GRUPPO MONDADORI

PRESS RELEASE

BoD approves Interim Management Statement at 30 September 2020

SHARP IMPROVEMENT IN THIRD QUARTER
VERSUS TREND OF FIRST HALF 2020

- **Revenue at € 253 million versus € 279 million in third quarter 2019, recovering strongly versus first half 2020;**
- **Adjusted EBITDA basically steady at € 60 million versus € 61.6 million in third quarter 2019;**
- **Net profit at € 43 million, up sharply (+72.2%) versus € 25 million in third quarter 2019;**
- **Group NFP before IFRS 16 at € -82.3 million, improving strongly (€ +28.1 million versus 30 September 2019), thanks to the steady generation of cash in last 12 months**

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CONSOLIDATED RESULTS OF FIRST NINE MONTHS 2020

- **Consolidated revenue: € 541.9 million versus € 658.9 million at 30.09.2019;**
- **Adjusted EBITDA: € 71 million versus € 83.4 million at 30.09.2019;**
- **EBITDA: € 65.1 million versus € 78.4 million at 30.09.2019;**
- **Group net result: € 18 million versus € 23.1 million at 30.09.2019**

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IMPROVEMENT OF 2020 GUIDANCE

- **Revenue expected to decline by between 16% and 18%;**
- **Adjusted EBITDA margin forecast at 12%;**
- **Net financial position to improve significantly versus prior year**

Segrate, 10 November 2020 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the Interim Management Statement at 30 September 2020 presented by CEO Ernesto Mauri.

HIGHLIGHTS

The year 2020 was inevitably marked by the effects of the health emergency brought by the spread of COVID-19.
In the first half of the year, in fact, the gradual and increasingly widespread application from March of restrictive measures to social and economic activities significantly curtailed most of the activities related to the businesses where the Mondadori Group operates as a leader.

In order to address this situation, the Group has implemented a series of actions aimed at ensuring **working conditions in total safety** for its employees, encouraging smart working, allowing the **continuation of activities** and the **containment of operating costs**, with the aim of offsetting the operating and financial impact from the measures adopted by the authorities.
Against this backdrop, the **book market has shown solid resilience and a strong recovery:**

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- in the **Trade** segment, following the gradual reopening of bookstores in May, the segment has witnessed a steady recovery, **growing by 8.4%**[1] in the **third quarter** versus the same period of 2019, reducing the loss to -3.8%[2] versus the prior year.
- as far as **school textbooks** are concerned, the segment **managed to come out almost unharmed** from the lockdown, since the period in which the restrictive measures were in force was concurrent to the promotional phase of the texts to be adopted and subsequently marketed during the summer period.

PERFORMANCE IN THIRD QUARTER 2020

In light of the outlined context, the Group's operating and financial profile in the **third quarter** of the year is as follows:

- **revenue** amounted to **€ 253 million**, down by 9.3% versus € 279 million in the same period of 2019 (**-7.9%** on a like-for-like basis), **recovering strongly versus the first half of the year**, despite the failed restart of the activities that gravitate around the management of museums, exhibitions and cultural assets.
  Specifically:
  - revenue in the **Books** Area was **down by 7%**, but **recovering sharply** from the -21% drop in first half 2020, as the **recovery in the Trade segment**, whose revenue grew by 13% in the third quarter, and the **positive performance of the adoption campaign for school textbooks only partly offset the negative trend in museum activities**;
  - revenue in the **Retail** Area **decreased by approximately 5%**, **improving** however from -27.5% in the first half of the year, a period impacted by the closure of bookstores for roughly two months, thanks to the recovery recorded by the book market from May;
  - revenue in the **Media** Area posted a 20% loss (approximately -14% on a like-for-like basis in terms of titles), with digital activities in particular **on the rise**, up on a like-for-like basis by **approximately 7% during the quarter**.

