the entity acquired, and the assets (or group of assets and liabilities) held-for-sale, which are instead valued according to the applicable standard;

iii. goodwill is calculated as the excess of the amounts transferred to the business combination, of the value of minority interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of any minority interest and the fair value of any holding previously held in the acquired company, this excess is immediately recorded to the income statement as income deriving from the transaction concluded;

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iv. any amount subject to conditions established by the business combination contract are valued at fair value at the acquisition date and included in the value of the amounts transferred to the business combination for the determination of goodwill.

In the case of business combinations undertaken in a series of phases, the holding previously held in the acquired entity is revalued at fair value at the acquisition of control date and any profit or loss is recorded to the income statement. If the initial values of a business combination are incomplete at the period-end in which the business combination took place, the Group reports in its consolidated financial statements the provisional values of the items for which the final calculations could not be made. These provisional values are adjusted in the measurement period to take account of the new information obtained on the facts and circumstances existing at the acquisition date which, if known, would have had effects on the value of assets and liabilities recognised at this date.

On passage to IFRS, the Group decided to restate only the business combinations taking place after January 1st 2004. For the acquisitions before this date, goodwill is the amount recorded in accordance with Italian GAAP.

Accounting policies

Intangible assets with definite life

An intangible asset is a non-monetary asset, clearly identifiable and without physical substance, controllable and capable of generating future economic benefits.

The intangible assets with a definite life, which include patents, concessions, licences, trademarks and similar rights and software, are recorded at cost, including direct accessory costs necessary in order to render the asset available for use.

The useful life of each intangible asset is determined when first recognised. In the event that, based on an analysis of all relevant factors, there is no expected limitation on the period in which the asset will generate cash flows for the Group, it is deemed to be an intangible asset of indefinite useful life. The estimate of the useful lives is reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates. Intangible assets are eliminated from the financial statements when sold or when there is no expected future economic benefits from the use of an intangible asset, and any loss or gain (calculated as the difference between the disposal value and the book value) is recognised in the year in which the asset is eliminated.

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Intangible assets with definite useful lives are recognised net of the relative accumulated amortisation and any impairment in accordance with the procedures described below. Amortisation begins when the asset is available for use and is recognised on a systematic basis in relation to the residual use and thus over the useful life of the asset. In the first year of use the amortisation takes into account the period of its use in the year.

The amortisation rates used are shown below:

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

Intangible assets with indefinite life

Publishing titles

Intangible assets with indefinite useful lives are those assets for which, on the basis of an analysis of all of the relevant factors, there is no foreseeable limit to the period in which the cash flow generated is limited for the Group. The newspaper titles are considered assets with indefinite useful lives.

Intangible assets of indefinite useful life are initially recognised at purchase cost, which is measured based on the same methods used for intangible assets of definite useful life. However, they are not then amortised, but rather subject to impairment testing to determine their recoverable value as described below (see Note 2). This impairment testing is done annually or more frequently if specific events point to a potential impairment loss. Any impairment losses are reinstated if the reasons for their recognition no longer exist.

Property, plant and equipment

Property, plant and equipment is recorded at cost, including directly allocated accessory costs and those necessary for the asset being in the condition for which it was acquired, and increased, in the presence of current obligations, by the current value of the estimated cost for the disposal of the asset.

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The financial charges directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset itself until the moment in which the asset is ready for expected use or sale.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement in the year in which they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach.

Property, plant and equipment is recorded net of the relative accumulated depreciation and any loss in value determined in accordance with the procedures described below. Depreciation is calculated on a straight-line basis according to the estimated useful life of the asset; the useful life is reviewed annually and any changes, where necessary, are made on the basis of the new estimate.

The main depreciation rates and related useful lives are as follows:

	Useful life	Economic/technical rate
Industrial buildings	30 years	3.33%
Light constructions	10 years	10%
Non automated machines and general plant	10 years	10%
Rotating press for paper in rolls	15 years	6.67%
Minor equipment	4 years	25%
Office furniture and equipment	8 years	12.5%
Transport vehicles	5 years	20%
Motor vehicles and similar	4 years	25%

Land, both constructible and relating to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the component approach principle.

At the moment of sale or when there are no expected future economic benefits from the use of property, plant and equipment, they are eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the book value) is recorded in the Income Statement in the year of the above-mentioned elimination.

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Leasing

Lessee

Identification of leasing

At the inception date of the contract (the initial between that for the signing of the contract and that on which the parties commit to comply with the contractual terms), and subsequently on any change to the contractual terms and conditions, the company verifies whether such contains or represents a lease. In particular, a contract contains or represents a lease where the right to control the use of the identified asset is transferred for an established period of time in exchange for consideration. In order to assess whether a contract contains or represents a lease, the company:

- assesses whether, with regards to the identified asset, it holds the right to substantially obtain all of the economic benefits related with its usage throughout the entire usage period;
- verifies whether the contract refers to the use of a specific asset, explicitly or implicitly, which is physically separate or substantially represents the entire capacity of a physically separate asset. Where the supplier has a substantial right to replacement, the asset is not identified;
- verifies whether it has the right to manage the use of the asset. The company is considered to enjoy this right where it has the right to take the main decisions with regards to changing the usage means and purposes of the asset.

For the contracts containing a number of leasing and non-leasing components and therefore within the scope of other accounting standards, the individual components to which the respective accounting standards are applied are separated.

The leasing duration begins when the lessor makes the asset available to the lessee (commencement date) and is established in view of the non-cancellation period of the contract, i.e. the period during which the parties have legally enforceable rights and obligations and including also the rent-free period. To this duration, the following is added:

- the period covered by a renewal option, where the company is reasonably certain of exercising this option;

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- the periods subsequent to the resolution date ("termination option"), where the company is reasonably certain of not exercising this option.

The termination options held only by the lessor are not considered. The reasonable certainty of exercising or otherwise a renewal or termination option as per the contract is verified by the company at the commencement date, considering all the facts and circumstances generating an economic incentive to exercise or otherwise the option, and is subsequently reverified where significant events or changes to circumstances which may impact its establishment, and which are under the control of the company, occur.

Recognition of leasing

At the commencement date of the leasing, the company records the right of use (RoU) to assets and the leasing liability.

The asset consisting of the right of use is initially valued at cost, including the amount of the initial valuation of the leased liability, adjusted for payments due for leases undertaken at the commencement date or before, plus initial direct costs incurred and an estimate of the costs which the lessee is expected to incur for the dismantling or removal of the underlying asset or for the refurbishment of the underlying asset or of the site at which it is located, net of the leasing incentives received.

The leasing liabilities are valued at the present value of the payments due for leasing not paid at the commencement date. For discounting purposes, the company utilises, where possible and where stated in the contract, an implied leasing interest rate or alternatively the incremental borrowing rate (IBR). The leasing payments due included in the valuation of the liability include the fixed payments, the variable payments which depend on an index or a rate, the amount expected to be paid as a guarantee on the residual value, the exercise price of a purchase option (that the company has a reasonable certainty of exercising), the payments due in a renewal period (where the company has a reasonable certainty of exercising the option) and the early termination penalty (unless the company is reasonably certain of not terminating the lease early).

Subsequently, right-of-use assets are amortised on a straight-line basis for the entire contractual duration, unless the contract itself stipulates the transfer of ownership on conclusion of the lease or where the leasing cost reflects the fact that the lessee shall exercise the purchase option. In this latter case, amortisation should take place over the lessor between the useful life of the asset and the duration of contract. The estimated useful lives of assets for the usage right are calculated according to the same criterion applied to

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the relative fixed asset accounts. In addition, the right-of-use assets are reduced by any impairments and adjusted to reflect the remeasurement of the lease liabilities.

The leased liabilities, subsequent to the initial valuation at the commencement date, are valued at amortised cost according to the effective interest criterion and remeasured in the case of changes to future payments due for the leases deriving from a change in the index or rate, in the case of a change to the amount which the company expects to pay as guarantee on the residual value or where the company changes its assessment with regards to the exercise or otherwise of a purchase, renewal or termination option. Where the lease liabilities are remeasured, the lessee correspondingly alters the right-of-use asset. Where the book value of the asset for the right of use is reduced to zero, the change is recognised to the net profit/(loss) for the year.

In the balance sheet, the company presents the assets for the right of use under fixed assets, in the same account in which these assets would be presented if owned, with the lease liabilities among financial liabilities. The interest charges on the lease liabilities constituting a component of the financial charges are recognised to the income statement and the accumulated amortisation of the right of use assets is presented separately.

Lessor

Identification of leasing

At the initial date of the contract and, subsequently upon a change to the contractual terms and conditions, the company classifies each of its “asset” leases as financial leases or operating leases. For these purposes, the company generally assesses whether the leasing substantially transfers all the risks and benefits related to ownership of the underlying asset. In this case, the leasing is classified as a finance lease, rather than an operating lease. Within the scope of this assessment, the company considers among the various indicators whether the leasing duration covers a majority of the economic life of the underlying asset and/or the presence or otherwise of reasonably exercisable purchase options.

For contracts containing a leasing component and one or more leasing and non-leasing components, the company breaks down the contractual consideration by applying IFRS 15.

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Recognition of leasing

In the case of finance leases, the company recognises to the balance sheet the asset as a receivable of a value equal to the net investment of the leasing. To assess the net investment of the leasing, the company applies the implied leasing interest rate, established to include the direct initial costs. The company applies IFRS 9 regarding eliminations and impairment provisions to the net investment of the leasing.

The financial income is recorded over the leasing duration on a straight-line basis.

For operating leases, the company recognises the payments received as income on a straight-line basis throughout the duration of the lease to the account “other revenues from sales and services”.

Sub-leasing

With regards to sub-leasing, the company, as an interim lessee, classifies its share of the main lease separately from the sub-leasing. For these purposes, it classifies the sub-leasing with regards to the right of use asset deriving from the main lease, rather than referring to the underlying asset. Where the main lease is a short-term lease which the company has recognised applying the exemption established by the standard and outlined below, the sub-leasing is classified as an operating lease. In the presence of sub-leasing, the main lease is never considered of insignificant value.

Impairment losses

The book value of intangible and tangible assets is periodically reviewed for the existence of events or changes which indicate that the book value may not be recovered. If an indication of this type exists, the recoverable amount must be determined and, in the case in which the book value exceeds the recoverable amount, these assets are written down to reflect their recoverable amount. However, the value of intangible assets of indefinite useful life is estimated annually, or in any case when there is a change in circumstances or specific events occur which require this.

The recoverable amount of the intangible and tangible assets is the higher value between the present value, net of the disposal costs and their value of use. The value in use refers to the present value of estimated future cash flows of the asset or, for assets that do not independently generate sufficient cash flows, of the group of assets that comprise the cash generating unit to which the asset belongs.

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In defining use value, expected future financial flows are discounted back by using a pre-tax discount rate that reflects current estimated market value referred to the cost of money compared to the time and specific risks of the asset.

A reduction in value is recognised in the income statement when the carrying value of the asset, or of the relative cash-generating unit to which it is allocated, is higher than the recoverable amount: the losses in value of cash generating units are firstly recognised as a reduction of the carrying amount of any goodwill allocated and, thereafter, as a reduction of other assets, in proportion to the relative carrying amount. When the reasons for a write-down no longer exist on tangible and intangible assets other than goodwill, the book value of the asset is restated through the income statement, up to the value at which the asset would be recognised if no write-down had taken place and amortisation had been recognised. When the reduction in value deriving from the test is higher than the value of the asset subject to the test allocated to the cash generating unit to which it belongs, the residual amount is allocated to the assets included in the cash-generating unit in proportion to their carrying value. This allocation has as its minimum limit, the highest value between:

- the relative fair value of the asset less disposal costs;
- the relative value in use, as defined above;
- zero.

Losses are recognised in the Income Statement under the account amortisation, depreciation and write-downs.

Equity investments and non-current securities

Equity investments other than in subsidiaries, associates and joint ventures (see the consolidation scope), which generally involve holding less than a 20% interest, are recognised at cost at the date of acquisition as “equity investments and non-current securities”, as this is representative of their fair value including directly attributable transaction costs.

Subsequent to this initial recognition, these investments are then measured at fair value through other comprehensive income in accordance with IFRS 9.

Investments not involving subsidiaries or associations that are not listed on an active market and for which the use of an appropriate valuation model would not produce reliable results remain measured at cost.

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Equity investments measured at cost are subject to impairment testing in order to recognise any permanent losses in value through profit or loss. Should the causes for the impairment loss cease to exist, the value of the investment is to be restored to no greater than its original cost. This is recognised through profit or loss.

Inventories

Raw materials, semi-finished and finished products are recognised at cost and measured at the lower of cost and the market value. The cost is calculated on the basis of the weighted average cost method, which includes related accessory costs. In order to establish the net realisable value, the value of any obsolete or slow-moving inventory is written-down based on the expected future utilisation/realisable value through the creation of a relative fund for the reduction in value of the inventory.

Financial instruments

Classification and measurement

In accordance with specific provisions of IFRS 9, the classification and measurement of financial assets reflects the business model according to which such assets are managed and the characteristics of their cash flows.

Financial assets fall into three main measurement categories: at amortised cost; at fair value through other comprehensive income statement items (FVTOCI); and at fair value through profit or loss (FVTPL).

The analyses that must be conducted in order to categorise financial assets in this manner depend, first of all, on whether we are dealing with a debt instrument, an equity instrument, or a derivative.

Financial assets comprising equity instruments are always recognised at fair value.

Where the security is held for trading, the fair value changes are recognised through profit or loss. For all other investments, it was decided to subsequently recognise all fair value changes through other comprehensive income (OCI), thereby exercising the FVTOCI option. In this case, the amounts accumulated to OCI shall never be reversed to the profit/(loss) for the year, even in the case of elimination for accounting purposes of the investment. Application of the FVTOCI option is irrevocable, and reclassifications to other categories are not permitted. This option has been adopted for the measurement of equity investments in other companies.

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With regards however to the classification of financial assets comprising receivables and debt instruments, the following two elements are considered:

1. the business model adopted by the company. Specifically:
    - — Held to Collect (HTC), model whose objective is to hold financial assets for the collection of the contractual cash flows;
    - — Held To Collect and Sale (HTC&S), model whose objective is to collect the cash flows from the financial asset and also to sell the financial asset;
    - — other business models than the two preceding.
2. the characteristics of the contractual cash flows from the financial instrument and whether such contractual cash flows only concern the payment of the capital and interest or otherwise including also other components. This check is called the Solely Payment of Principal and Interest (SPPI) Test.

IFRS 9 provides the definitions of capital and interest:

- the capital is the fair value of the financial asset on initial recognition and this amount may change over the life of the financial instrument (for example, through repayments);
- the interest however represents the compensation for the time value of money and the credit risk on the residual capital.

A financial asset consisting therefore of debt securities may be classified as follows:

1) Amortised cost, when:
    a. the contractual cash flows of the instrument consist only of the payment of capital and interest (SPPI Test satisfied); and
    b. the business model adopted by the company establishes that the entity holds the financial asset only to collect the contractual cash flows (HTC business model).

In this category, the financial instruments are initially recognised at fair value, including the transaction costs, and subsequently measured at amortised cost. The interest (calculated using the effective interest criterion, as in the preceding IAS 39), the impairments (and the write-backs of losses), the exchange gains/(losses) and the profits/(losses) from the elimination for accounting purposes are recognised to the profit/(loss) for the year.

2) Fair Value Through Other Comprehensive Income (FVTOCI), when:
    a. the contractual cash flows of the instrument consist only of the payment of capital and interest (SPPI Test satisfied); and
    b. the business model adopted by the company establishes that the entity holds the financial asset to collect the contractual cash flows and the cash flows generated from sale (HTC&S business model).

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In this category, the financial instruments are initially recognised at fair value, including transaction costs.
The interest (calculated using the effective interest criterion, as in the preceding IAS 39), the impairments and the exchange gains/(losses) are recognised to the profit/(loss) for the year. The other fair value changes of the instrument are recognised to other comprehensive income items (OCI). On elimination for accounting purposes of the instrument, all profits/(losses) accumulated to OIC shall be reclassified to the profit/(loss) for the year.

3) Fair Value Through Profit Or Loss residually, i.e. where:
   a. the criteria outlined above are not satisfied or;
   b. where the fair value option is exercised.

The financial assets classified to this category are initially and subsequently recognised at fair value. The costs of the transaction and the fair value changes are recognised to the profit/(loss) for the year.

Impairment losses

IFRS 9 replaces the ‘incurred loss’ model under IAS 39 with an ‘expected credit loss’ forecast model (“ECL”). The model assumes a significant valuation level regarding the impact of the changes to the economic factors on the ECL which are weighted on the basis of probabilities.
The new expected credit loss model is applied to financial assets measured at amortised cost or at FVOCI, with the exception of capital securities and assets from contracts with customers.
The standard establishes that the doubtful debt provisions are valued utilising the following methodologies: the “General deterioration method” and the “Simplified approach”; in particular:

- The “General deterioration method” requires classification in three stages of financial instruments included in the scope of application of IFRS 9 . The three stages reflect the level of deterioration of the quality of the receivable from the point at which the financial instrument is acquired and requires a differing method to calculate the ECL;

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- The “Simplified approach” establishes that, for trade receivables, contract assets and leasing contract receivables, some simplifications are adopted in order to prevent entities from being forced to monitor changes in credit risk as required by the general model. The recognition of the loss according to the simplified approach is on a lifetime basis and therefore stage allocation is not required. For these types, therefore, receivables are broken down by cluster, for which the reference parameters (PD, LGD, and EAD) are established to calculate the lifetime expected credit losses on the basis of available information.