- **adjusted EBITDA** (including the IFRS 16 effect), amounting to **€ 60 million** versus € 61.6 million in the prior year, was **basically steady**, thanks to the **targeted measures to support activities and contain costs** implemented by the Group across all the business areas.
  Mention should be made in this regard of the **strong improvement in margins** in the third quarter under review, which **rose to 23.7%**.
  More specifically:
  - the **Books** Area posted a result in the period that was € 5.8 million lower than the same quarter of the prior year, due largely to the difficulties reported by the museum business;
  - the **Retail** Area, on the other hand, saw its **performance increase by € 0.8 million** versus third quarter 2019, thanks to the cost saving plan and the rationalization of the store and product portfolio;
  - the **Media** Area equally recorded a **significant improvement** in margins (from € -1.4 million to € +2.1 million), thanks to the careful cost containment policy.

- **the Group's Net Result** ended with a **positive € 43 million, up by 72.2%** versus € 25 million in the prior year, due partly to the write-back of Reworld Media shares held (€ 7.5 million) and the tax contribution from a tax receivable relating to the use of the "Patent box" (€ 5.5 million).

1 GFK, figures in terms of value, September 2020
2 GFK, figures in terms of value, September 2020

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Registry of producers of Electrical and Electronic Equipment N: IT09120000006483 - Registry of producers of Batteries and Accumulators N.: IT10010P00002054 - Share capital € 67,979,168.40 paid-up.

Cash flow from ordinary operations in the context of continuing operations over the last 12 months amounted to **€ 40.8 million** versus € 36.7 million at 30 June, confirming the **Group's quick response and the ability of the business to steadily generate cash,** even in a highly deteriorated context.

Net debt (no IFRS 16) stood at **€ -82.3 million** at 30 September 2020, **improving sharply** versus € -110.4 million in the same period of 2019 (€ +28.1 million). Including the effects of the application of IFRS 16, net debt stands at € -170.4 million.

The gradual recovery of the business and the financial situation at the end of the third quarter, together with the Group's medium-term outlook, provide reasons to maintain a **positive attitude towards future developments,** albeit in an economic scenario that is marked by the health emergency, and to be confident in the Group's ability **to continue to strengthen its capital and financial position**.

CONSOLIDATED RESULTS AT 30.09.2020

In first nine months 2020, the Group's consolidated **revenue** amounted to **€ 541.9 million**, down by 17.8% versus € 658.9 million in the prior year (**net of the changed scope of consolidation** of the Media Area from the disposal of the five titles, the decrease would be approximately -16%, **due basically to the effects of COVID-19**).

Adjusted EBITDA in the period amounted to **€ 71 million**, down by **€ 12.4 million** versus first nine months 2019 (€ 83.4 million); **this positive performance, the result of a trend in the third quarter basically in line with the prior year, reflects the significant effects of the quick response and countermeasures taken by the Group to tackle the consequences of COVID-19, which curbed the drop in revenue and reduced operating costs by approximately € 45 million**.
Special mention should be made of **profitability,** equal to **13.1%, higher than the prior year and proof of the effectiveness of the operational efforts made by the Group**.

EBITDA amounted to **€ 65.1 million** versus € 78.4 million in the prior year, in line with the mentioned dynamics.

EBIT at 30 September 2020 amounted to **€ 28.9 million**, down by € 21.2 million versus 30 September 2019, due mainly to the trend of the abovementioned components and to the extraordinary write-down and amortization of a number of titles for a total of € 7.8 million.

Consolidated profit before tax amounted to **€ 19.6 million** versus € 41.5 million in first nine months 2019.

The **Group's net profit**, after minority interests, came to **€ 18 million** versus € 23.1 million in first nine months 2019 (which also included € 1.1 million from the discontinued operations of Mondadori France), **a sharp upswing versus the first half of the year**.

Group employees at 30 September 2020 amounted to **1,913 units,** down by approximately 9% versus 2,092 units at 30 September 2019.

BUSINESS OUTLOOK

The positive performance recorded in the third quarter by all the Group's businesses, despite the caution inevitably brought by the scenario of uncertainty arising from the pandemic and the potential impact on the Christmas season, increases confidence on exceeding the targets set by the Group when it had approved the half-year results.

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Revenue and EBITDA

With **revenue confirmed to fall as expected** between 16% and 18% in the year in progress versus 2019 **-** current estimates on **adjusted EBITDA** show **margins** in the upper part of the previously forecast range, therefore equal to 12%, the result of the following trends that are expected to mark the business units:

- **Trade Books: market on the upswing and profitability holding ground;**
- **School Textbooks: steady market and profitability basically steady;**
- **Museums**: the business model and the cost-cutting measures aim at a **substantial operating breakeven**, despite the **drastic drop in revenue**;
- **Retail**: **book market and physical channels on the upswing**; the deep organizational and process review and the rationalization strategy on the portfolio of stores are expected to **help profitability recover**;
- **Media**: digital advertising market **on the upswing and a positive, albeit declining, profitability**.

Cash Flow and Net Financial Position

Additionally, with regard to the Group's financial debt, one can reasonably expect the **positive cash generation of the business** to continue over the final months of the current year which, together with a **lower estimate of restructuring requirements**, will allow the Group to **significantly reduce the net financial position** at end 2020 versus the prior year.

PERFORMANCE OF BUSINESS AREAS

- ***BOOKS***

In the third quarter, the **strong growth recorded by the Trade books market** (+8.4% versus the same period of the prior year) produced a **strong recovery**, which reduced the overall decline to 3.8% at 30 September 2020 versus the prior year.

In the first nine months of the year, the Group placed 3 titles in the top ten bestsellers in terms of value[3], retaining its **leadership** with a **24.6% market share**.
Subsequently, the Group strengthened the relevance of its publishing plan with the publication in September and October of titles by a number of bestselling authors, including the new novel by **Ken Follett, ranking first in the top twenty bestsellers**[4], where the Group holds seven positions.

In first nine months 2020, **revenue** in the **Books Area** amounted to **€ 316.1 million** versus € 366 million in the same period of the prior year (-13.6%).
Specifically:

- revenue in the **Trade Books** segment totaled € 144.1 million, down by -6.8% versus € 154.6 million in 2019, due to the effects of the COVID-19 health emergency. Mention should be made of the **13% increase** in **the third quarter** versus the same period of 2019, confirming the **post lockdown recovery**, due partly to the shift in the launch of a number of new titles following the reprogramming and revision of the publishing plan.
  Revenue from **e-book and audiobook sales** (approximately **8.6% of total publishing revenue**) was up sharply in the lockdown period, closing the first nine months with a **29% increase** versus the prior year, bucking the trend of sales of physical books.

- revenue in the **Educational** Books segment, amounting to € 167.4 million, was **down by 18.6%** versus € 205.7 million recorded in the same period of 2019, on a like-for-like basis net of the

[3] *GFK, September 2020 (ranking in terms of cover value)*
[4] *GFK, Week 40-42 2020 (ranking in terms of cover value)*

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transfer of Electa's trade books BU to Mondadori Libri S.p.A. in December 2019. The drop is attributable mainly to the museum segment, which had its operations severely impacted by the closure of sites and exhibitions owing to the measures to contain the pandemic, and by the virtual collapse of tourist travel also throughout the summer season.
In the school textbooks segment, mostly unscathed by the effects of the pandemic, the Mondadori Group's publishing houses achieved **a market share of 22.1%**, **up** versus the prior year, **confirming the positive results of the adoption campaign in 2020**.

In first nine months 2020, **adjusted EBITDA** of the Books Area amounted to **€ 67.5 million** versus € 78.6 million in 2019, down due mainly to the above negative trend in revenue from the museum activities.

EBIT amounted to **€ 55.8 million** versus € 68.5 million in nine months 2019.

- ***RETAIL***

As mentioned, the **Book market** (over 80% of revenue[5] in the Retail Area) recorded a minor fall in the first nine months (**-3.8%**[6]) versus the same period of the prior year, due to the urgent measures that led to the closure of physical bookstores throughout the country from 12 March 2020 until the beginning of May.
The months following the reopening were **particularly vibrant** for the book market, which **grew by 9.6%** in the period from June to September.
Against this backdrop, Mondadori Retail's **market share** stood at **11.7%**.