Where the General Deterioration Method is applied, as expected, financial instruments are classified into three stages according to the level of deterioration of the credit quality between the date of initial recognition and the measurement date:

- Stage 1: includes all financial assets considered on initial recognition (Date of initial recognition) regardless of qualitative parameters (e.g. rating) and except for situations presenting objective evidence of impairment. During the subsequent measurement phase, all financial instruments which have not demonstrated a significant increase in the credit risk compared to the date of initial recognition or which have a low credit risk at the date of analysis remain in stage 1. For these assets, the losses on expected receivables over the coming 12 months (12-month ECL) representing the expected losses in consideration of the possibility that default events will occur over the coming 12 months are recognised. The interest on financial instruments included in stage 1 are calculated on the carrying amount gross of any write-downs on the asset;
- Stage 2: includes the financial instruments presenting a significant increase in credit risk compared to the Date of initial recognition, although without presenting objective evidence of impairment. For these assets, only the expected losses on receivables deriving from all possible default events over the entire expected life of the financial instrument are recognised (Lifetime ECL). The interest on financial instruments classified to stage 2 is calculated on the carrying amount, gross of any write-downs on the asset;
- Stage 3: includes the financial assets presenting objective evidence of impairment at the Measurement date. For these assets, only the expected losses on receivables deriving from all possible default events over the entire expected life of the instrument are recognised.

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Cash and cash equivalents

Cash and cash equivalents are accounted at fair value and include bank deposits and cash, cash equivalents, and investments with maturities of less than three months, i.e. instruments that are available on demand at short notice, certain in nature, and with no payment expenses.

Cash and cash equivalents in foreign currencies are valued at the year-end exchange rate.

Fair value hierarchy levels

In relation to the financial assets and liabilities recorded in the balance sheet at Fair Value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the degree of input utilised in the determination of the Fair Value. The following levels are used:

- Level 1: determination of fair value based on prices listed on active markets for identical assets or liabilities which the entity can access at the valuation date;
- Level 2: determination of fair value based on other inputs than the listed prices included in “Level 1” but which are directly (prices) or indirectly (derivatives of prices) observable for the assets or liabilities;
- Level 3: determination of the fair value based on valuation models whose input is not observable for the assets or liabilities.

For information on the Fair Value hierarchy level, reference should be made to Note 28.

Shareholders’ Equity

Treasury shares

The costs incurred for the purchase of treasury shares are recorded as a reduction of shareholders’ equity. The gains or losses deriving from a subsequent sale are recorded as net equity movements.

Costs for share capital increases

The costs incurred for the stock exchange listing of the Parent Company Caltagirone Editore SpA, net of the relative tax effect, are recorded as a reduction of the shareholders’ equity in a separate negative reserve.

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Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the employment period and relating to defined benefit plans (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right.

In relation to the Employee leaving indemnity, following the amendments to Law No.296 of December 27th 2006 and subsequent Decrees and Regulations ("Pension Reform") issued in the first months of 2007, it is noted that:

- the employee leaving indemnity matured at December 31st 2006 continues to be considered as a defined benefit plan.
- the employee leaving indemnity matured from January 1st 2007, for Italian companies with a number of employees above 50, is considered a defined contribution plan.

The determination of the current value of the Group commitments is made by an independent expert using the projected unit credit method.

Under this method, a future projection is made of the liability to determine the probable amount to be paid on the termination of employment and then discounted, to take into account the period of time which will pass before the actual payment. The calculation takes into account the employee leaving indemnity matured and is based on actuarial assumptions which principally relate to the interest rate, which reflects the market return of primary securities with maturities similar to those for bonds and the turnover of employees.

For the quota of the employee leaving indemnity allocated to the integrated pension or rather the INPS fund from the date of the option exercised by the employee, the Group is not a debtor of the employee indemnity provision matured after December 31st 2006, and therefore the actuarial calculation of the employee leaving indemnity excludes the component relating to future salary changes.

The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Group commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded to the Comprehensive Income Statement.

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The financial component is however recorded in the Income Statement, in the account financial charges.

Provisions for risks & charges

The provisions concern costs and charges are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.

The provisions are recorded when a legal or implicit obligation exists towards a third party that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and this amount can be reliably estimated. When the financial effect of the time value of money is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted using the estimated future cash flows at a pre-tax rate that reflects the current market assessment of the cost of money and, if appropriate, the specific risks of the obligation; the increase of the liability due to the passing of time is recorded as a financial charge.

In particular, the provisions relating to employee restructuring plans are recognised when at the balance sheet date the event which gives rise to the obligation is ‘binding' as the Company, through the drawing up of a formal restructuring programme, has generated within interested third parties the valid expectations that the entity will implement the afore-mentioned programme.

Grants

The grants and contributions, from public entities and private third parties, are recognised at fair value when there is reasonable certainty that they will be received and that they will satisfy the conditions for their attainment. The grants received against specific expenses are recognised under other liabilities and credited to the Income Statement in the period in which the related costs mature.

The grants received against specific assets whose value is recorded under fixed assets are recorded under other liabilities and credited to the Income Statement in relation to the depreciation period to which the asset refers.

Operating grants are fully recognised to the Income Statement at the moment in which they satisfy the conditions for their recognition.

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Revenue from contracts with customers

The Company recognises revenues such that transfer of the good and/or service to the customer is expressed in an amount that reflects a sum deemed to be that to which the Company has a right as compensation for said transfer.

This is done in accordance with the five-step model framework as follows:

1) identification of the contract;
2) identification of the assets and services covered by the contract;
3) determination of the transaction price;
4) allocation of the contractual obligations of the variable price component;
5) transfer of control.

Revenues are measured taking account of the contractual terms and practices generally applied in relations with customers. The price of this transaction is the amount of payment (which may include fixed or variable amounts, or both) considered to arise in exchange for the transfer of control of the promised goods/services. Control is generally considered to be the capacity to decide upon the use of the asset (good/service) and to substantially obtain all the remaining benefits. The total payment from contracts for the provision of services is broken down among all services on the basis of the sales price of the relative services as if they had been sold individually.

Within each contract, the base element for the recognition of revenues is the individual performance obligation. For each obligation to be satisfied, individually identified, the entity recognises the revenues where (or over time) the obligation is satisfied, transferring to the customer the promised good/service (or asset). The asset is transferred when (or over time) the client acquires control.

For obligations involving satisfaction over a period of time, the revenues are recognised “over the time”, measuring at the end of each period the progress made towards complete satisfaction of the obligation. For the measurement of progress, both input based and output based models may be used. The Group utilises the Input based method (cost-to-cost method). According to the latter method, the revenues are recognised on the basis of the inputs used to fulfil the obligation up to the date, with regards to the total inputs assumed to fulfil the entire obligation. Where the inputs are distributed evenly over time, the company recognises the corresponding revenues on a straight-line basis. In certain circumstances, where it is not possible to reasonably measure the result of the obligation to be fulfilled, the revenues are recognised only up to the amount of costs incurred.

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Variable payments

Where the contractual payment includes a variable amount (for example following reductions, discounts, reimbursements, credits, price concessions, incentives, performance bonuses, penalties or where the payment depends on the occurrence or otherwise of a future uncertain events), the amount of the payment considered to arise should be estimated. The Group estimates variable payments in a manner consistent with similar circumstances, using the expected value method or the value of the amount considered most probable; thereafter, the estimated amount of the variable payment of the transition price is included only to the extent that this amount is considered highly probable.

Presence of a significant financial component

Group revenues are adjusted amid significant financial components, both where funded by the client (early collection) or where funded by it (deferred collection). The presence of a significant financial component is identified on the signing of the contracts, comparing the expected revenues with the payments to be received. This is not recorded where between the time of transfer of the assets/service and the time of payment less than 12 months has passed.

Costs for obtaining and fulfilling the contract

The Group capitalises the costs incurred to obtain the contract and which would not have been incurred where such had not been obtained (e.g. sales commissions), where it is expected that they may be recovered. The Group capitalises the costs incurred to fulfil the contract only where these are directly related to the contract, permitting the obtainment of new and increased resources for future obligations and where these costs shall be recoverable.

Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

Financial income and charges

Financial income and charges are recognised in accordance with the accruals concept on the basis of the interest matured on the net value of the relative financial assets and liabilities utilising the effective interest rate, therefore utilising the rate which is financially equivalent to all the cash inflows and outflows which comprise an operation.

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Dividends

The dividends are recorded when the right of the shareholders to receive the payment arises. The dividends and dividend payments on account payable to third parties are recorded as changes in shareholders' equity at the date in which the Shareholders' Meetings approves them.

Income taxes

Current Income taxes for the period are determined on the basis of the taxable assessable income and in accordance with current fiscal law; in addition, the effects deriving from the implementation of the Group's national fiscal consolidation is applied.

Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis of the current tax rates in force and in consideration of any expected changes relating to future years.

The recognition of deferred tax assets is made when their recovery is probable - that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset, while deferred tax liabilities are recorded in every case.

The recovery of the deferred tax asset is reviewed at each balance sheet date.

Current and deferred income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity through the comprehensive income statement, in which case the fiscal effect is recognised directly to Equity. Current and deferred taxes are compensated when the income tax is applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under Other operating expenses.

Earnings/(loss) per share

Basic

The basic earnings/(loss) per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

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Diluted

The diluted earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect. The diluted earnings per share is not calculated in the case of losses, as the dilution effect would result in an improvement in the earnings per share.

Risk management

The activities of Caltagirone Editore and its subsidiaries are subject to various financial risks: market risks (raw materials prices and movements in listed share prices), credit risk, interest rate risk, liquidity risk and environmental and safety risks. The management of financial risks is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

The Group does not have any derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from operating activities).

- *Market risk (price of raw materials – paper)*

The Group is exposed to fluctuations in the price of paper - the principal raw material; this risk is managed through supply contracts with foreign companies with fixed prices and quantities for a maximum period of approximately 12 months, and through procurement from suppliers based in different geographic areas in order to avoid the risks related to an excessive concentration of suppliers and to obtain the most competitively priced supplies.

- *Risks concerning the price of investments in equity instruments*

In relation to the risk of changes in the fair value of the equity instruments, the Group monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio.

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- *Credit risk*

Receivables principally are of a commercial nature. In general, they are recorded net of any write-downs, calculated on the basis of the risk of non-fulfilment by the counterparty, determined considering the information available on the clients' solvency and historical insolvency data in relation to the varying expiry dates of receivables. Historically, there are no significant situations which are particularly problematic in relation to the solvency of the clients, as the policy of the Group is only to sell to clients after a prudent evaluation of their credit capacity and therefore within the established credit limits. Finally, no significant debtor positions were recorded which would equate to an excessive concentration of credit. On this basis, the credit risk to which the Group is exposed can be considered limited.

- *Interest rate risk*

The interest rate risk principally relates to an uncontrolled increase of the charges deriving from variable interest rates on medium/long-term loans. The Group currently does not have medium/long-term loans, while having an insignificant exposure to short-term debt interest rate risk.

- *Liquidity risk*

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. The Caltagirone Editore Group possesses liquidity and this risk is therefore not considered significant for the Group.

- *Environment and security risk*

Existing regulations and laws are rigorously applied to workplace health and security and hence govern this area of risk.

Following the Covid-19 emergency, Group companies first of all assessed the risks of contagion in the company and promptly implemented actions aimed primarily at ensuring business continuity while guaranteeing full protection of workers' health and safety. The companies have adopted preventive measures to limit the spread of contagion such as, for example, the use, as far as possible, of remote working and, if necessary, the suspension of activities. In addition, the companies have drawn up ad hoc protocols containing indications for managing operations, ensuring the full protection of people's health in line with the indications provided by the Government. Lastly, the companies of the Group, in application of the rules for the prevention and spread of Covid 19 as well as the company protocols in

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force, have set up for employees and collaborators periodic cycles of Rapid Antigenic Swab Tests capable of detecting the viral load of the SARS-CoV-2 virus, responsible for Covid 19 disease.

Use of estimates

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

The accounting principles and accounts in the financial statements which require greater subjectivity in the preparation of the estimates and for which a change in the underlying conditions of the assumptions used may have a significant impact on the consolidated financial statements of the Group are as follows:

- *Intangible assets of indefinite useful life*: intangible assets of indefinite useful life are subjected to annual impairment testing to recognise the existence of any impairment losses through profit or loss. This impairment testing entails determining the recoverable value of the cash-generating units (CGUs) to which the intangible assets of indefinite useful life are allocated by estimating the relative recoverable value as the greater of value in use and fair value net of the costs of disposal. When this recoverable value is less than the book value of the CGUs, the goodwill allocated to them, as well as the other intangible assets for any excess, must be written down. The calculation of the recoverable value of the CGUs requires estimates which depend on factors that may change over time with potential consequent effects, which may be significant, compared to the valuations made by the Directors.

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- *Writing down non-current assets*: in accordance with the accounting principles applied by the Group, the tangible and intangible assets with definite life are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. Verification of the existence of the aforesaid indicators requires the Directors to make subjective assessments based on the information available within the Group and on the market, as well as on historical experience. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impact upon the valuations and estimates made by the Directors.
- *Depreciation*: depreciation represents a significant cost for the Group. The cost of property, plant and equipment is depreciated on a straight-line basis on the estimated useful life of the asset. The useful life of the tangible fixed assets of the Group is determined by the Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Group periodically assesses technological and industry changes, decommissioning charges and salvage value to update the remaining useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years. The estimates and assumptions are reviewed periodically and the effects of each change are recognised in the income statement.
- *Income taxes*: income taxes (current and deferred) are determined based on a prudent interpretation of the tax laws in force. This process may involve complex estimates in the determination of the assessable income and the temporary differences between the accounting and tax values. In particular, the valuation for the recoverability of the deferred tax assets, in relation to tax losses utilisable in subsequent years, and on temporary deductible differences, takes account of the estimates of expected future assessable income.

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- *Provisions:* the provisions relating to disputes are based on a process which establishes the probability of loss. In accordance with International Financial Reporting Standards, provisions are recognised in relation to those disputes for which a loss is deemed to be probable.
- *Impairment of financial assets:* in accordance with IFRS 9, expected loss is defined as the sum of the expected default loss that could impact the financial instrument over a given period of time. This expected loss is measured based on past, present and forward-looking information and circumstances. This model is applied to the financial assets recognised at amortised cost.
- *Employee benefits*: employee-benefit provisions are calculated based on actuarial assumptions; changes in these assumptions may have significant effects on this provision.

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

Change of accounting principles, errors and change of estimates

The accounting principles adopted are amended from one period to another only if the change is required by a standard and if this contributes to providing more reliable information on the effects of the operations on the balance sheet, income statement and cash flows of the enterprise.

The changes to the accounting standards are recorded retrospectively with the recording of the effect to net equity for the more remote periods reported. The other comparative amounts indicated for each period are adjusted as if the new standard had always been applied. The prospective approach is made only when it is impractical to reconstruct the comparative information.

The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard. If the standard does not permit a transition period, the change is accounted in accordance with the retrospective method, or if impractical, with the prospective method.

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In the case of significant errors, the same method that is used for changes in accounting standards illustrated previously is applied.In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in estimates are accounted in accordance with the prospective method in the Income Statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

Segment disclosure

In accordance with IFRS 8 concerning operating segment disclosures, the Caltagirone Editore Group defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- whose operating results are reviewed regularly at the entity's chief operating decision maker level to make decisions about resources to be allocated to the segment and assess its performance; and
- for which separate financial information is available.

The Group’s operating segments have been defined with reference to the system of internal reporting regularly adopted by the Parent Company for the Group’s management structure and organisation. Operations are conducted in Italy and include publishing and related promotional activities. For further information, reference should be made to note 25.

Value of the Group

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at December 31st 2021 of Euro 140.6 million compared to a Group net equity of Euro 403.1 million), significantly lower than the valuations based on the fundamentals of the Group expressed by its value in use.

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

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ASSETS

1. Intangible assets with definite life

Historical cost	Patents	Trademarks and Concessions	Other	Total
01.01.2020	**1,570**	**673**	**6,426**	**8,669**
Increases		215	385	**600**
Decreases				**-**
31.12.2020	**1,570**	**935**	**6,764**	**9,269**
01.01.2021	**1,570**	**935**	**6,764**	**9,269**
Increases		16	167	**183**
Decreases				**-**
31.12.2021	**1,570**	**951**	**6,931**	**9,452**

Amortisation & loss in value	Patents	Trademarks and Concessions	Other	Total
01.01.2020	**1,563**	**626**	**5,671**	**7,860**
Increases	7	97	439	**543**
Decreases				**-**
31.12.2020	**1,570**	**723**	**6,110**	**8,403**
01.01.2021	**1,570**	**723**	**6,110**	**8,403**
Increases	-	85	477	562
Decreases				-
31.12.2021	**1,570**	**808**	**6,587**	**8,965**

Net value				
01.01.2020	**7**	**47**	**755**	**809**
31.12.2020	**-**	**212**	**654**	**866**
31.12.2021	**-**	**143**	**344**	**487**

At December 31st 2021, there were no inactive intangible assets or completely amortised intangible assets still in use of significant value.

2. Intangible assets with indefinite life

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

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

Historical cost	Goodwill	Newspaper titles	Total
01.01.2020	**189,596**	**286,794**	**476,390**
Increases			**-**
Decreases			**-**
31.12.2020	**189,596**	**286,794**	**476,390**
01.01.2021	**189,596**	**286,794**	**476,390**

Increases			-
Decreases			-
31.12.2021	**189,596**	**286,794**	**476,390**

Write-downs	**Goodwill**	**Newspaper titles**	**Total**
01.01.2020	**189,596**	**126,391**	**315,987**
Increases		57,400	**57,400**
Decreases			**-**
31.12.2020	**189,596**	**183,791**	**373,387**
01.01.2021	**189,596**	**183,791**	**373,387**
Increases		-	-
Decreases			-
31.12.2021	**189,596**	**183,791**	**373,387**
Net value			
01.01.2020	**-**	**160,403**	**160,403**
31.12.2020	**-**	**103,003**	**103,003**
31.12.2021	**-**	**103,003**	**103,003**

The breakdown of the balance relating to the newspaper titles, with the relative movements, is shown below:

	01.01.2020	**Increases/(Decreases)**	**Write-downs**	**31.12.2020**
Il Messaggero S.p.A.	90,808		(38,800)	52,008
Il Mattino S.p.A	22,796		(2,000)	20,796
Quotidiano Di Puglia Srl	4,531		(4,100)	431
Corriere Adriatico Srl	6,078		(4,000)	2,078
Il Gazzettino SpA	36,187		(8,500)	27,687
Other minor newspaper titles	3			3
Total	**160,403**	**-**	**(57,400)**	**103,003**

	01.01.2021	**Increases/(Decreases)**	**Write-downs**	**31.12.2021**
Il Messaggero S.p.A.	52,008			52,008
Il Mattino S.p.A	20,796			20,796
Quotidiano Di Puglia Srl	431			431
Corriere Adriatico Srl	2,078			2,078
Il Gazzettino SpA	27,687			27,687
Other minor newspaper titles	3			3
Total	**103,003**	**-**	**-**	**103,003**

In relation to the valuation model utilised to establish the recoverability of the newspaper titles, in line with in 2020, a verification was carried out of the recoverability of the value of the individual Newspaper Titles in accordance with the combined provisions of IAS 36 par. 10(a) and IAS 38 par. 108.