In the first nine months, **revenue** in the Retail Area amounted to **€ 102 million** versus € 126.6 million in the same period of the prior year (**-19.4%**), due to the abovementioned anti-COVID-19 measures.
In the third quarter, Mondadori Retail recorded **an excellent performance: the decline in revenue** versus the same period of the prior year amounted to **-4.8% (-27.5% in first half), driven by the strong recovery in book sales**, which were basically equal to the same period of 2019 (-0.6%).

In terms of sales channel performance, the third quarter saw strong results come from franchised bookstores and an improvement in the figures of directly-managed stores.
The **online** channel **(15% of total revenue in the area) continued to grow,** up by **+48.8%** at 30 September 2020.

Despite the steep drop in revenue, Mondadori Retail in the first nine months **managed to curb the reduction in IFRS 16 adjusted EBITDA**, which amounted to **€ -0.5 million** versus **€ +0.8 million** in the same period of 2019.
A result achieved thanks to **careful cost management and a deep organizational and process revision** carried out in the second half of 2019 and continued even during the harshest period of the health emergency.
With the exception of the lockdown months, Mondadori Retail showed a **steady improvement in profitability** throughout the year: in the months before lockdown, **adjusted EBITDA** was € 0.3 million higher than in the same period of 2019, while in the following months (June-September) the improvement amounted to € 1.6 million.
In the third quarter in particular, adjusted EBITDA **increased by € 0.9 million** versus the prior year to € 2.3 million.

[5] Product revenue excluding Club revenue
[6] GFK, September 2020 (in terms of value)

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IFRS 16 EBIT amounted to **€ -9.4 million** (versus € -7.3 million at 30 September 2019).

- ***MEDIA***

In the August surveys, the **advertising** market recorded an overall drop of **-22%**, suffering heavily in all channels from the negative effects of the health emergency: **magazines** lost **-40.1% and digital -9.2%**[7]. The digital channel alone recorded **a remarkable turnaround** in July and August, **up by approximately 24%** versus the same two-month period of 2019.

In terms of circulation, the Italian magazine market fell by **-12.8%.** In this context, the **Mondadori Group's market share stood at 24%**[8].

At 30 September 2020, **revenue** in the Media Area amounted to **€ 144.1 million** versus € 191.2 million in 2019 (-24.7%); net of the disposal in December 2019 of the five titles, the drop would be **-19.1%.**
In the third quarter alone, the drop in revenue was -19.9% (**-14% on a like-for-like basis),** with **digital activities** on a strong upswing, **up** on a like-for-like basis by approximately **7% in the quarter**.

Specifically, in first nine months 2020:

- **circulation revenue** was down by **-25%**, due to both the disposal of the five titles and the COVID-19 impact (-15% net of discontinuity);
- **revenue from add-on products** fell by approximately **-22%** versus 2019, due partly to a different scheduling of planned releases (-20% net of the disposal of the five titles);
- **advertising revenue** fell by a total of **approximately -37%**; this is the form of revenue most affected by the ongoing health emergency, which has, among other things, led to the cancellation of an important event such as the *Salone del Mobile* and a reduction in proximity marketing solutions (AdKaora); net of the discontinuity of the scope, the fall would be -32%.
  In the third quarter alone, against the persisting decline in sales linked to print media, revenue from **digital advertising sales grew by over 7%, with this component now making for 56% of total advertising revenue.**

  In terms of digital activities, mention should be made that in the period under review, the Mondadori Group retained its position as the **leading multimedia publisher in Italy,** on the **web** with an 81% reach (32.4 million unique users in August)[9] and in **social media** with an aggregate fan base of 34.5 million spread across 105 social profiles[10].

Adjusted EBITDA in the Media Area amounted to **€ 3.2 million**, down by approximately € 2 million versus first nine months 2019 (€ 5.5 million).
The sharp drop in revenue was alleviated by the **effective measures to contain operating costs**, which curbed their negative impact on profitability.
In third quarter alone, Mondadori Media recorded **adjusted EBITDA** of € +1.2 million, **improving significantly** versus the result in the same period of 2019 (€ -1.4 million) thanks to the **positive trend of digital advertising**, the **partial recovery of add-on sales**, and the abovementioned **cost containment measures**.