The impairment test on the individual Newspaper Titles was carried out on the basis of the recoverable value on the individual Newspapers calculated using a model in line with

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that used to calculate the third level fair value of IFRS 13 “Fair Value Measurement” (“IFRS 13”).

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

The model applied refers to, for the estimated recoverable value of the Newspaper Titles, revenue multipliers (separate for circulation and advertising revenue) and a corrective factor based on a multiple of the negative EBITDA values which may be generated by the Newspaper Title. The multiplier ratios of the revenue variables are calibrated on the basis of a “balance scorecard” which allocates a score for a series of qualitative factors contributing to the value of the newspaper titles (age, competition, circulation, price, editing, advertising attractiveness, future potential, advertising catchment area and profitability), based on an analysis of the general publishing sector performance and the competitive position of each newspaper title on its market, in addition to historical experience and managerial assessments of the qualitative profiles of each of the publishing titles. The determination of the revenue ratios based on the overall score from the balance scorecard, for each Newspaper Title, is based on an objective criteria on the basis of which, for all ratios, the allocation of a minimum score for all qualitative factors corresponds to the extreme low-end of the parametric range and the maximum score to the extreme upper range.

The underlying table reports the book values of the Newspaper Titles following the impairment tests on the Newspaper Titles. The results, which were also supported by evaluations carried out by an external professional, did not lead to any write-down.

Description	Newspaper titles		
(€/000)	2021	2020	Write-downs
Il Gazzettino	27,687	27,687	-
Il Messaggero	52,008	52,008	-
Il Mattino	20,796	20,796	-
Quotidiano di Puglia	431	431	-
Corriere Adriatico	2,078	2,078	-

In addition to impairment tests on the value of the Newspaper Titles at December 31st 2021 through application of the model outlined previously, taking account of the close interdependence between the various Group legal entities and in line with that carried out for

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the impairment test regarding financial year 2020, an analysis was also carried out on the future cash flows of the CGU, utilising a single aggregate financial statement which, among other issues, enables a single “reading” of the figures according to the effective operating manner of the newspaper titles and the dedicated advertising agency.

The verification of the recoverability of the CGU’s is based on the 2022-2026 economic and financial plan of the Caltagirone Editore Group, developed according to plans received from the subsidiaries and approved by the Board of Directors on March 8th, 2022, using the financial statement accounts of the CGU of the Group comprising the publishing (including the Newspaper titles) and advertising activities.

The analysis was carried out according to IAS 36. The value in use in 2021 was determined through the Discounted Cash Flow method, which is the discounting of the future operating cash flows generated by the CGU.

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

In carrying out the impairment test, approved by the Board of Directors, the expected consolidated cash flows for 2022 were taken into consideration. In addition, for subsequent years, specific performance estimates were drawn up, developed according to plans received from the subsidiaries, taking account of the general and market environment as impacted by the current crisis, in addition to the resultant changed operating conditions. In this regard, the forecasts made in the previous year by the Company, developed according to plans received from the subsidiaries, were updated also on the basis of the 2021 figures.

In particular, the restructuring and cost cutting actions approved and undertaken over time by management have always had a greater impact than expected. On the other hand, the advertising and print circulation markets, due to the extended crisis and together with the extraordinary digital revolution, has meant more extensive and long lasting difficulties than predicted by all the leading operators. Therefore, the expected cash flows utilised in the model were calculated based on the 2022 budget and the 2023-2026 planning data and represent the best estimate of the amounts and timing for which the future cash flows are expected to occur based on the long-term plan which was reviewed and updated in 2022 to take account of that outlined above and of differences between the previous plan and the 2021 results. The operating costs considered in the expected cash flows were also

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determined based on management estimates for the coming five years and take account of the positive effects of the restructuring plan carried out in previous years. An impairment test did not indicate additional write-downs to the CGU involved in publishing and advertising operations.

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

Description	*Tax rate*		WACC*		*g-rate***		Explicit period cash flows
	2021	2020	2021	2020	2021	2020	
Value	28.82%	28.82%	6.00%	6.20%	0	0	5 years

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

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

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

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

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3. Property, plant and equipment

Historical cost	Land and Buildings	Plant & Equipment	Commercial and Industrial Equipment	Right of Use Assets	Other Assets	Assets under construction	Total
01.01.2020	60,292	98,254	806	12,658	21,037	-	**193,047**
Increases	-	79	3	1,769	366	-	**2,217**
Decreases	-	-	-	(370)	(176)	-	**(546)**
31.12.2020	**60,292**	**98,333**	**809**	**14,057**	**21,227**	**-**	**194,718**
01.01.2021	60,292	98,333	809	14,057	21,227	-	**194,718**
Increases	-	106	-	12,194	111	-	**12,411**
Decreases	-	-	-	(143)	(32)	-	**(175)**
Reclassifications	-	33	-	-	(59)	-	**(26)**
31.12.2021	**60,292**	**98,472**	**809**	**26,108**	**21,247**	**-**	**206,928**
Depreciation & loss in value	**Land and Buildings**	**Plant & Equipment**	**Commercial and Industrial Equipment**	**Right of Use Assets**	**Other Assets**	**Assets under construction**	**Total**
01.01.2020	29,553	94,424	805	3,393	20,064	-	**148,239**
Increases	1,564	570	1	3,673	378	-	**6,186**
Decreases	-	-	-	-	(126)	-	**(126)**
Reclassifications	-	6	-	-	(6)	-	**-**
31.12.2020	**31,117**	**95,000**	**806**	**7,066**	**20,310**	**-**	**154,299**
01.01.2021	31,117	95,000	806	7,066	20,310	-	**154,299**
Increases	1,542	553	1	3,570	335	-	**6,001**
Decreases	-	-	-	-	(51)	-	**(51)**
Reclassifications	-	-	-	-	(26)	-	**(26)**
31.12.2021	**32,659**	**95,553**	**807**	**10,636**	**20,568**	**-**	**160,223**
Net value							
01.01.2020	**30,739**	**3,830**	**1**	**9,265**	**973**	**-**	**44,808**
31.12.2020	**29,175**	**3,333**	**3**	**6,991**	**917**	**-**	**40,419**
31.12.2021	**27,633**	**2,919**	**2**	**15,472**	**679**	**-**	**46,705**

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

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

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

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

No financial charges were capitalised.

With reference to the impact of the application of IFRS 16 for the Group at December 31st 2021, the following additional information is provided below:

	Land and buildings	Other Assets	Total right-of-use assets
Gross value at January 1st 2020	**12,421**	**237**	**12,658**
Increases	1,769	-	1,769
Decreases	(548)	-	(548)
Reclassifications	-	-	-
Gross value at December 31st 2020	**13,642**	**237**	**13,879**
Accumulated depreciation at January 1st 2020	**3,273**	**120**	**3,393**
Depreciation	3,622	51	3,673
Decreases	(178)		(178)
Reclassifications	-	-	-
Accumulated depreciation at December 31s 2020	**6,717**	**171**	**6,888**
Net value at December 31st 2020	**6,925**	**66**	**6,991**
Gross value at January 1st 2021	**13,642**	**237**	**13,879**
Increases	12,102	92	12,194
Decreases	(131)	(13)	(144)
Reclassifications	-	-	-
Gross value at December 31st 2021	**25,613**	**315.681**	**25,929**
Accumulated depreciation at January 1st 2021	**6,717**	**171**	**6,888**
Depreciation	3,521	49	3,570
Decreases	-	-	-
Reclassifications	-	-	-
Accumulated depreciation at December 31st 2021	**10,238**	**220**	**10,458**
Net value at December 31st 2021	**15,375**	**96**	**15,471**

At December 31st 2021, the right-of-use asset amounted to Euro 15,471 thousand, and mainly included property contracts.

The Group exposure, with indication of the maturity dates of leased liabilities concerning the non-discounted contractual cash flows, is as follows:

	31/12/2021	31/12/2020
Within 3 months	881	929
Between 3 months & 1 year	2,567	2,629
Between 1 and 2 years	2,899	1,880
Between 2 and 5 years	6,892	1,728
Over 5 years	2,358	-
Total undiscounted lease liabilities as at December 31st 2019	**15,597**	**7,166**

Non-current and current lease liabilities are shown below:

	31/12/2021	31/12/2020
Non-current lease liabilities	1,170	1,627
Non-current lease liabilities - related parties	10,979	1,936
Non-current lease liabilities	**12,149**	**3,563**
Current lease liabilities	647	720
Current lease liabilities - related parties	2,800	2,783
Current lease liabilities	**3,448**	**3,503**
Total lease liabilities	**15,597**	**7,066**

Amount recognised in income statement	**2021**	**2020**
Amortisation & Depreciation	3,570	3,673
Interest charges on lease liabilities	157	83
Short-term leasing costs	689	685

Low-value item leasing costs	25	22

Amounts recognised in the statement of cash flows	**2021**	**2020**
Total cash outflows for leases	3,674	3,640

4. Equity investments and non-current securities

Equity investments and non-current securities	**01.01.2020**	**Increases/(Decreases)**	**Write-downs**	**Fair value change**	**31.12.2020**
Investments in other companies valued at cost	1,210				1,210
Investments in equity instruments	119,567	12,369		(24,987)	106,949
Total	**120,777**	**12,369**	-	**(24,987)**	**108,159**

Equity investments and non-current securities	**01.01.2021**	**Increases/(Decreases)**	**Write-downs**	**Fair value change**	**31.31.2021**
Investments in other companies valued at cost	1,210				1,210
Investments in equity instruments	106,949	51,335		37,152	195,437
Total	**108,159**	**51,335**	-	**37,152**	**196,647**

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

Investments in other companies	**%**	**01.01.2020**	**Increases/(Decreases)**	**Write-downs**	**31.12.2020**
Ansa	6.71	1,198			1,198
Other minor		12			12
Total		**1,210**	-	-	**1,210**

Investments in other companies		**01.01.2021**	**Increases/(Decreases)**	**Write-downs**	**31.12.2021**
Ansa	6.71	1,198			1,198
Other minor		12			12
Total		**1,210**	-	-	**1,210**

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

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

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

The breakdown of the account "Investments in equity instruments" is as follows:

Investments in equity instruments	**01.01.2020**	**Increases**	**Decreases**	**Fair value change**	**31.12.2020**
Assicurazioni Generali SpA	119,567	12,370		(24,987)	106,950
Total	**119,567**	**12,370**	-	**(24,987)**	**106,950**

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	01.01.2021	Increases	Decreases	Fair value change	31.12.2021
Assicurazioni Generali SpA	106,950	22,468	-	34,526	163,944
Poste Italiane SpA	-	27,410	(5,301)	2,124	24,233
Italgas SpA	-	16,455	(9,697)	502	7,260
Total	**106,950**	**66,333**	**(14,998)**	**37,152**	**195,437**

Number

	01.01.2020	Increases	Decreases	31.12.2020
Assicurazioni Generali SpA	6,500,000	1,000,000		7,500,000

	01.01.2021	Increases	Decreases	31.12.2021
Assicurazioni Generali SpA	7,500,000	1,300,000	-	8,800,000
Poste Italiane SpA	-	2,600,000	(500,000)	2,100,000
Italgas SpA	-	3,000,000	(1,800,000)	1,200,000

The valuation at fair value of these investments at December 31st 2021 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 35 million, excluding the tax effect of Euro 2,089 thousand.

The changes in the fair value reserve are reported below:

Fair Value reserve

	01.01.2020	Increases	Decreases	31.12.2020
Fair Value reserve	21,342	-	(24,987)	(3,645)
Tax effect	(255)	528	-	273
Fair value reserve, net of tax effect	**21,087**	**528**	**(24,987)**	**(3,372)**
Changes in the year				**(24,459)**

	01.01.2021	Increases	Decreases	31.12.2021
Fair Value reserve	(3,645)	37,152	-	33,507
Tax effect	273	-	(2,089)	(1,816)
Fair value reserve, net of tax effect	**(3,372)**	**37,152**	**(2,089)**	**31,691**
Changes in the year				**35,063**

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

5. Other non-current assets

The account, amounting to Euro 135 thousand, relates to receivables for deposits due within five years.

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6. Deferred and current income taxes

The deferred taxes refer to temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

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

	01.01.2020	Provisions	Utilisations	Other changes	31.12.2020
Deferred tax assets					
Tax losses carried forward	45,756	1,137	(2,365)		44,528
Provision for risks and charges	1,567	604	(306)		1,865
Doubtful debt provision	1,561	158	(221)		1,498
Others	4,732	773	(438)	431	5,498
Total	**53,616**	**2,672**	**(3,330)**	**431**	**53,389**
Deferred tax liabilities					
Fair value intangible & tangible assets	5,963		(2,505)		3,458
Differences accounting amortisation and depreciation	34,763	1,895	(12,587)	-	24,071
Others	260	50	(49)	(242)	19
Total	**40,986**	**1,945**	**(15,141)**	**(242)**	**27,548**
Net deferred tax assets	**12,630**	**727**	**11,811**	**673**	**25,841**

	01.01.2021	Provisions	Utilisations	Other changes	31.12.2021
Deferred tax assets					
Tax losses carried forward	44,528	282	-	-	44,810
Provision for risks and charges	1,865	-	(164)	0	1,701
Doubtful debt provision	1,498	-	(196)	0	1,302
Others	5,498	832	(1,040)	(259)	5,031
Total	**53,389**	**1,114**	**(1,400)**	**(259)**	**52,844**
Deferred tax liabilities					
Fair value intangible & tangible assets	3,458	-	(128)	-	3,330
Differences accounting amortisation and depreciation	24,071	1,895	(11,081)	-	14,885
Others	19	50	-	1,805	1,874
Total	**27,548**	**1,945**	**(11,081)**	**1,805**	**20,089**
Net deferred tax assets	**25,841**	**(831)**	**9,681**	**(2,064)**	**32,755**

The uses of deferred tax liabilities relate mainly to the decision taken by the management of some subsidiaries to realign the statutory and fiscal values of intangible assets with an indefinite life in accordance with current legislation, which consequently led to the reversal of deferred tax liabilities allocated on the previous difference between the statutory and fiscal values of the publications of the companies that opted for realignment.

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

Taking account of the timing differences and based on forecasts, it is considered that the Group will have, in the coming years, sufficient assessable income to recover the deferred tax assets recorded in the financial statements at December 31st 2021.

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The net position is calculated as follows:

	31.12.2021	31.12.2020
Receivables for direct taxes	136	124
Payables for IRES/IRAP/substitute taxes	(1,200)	(83)
Total	**(1,064)**	**41**

The income taxes for the year are as follows:

	31.12.2021	31.12.2020
IRAP current taxes	533	151
Prior year taxes	48	(92)
Substitute tax on realignment	1,154	-
Current taxes	**1,735**	**59**
Provision for deferred tax liabilities	1,945	1,945
Utilisation of deferred tax liabilities	(11,209)	(15,141)
Deferred tax charges	**(9,264)**	**(13,196)**
Recording of deferred tax assets	(1,114)	(2,672)
Utilisation of deferred tax assets	1,400	3,330
Deferred tax assets	**287**	**658**
Total income taxes	**(7,242)**	**(12,479)**
Current and deferred IRES tax	(9,342)	(10,569)
Current and deferred IRAP tax	898	(1,818)
Substitute tax	1,154	-
Prior year taxes	48	(92)
Total income taxes	**(7,242)**	**(12,479)**

Current taxes consist primarily of IRAP and the substitute tax deriving from the realignment of the statutory and tax values of intangible assets with an indefinite useful life in accordance with current legislation.

The analysis of the difference between the theoretical IRES and actual tax rates are as follows:

	2021			2020		
	Taxable	**Amount**	**effective tax rate**	**Taxable**	**Amount**	**effective tax rate**
Income/(loss) before taxes	**21,491**	**5,158**	**24.0%**	**(56,756)**	**(13,621)**	**24.0%**
Permanent differences increase (decrease):						
Dividends		(2,866)			(741)	
Write-down of intangible assets with indefinite life		-			1,944	
Realignment of statutory and tax values of intangible assets with an indefinite useful life		(11,081)			-	
Other permanent differences		(553)			1,849	
Current and deferred IRES tax		**(9,342)**	**(43.5%)**		**(10,569)**	**18.6%**

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7. Inventories

Inventories at December 31st 2021 amount to Euro 1.7 million (Euro 1.6 million at December 31st 2020) and consist exclusively of raw materials (principally paper and ink), ancillary and consumables.

The change of inventory recorded in the income statement amounts to an increase of Euro 103 thousand and is included in the account Raw material costs (see Note 19). The net realisable value of inventories is in line with that recognised in the financial statements.

There is no inventory provided as a guarantee on liabilities.

8. Trade receivables

The breakdown is as follows:

	31.12.2021	31.12.2020
Trade receivables	43,301	48,162
Doubtful debt provision	(6,451)	(7,361)
Trade receivables	**36,850**	**40,801**
Trade receivables - related parties	168	208
Advances to suppliers	47	22
Total trade receivables	**37,065**	**41,031**

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 32.5 million).

The Group has a very fragmented customer base and does not have significant exposures to individual customers.

The doubtful debt provision was utilised in the year for Euro 1.4 million and increased by Euro 452 thousand for the provisions made in the period.

The general valuation criteria of receivables, considered financial assets within the scope of IFRS 9, are illustrated in the accounting policies.

In particular, the value of trade receivables, adjusted by the relative doubtful debt provision, approximates their fair value.

The estimate of the Doubtful debt provision is made, in consideration of the highly fragmented nature of the debt positions, through an assessment of the maturity of receivables by similar type, referring to historical-statistical analysis on the probability of recovery. The write-down process requires however that individual commercial positions of significant amounts and for which a probable solvency condition is apparent are subject to individual write-downs.

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The table below shows the ageing of the trade receivables at December 31st 2020 and at December 31st 2021.