EBIT amounted to **€ -9.5 million** versus € -1.4 million, due mainly to the trend of the abovementioned components and to the extraordinary write-down and amortization of a number of titles for a total of € 7.8 million.

[7] Nielsen, cumulative figures at August 2020
[8] Internal source: Press-di, figures at August 2020 (newsstands + subscriptions channel) in terms of value
[9] Comscore (August 2020)
[10] Shareablee and internal processing (September 2020)

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Additionally, the Board of Directors took note with regret of Ernesto Mauri's decision to end his experience as CEO of the Mondadori Group by completing his term with the natural expiry of the company's governing bodies and the approval of the financial statements scheduled in April 2021.

Mr. Mauri provided the reasons for his decision by explaining to the Board that he believes he has fulfilled the strong path of strategic re-launch and repositioning, marked by the financial recovery and solid results achieved, laying the foundations for the current Management - in total continuity - to push the Mondadori Group into a new phase of development.

In line with the strategic transformation that the Company has undergone in recent years, which has witnessed a gradual focus on its core business - Books - the Board of Directors, on the proposal of Chairman Marina Berlusconi, resolved to appoint Antonio Porro, current CEO of Mondadori Libri, as the future CEO of the Mondadori Group.
Mr. Porro's nomination, in accordance with the outcome of the succession plan adopted by the Board of Directors, will be submitted to the Shareholders, who will submit the lists for the appointment of the new Board to the Shareholders' Meeting next April.

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SIGNIFICANT EVENTS AFTER FIRST NINE MONTHS 2020

On 14 October 2020, the Mondadori Group sold 8.5% of the share capital of Reworld Media. As a result of the transaction, the stake held in the French company is now 7.8%.
On 20 October 2020, the Mondadori Group completed the disposal of 25% of the share capital of Stile Italia Edizioni S.r.l. to La Verità, which already held the remaining 75%.

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The documentation relating to the presentation of the results at 30 September 2020, is made available through the authorized storage mechanism 1Info (www.1info.it) and in the Investors section of the Company website www.mondadori.it.

The Interim Management Statement at 30 September 2020 approved by the Board will be available at the Company's registered office, on the authorized storage mechanism 1Info (www.1info.it) and on www.mondadori.it (Investors section) on 11 November 2020.

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The Financial Reporting Manager - Alessandro Franzosi - hereby declares, pursuant to Article 154 bis, paragraph 2, of the Consolidated Finance Law, that the accounting information contained herein corresponds to the Company's records, books and accounting entries.

Annexes:
1. Consolidated balance sheet;
2. Consolidated income statement;
3. Consolidated income statement - III quarter;
4. Group cash flow;
5. Glossary of terms and alternative performance measures used.

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Annex 1

Consolidated balance sheet

Euro/millions	set-20	set-19	% chg.
TRADE RECEIVABLES	231,4	269,1	*(14,0%)*
INVENTORY	125,6	133,0	*(5,6%)*
TRADE PAYABLES	246,2	282,0	*(12,7%)*
OTHER ASSETS (LIABILITIES)	(6,0)	(19,3)	*(68,7%)*
NET WORKING CAPITAL	**104,8**	**100,8**	***4,0%***
INTANGIBLE ASSETS	210,5	223,5	*(5,8%)*
PROPERTY, PLANT AND EQUIPMENT	17,5	17,1	*2,1%*
INVESTMENTS	21,6	28,7	*(24,5%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**249,7**	**269,3**	***(7,3%)***
ASSETS FROM RIGHTS OF USE IFRS 16	85,0	97,8	*(13,1%)*
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**334,7**	**367,1**	***(8,8%)***
PROVISIONS FOR RISKS	49,1	57,7	*(14,9%)*
POST-EMPLOYMENT BENEFITS	32,7	34,7	*(5,8%)*
PROVISIONS	**81,8**	**92,4**	***(11,5%)***
NET INVESTED CAPITAL	**357,7**	**375,5**	***(4,7%)***
SHARE CAPITAL	68,0	68,0	*0,0%*
RESERVES	101,3	74,9	*35,3%*
PROFIT (LOSS) FOR THE PERIOD	18,0	23,1	*(22,0%)*
GROUP EQUITY	**187,3**	**165,9**	***12,9%***
NON-CONTROLLING INTERESTS' EQUITY	0,1	0,0	*673,1%*
EQUITY	**187,4**	**165,9**	***12,9%***
NET FINANCIAL POSITION NO IFRS 16	82,3	110,4	*(25,4%)*
NET FINANCIAL POSITION IFRS 16	88,0	99,1	*(11,1%)*
NET FINANCIAL POSITION	**170,4**	**209,5**	***(18,7%)***
SOURCES	**357,7**	**375,5**	***(4,7%)***