	31.12.2021	31.12.2020
Not yet due	**25,508**	**25,102**
1-30 days	2,639	3,048
30-60 days	1,563	1,526
60-90 days	1,219	1,117
over 90 days	12,372	17,369
Overdue	**17,793**	**23,060**
Total Gross Value	**43,301**	**48,162**
Doubtful debt provision	(6,451)	(7,361)
Trade receivables	**36,850**	**40,801**

9. Other current assets

The breakdown is as follows:

	31.12.2021	31.12.2020
Employee receivables	15	19
VAT receivables	165	102
Other receivables	3,037	527
Prepaid expenses	412	376
Other current assets	**3,629**	**1,024**

The increase in other receivables, in the amount of Euro 2.5 million, refers mainly to the recognition of tax receivables as governed by Legislative Decree No. 73/2021.

10. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	31.12.2021	31.12.2020
Bank and postal deposits	66,585	100,455
Cash in hand and similar	26	41
Total cash and cash equivalents	**66,610**	**100,496**

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Net financial position

Details are provided of short and medium/long-term loans in accordance with the recommendations of Consob communication No. 6064293 of July 28th 2006, updated on the basis of the Call to attention No. 5/21 of April 29th 2021. As a result of this update, the comparative balances reported have also been adjusted:

in Euro thousands	**31.12.2021**	**31.12.2020**
A. Liquidity	66,610	100,496
B. Cash equivalents	-	-
C. Other current financial assets	-	-
D. Liquidity (A)+(B)+(C)	**66,610**	**100,496**
of which related parties	-	-
E. Current financial debt	5,767	7,413
of which related parties	-	-
F. Current portion of non-current financial debt	3,448	3,503
G. Current financial debt (E)+(F)	**9,215**	**10,916**
of which related parties	*10,979*	*2,783*
H. Net current financial debt (G)-(D)	**(57,395)**	**(89,580)**
I. Non-current financial debt	12,149	3,562
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current debt (I)+(J)+(K)	**12,149**	**3,562**
of which related parties	*2,800*	*1,936*
M. Total financial debt (H + L)	**(45,246)**	**(86,018)**

The net cash position amounted to Euro 45.2 million, a decrease of Euro 40.8 million on December 31st 2020 (Euro 86 million) mainly due to investments in listed shares of Euro 51.3 million and to the portion of debt deriving from application of IFRS 16 for Euro 8.5 million, net of dividend income on listed shares of Euro 12.6 million and positive cash flow from operating activities.

During the year, no interest income was recognized on cash deposited with the banking system.

In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of Euro 666 thousand. A decrease in interest rates of the same level would have a corresponding negative impact.

SHAREHOLDERS’ EQUITY AND LIABILITIES

11. Shareholders’ Equity

Capital and reserve movements

Changes in consolidated shareholders’ equity at December 31st 2021 and 2020 are shown in the financial statements.

Share capital

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

All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends. At December 31st 2021, Caltagirone Editore SpA had 18,209,738 treasury shares, comprising 14.57% of the share capital for a value of Euro 23 million, which was recognised as a reduction of equity for which a specific, restricted reserve has been established.

Reserves

	31.12.2021	**31.12.2020**
Share Capital	125,000	125,000
Share capital issue costs	(18,865)	(18,865)
Share Premium Reserve	459,126	459,126
Legal reserve	25,000	25,000
Treasury shares	(23,641)	(23,641)
Reserve for treasury shares	23,641	23,641
Fair Value reserve	31,693	(3,372)
IAS 19 post-employment benefit reserve	(2,418)	(2,454)
Other reserves	18,209	18,315
Prior year results	(263,481)	(219,204)
Net Profit/(loss)	28,733	(44,277)
Group net equity	**402,997**	**339,269**
Minority interest N.E.	-	-
Total net equity	**402,997**	**339,269**

The fair value reserve (for greater details reference should be made to Note 4) of positive Euro 31.7 million, includes the net increase in the year of Euro 35.1 million, to adjust equity instruments to market value.

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LIABILITIES

12. Personnel

Post-employment benefits and employee provisions

Post-employment benefits in the Group companies with less than 50 employees represents a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability, together with the senior management indemnity provision, is a defined benefit plan and therefore is determined applying the actuarial method.

In the Group companies with over 50 employees, in accordance with the pension reform, the employee leaving indemnity matured at December 31st 2006 represents the payable matured by the company to be paid at the end of the employment service. This payable is valued applying actuarial and financial techniques without however considering the future salaries of the employee. The assumptions relating to the determination of the plan are summarised in the table below:

Values in %	**31.12.2021**	**31.12.2020**
Annual technical discounting rate	1.00%	0.00%
Annual inflation rate	1.75%	1.00%
Annual increase in leaving indemnity	2.81%	2.25%
Annual increase in salaries	2.75%	2.50%

The movements in the year are as follows:

	31.12.2021	**31.12.2020**
Net liability at beginning of year	14,802	15,405
Current cost for the year (service cost)	197	194
Interest charge (interest cost)	-	102
Actuarial profits	36	269
(Services paid)	(1,165)	(1,168)
Net liability at end of year	**13,870**	**14,802**

In relation to the sensitivity analyses, an increase of 0.5% to the discount rate utilised may prompt a reduction in the net liabilities of the provision of Euro 442 thousand; a similar decrease in the rate may result in an increased net liability of Euro 468 thousand.

The comparison between the employee benefit provision and the liability in accordance with Italian regulations is as follows:

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	31.12.2021	31.12.2020
Nominal value of the provision	12,706	13,216
Actuarial adjustment	1,164	1,586
Total DBO	**13,870**	**14,802**

Employee numbers and cost

	2021	2020
Wages and salaries	34,552	35,368
Social security charges	10,246	11,023
Post-employment benefit provision	197	194
Post-employment benefit to Complementary Fund	2,097	2,310
Other costs	1,007	4,443
Total personnel expense	**48,099**	**53,338**

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

Other costs include charges concerning labour disputes, leaving incentives and the social security institution contributions from the restructuring in the year.

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

	31.12.2021	31.12.2020	Average 2021	Average 2020
Executives	16	17	16	16
Managers & white-collar	164	166	167	161
Journalists and collaborators	333	336	337	342
Graphics staff	71	77	73	79
Total	**584**	**596**	**593**	**598**

13. Current and non-current provisions

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2020	9,327	95	1,748	**11,170**
Provisions	305	37	2,295	**2,637**
Utilisations	(1,430)		(453)	**(1,883)**
Balance at December 31st 2020	**8,202**	**132**	**3,590**	**11,924**
Of which:				
Current portion	8,202		3,567	**11,769**
Non-current portion	-	132	23	**155**
Total	**8,202**	**132**	**3,590**	**11,924**

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Balance at January 1st 2021	8,202	132	3,590	**11,924**
Provisions	32		67	**99**
Utilisations	(1,355)	(39)	(732)	**(2,126)**
Balance at December 31st 2021	**6,879**	**93**	**2,925**	**9,897**
Of which:				
Current portion	6,879		2,903	**9,782**
Non-current portion	-	93	22	**115**
Total	**6,879**	**93**	**2,925**	**9,897**

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

The agent's indemnity provision, which reflects the best estimate of the risk connected to the termination of the mandate conferred to agents in accordance with law.

The provisions for other risks principally include residual charges relating to the restructuring plans by some companies of the Group; the relative provisions are included in labour costs.

14. Current and non-current financial liabilities

	31.12.2021	31.12.2020
Payables for leasing assets	1,170	1,626
Payables for leased assets to companies under common control	10,979	1,936
Non-current financial liabilities	**12,149**	**3,562**
Bank payables	5,767	7,413
Payables for leasing assets	648	720
Payables for leased assets to companies under common control	2,800	2,783
Current financial liabilities	**9,215**	**10,916**

Current and non-current financial liabilities to companies subject to the common control of the Parent Company refer to liabilities recognised in application of IFRS 16 in relation to existing lease contracts.

The due dates of the financial liabilities are as follows:

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	31.12.2021	31.12.2020
Within 3 months	6,648	8,342
Between 3 months & 1 year	2,567	2,574
Current financial liabilities	**9,215**	**10,916**
Between 1 and 2 years	5,352	1,880
Between 2 and 5 years	6,389	1,682
beyond 5 years	408	-
Non-current financial liabilities	**12,149**	**3,562**
Total financial payables	**21,364**	**14,478**

The interest rates at the balance sheet date on the financial liabilities are as follows:

Values in %	2021	2020
Current financial liabilities		
Bank payables	2.6	2.6

In relation to the variable rate of financial liabilities, an annual interest rate increase of 1%, at like-for-like terms, would have a negative impact on the net profit of approx. Euro 214 thousand. A decrease in interest rates of the same level would have a corresponding positive impact.

15. Other current and non-current liabilities

	31.12.2021	31.12.2020
Other non-current liabilities		
Other payables	94	609
Deferred income	1,274	1,250
Total	**1,368**	**1,859**
Other current liabilities		
Social security institutions	3,797	3,868
Employee payables	4,445	4,845
VAT payables	49	306
Withholding taxes	1,763	1,592
Other payables	7,054	8,521
Payables to related companies	26	31
Deferred income	1,193	1,465
Total	**18,327**	**20,628**

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

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16. Trade payables

	31.12.2021	31.12.2020
Supplier payables	19,170	19,399
Payables to related companies	674	248
Total	**19,844**	**19,647**

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

There are no payables due over 12 months.

INCOME STATEMENT

17. Revenues from sales and services

A breakdown of revenues by product/service is shown below:

	2021	2020
Circulation Revenues	60,491	60,687
Advertising revenues	50,818	53,261
Revenues from services	1,809	1,904
Other Circulation Revenues	2,289	503
Total revenues from sales and services	**115,407**	**116,355**
of which related parties	*283*	*241*

18. Other operating revenues

	2021	2020
Grants related to income	576	450
Recovery of expenses from third parties	984	395
Rent, leases and hire charges	72	99
Other revenues	5,638	2,597
Total other operating revenues	**7,270**	**3,541**
of which related parties	*73*	*76*

The increase in other operating revenues principally concerns the recognition of income for tax receivables, as governed by Legislative Decree No. 73/2021.

19. Raw material costs

	2021	2020
Paper	5,461	5,798
Other publishing materials	2,447	1,976
Change in inventory of raw materials and goods	(104)	59
Total raw materials costs	**7,804**	**7,833**

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20. Other operating costs

	2021	2020
Distribution fees	10,572	11,333
Editorial services	8,847	8,908
Transport and delivery	5,115	5,365
Commissions and agent costs	4,352	4,513
Misc. services	3,551	4,062
Maintenance and repair costs	2,925	3,046
Consulting	2,602	3,120
Outside contractors	1,184	1,038
Directors and Statutory Auditors fees	1,187	1,568
Utilities and power	1,615	1,259
Advertising & promotions	1,034	1,100
Cleaning and security	1,143	1,105
Other costs	4,297	4,156
Total service costs	**48,425**	**50,573**
Rental	180	86
Hire	534	622
Total rent, lease and hire costs	**714**	**708**
Other operating charges	2,176	1,909
Total other costs	**2,176**	**1,909**
Total other operating costs	**51,315**	**53,190**
of which related parties	*1,139*	*706*

21. Amortisation, depreciation, provisions & write-downs

	2021	2020
Amortisation of intangible assets	562	543
Depreciation of property, plant & equipment	2,431	2,513
Amort. leased assets	3,570	3,673
Provision for risks and charges	98	118
Write-down of intangible assets with indefinite life	-	57,400
Doubtful debt provision	452	914
Total amortisation, depreciation, provisions & write-downs	**7,112**	**65,161**

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

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22. Net financial income/(charges)

Financial income	31.12.2021	31.12.2020
Dividends	12,571	3,250
Income from derivatives transactions	1,089	-
Other financial income	33	271
Total	**13,693**	**3,521**
of which related parties	*11,623*	*3,250*
Financial charges		
Interest on bank accounts	(152)	(252)
Financial charges on post-em. bens.	-	(102)
Banking commissions and charges	(182)	(144)
Int. on leased assets IFRS 16	(158)	(84)
Other financial charges	(57)	(69)
Total	**(549)**	**(651)**
of which related parties	*134*	*62*
Financial result	**13,144**	**2,870**

The dividends included in financial income comprise:

Dividend breakdown	31.12.2021	31.12.2020
Assicurazioni Generali	11,623	3,250
Poste Italiane	671	-
Italgas	277	-
Total	**12,571**	**3,250**

23. Earnings per share

Earnings per share is calculated by dividing the Group net result for the year by the weighted average number of ordinary shares outstanding in the year.

	2021	2020
Net result for the year (thousands)	28,733	(44,277)
Number of ordinary shares outstanding (thousands)	106,790	106,790
Basic earnings per share (Euro per share)	**0.269**	**(0.415)**

Diluted earnings per share is the same as basic EPS in that all Caltagirone Editore SpA shares are ordinary shares, and there are no financial instruments and/or contracts that grant the holder the right to obtain ordinary shares. In 2021 no dividends were distributed.

24. Other Consolidated Comprehensive Income Statement items

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

	31.12.2021			31.12.2020		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Actuarial gains/(losses) of defined-benefit plans	51	(15)	36	(287)	82	(205)
Profit/(loss) from the disposal of Investments in equity instruments net of the tax effect	(13)	-	(13)	-	-	-
Gain/(loss) from recalculation of AFS financial assets, net of fiscal effect	37,153	(2,088)	35,065	(24,987)	528	(24,459)

25. Transactions with related parties

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

There are no atypical or unusual transactions which are not within the normal business operations. The following tables report the values.

31.12.2020	Parent Company	Associated Companies	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables			208		**208**	**41,031**	0.5%
Other current assets			3		**3**	**1,024**	0.3%
Non-current financial liabilities			1,936		**1,936**	**3,562**	54.4%
Trade payables	200		48		**248**	**19,647**	1.3%
Current financial liabilities			2,783		**2,783**	**10,916**	25.5%
Other current liabilities			33		**33**	**20,628**	0.2%
Income statement transactions							
Revenues			179	62	**241**	**116,355**	0.2%
Other operating income			76		**76**	**3,541**	2.1%
Other operating charges	400		306		**706**	**53,190**	1.3%
Financial income				3,250	**3,250**	**3,521**	92.3%
Financial charges			62		**62**	**651**	9.5%

31.12.2021	Parent Company	Associated Companies	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables	26	7	92	43	**167**	**37,065**	0.5%
Other current assets			3		**3**	**3,629**	0.1%
Non-current financial liabilities			10,979		**10,979**	**12,149**	90.4%

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Trade payables	600	74		**674**	**19,844**	3.4%
Current financial liabilities		2,800		**2,800**	**9,215**	30.4%
Other current liabilities		26		**26**	**18,327**	0.1%
Income statement transactions						
Revenues		153	130	**283**	**115,407**	0.2%
Other operating income		73		**73**	**7,270**	1.0%
Other operating charges	600	539		**1,139**	**51,315**	2.2%
Financial income			11,623	**11,623**	**13,693**	84.9%
Financial charges		134		**134**	**549**	24.4%

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

Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the year.

Current and non-current financial liabilities to companies subject to the common control of the Parent Company refer to liabilities recognised in application of IFRS 16 in relation to existing lease contracts.

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

Operating costs principally include costs by the Parent Company and Other group companies for their respective head offices from companies under common control.

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

26. Business segment information

The disclosures required in accordance with IFRS 8 on the segment information are provided below. The Caltagirone Editore Group, in consideration of the economic and financial relations between the various Group companies and the interdependence between the publishing activities of the various Group newspapers and the advertising activity carried out by the Group agency, described in note 2, operates within a single sector, defined as a distinctly identifiable part of the Group, which provides a set of related products and services and is subject to differing risks and benefits from the other sectors of Group activity. This vision is used by Management to carry out an analysis of operational performance and for the specific management of related risks. The Group operates exclusively in Italy and bases sector performance on turnover volumes and EBITDA from ordinary operations.

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2020	*Publishing and Advertising activities*	*Other activities*	*Unallocated items and eliminations*	*Consolidated*
Segment revenues	**119,966**	**450**	**(520)**	**119,896**
Inter-segment revenues	(70)	(450)	520	-
Operating grants	119,896	-		119,896
Segment EBITDA	**6,988**	**(1,453)**		**5,535**
Depreciation, amortisation, provisions & write-downs	(64,944)	(217)		(65,161)
EBIT	**(57,956)**	**(1,670)**		**(59,626)**
Net financial result				2,870
Loss before taxes				**(56,756)**
Income taxes				12,479
Net Loss				**(44,277)**
Segment assets	197,531	252,624		450,155
Segment liabilities	104,723	6,163		110,886
Investments in intangible and tangible fixed assets	2,817	-		2,817

2021	*Publishing and Advertising activities*	*Other activities*	*Unallocated items and eliminations*	*Consolidated*
Segment revenues	**122,652**	**521**	**(495)**	**122,677**
Inter-segment revenues	(45)	(450)	495	-
Operating grants	122,607	71		122,677
Segment EBITDA	**16,867**	**(1,408)**		**15,459**
Depreciation, amortisation, provisions & write-downs	(6,896)	(218)		(7,112)
EBIT	**9,971**	**(1,625)**		**8,347**
Net financial result			13,144	13,144
Profit before taxes				**21,491**
Income taxes				7,242
Net profit				**28,733**
Segment assets	257,430	251,390		508,820
Segment liabilities	97,401	8,422		105,823
Investments in intangible and tangible fixed assets	12,590	-		12,590

27. Other information

Information in accordance with article 149 of Consob Resolution 11971/99

The fees paid to the independent audit firm KPMG SpA for financial year 2021, without including the Consob contribution or expenses invoiced, amount to Euro 180 thousand, and entirely refer to audit and limited audit activities.

Transactions with directors, auditors and senior management of Group companies

During the year, no financing was issued to directors, auditors or senior management with strategic responsibilities, and the Group had no receivables for financing granted to such parties as at December 31st 2021.

It should be noted that, in 2021 fees paid to directors and to senior executives totalled Euro 974 thousand (Euro 1,289 thousand in 2020). This compensation is considered a short-term benefit.

For details on the remuneration of the members of the corporate boards, reference should be made to the Remuneration Report, prepared in accordance with Article 123 of the CFA, made available to the public and published as required by Article 84 quater of the Issuers' Regulations.

The Remuneration Report includes in addition information on investments held in the Company and in subsidiaries by each of the members of the corporate boards.

28. Hierarchy of Fair Value according to IFRS 13

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

Dec 31st 20	Note	Level 1	Level 2	Level 3	Total
Capital instruments	4	106,950			**106,950**
Total assets		**106,950**	**-**	**-**	**106,950**
Dec 31st 21	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Capital instruments	4	195,437			**195,437**
Total assets		**195,437**	**-**	**-**	**195,437**

In 2021 no transfers occurred between the various levels and no changes took place in level 3.

29. Subsequent events

No significant subsequent events took place.

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LIST OF INVESTMENTS AT 31.12.2021

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	CURRENCY	HOLDING DIRECT	HOLDING INDIRECT THROUGH	
COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE LINE-BY-LINE METHOD						
CED DIGITAL & SERVIZI SRL	ROME	100,000.00	Euro	99.99%	FINCED Srl	0.01%
IL MESSAGGERO SpA	ROME	1,265,385.00	Euro	99.95%	FINCED Srl	0.05%
IL MATTINO SpA	ROME	500,000.00	Euro	99.95%	FINCED Srl	0.05%
PIEMME SpA	ROME	91,710.21	Euro	100.00%	FINCED Srl	0.00%
LEGGO Srl	ROME	1,000,000.00	Euro	99.95%	FINCED Srl	0.05%
FINCED Srl	ROME	10,000.00	Euro	99.99%	PIEMME SpA	0.01%
CORRIERE ADRIATICO Srl	ROME	200,000.00	Euro	99.95%	FINCED Srl	0.05%
QUOTIDIANO DI PUGLIA Srl	ROME	50,000.00	Euro	99.95%	FINCED Srl	0.05%
SERVIZI ITALIA 15 SRL	ROME	100,000.00	Euro	99.95%	FINCED Srl	0.05%
STAMPA NAPOLI 2015 SRL	ROME	10,000.00	Euro	99.95%	FINCED Srl	0.05%
STAMPA ROMA 2015 SRL	ROME	10,000.00	Euro	99.95%	FINCED Srl	0.05%
IL GAZZETTINO SpA	ROME	200,000.00	Euro	99.95%	FINCED Srl	0.05%
STAMPA VENEZIA Srl	ROME	2,267,000.00	Euro	74.99%	IL GAZZETTINO SpA	25.01%
IMPRESE TIPOGRAFICHE VENETE Srl	ROME	1,730,000.00	Euro	45.90%	IL GAZZETTINO SpA	54.10%
P.I.M. PUBBLICITA' ITALIANA MULTIMEDIA Srl	ROME	1,800,000.00	Euro	42.00%	IL GAZZETTINO SpA	58.00%

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Balance Sheet

Assets

(in Euro)	note	*31.12.2021*	*31.12.2020*
Non-current assets			
Property, plant and equipment	1	416,293	633,490
Equity investments valued at cost	2		
subsidiary companies		*332,301,290*	*262,236,785*
other companies		*10*	*10*
Equity investments and non-current securities	3	62,410,500	47,771,000
Deferred tax assets	4	44,046,185	43,786,902
TOTAL NON-CURRENT ASSETS		**439,174,278**	**354,428,187**
Current assets			
Trade receivables	5	312,788	77,462
of which related parties		*312,788*	*76,218*
Current financial assets	6	13,729,734	33,111,181
of which related parties		*13,729,734*	*33,111,181*
Tax receivables	4	2,358	32,416
Other current assets	7	2,256,066	2,488,085
of which related parties		*2,107,995*	*2,432,977*
Cash and cash equivalents	8	416,870	1,694,355
TOTAL CURRENT ASSETS		**16,717,816**	**37,403,499**
TOTAL ASSETS		**455,892,094**	**391,831,686**

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Balance Sheet

Shareholders' Equity & Liabilities

(in Euro)	note	*31.12.2021*	*31.12.2020*
Shareholders' Equity			
Share capital		125,000,000	125,000,000
Share capital issue costs		(18,864,965)	(18,864,965)
Other reserves		248,498,114	254,574,952
Profit/(loss) for the year		3,681,374	(20,538,992)
TOTAL SHAREHOLDERS' EQUITY	**9**	**358,314,523**	**340,170,995**
Liabilities			
Non-current liabilities			
Employee provisions	10	106,864	99,425
Non-current financial payables	11	203,078	422,515
of which related parties		*203,078*	*422,515*
Deferred tax liabilities	4	191,418	15,744
TOTAL NON-CURRENT LIABILITIES		**501,360**	**537,684**
Current liabilities			
Current provisions		-	36,071
Trade payables	12	1,080,136	588,520
of which related parties		*799,207*	*318,117*
Current financial liabilities	11	52,737,251	7,045,688
of which related parties		*52,736,861*	*7,045,688*
Current income tax payables	4	-	-
Other current liabilities	13	43,258,824	43,452,728
of which related parties		*37,756,451*	*37,457,605*
TOTAL CURRENT LIABILITIES		**97,076,211**	**51,123,007**
TOTAL LIABILITIES		**97,577,571**	**51,660,691**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**455,892,094**	**391,831,686**

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Income Statement

(in Euro)	note	2021	2020
Other operating revenues	14	458,817	465,918
of which related parties		*458,000*	*458,000*
TOTAL OPERATING REVENUES		**458,817**	**465,918**
Labour costs	10	(207,775)	(174,443)
Other operating charges	15	(1,621,390)	(1,701,443)
of which related parties		*(724,024)*	*(570,222)*
TOTAL OPERATING COSTS		**(1,829,165)**	**(1,875,886)**
EBITDA		**(1,370,348)**	**(1,409,968)**
Amort. leased assets	16	(217,197)	(217,197)
EBIT		**(1,587,545)**	**(1,627,165)**
Financial income		4,960,606	1,675,000
of which related parties		*4,924,500*	*1,675,000*
Financial charges		(15,934)	(20,958,186)
of which related parties		*(6,823)*	*(7,755)*
Net financial income/(charges)	17	**4,944,672**	**(19,283,186)**
PROFIT/(LOSS) BEFORE TAXES		**3,357,127**	**(20,910,351)**
Income taxes	4	324,247	371,359
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**3,681,374**	**(20,538,992)**
NET PROFIT/(LOSS) FOR THE YEAR		**3,681,374**	**(20,538,992)**

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Comprehensive Income Statement

(in Euro)	2021	2020
Net Profit/(Loss) for the year	**3,681,374**	**(20,538,992)**
Items which may not be subsequently reclassified to the profit (loss) for the year		
Effect of actuarial gains/losses, net of tax effect	(1,673)	(572)
Profit/(loss) from the valuation of Investments in equity instruments net of the tax effect	14,463,826	(13,686,023)
Total other items of the Comprehensive Income Statement	**14,462,153**	**(13,686,595)**
Comprehensive profit/(loss) for the year	**18,143,527**	**(34,225,587)**

Statement of changes in Shareholders’ Equity

(in Euro)	Share capital	Listing charges	Treasury Shares	Fair Value reserve	Other reserves	Net Result	Total Net Equity
Balance at January 1st 2020	**125,000,000**	**(18,864,965)**	**(23,640,924)**	**14,982,305**	**317,550,192**	**(40,629,621)**	**374,396,987**
Previous year results carried forward					(40,629,621)	40,629,621	-
Total trans. with shareholders	**125,000,000**	**(18,864,965)**	**(23,640,924)**	**14,982,305**	**276,920,571**	**-**	**374,396,987**
Change in fair value reserve				(13,686,023)			**(13,686,023)**
Change employee reserve					(572)		**(572)**
Net loss						(20,538,992)	**(20,538,992)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(13,686,023)**	**(572)**	**(20,538,992)**	**(34,225,587)**
Other changes					(405)		**(405)**
Balance at December 31st 2020	**125,000,000**	**(18,864,965)**	**(23,640,924)**	**1,296,282**	**276,919,594**	**(20,538,992)**	**340,170,995**
Balance at January 1st 2021	**125,000,000**	**(18,864,965)**	**(23,640,924)**	**1,296,282**	**276,919,594**	**(20,538,992)**	**340,170,995**
Previous year results carried forward					(20,538,992)	20,538,992	-
Total trans. with shareholders	**125,000,000**	**(18,864,965)**	**(23,640,924)**	**1,296,282**	**256,380,602**	**-**	**340,170,995**
Change in fair value reserve				14,463,826			**14,463,826**
Change employee reserve					(1,673)		**(1,673)**
Net profit						3,681,374	**3,681,374**
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**14,463,826**	**(1,673)**	**3,681,374**	**18,143,527**
Other changes						**1**	**1**
Balance at December 31st 2021	**125,000,000**	**(18,864,965)**	**(23,640,924)**	**15,760,108**	**256,378,929**	**3,681,374**	**358,314,523**

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Cash Flow Statement

(in Euro)	Note	2021	2020
CASH & CASH EQUIVALENTS PREVIOUS YEAR	**8**	**1,694,355**	**3,134,015**
Net profit/(loss) for the year		3,681,374	(20,538,992)
Amortisation & Depreciation		217,197	217,197
(Revaluations) and write-downs		-	20,940,815
Net financial income/(charges)		(4,944,672)	(1,657,628)
of which related parties		*(4,917,677)*	*(1,667,245)*
Income taxes		(324,247)	(371,359)
Changes in employee provisions		5,768	5,232
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(1,364,580)**	**(1,404,735)**
(Increase) Decrease in Trade receivables		(235,326)	423,756
Increase (Decrease) in Trade payables		491,615	(1,483,787)
Change in other current and non-current liabilities		38,078	1,155,450
Change in deferred and current income taxes		95,031	(700,643)
OPERATING CASH FLOW		**(975,182)**	**(2,009,959)**
Dividends received		4,924,500	1,675,000
of which related parties		*4,924,500*	*1,675,000*
Interest received		35	-
Interest paid		(9,112)	(9,193)
Other income (charges) received/paid		(5,379)	-
A) CASH FLOW FROM OPERATING ACTIVITIES		**3,934,862**	**(344,152)**
Non-current investments and securities		(50,683,057)	(273,040)
Change in current financial assets		-	(179,825)
B) CASH FLOW FROM INVESTING ACTIVITIES		**(50,683,057)**	**(452,865)**
Change in current financial liabilities		45,470,710	(642,643)
C) CASH FLOW FROM FINANCING ACTIVITIES		**45,470,710**	**(642,643)**
Change in net liquidity		**(1,277,485)**	**(1,439,660)**
CASH & CASH EQUIVALENTS CURRENT YEAR	**8**	**416,870**	**1,694,355**

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NOTES TO THE FINANCIAL STATEMENTS

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Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company with its registered office at Rome (Italy), Via Barberini, No. 28.

At December 31st 2021, the shareholders with holdings above 3% of the share capital, as per the shareholders' register, the communications received in accordance with Article 120 of Legislative Decree No. 58 of February 24th 1998, and other information available are:

- Francesco Gaetano Caltagirone 75,955,300 shares (60.76%).
  The above investment is held indirectly through the companies:
  Parted 1982 Srl 44,454,550 shares (35.56%)
  Gamma Srl 9,000,750 shares (7.20%)
  FGC SpA 22,500,000 shares (18.00%)

The company in addition holds 18,209,738 treasury shares, equal to 14.57% of the share capital.

These financial statements were authorised for publication by the Directors on March 8th 2022.

At the date of the preparation of the present accounts, the ultimate holding company is FGC SpA, with registered office at Via Barberini 28 Rome, due to the shares held through subsidiary companies.

Compliance with international accounting standards approved by the European Commission

The financial statements at December 31st 2021 were prepared on the going concern basis and in accordance with Article 2 of Legislative Decree 38/2005 and International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and in force at the balance sheet date, in addition to the preceding International Accounting Standards (IAS). For simplicity, all the standards and interpretations are hereafter stated simply as "IFRS".

In the preparation of the present document, account was taken of Article 9 of Legislative Decree No. 38 of February 28th 2005, of the provisions of the civil code, of CONSOB Resolution No. 15519 ("Regulations relating to financial statements to be issued in accordance with Article 9, paragraph 3 of Legs. Decree No. 38/2005") and No. 15520 ("Modifications and amendments to the implementation rules of Legs. Decree No. 58/1998"),

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both of July 27th 2006, as well as CONSOB communication No. DEM/6064293 of July 28th 2006 ("Disclosure of issuers of shares and financial instruments in accordance with article 116 of the CFA").

Basis of presentation

Presentation criteria

The Financial Statements at December 31st 2021 are presented in Euro and all the amounts refer to units of the currency, except where indicated otherwise. They consist of the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of changes in Shareholders' Equity and the Explanatory Notes.

In relation to the presentation of the financial statements, the Company has chosen the following options:

- the current and non-current assets and current and non-current liabilities are presented as separate classifications in the Consolidated Balance Sheet;
- the income statement is based on the nature of costs;
- the comprehensive income statement, beginning with the net result, highlights the effect of profits and losses recorded directly to equity;
- the statement of changes in Shareholders' Equity reports the changes in the period of the individual accounts within Net Equity;
- the cash flow statement is presented using the indirect method.

The historic cost is the general criteria adopted, with the exception of the financial statement accounts measured at Fair value according to the individual IFRS, as described in the measurement criteria below.

It should also be noted that "current" means within 12 months of the balance-sheet date, whereas "non-current" means beyond 12 months from the balance-sheet date.

The IFRS were applied in accordance with the "Framework for the preparation and presentation of financial statements" and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 19.

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

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

The accounting principles and criteria applied in the present financial statements are in line with those adopted in the financial statements for the year ended December 31st 2020, with the exception of that described below.

Accounting standards and amendments to standards adopted by the Company

a) From January 1st 2021, the Group adopted the following new accounting standards:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, which was endorsed by the EU on January 13th 2021 with Regulation No. 25. The objective of the document is to modify the existing standards affected by the reform to include some practical expedients and some facilitations, thereby limiting the accounting impacts resulting from the reform of IBORs.
- Amendments to IFRS 4 Contracts - deferral of IFRS 9, which was endorsed by the EU on December 16th 2020 with Regulation No. 2097. The objective of the document is to clarify a number of applicational aspects of IFRS 9 before the definitive application of IFRS 17.

The adoption of the new standards applicable from January 1st 2021 did not have significant effects.

b) Accounting Standards and interpretations on Standards effective from the periods subsequent to 2021 and not adopted in advance by the Company:

- 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 designed to make specific improvements to those standards. This document, adopted by the European Union with Regulation No. 1080 of June 28th 2021, is applicable from periods beginning on, or subsequent to, January 1st 2022.

- On February 12th 2021, the IASB published "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, with the aim of improving the information provided about the accounting standards and accounting policies adopted in order to provide users of the financial statements with more useful information. The amendments are applied to financial statements concerning periods beginning from January 1st 2023.

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- On February 12th 2021, the IASB published "Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors: Definition of Accounting Estimates," with the goal of distinguishing changes in accounting principles from changes in accounting estimates. The amendments are applied to financial statements concerning periods beginning from January 1st 2023.

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

c) Accounting standards, amendments and interpretations not yet endorsed by the European Union:

At the date of the approval of the present Financial Statements, the IASB had issued (however not yet approved by the European Union) a number of accounting standards, interpretations and amendments - some still in the consultation phase - among which we highlight:

- On May 18th 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts improves transparency on profit sources and on the quality of profits realised and ensures a high level of results comparability, introducing a single standard for the recognition of revenues which reflects the services provided. On June 25th 2020, the IASB published the document "Amendments to IFRS 17", which includes some changes to IFRS 17 and the deferral of the entry into force of the new accounting standard to January 1st 2023. At the reporting date, the endorsement process was ongoing.
- On January 23rd 2020, the IASB published amendments to IAS 1. The document "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" provides that a liability is classified as current or non-current according to the rights existing at the date of the financial statements. In addition, it states that the classification is not affected by the entity's expectation to exercise its rights to defer settlement of the liability. Finally, it is clarified that this regulation refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments were initially due to come into force from January 1st 2022, however the IASB, with a second document published on July 15th 2020 titled "Classification of Liabilities as Current or Non-current – Deferral of Effective Date", has deferred their

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entry into force to January 1st 2023. Early application is permitted. At the reporting date, the endorsement process was ongoing.

- The IASB, on March 31st 2021, published the amendment entitled "Amendments to IFRS 16 Leases: Covid 19-Related Rent Concessions beyond 30 June, 2021", with which it amended IFRS 16 Leases in order to extend for a further twelve months, until June 30th 2022, the practical expedient introduced by the document "Covid 19-Related Rent Concessions" published on May 28th 2020 and relating to the accounting by lessees of rent concessions obtained as a result of the COVID-19 pandemic. This practical expedient is optional, does not apply to lessors, and allows lessees not to account for rent concessions (rent suspensions, deferrals of lease payments due, rent reductions over a period of time, possibly followed by rent increases in future periods) as lease modifications if they are a direct result of the COVID-19 pandemic and meet certain conditions. The 2021 amendments to IFRS 16 come into force from the financial statements of the financial years starting from or after April 1st 2021, but may be applied early to the financial statements of previous financial years whose publication has not yet been authorised. The endorsement process is still in progress.
- On May 7th 2021, the IASB published the document “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The amendments require entities preparing financial statements to recognise deferred taxes on transactions that result in an equivalent amount of taxable and deductible temporary differences upon initial recognition. The amendments are effective for the years beginning on or after January 1st 2023. Earlier application is permitted. The endorsement process is still in progress.

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

The standards are not expected to have a material impact on the Company’s financial statements.

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Foreign currency transactions

All the transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction.

The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period. The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement.

The non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated utilising the exchange rate at the initial date of recording of the operation.

The non-monetary assets and liabilities recognised at fair value are translated using the exchange rate at the transaction date.

Accounting policies

Property, plant and equipment

Property, plant and equipment is recorded at cost, including directly allocated accessory costs and those necessary for the asset being in the condition for which it was acquired, and increased, in the presence of obligations, by the present value of the estimated cost for the disposal of the asset.

The financial charges directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset itself until the moment in which the asset is ready for expected use or sale.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement in the year in which they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach.