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Annex 2

Consolidated income statement

Euro/millions	9M 2020		9M 2019		% chg.
REVENUE	**541,9**		**658,9**		***(17,8%)***
INDUSTRIAL PRODUCT COST	159,6	*29,4%*	205,4	*31,2%*	*(22,3%)*
VARIABLE PRODUCT COSTS	72,4	*13,4%*	86,2	*13,1%*	*(16,0%)*
OTHER VARIABLE COSTS	105,4	*19,4%*	127,7	*19,4%*	*(17,5%)*
STRUCTURAL COSTS	35,8	*6,6%*	41,8	*6,3%*	*(14,2%)*
EXTENDED LABOUR COST *	98,2	*18,1%*	114,7	*17,4%*	*(14,4%)*
OTHER EXPENSE (INCOME)	(0,5)	*(0,1%)*	(0,3)	*(0,0%)*	*50,7%*
ADJUSTED EBITDA	**71,0**	***13,1%***	**83,4**	***12,7%***	***(14,9%)***
RESTRUCTURING COSTS	2,7	*0,5%*	3,0	*0,5%*	*(9,0%)*
EXTRAORDINARY EXPENSE (INCOME)	3,2	*0,6%*	2,0	*0,3%*	*55,7%*
EBITDA	**65,1**	***12,0%***	**78,4**	***11,9%***	***(16,9%)***
AMORTIZATION AND DEPRECIATION	25,4	*4,7%*	17,1	*2,6%*	*48,4%*
AMORTIZATION AND DEPRECIATION IFRS 16	10,8	*2,0%*	11,1	*1,7%*	*(2,7%)*
EBIT	**28,9**	***5,3%***	**50,2**	***7,6%***	***(42,4%)***
FINANCIAL EXPENSE (INCOME)	3,2	*0,6%*	0,6	*0,1%*	*402,2%*
FINANCIAL EXPENSE IFRS 16	1,9	*0,3%*	1,7	*0,3%*	*9,8%*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(0,9)	*(0,2%)*	1,0	*0,2%*	*(186,1%)*
EXPENSE (INCOME) FROM INVESTMENTS	5,1	*0,9%*	5,3	*0,8%*	*(3,5%)*
EBT	**19,6**	***3,6%***	**41,5**	***6,3%***	***(52,8%)***
TAX EXPENSE (INCOME)	1,6	*0,3%*	16,1	*2,4%*	*(90,1%)*
RESULT FROM CONTINUING OPERATIONS	**18,0**	***3,3%***	**25,4**	***3,9%***	***(29,3%)***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATION	0,0	*0,0%*	1,1	*0,2%*	*(100,0%)*
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLIN	**18,0**	***3,3%***	**24,3**	***3,7%***	***(26,0%)***
MINORITIES	(0,0)	*(0,0%)*	1,2	*0,2%*	*(100,2%)*
GROUP NET RESULT	**18,0**	***3,3%***	**23,1**	***3,5%***	***(22,1%)***