Property, plant and equipment is recorded net of the relative accumulated depreciation and any loss in value determined in accordance with the procedures described below.

Depreciation is calculated on a straight-line basis according to the estimated useful life of the asset; the useful life is reviewed annually and any changes, where necessary, are made on the basis of the new estimate.

The main depreciation rates and related useful lives are as follows:

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	Useful life	Economic/technical rate
Minor equipment	4 years	25%
Office furniture and equipment	8 years	12.50%

Land, both constructible and relating to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the component approach principle.

At the moment of sale or when no expected future economic benefits exist from the use of a tangible asset, it is eliminated from the financial statements and any gain or loss (calculated as the difference between the sales value and the net book value) is recorded in the income statement in the year of the above mentioned elimination.

Leasing

Lessee

Identification of leasing

At the inception date of the contract (the initial between that for the signing of the contract and that on which the parties commit to comply with the contractual terms), and subsequently on any change to the contractual terms and conditions, the company verifies whether such contains or represents a lease. In particular, a contract contains or represents a lease where the right to control the use of the identified asset is transferred for an established period of time in exchange for consideration. In order to assess whether a contract contains or represents a lease, the company:

- assesses whether, with regards to the identified asset, it holds the right to substantially obtain all of the economic benefits related with its usage throughout the entire usage period;
- verifies whether the contract refers to the use of a specific asset, explicitly or implicitly, which is physically separate or substantially represents the entire capacity of a physically separate asset. Where the supplier has a substantial right to replacement, the asset is not identified;

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• verifies whether it has the right to manage the use of the asset. The company is considered to enjoy this right where it has the right to take the main decisions with regards to changing the usage means and purposes of the asset.

For the contracts containing a number of leasing and non-leasing components and therefore within the scope of other accounting standards, the individual components to which the respective accounting standards are applied are separated.

The leasing duration begins when the lessor makes the asset available to the lessee (commencement date) and is established in view of the non-cancellation period of the contract, i.e. the period during which the parties have legally enforceable rights and obligations and including also the rent-free period. To this duration, the following is added:

• the period covered by a renewal option, where the company is reasonably certain of exercising this option;

• the periods subsequent to the resolution date ("termination option"), where the company is reasonably certain of not exercising this option.

The termination options held only by the lessor are not considered.

The reasonable certainty of exercising or otherwise a renewal or termination option as per the contract is verified by the company at the commencement date, considering all the facts and circumstances generating an economic incentive to exercise or otherwise the option, and is subsequently reverified where significant events or changes to circumstances which may impact its establishment, and which are under the control of the company, occur.

Recognition of leasing

At the commencement date of the leasing, the company records the Right of Use (ROU) to assets and the leasing liability.

The asset consisting of the right of use is initially valued at cost, including the amount of the initial valuation of the leased liability, adjusted for payments due for leases undertaken at the commencement date or before, plus initial direct costs incurred and an estimate of the costs which the lessee is expected to incur for the dismantling or removal of the underlying asset or for the refurbishment of the underlying asset or of the site at which it is located, net of the leasing incentives received.

The leasing liabilities are valued at the present value of the payments due for leasing not paid at the commencement date. For discounting purposes, the company utilises, where possible and where stated in the contract, an implied leasing interest rate or alternatively the incremental borrowing rate (IBR). The leasing payments due included in the valuation of the liability include the fixed payments, the variable payments which depend on an index or a

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rate, the amount expected to be paid as a guarantee on the residual value, the exercise price of a purchase option (that the company has a reasonable certainty of exercising), the payments due in a renewal period (where the company has a reasonable certainty of exercising the option) and the early termination penalty (unless the company is reasonably certain of not terminating the lease early).

Subsequently, right of use assets are amortised on a straight-line basis for the entire contractual duration, unless the contract itself stipulates the transfer of ownership on conclusion of the lease or where the leasing cost reflects the fact that the lessee shall exercise the purchase option. In this latter case, amortisation should take place over the lessor between the useful life of the asset and the duration of contract. The estimated useful lives of assets for the usage right are calculated according to the same criterion applied to the relative fixed asset accounts. In addition, the right of use assets are reduced by any impairments and adjusted to reflect the remeasurement of the lease liabilities.

The leased liabilities, subsequent to the initial valuation at the commencement date, are valued at amortised cost according to the effective interest criterion and remeasured in the case of changes to future payments due for the leases deriving from a change in the index or rate, in the case of a change to the amount which the company expects to pay as guarantee on the residual value or where the company changes its assessment with regards to the exercise or otherwise of a purchase, renewal or termination option. Where the lease liabilities are remeasured, the lessee correspondingly alters the right of use asset. Where the book value of the asset for the right of use is reduced to zero, the change is recognised to the net profit/(loss) for the year.

In the balance sheet, the company presents the assets for the right of use under fixed assets, in the same account in which these assets would be presented if owned, with the lease liabilities among financial liabilities. The interest charges on the lease liabilities constituting a component of the financial charges are recognised to the income statement and the accumulated amortisation of the right of use assets is presented separately.

Lessor

Identification of leasing

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At the initial date of the contract and, subsequently upon a change to the contractual terms and conditions, the company classifies each of its "asset" leases as financial leases or operating leases. For these purposes, the company generally assesses whether the leasing substantially transfers all the risks and benefits related to ownership of the underlying asset. In this case, the leasing is classified as a finance lease, rather than an operating lease.

Within the scope of this assessment, the company considers among the various indicators whether the leasing duration covers a majority of the economic life of the underlying asset and/or the presence or otherwise of reasonably exercisable purchase options.

For contracts containing a leasing component and one or more leasing and non-leasing components, the company breaks down the contractual consideration by applying IFRS 15.

Recognition of leasing

In the case of finance leases, the company recognises to the balance sheet the asset as a receivable of a value equal to the net investment of the leasing. To assess the net investment of the leasing, the company applies the implied leasing interest rate, established to include the direct initial costs. The company applies IFRS 9 regarding eliminations and impairment provisions to the net investment of the leasing.

The financial income is recorded over the leasing duration on a straight-line basis.

For operating leases, the company recognises the payments received as income on a straight-line basis throughout the duration of the lease to the account "other revenues from sales and services".

Sub-leasing

With regards to sub-leasing, the company, as an interim lessee, classifies its share of the main lease separately from the sub-leasing. For these purposes, it classifies the sub-leasing with regards to the right of use asset deriving from the main lease, rather than referring to the underlying asset. Where the main lease is a short-term lease which the company has recognised applying the exemption established by the standard and outlined below, the sub-leasing is classified as an operating lease. In the presence of sub-leasing, the main lease is never considered of insignificant value.

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Investments in subsidiaries and associates

All the companies in which Caltagirone Editore SpA has the power to determine, directly or indirectly, the financial and operating policies of the entity, so as to obtain benefits from its activities are considered as subsidiary companies.
Investments in associated companies refer to those in which Caltagirone Editore SpA has a significant influence.

In the evaluation of control and significant influence, consideration is also taken of the potential voting rights that are effectively exercisable or convertible.

The above-mentioned equity investments are recognised at cost adjusted for any loss in value under impairment tests.

Losses in value are recognised in the income statement and can be restated where the reasons for their write-down no longer exist. Where the loss pertaining to the company exceeds the book value of the investment, and where the holding is committed to comply with legal or implicit obligations of the company or in any case to cover the losses, the book value is written down and any excess is recorded in a specific risk provision.

Financial instruments

Classification and measurement

In accordance with specific provisions of IFRS 9, the classification and measurement of financial assets reflects the business model according to which such assets are managed and the characteristics of their cash flows.

Financial assets fall into three main measurement categories: at amortised cost; at fair value through other comprehensive income statement items (FVTOCI); and at fair value through profit or loss (FVTPL).

The analyses that must be conducted in order to categorise financial assets in this manner depend, first of all, on whether we are dealing with a debt instrument, an equity instrument, or a derivative.

Financial assets comprising equity instruments are always recognised at fair value.

Where the security is held for trading, the fair value changes are recognised through profit or loss. For all other investments, it was decided to subsequently recognise all fair value changes through other comprehensive income (OCI), thereby exercising the FVTOCI option. In this case, the amounts accumulated to OCI shall never be reversed to the profit/(loss) for the year, even in the case of elimination for accounting purposes of the investment. Application of the FVTOCI option is irrevocable, and reclassifications to other categories are

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not permitted. This option has been adopted for the measurement of equity investments in other companies.

With regards however to the classification of financial assets comprising receivables and debt instruments, the following two elements are considered:

1. the business model adopted by the company. Specifically:
   - — Held to Collect (HTC), model whose objective is to hold financial assets for the collection of the contractual cash flows;
   - — Held To Collect and Sale (HTC&S), model whose objective is to collect the cash flows from the financial asset and also to sell the financial asset;
   - — other business models than the two preceding.
2. the characteristics of the contractual cash flows from the financial instrument and whether such contractual cash flows only concern the payment of the capital and interest or otherwise including also other components. This check is called the Solely Payment of Principal and Interest (SPPI) Test.

IFRS 9 provides the definitions of capital and interest:

- the capital is the fair value of the financial asset on initial recognition and this amount may change over the life of the financial instrument (for example, through repayments);
- the interest however represents the compensation for the time value of money and the credit risk on the residual capital.

A financial asset consisting therefore of debt securities may be classified as follows:

1) Amortised cost, when:
   a. the contractual cash flows of the instrument consist only of the payment of capital and interest (SPPI Test satisfied); and
   b. the business model adopted by the company establishes that the entity holds the financial asset only to collect the contractual cash flows (HTC business model).

In this category, the financial instruments are initially recognised at fair value, including the transaction costs, and subsequently measured at amortised cost. The interest (calculated using the effective interest criterion, as in the preceding IAS 39), the impairments (and the write-backs of losses), the exchange gains/(losses) and the profits/(losses) from the elimination for accounting purposes are recognised to the profit/(loss) for the year.

2) Fair Value Through Other Comprehensive Income (FVTOCI), when:
   a. the contractual cash flows of the instrument consist only of the payment of capital and interest (SPPI Test satisfied); and

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b. the business model adopted by the company establishes that the entity holds the financial asset to collect the contractual cash flows and the cash flows generated from sale (HTC&S business model).

In this category, the financial instruments are initially recognised at fair value, including transaction costs.

The interest (calculated using the effective interest criterion, as in the preceding IAS 39), the impairments and the exchange gains/(losses) are recognised to the profit/(loss) for the year. The other fair value changes of the instrument are recognised to other comprehensive income items (OCI). On elimination for accounting purposes of the instrument, all profits/(losses) accumulated to OIC shall be reclassified to the profit/(loss) for the year.

3) Fair Value Through Profit Or Loss residually, i.e. where:

a. the criteria outlined above are not satisfied or;
b. where the fair value option is exercised.

The financial assets classified to this category are initially and subsequently recognised at fair value. The costs of the transaction and the fair value changes are recognised to the profit/(loss) for the year.

Impairment losses

IFRS 9 replaces the ‘incurred loss’ model under IAS 39 with an ‘expected credit loss’ forecast model (“ECL”). The model assumes a significant valuation level regarding the impact of the changes to the economic factors on the ECL which are weighted on the basis of probabilities.

The new expected credit loss model is applied to financial assets measured at amortised cost or at FVOCI, with the exception of capital securities and assets from contracts with customers.

The standard establishes that the doubtful debt provisions are valued utilising the following methodologies: the “General deterioration method” and the “Simplified approach”; in particular:

- The “General deterioration method” requires classification in three stages of financial instruments included in the scope of application of IFRS 9 . The three stages reflect the level of deterioration of the quality of the receivable from the point at which the financial instrument is acquired and requires a differing method to calculate the ECL;

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- The "Simplified approach" establishes that, for trade receivables, contract assets and leasing contract receivables, some simplifications are adopted in order to prevent entities from being forced to monitor changes in credit risk as required by the general model. The recognition of the loss according to the simplified approach is on a lifetime basis and therefore stage allocation is not required. For these types, therefore, receivables are broken down by cluster, for which the reference parameters (PD, LGD, and EAD) are established to calculate the lifetime expected credit losses on the basis of available information.

Where the General Deterioration Method is applied, as expected, financial instruments are classified into three stages according to the level of deterioration of the credit quality between the date of initial recognition and the measurement date:

- Stage 1: includes all financial assets considered on initial recognition (Date of initial recognition) regardless of qualitative parameters (e.g. rating) and except for situations presenting objective evidence of impairment. During the subsequent measurement phase, all financial instruments which have not demonstrated a significant increase in the credit risk compared to the date of initial recognition or which have a low credit risk at the date of analysis remain in stage 1. For these assets, the losses on expected receivables over the coming 12 months (12-month ECL) representing the expected losses in consideration of the possibility that default events will occur over the coming 12 months are recognised. The interest on financial instruments included in stage 1 are calculated on the carrying amount gross of any write-downs on the asset;
- Stage 2: includes the financial instruments presenting a significant increase in credit risk compared to the Date of initial recognition, although without presenting objective evidence of impairment. For these assets, only the expected losses on receivables deriving from all possible default events over the entire expected life of the financial instrument are recognised (Lifetime ECL). The interest on financial instruments classified to stage 2 is calculated on the carrying amount, gross of any write-downs on the asset;
- Stage 3: includes the financial assets presenting objective evidence of impairment at the Measurement date. For these assets, only the expected losses on receivables deriving from all possible default events over the entire expected life of the instrument are recognised.

Cash and cash equivalents

Cash and cash equivalents are accounted at fair value and include bank deposits and cash, cash equivalents, and investments with maturities of less than three months, i.e. instruments that are available on demand at short notice, certain in nature, and with no

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payment expenses.
Cash and cash equivalents in foreign currencies are valued at the year-end exchange rate.

Fair value hierarchy levels

In relation to the financial assets and liabilities recorded in the balance sheet at Fair Value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the degree of input utilised in the determination of the Fair Value. The following levels are used:

- Level 1: determination of fair value based on prices listed on active markets for identical assets or liabilities which the entity can access at the valuation date;
- Level 2: determination of fair value based on other inputs than the listed prices included in "Level 1" but which are directly (prices) or indirectly (derivatives of prices) observable for the assets or liabilities;
- Level 3: determination of the fair value based on valuation models whose input is not observable for the assets or liabilities.

For information on the Fair Value hierarchy level, reference should be made to Note 20.

Shareholders' Equity

Treasury shares

The costs incurred for the purchase of treasury shares are recorded as a reduction of shareholders' equity. The gains or losses deriving from a subsequent sale are recorded as net equity movements.

Costs for share capital increases

The costs incurred for the stock exchange listing, net of the relative tax effect, are recorded as a reduction of the shareholders' equity in a separate negative reserve.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the employment period and relating to defined benefit plans (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right.

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In relation to the Employee leaving indemnity, following the amendments to Law No.296 of December 27th 2006 and subsequent Decrees and Regulations ("Pension Reform") issued in the first months of 2007, it is noted that:

- the employee leaving indemnity matured at December 31st 2006 continues to be considered as a defined benefit plan.
- the employee leaving indemnity matured from January 1st 2007, for Italian companies with a number of employees above 50, is considered a defined contribution plan.

The determination of the current value of the Company commitments is made by an independent expert using the projected unit credit method.

Under this method, a future projection is made of the liability to determine the probable amount to be paid on the termination of employment and then discounted, to take into account the period of time which will pass before the actual payment. The calculation takes into account the employee leaving indemnity matured and is based on actuarial assumptions which principally relate to the interest rate, which reflects the market return of primary securities with maturities similar to those for bonds and the turnover of employees.

The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Company commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded to the Comprehensive Income Statement.

The financial component is however recorded in the Income Statement, in the account financial charges.

Provisions for risks & charges

The provisions concern costs and charges are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.

The provisions are recorded when a legal or implicit obligation exists towards a third party that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and this amount can be reliably estimated. When the financial effect of the time value of money is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted using the estimated future cash flows at a pre-tax rate that reflects the current market assessment of the cost of money and, if appropriate, the specific risks of the obligation; the increase of the liability due to the passing of time is recorded as a financial charge.

In particular, the provisions relating to employee restructuring plans are recognised when at the balance sheet date the event which gives rise to the obligation is 'binding' as the Company, through the drawing up of a formal restructuring programme, has generated within interested third parties the valid expectations that the entity will implement the afore-mentioned programme.

Revenue from contracts with customers

The Company recognises revenues such that transfer of the good and/or service to the customer is expressed in an amount that reflects a sum deemed to be that to which the Company has a right as compensation for said transfer.

This is done in accordance with the five-step model framework as follows:

1) identification of the contract;
2) identification of the assets and services covered by the contract;
3) determination of the transaction price;
4) allocation of the contractual obligations of the variable price component;
5) transfer of control.

Revenues are measured taking account of the contractual terms and practices generally applied in relations with customers. The price of this transaction is the amount of payment (which may include fixed or variable amounts, or both) considered to arise in exchange for the transfer of control of the promised goods/services. Control is generally considered to be the capacity to decide upon the use of the asset (good/service) and to substantially obtain all the remaining benefits. The total payment from contracts for the provision of services is broken down among all services on the basis of the sales price of the relative services as if they had been sold individually.

Within each contract, the base element for the recognition of revenues is the individual performance obligation. For each obligation to be satisfied, individually identified, the entity recognises the revenues where (or over time) the obligation is satisfied, transferring to the customer the promised good/service (or asset). The asset is transferred when (or over time) the client acquires control.

For obligations involving satisfaction over a period of time, the revenues are recognised "over the time", measuring at the end of each period the progress made towards complete satisfaction of the obligation. For the measurement of progress, both input based and output based models may be used. The Company utilises the Input based method (cost-to-cost method). According to the latter method, the revenues are recognised on the basis of the inputs used to fulfil the obligation up to the date, with regards to the total inputs assumed to fulfil the entire obligation. Where the inputs are distributed evenly over time, the company

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recognises the corresponding revenues on a straight-line basis. In certain circumstances, where it is not possible to reasonably measure the result of the obligation to be fulfilled, the revenues are recognised only up to the amount of costs incurred.

Variable payments

Where the contractual payment includes a variable amount (for example following reductions, discounts, reimbursements, credits, price concessions, incentives, performance bonuses, penalties or where the payment depends on the occurrence or otherwise of a future uncertain events), the amount of the payment considered to arise should be estimated. The Company estimates variable payments in a manner consistent with similar circumstances, using the expected value method or the value of the amount considered most probable; thereafter, the estimated amount of the variable payment of the transition price is included only to the extent that this amount is considered highly probable.

Presence of a significant financial component

Revenues are adjusted amid significant financial components, both where funded by the client (early collection) or where funded by it (deferred collection). The presence of a significant financial component is identified on the signing of the contracts, comparing the expected revenues with the payments to be received. This is not recorded where between the time of transfer of the assets/service and the time of payment less than 12 months has passed.

Costs for obtaining and fulfilling the contract

- The Company capitalises the costs incurred to obtain the contract and which would not have been incurred where such had not been obtained (e.g. sales commissions), where it is expected that they may be recovered. The Company capitalises the costs incurred to fulfil the contract only where these are directly related to the contract, permitting the obtainment of new and increased resources for future obligations and where these costs shall be recoverable.

Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

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Financial income and charges

Financial income and charges are recognised in accordance with the accruals concept on the basis of the interest matured on the net value of the relative financial assets and liabilities utilising the effective interest rate, therefore utilising the rate which is financially equivalent to all the cash inflows and outflows which comprise an operation.

Dividends

The dividends are recorded when the right of the shareholders to receive the payment arises. The dividends and dividend payments on account payable to third parties are recorded as changes in shareholders' equity at the date in which the Shareholders' Meetings approves them.

Income taxes

Current Income taxes for the period are determined on the basis of the taxable assessable income and in accordance with current legislation; consideration is also taken of the effects deriving from the national fiscal consolidation, in accordance with Article 117/129 of the Income Tax Act, in which the Group is the consolidating company of the following subsidiaries: Il Messaggero SpA, Il Mattino SpA, Finced Srl, Piemme SpA, Corriere Adriatico Srl, Quotidiano di Puglia Srl, Il Gazzettino SpA, Imprese Tipografiche Venete Srl, Leggo Srl, Ced Digital Servizi Srl, Stampa Venezia Srl and Pim Srl, Stampa Roma 2015 Srl, Stampa Napoli 2015 Srl, Servizi Italia 15 Srl.

Caltagirone Editore SpA acts therefore as the consolidating company and calculates a single assessable base for the group of companies adhering to the national tax consolidation and therefore benefits from the possibility of offsetting assessable income with assessable losses in a single tax declaration. The assessable amount and the losses for the period were transferred and recorded by the subsidiaries to the consolidating company in the year in which they matured; any future fiscal benefits (deferred tax assets) are therefore recorded directly by the consolidating company.

Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis of the current tax rates in force or to be applied in the near future.

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The recognition of deferred tax assets is made when their recovery is probable - that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset, also in consideration of the tax consolidation described above.

The recovery of the deferred tax asset is reviewed at each balance sheet date.

Current and deferred income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity through the comprehensive income statement, in which case the fiscal effect is recognised directly to Equity. Current and deferred taxes are compensated when the income tax is applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under Other operating expenses.

Risk management

The Company is exposed to market risks and in particular to the liquidity risk and risk of change in the prices of listed financial investments.

Liquidity risk

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. Caltagirone Editore holds sufficient liquidity so as not to be impacted by this risk.

Risks concerning the price of investments in equity instruments

In relation to the risk of changes in the fair value of the equity instruments, the Company monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio. The investment and divestment strategies of the equity investments are also considered in relation to the diversification of risk.

Use of estimates

The preparation of the financial statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The

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application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

The accounting standards and accounts in the financial statements which require greater subjectivity in the preparation of the estimates and for which a change in the underlying conditions of the assumptions used may have a significant impact on the financial statements of the Company are as follows:

- *Writing down non-current assets:* in accordance with the accounting principles applied by the Company, the tangible are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. Verification of the existence of the aforesaid indicators requires the Directors to make subjective assessments based on the information available within the Company and on the market, as well as on historical experience. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impact upon the valuations and estimates made by the Directors.
- *Impairment of financial assets:* in accordance with IFRS 9, expected loss is defined as the sum of the expected default loss that could impact the financial instrument over a given period of time. This expected loss is measured based on past, present and forward-looking information and circumstances. This model is applied to the financial assets recognised at amortised cost.
- *Income taxes*: income taxes (current and deferred) are determined based on a prudent interpretation of the tax laws in force. This process may involve complex estimates in the determination of the assessable income and the temporary differences between the accounting and tax values. In particular, the valuation for the recoverability of the deferred tax assets, in relation to tax losses utilisable in subsequent years, and on temporary deductible differences, takes account of the estimates of expected future assessable income.

- *Provisions:* the provisions relating to disputes are based on a process which establishes the probability of loss. In accordance with International Financial Reporting Standards, provisions are recognised in relation to those disputes for which a loss is deemed to be probable.
- *Other write-down provisions*

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

Change of accounting principles, errors and change of estimates

The accounting principles adopted are amended from one period to another only if the change is required by a standard and if this contributes to providing more reliable information on the effects of the operations on the balance sheet, income statement and cash flows of the enterprise.

The changes to the accounting standards are recorded retrospectively with the recording of the effect to net equity for the more remote periods reported. The other comparative amounts indicated for each period are adjusted as if the new standard had always been applied. The prospective approach is made only when it is impractical to reconstruct the comparative information.

The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard. If the standard does not permit a transition period, the change is accounted in accordance with the retrospective method, or if impractical, with the prospective method.

In the case of significant errors, the same method that is used for changes in accounting standards illustrated previously is applied.In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in estimates are accounted in accordance with the prospective method in the Income Statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

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Value of the Company

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at December 31st 2021 of Euro 140.6 million compared to a Group net equity of Euro 403.1 million), significantly lower than the valuations based on the fundamentals of the Group expressed by its value in use.

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

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ASSETS

1. *Property, plant and equipment*

Historical cost	Equipment	Other Assets	Right of Use Assets	Total
01.01.2020	31,236	213,333	1,066,276	**1,309,565**
Increases/Decreases	-		1,281	2,561
Reclassifications				-
31.12.2020	**31,236**	**213,333**	**1,067,557**	**1,312,126**
01.01.2021	31,236	213,333	1,067,557	**1,312,126**
Increases/Decreases				-
Reclassifications				-
31.12.2021	**31,236**	**213,333**	**1,067,557**	**1,312,126**
Depreciation & loss in value	**Equipment**	**Other Assets**	**Right of Use Assets**	**Total**
01.01.2020	31,236	213,333	216,870	**460,159**
Increases/Decreases			217,197	**217,197**
Reclassifications				-
31.12.2020	**31,236**	**213,333**	**434,067**	**677,356**
01.01.2021	31,236	213,333	434,067	**678,636**
Increases/Decreases			217,197	**217,197**
Reclassifications				-
31.12.2021	**31,236**	**213,333**	**651,264**	**895,833**
Net value				
01.01.2020	**-**	**-**		**849,406**
31.12.2020	**-**	**-**	**633,490**	**634,770**
31.12.2021	**-**	**-**	**416,293**	**416,293**

With reference to the impact of the application of IFRS 16 for the Company at December 31st 2021, the following additional information is provided below:

	Land and buildings
Gross value at January 1st 2020	1,066,276
Increases	1,281
Decreases	-
Reclassifications	-
Gross value at December 31st 2020	**1,067,557**
Accumulated depreciation at January 1st 2020	216,870
Depreciation	217,197
Decreases	
Reclassifications	
Accumulated depreciation at December 31st 2020	**434,067**
Net value at December 31st 2020	**633,490**
Gross value at January 1st 2021	1,067,557
Increases	-
Decreases	-
Reclassifications	-
Gross value at December 31st 2021	**1,067,557**
Accumulated depreciation at January 1st 2021	434,067
Depreciation	217,197
Decreases	
Reclassifications	
Accumulated depreciation at December 31st 2021	**651,264**
Net value at December 31st 2021	**416,293**

At December 31st 2021, the right-of-use asset amounted to Euro 416,293, and included property contracts.

2. Investments valued at cost

The movements in the account are as follows:

Investments in subsidiaries	Registered Office	Share capital	%	Book value 01/01/2020	Increases/(Decreases)	Revaluations (Write-downs)	Book value 31/12/2020	Share of Net equity at 31/12/2020	Difference compared to book value at 31.12.2020
Il Mattino SpA	Rome	500,000	99.95	-	11,115,165	(1,344,904)	9,770,261	9,770,261	-
Leggo Srl	Rome	1,000,000	99.95	693,479	306,022	(255,712)	743,789	743,789	-
Finced Srl	Rome	10,000	99.99	162,011,080			162,011,080	171,767,868	(9,756,788)
Corriere Adriatico Srl	Rome	200,000	99.95	5,130,231	362,504	(4,442,811)	1,049,924	(449,326)	1,499,250
Nuovo Quotidiano di Puglia Srl	Rome	50,000	99.95	4,713,696	273,040	(4,755,961)	230,775	230,775	-
Il Gazzettino SpA	Rome	200,000	99.95	45,505,402	903,288	(7,338,749)	39,069,941	37,970,492	1,099,449
Il Messaggero S.p.A.	Rome	1,265,385	99.95	31,668,371	13,773,139		45,441,510	53,290,415	(7,848,906)
Ced digital & servizi Srl	Rome	100,000	99.99	99,990			99,990	474,845	(374,855)
Piemme SpA	Rome	2,643,139	99.99	869,688	1,978,635	(2,756,612)	91,711	2,391,705	(2,299,994)
Servizi Italia 15 Srl	Rome	100,000	99.95	101,149			101,149	824,528	(723,379)
Stampa Roma 2015 Srl	Rome	10,000	99.95	3,626,655			3,626,655	3,926,310	(299,655)
Stampa Napoli 2015 Srl	Rome	10,000	99.95	-	9,995	(9,995)	-	(36,071)	36,071
Total				**254,419,741**	**28,721,788**	**(20,904,744)**	**262,236,785**		

Investments in subsidiaries	Registered Office	Share capital	%	Book value 01.01.2021	Increases/(Decreases)	Revaluations (Write-downs)	Book value 31.12.2021	Share of Net equity at 31.12.2021	Difference compared to book value at 31.12.2021
Il Mattino SpA	Rome	500,000	99.95	9,770,261	4,997,500		14,767,761	18,250,783	(3,483,022)
Leggo Srl	Rome	1,000,000	99.95	743,789	4,997,395		5,741,184	6,017,368	(276,184)
Finced Srl	Rome	10,000	99.99	162,011,080			162,011,080	180,407,930	(18,396,850)
Corriere Adriatico Srl	Rome	200,000	99.95	1,049,924	5,442,093		6,492,017	7,641,522	(1,149,505)
Nuovo Quotidiano di Puglia Srl	Rome	50,000	99.95	230,775	5,247,485		5,478,260	8,859,046	(3,380,786)
Il Gazzettino SpA	Rome	200,000	99.95	39,069,941	4,997,956		44,067,897	47,152,481	(3,084,584)
Il Messaggero S.p.A.	Rome	1,265,385	99.95	45,441,510	4,997,500		50,439,010	70,509,882	(20,070,872)
Ced digital & servizi Srl	Rome	100,000	99.99	99,990	4,868,513		4,968,503	5,076,167	(107,664)
Piemme SpA	Rome	91,710	99.99	91,711	4,999,999		5,091,710	5,857,685	(765,975)
Servizi Italia 15 Srl	Rome	100,000	99.95	101,149	4,821,588		4,922,737	6,215,172	(1,292,435)
Stampa Roma 2015 Srl	Rome	10,000	99.95	3,626,655	4,997,500		8,624,155	9,250,052	(625,897)
Stampa Napoli 2015 Srl	Rome	10,000	99.95	-	4,996,976		4,996,976	5,056,921	(59,945)
Imprese Tipografiche Venete Srl	Rome	1,730,000	45.90	-	4,800,000		4,800,000	6,112,380	(1,312,380)
Pim Srl	Rome	1,800,000	42.00	-	5,000,000		5,000,000	5,158,603	(158,603)
Stampa Venezia Srl	Rome	2,267,000	74.99	-	4,900,000		4,900,000	4,934,134	(34,134)
Total				**262,236,785**	**70,064,505**	**-**	**332,301,290**		

The shareholders' equity pertaining to subsidiaries was adjusted for any capital gains arising from the valuation of Newspaper titles following the results of the impairment test (for further details of the methods and basic assumptions used in the impairment test, reference should be made to Note 2 in the Notes to the Group's consolidated financial statements). With regard to the shareholders' equity of Il Gazzettino SpA, the pro-rata shareholders' equity of its subsidiaries was also taken into consideration.

Increases in equity investments refer to capital contributions and waivers of shareholder loans made to subsidiaries in order to improve their financial equilibrium.

The investments in other companies consist of:

Investments in other companies	01.01.2020	Increases/(Decreases)	31.12.2020
Banca Popolare di Vicenza	10	-	10
Total	**10**	**-**	**10**

Investments in other companies	01.01.2021	Increases/(Decreases)	31.12.2021
Banca Popolare di Vicenza	10		10
Total	**10**	**-**	**10**

3. *Equity investments and non-current securities*

It is broken down as follows:

Investments in capital instruments	01.01.2020	Increases/(Decreases)	Fair value change	31.12.2020
Assicurazioni Generali SpA	61,623,250		(13,852,250)	47,771,000
Total	**61,623,250**	**-**	**(13,852,250)**	**47,771,000**

	01.01.2021	Increases/(Decreases)	Fair value change	31.12.2021
Assicurazioni Generali SpA	47,771,000		14,639,500	62,410,500
Total	**47,771,000**	**-**	**14,639,500**	**62,410,500**

number

	01.01.2020	Increases/(Decreases)	31.12.2020
Assicurazioni Generali SpA	3,350,000		3,350,000

	01.01.2021	Increases/(Decreases)	31.12.2021
Assicurazioni Generali SpA	3,350,000		3,350,000

The changes in the fair value reserve are reported below:

Fair Value reserve	01.01.2020	Increases	Decreases	31.12.2020
Fair Value reserve	15,164,276		(13,852,250)	1,312,026
Tax effect	(181,971)	181,971	(15,744)	(15,744)
Fair value reserve, net of tax effect	**14,982,305**	**181,971**	**(13,867,994)**	**1,296,282**
Changes in the year				**(13,686,023)**

	01.01.2021	Increases	Decreases	31.12.2021
Fair Value reserve	1,312,026	14,639,500	-	15,951,526
Tax effect	(15,744)	15,744	(191,418)	(191,418)
Fair value reserve, net of tax effect	**1,296,282**	**14,655,244**	**(191,418)**	**15,760,108**
Changes in the year				**14,463,826**

In relation to the disclosure required by IFRS 13, concerning the so-called “hierarchy of fair value”, these equity instruments belong to level one, as defined in paragraph 27 A (IFRS 13), as concerning financial instruments listed on an active market.

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4. Deferred and current taxes

The deferred tax assets refer to losses carried forward and temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

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

	01.01.2020	Provisions	Utilisations	Other changes	31.12.2020
Deferred tax assets					
Tax losses carried forward	42,656,393	329,143		700,276	43,685,812
Others	59,258	100,858	(58,642)	(384)	101,090
Total	**42,715,651**	**430,001**	**(58,642)**	**699,892**	**43,786,902**
Deferred tax liabilities					
Others	182,181	15,744	(182,181)		15,744
Total	**182,181**	**15,744**	**(182,181)**	**-**	**15,744**
Net deferred tax assets	**42,533,470**	**414,257**	**123,539**	**699,892**	**43,771,158**

	01.01.2021	Provisions	Utilisations	Other changes	31.12.2021
Deferred tax assets					
Tax losses carried forward	43,685,812	359,471	-	(67,310)	43,977,973
Others	101,090	149	(35,373)	2,346	68,212
Total	**43,786,902**	**359,620**	**(35,373)**	**(64,964)**	**44,046,185**
Deferred tax liabilities					
Others	15,744	191,418	(15,744)	-	191,418
Total	**15,744**	**191,418**	**(15,744)**	**-**	**191,418**
Net deferred tax assets	**43,771,158**	**168,202**	**(19,629)**	**(64,964)**	**43,854,767**

The other changes in deferred tax assets and liabilities include the deferred tax assets recorded due to the losses incurred by the subsidiaries within the tax consolidation, against which the related liability has been recorded under Other liabilities. Taking account of the timing differences and based on forecasts, it is considered that the Group will have, in the coming years, sufficient assessable income to recover the deferred tax assets recorded in the financial statements at December 31st 2021.

The balance sheet assets include a current IRES credit of Euro 2,358.

The income taxes for the year consist of:

	2021	2020
Recording of deferred tax assets	(359,620)	(430,001)
Utilisation of deferred tax assets	35,373	58,642
Deferred tax assets	**(324,247)**	**(371,359)**
Total income taxes	**(324,247)**	**(371,359)**

The breakdown of income taxes is as follows:

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	31.12.2021	31.12.2020
Current and deferred IRES tax	(324,247)	(371,359)
Current and deferred IRAP tax	-	-
Total	**(324,247)**	**(371,359)**

The analysis of the difference between the theoretical and actual tax rates in relation to IRES are as follows:

IRES

	2021		2020	
	Amount	**Amount**	**Amount**	**Amount**
Profit/loss) before taxes	**3,357,127**	**24.00%**	**(20,910,351)**	**24.00%**
Theoretical tax charge		**805,710**		**(5,018,484)**
Permanent differences increase (decrease):				
Dividends		(1,122,786)		(381,900)
Write-down of equity investments				5,025,796
Other		(7,171)		3,230
Current and deferred IRES tax		**(324,247)**		**(371,359)**

5. Trade receivables

The breakdown is as follows:

	31.12.2021	31.12.2020
Receivables from third parties	-	1,244
Receivables from related parties	312,788	76,218
Total trade receivables	**312,788**	**501,218**

There are no receivables due over 12 months. The value of the receivables reported above approximates their fair value.

6. Current financial assets

The breakdown is as follows:

	31.12.2021	31.12.2020
Il Messaggero SpA	-	19,990
Piemme SpA	10,039,384	15,039,383
Leggo Srl	-	2,231,779
Il Mattino SpA	3,690,350	8,687,850
Corriere Adriatico Srl	-	2,526,551
Il Gazzettino SpA	-	2,471,220
Stampa Napoli 2015 Srl		2,134,408
Total current financial assets	**13,729,734**	**33,111,181**

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Current financial assets represent receivables related to demand financing that does not bear interest and was granted to subsidiaries.

The decrease from the previous year concerns the waiver of financing in order to improve the financial equilibrium of said subsidiaries.

The value of current financial assets approximates their fair value.

7. Other current assets

The breakdown is as follows:

	31.12.2021	31.12.2020
Receivables from subsidiaries	2,107,995	2,432,977
Receivables from third parties	148,071	55,108
Total current assets	**2,256,066**	**2,488,085**

The receivables from subsidiaries due within one year relate to transactions under the national tax consolidation and the VAT positions transferred by the subsidiaries as part of the VAT consolidation, as follows:

	31.12.2021	31.12.2020
Itv Srl	617,497	512,828
Ced Digital Srl	-	41,097
Pim Srl	46,316	39,126
Stampa Roma 2015 Srl	37,766	1,202
Total tax consolidation	**701,579**	**594,253**
Il Messaggero Spa	57,910	160,117
Il Mattino Spa	25,025	29,254
Leggo Srl	-	14,606
Quotidiano Di Puglia Srl	9,893	7,879
Corriere Adriatico Srl	-	7,793
Servizi Italia 15 Srl		6,541
Il Gazzettino Spa	12,374	-
Piemme Spa	-	311,319
Total Consolidated VAT	**105,202**	**537,510**
Il Mattino SpA	1,301,214	1,301,214
Total other receivables	**1,301,214**	**1,301,214**
Total receivables from subsidiaries	**2,107,995**	**2,432,977**

The other receivables from Il Mattino SpA concern payments made by Caltagirone Editore SpA as the tax consolidating company, in relation to tax disputes in previous years.

The value of other current assets approximates their fair value.

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8. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	31.12.2021	31.12.2020
Bank and postal deposits	415,328	1,690,278
Cash in hand and similar	1,542	4,077
Total cash and cash equivalents	**416,870**	**1,694,355**

Net financial position

Details are provided of short and medium/long-term loans in accordance with the recommendations of Consob communication No. 6064293 of July 28th 2006, updated on the basis of the Call to attention No. 5/21 of April 29th 2021. As a result of this update, the comparative balances reported have also been adjusted:

In thousands of Euro	31.12.2021	31.12.2020
A. Liquidity	416,870	1,694,355
B. Cash equivalents	-	-
C. Other current financial assets	13,729,734	33,111,181
D. Liquidity (A)+(B)+(C)	**14,146,604**	**34,805,536**
of which related parties	*13,729,734*	*33,111,181*
E. Current financial debt	52,517,814	6,828,424
of which related parties	-	-
F. Current portion of non-current financial debt	219,437	217,264
G. Current financial debt (E)+(F)	**52,737,251**	**7,045,688**
of which related parties	*52,736,861*	*7,045,688*
H. Net current financial debt (G)-(D)	**38,590,647**	**(27,759,848)**
I. Non-current financial debt	203,078	422,515
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current debt (I)+(J)+(K)	**203,078**	**422,515**
of which related parties	*203,078*	*422,515*
M. Total financial debt (H + L)	**38,793,725**	**(27,337,333)**

The financial position at 31.12.2021 was a cash position of Euro 38.8 million (debt of Euro 27.3 million at 31.12.2020); the improvement of Euro 66.1 million is mainly due to capital payments made to subsidiaries in order to improve their financial stability, net of dividends collected.

During the year, no interest income was recognized on cash deposited with the banking system.

In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of approx. Euro 4 thousand. A decrease in interest rates of the same level would have a corresponding negative impact.

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LIABILITIES AND SHAREHOLDERS' EQUITY

9. Shareholders' Equity

Capital and reserve movements

Changes in shareholders' equity at December 31st 2021 and 2020 are shown in the financial statements.

Share capital

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

All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends. At December 31st 2021, Caltagirone Editore SpA had 18,209,738 treasury shares, comprising 14.57% of the share capital for a value of Euro 23 million, which was recognised as a reduction of equity for which a specific, restricted reserve has been established.

	31.12.2021	**31.12.2020**
Share Capital	125,000,000	125,000,000
Share capital issue costs	(18,864,965)	(18,864,965)
Legal reserve	25,000,000	25,000,000
Share premium reserve	459,125,641	459,125,641
Treasury shares	(23,640,924)	(23,640,924)
Reserve for treasury shares	23,640,924	23,640,924
IAS leaving indemnity reserve	(3,649)	(1,977)
Net Fair Value reserve	15,760,108	1,296,282
Other reserves	18,159,032	18,159,032
Retained earnings/(accum. losses)	(269,543,018)	(249,004,026)
Net Profit/(loss)	3,681,374	(20,538,992)
Total Net equity	**358,314,523**	**340,170,995**

The Shareholders' Equity disclosure document with breakdown by individual accounts concerning the availability and usage in previous years is reported below.

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SHAREHOLDERS' EQUITY DISCLOSURE AT DECEMBER 31st 2021

(€/000)

Nature/description	Amount 31.12.2020	Amount 31.12.2021	Possibility of use	Quota available	Summary utilisation in the previous three years		of which products until 2007
(thousands of Euro)					to cover losses	for other reasons	
Share Capital	125,000	125,000					
Share capital issue costs	(18,865)	(18,865)					
Share premium reserve	459,126	459,126	A B C	459,126		21,417(1)	459,126
Legal reserve	25,000	25,000	B	-			25,000
Other reserves	(4,188)	10,274	A B C	1,179			423
Retained earnings (accumulated losses)	(249,004)	(269,543)	A B C	-	76,880		
Treasury share reserve	23,641	23,641					
	360,710	**354,633**					
Total available				**460,305**	**76,880**	**21,417**	**484,549**
Total not available				**(105,672)**			
Total available and unavailable reserves				**354,633**			
Non-distributable amount				210,628 (2)			
Residual distributable amount				**249,677**			

Key:
A: Share capital increases
B: Coverage of losses
C: Distribution to shareholders
(1) Utilisations for establishment Acq. Treasury Shares Reserve
(2) (Article 2433 of the Civil Code)

LIABILITIES

10. Personnel

Post-employment benefits and employee provisions

Post-employment benefits represent a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability is a defined benefit plan and therefore is determined applying the actuarial method under the applicable accounting standards.

The assumptions relating to the determination of the plan are summarised in the table below:

Values in %	**31.12.2021**	**31.12.2020**
Annual technical discounting rate (Post. Em. Ben.)	1.00%	0.00%
Annual inflation rate	1.75%	1.00%
Annual increase in leaving indemnity	2.81%	2.25%
Annual increase in salaries	2.75%	2.50%

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The movements in the year are as follows:

	31.12.2021	31.12.2020
Net liability at January 1st	**99,425**	**92,739**
Current cost for the year	5,089	5,233
Interest charge (income), net	-	649
Actuarial profits/(losses)	2,351	804
Net liability at December 31st	**106,864**	**99,425**

The comparison with the liability in accordance with Italian regulations is as follows:

	31.12.2021	31.12.2020
Nominal value of the provision	96,257	88,818
Actuarial adjustment	10,607	10,607
Total post-employment benefits	**106,864**	**99,425**

As illustrated in the movement, the change between the liability determined in accordance with Italian regulations and IFRS is essentially due to the change in the discount rate utilised, as described previously.

Employee numbers and cost

	2021	2020
Wages and salaries	152,414	122,240
Social security charges	44,253	42,749
Post-employment benefit provision	5,089	5,233
Other costs	6,019	4,221
Total personnel expense	**207,775**	**174,443**

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

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	31.12.2021	31.12.2020	Average 2021	Average 2020
Executives	1	-	-	-
Managers & white-collar	1	2	2	2
Collaborators	1	2	1	2
Total	**3**	**4**	**3**	**4**

11. Non-current and current financial liabilities

	31.12.2021	31.12.2020
Non-current financial payables		
Payables for leasing assets to associates	203,078	422,515
	203,078	**422,515**
Current financial payables		
Payable to subsidiaries	52,517,424	6,828,424
Payables for leasing assets to associates	219,437	217,264
Bank payables	390	-
	52,737,251	**7,045,688**

The increase in payables to subsidiaries is mainly related to the financing that bears interest at market rates received from Finced Srl in the amount of Euro 46,600,00. The residual payable concerns the loans at market rates granted by Il Quotidiano di Puglia Srl (Euro 1,110,000) and Servizi Italia 15 Srl (Euro 718,395).

Payables for leasing assets arise from the application of IFRS 16 on the lease of the company's headquarters to a company under common control.

12. Trade payables

	31.12.2021	31.12.2020
Supplier payables	280,929	270,403
Payables to subsidiaries	136,939	80,257
Payables to holding companies	600,000	200,000
Payables to other group companies	62,268	37,860
	1,080,136	**588,520**
of which related parties	*799,207*	*318,117*

The payables to subsidiaries mainly concern the subsidiary Piemme SpA for Euro 119,356 concerning invoices received and to be received for expenses advanced.

The payable to parent companies concerns Caltagirone SpA for services provided during the year.

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Payables to other Group companies concern the companies under common control for services provided.

There are no payables due over 12 months.

The value of payables at December 31st 2021 approximates their fair value.

13. Other current liabilities

Other current liabilities	31.12.2021	31.12.2020
Social security institutions	18,240	16,861
Employee payables	30,020	29,692
Payables to subsidiaries	37,756,451	37,457,605
Other payables	5,454,113	5,948,570
	43,258,824	**43,452,728**

The account "Other payables" includes Euro 4,873,306 as amounts available to the Board of Directors in accordance with Article 25 of the Company By-Laws, which provides for the allocation of 2% of the net profits to this account.

The other amounts concern emoluments due to Directors and Statutory Auditors and personnel withholding tax payables.

The other payables to subsidiaries refer to transactions with the companies in the fiscal consolidation and the VAT consolidation. The breakdown is presented in the table below:

	31.12.2021	31.12.2020
Il Messaggero Spa	5,058,913	5,419,106
Il Mattino Spa	8,204,199	7,930,191
Leggo Srl	4,943,262	4,962,353
Il Gazzettino Spa	5,969,295	5,887,362
Piemme Spa	4,221,580	4,219,417
Finced Srl	2,866,541	2,866,541
Corriere Adriatico Srl	3,510,680	3,397,264
Quotidiano Di Puglia Srl	1,029,627	1,037,363
Stampa Venezia Srl	147,202	147,202
Stampa Napoli 2015 Srl	61,448	62,669
Servizi Italia 15 Srl	1,196,126	1,345,160
Ced Digital & Servizi Srl	107,462	-
Total tax consolidation	**37,316,335**	**37,274,628**
Il Messaggero SpA	2,128	2,128
Servizi Italia 15 Srl	10	10
Total other payables	**2,138**	**2,138**
Leggo Srl	4,646	-
Pemme Spa	13,875	-
Corriere Adriatico Spa	10,693	
Imprese Tipografiche Venete Srl	964	458

Pim Srl	4,677	65,681
Stampa Venezia Srl	63,762	21,605
Il Gazzettino Spa	-	2,694
Ced Digital & Servizi Srl	209,617	54,304
Servizi Italia 15 Srl	8,626	-
Stampa Roma 2015 Srl	90,124	29,231
Stampa Napoli 2015 Srl	30,994	6,866
Total Consolidated VAT	**437,978**	**180,839**
Total payables to subsidiaries	**37,756,451**	**37,457,605**

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Income Statement

14. Other operating revenue

	2021	2020
Other operating income	817	7,918
Other revenues and income from related parties	458,000	458,000
Total revenue from sales and services	**458,817**	**465,918**

The other revenues and income from related parties concern administrative, financial and tax assistance services provided to Group companies.

15. Other operating costs

	2021	2020
Rent, leases and similar costs	1,832	968
Services	1,587,522	1,668,726
Other operating costs	32,036	31,749
Total other operating costs	**1,621,390**	**1,701,443**
of which related parties	724,024	570,222

The account Services includes the remuneration of the Board of Statutory Auditors for Euro 37,960, the Board of Directors for Euro 237,331 and the Audit Firm for Euro 22,052. The account also includes the fee to Caltagirone S.p.A. for administrative, financial and tax assistance services.

16. Amortisation, depreciation, provisions & write-downs

	2021	2020
Amort. leased assets	217,197	217,197
Total amortisation, depreciation, provisions & write-downs	**217,197**	**217,197**

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17. Net financial income/(charges)

	2021	2020
Dividends from other companies	4,924,500	1,675,000
Bank deposit interest	35	-
Other financial income	36,071	-
Total financial income	**4,960,606**	**1,675,000**
of which related parties	*4,924,500*	*1,675,000*

Dividends from other companies refer to the investment in Assicurazioni Generali SpA.

	2021	2020
Write-down of equity investments and securities	-	20,940,815
Interest on bank accounts	22	35
Banking commissions and charges	9,089	8,874
Interest expense from subsidiaries	1,444	225
Financial charges from discounting	-	649
Int. ex. IFRS 16 Leasing	5,379	7,530
Others	-	59
Total financial charges	**15,934**	**20,958,187**
of which related parties	*6,823*	*7,755*

The interest charges from subsidiaries concerns the loans received at market rates from Finced Srl (Euro 1,260), Quotidiano di Puglia Srl (Euro 113) and Servizi Italia 15 Srl (Euro 72).

18. Transactions with related parties

The transactions of the company with related parties, including inter-group operations, generally relate to normal operations and are regulated at market conditions, where not indicated otherwise, and principally relate to the exchange of goods, the provision of services, the provision and use of financial resources of associated companies and subsidiaries as well as with other companies belonging to the Caltagirone Group or under common control.

There are no atypical or unusual transactions which are not within the normal business operations.

31.12.2020	Parent Company	Subsidiaries	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables		76,218			**76,218**	**77,462**	**98.39%**
Current financial assets		33,111,181			**33,111,181**	**33,111,181**	**100.00%**
Other current assets		2,432,977			**2,432,977**	**2,488,085**	**97.79%**
Non-current financial liabilities			422,515		**422,515**	**422,515**	**100.00%**
Trade payables	200,000	80,257	37,860		**318,117**	**588,520**	**54.05%**
Current financial liabilities		6,828,424	217,264		**7,045,688**	**7,045,688**	**100.00%**
Other current liabilities		37,457,605			**37,457,605**	**43,452,728**	**86.20%**
Income statement transactions					-		
Other operating income		450,000	8,000		**458,000**	**465,918**	**98.30%**
Other operating charges	400,000	70,214	100,008		**570,222**	**1,701,443**	**33.51%**
Financial income				1,675,000	**1,675,000**	**1,675,000**	**100.00%**
Financial charges		225	7,530		**7,755**	**20,958,186**	**0.04%**

31.12.2021	Parent Company	Subsidiaries	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables		305,468	7,320		**312,788**	**312,788**	**100.00%**
Current financial assets		13,729,734			**13,729,734**	**13,729,734**	**100.00%**
Other current assets		2,107,995			**2,107,995**	**2,256,066**	**93.44%**
Non-current financial liabilities			203,078		**203,078**	**203,078**	**100.00%**
Trade payables	600,000	136,939	62,268		**799,207**	**1,080,136**	**73.99%**
Current financial liabilities		52,517,424	219,437		**52,736,861**	**52,737,251**	**100.00%**
Other current liabilities		37,756,451			**37,756,451**	**43,258,824**	**87.28%**
Income statement transactions					-		
Other operating income		450,000	8,000		**458,000**	**458,817**	**99.82%**
Other operating costs	600,000	65,726	58,298		**724,024**	**1,621,390**	**44.65%**
Financial income				4,924,500	**4,924,500**	**4,960,606**	**99.27%**
Financial charges		1,444	5,379		**6,823**	**15,934**	**42.82%**

For further information on the breakdown of the individual accounts reported above, reference should be made to the comments concerning each area of the financial statements.

19. Other information

Information in accordance with article 149 of Consob Resolution 11971/99

The fees paid to the independent audit firm KPMG SpA for financial year 2021 refer entirely to audit services and amount to Euro 22,052.

20. Hierarchy of Fair Value according to IFRS 13

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

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2020	Note	Level 1	Level 2	Level 3	Total
Capital instruments	3	47,771,000			**47,771,000**
Total assets		**47,771,000**	**-**	**-**	**47,771,000**

Dec 31, 21	Note	Level 1	Level 2	Level 3	Total
Capital instruments	3	62,410,500			**62,410,500**
Total assets		**62,410,500**	**-**	**-**	**62,410,500**

In 2021, there were no transfers between the various levels.

21. Business segment information

Caltagirone Editore SpA, as the holding company, carries out its activities exclusively in Italy; therefore, no separate operating segments or geographic areas are identified.

22. Other comprehensive income statement items

A breakdown of the other comprehensive income statement items, before and after tax effects, is shown below:

	31.12.2021			**31.12.2020**		
	Gross value	**Tax effect**	**Net value**	**Gross value**	**Tax effect**	**Net value**
Actuarial gains/(losses) of defined-benefit plans	(2,201)	528	(1,673)	(753)	181	(572)
Gain/(loss) from recalculation of AFS financial assets, net of fiscal effect	14,639,500	(175,674)	14,463,826	(13,852,250)	166,227	(13,686,023)

23. Subsequent events

There were no subsequent events to year-end.

24. Proposals to the Shareholders' Meeting

As the Legal Reserve has reached the limit of one-fifth of the Share Capital as per Article 2430 of the Civil Code, the Board of Directors proposes to the Shareholders' Meeting to allocate the net profit for the year of the Parent Company Caltagirone Editore SpA of Euro 3,681,374 as follows:

- Euro 73,627.48 as 2% available to the Board of Directors in accordance with Article 25 of the company's By-Laws;

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- Euro 3,203,707.86 as the total dividend, corresponding to Euro 0.03 for each of the 106,790,262 ordinary shares currently in circulation, taking into account the treasury shares in portfolio, currently numbering 18,209,738;
- Euro 404,038.66 to be carried over.

The Board finally proposes May 23, 2022 for the allocation of the dividend coupon, based on the record date of May 24, 2022, for the granting of profit distribution rights and the establishment of the dividend payment date, net of withholding taxes where applicable, as from May 25, 2022 by the intermediaries appointed through the Sistema di Gestione Accentrata Monte Titoli SpA.