** Cost of personnel includes costs for collaborations and temporary employment*.

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Annex 3

Consolidated income statement - III quarter

Euro/millions	Q3 2020		Q3 2019		% chg.
REVENUE	**253,0**		**279,0**		***(9,3%)***
INDUSTRIAL PRODUCT COST	74,8	*29,6%*	84,0	*30,1%*	*(11,0%)*
VARIABLE PRODUCT COSTS	29,5	*11,7%*	31,6	*11,3%*	*(6,6%)*
OTHER VARIABLE COSTS	44,6	*17,6%*	53,2	*19,1%*	*(16,1%)*
STRUCTURAL COSTS	11,6	*4,6%*	13,7	*4,9%*	*(15,0%)*
EXTENDED LABOUR COST*	32,7	*12,9%*	35,4	*12,7%*	*(7,6%)*
OTHER EXPENSE (INCOME)	(0,3)	*(0,1%)*	(0,5)	*(0,2%)*	*n.s.*
ADJUSTED EBITDA	**60,0**	***23,7%***	**61,6**	***22,1%***	***(2,5%)***
RESTRUCTURING COSTS	1,1	*0,4%*	1,8	*0,7%*	*(40,4%)*
EXTRAORDINARY EXPENSE (INCOME)	2,3	*0,9%*	2,0	*0,7%*	*13,4%*
EBITDA	**56,7**	***22,4%***	**57,8**	***20,7%***	***(1,9%)***
AMORTIZATION AND DEPRECIATION	7,1	*2,8%*	6,0	*2,2%*	*18,0%*
AMORTIZATION AND DEPRECIATION IFRS 16	3,5	*1,4%*	3,7	*1,3%*	*(7,1%)*
EBIT	**46,1**	***18,2%***	**48,0**	***17,2%***	***(4,0%)***
FINANCIAL EXPENSE (INCOME)	0,8	*0,3%*	1,0	*0,4%*	*(17,6%)*
FINANCIAL EXPENSE IFRS 16	0,6	*0,2%*	0,7	*0,2%*	*(15,0%)*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(7,5)	*(3,0%)*	1,0	*0,4%*	*n.s.*
EXPENSE (INCOME) FROM INVESTMENTS	1,8	*0,7%*	2,3	*0,8%*	*(24,3%)*
EBT	**50,4**	***19,9%***	**43,1**	***15,4%***	***17,2%***
TAX EXPENSE (INCOME)	7,4	*2,9%*	13,1	*4,7%*	*(43,0%)*
RESULT FROM CONTINUING OPERATIONS	**43,0**	***17,0%***	**30,0**	***10,8%***	***43,3%***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATION	0,0	*0,0%*	5,0	*1,8%*	*(100,0%)*
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLIN	**43,0**	***17,0%***	**25,0**	***9,0%***	***71,9%***
MINORITIES	0,0	*0,0%*	0,0	*0,0%*	*(97,6%)*
GROUP NET RESULT	**43,0**	***17,0%***	**25,0**	***8,9%***	***72,2%***

* *Cost of personnel includes costs for collaborations and temporary employment*.

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Annex 4
Group cash flow

	LTM	
Euro/millions	set-20	DEC. 2019
INITIAL NFP IFRS 16	**(209,3)**	**(255,9)**
FINANCIAL LIABILITIES APPLICATION OF IFRS 16	(98,9)	(107,9)
INITIAL NFP NO IFRS 16	**(110,4)**	**(148,0)**
ADJUSTED EBITDA (NO IFRS 16)	82,4	94,5
NWC AND PROVISIONS	(3,2)	(5,4)
CAPEX NO IFRS 16	(21,6)	(18,4)
CASH FLOW FROM OPERATIONS	**57,6**	**70,8**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(3,8)	(1,6)
TAX	(13,1)	(20,729)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERAT	**40,8**	**48,4**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTIN	0,7	1,8
CASH FLOW FROM ORDINARY OPERATIONS	**41,5**	**50,3**
RESTRUCTURING COSTS	(6,7)	(5,4)
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTER	(3,5)	(7,4)
PURCHASES/DISPOSALS	(2,6)	58,4
OTHER	(0,6)	(1,1)
CF EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTIN	0,0	(3,0)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**(13,4)**	**41,5**
TOTAL CASH FLOW	**28,1**	**91,8**
NET FINANCIAL POSITION NO IFRS 16	**(82,3)**	**(56,2)**
IFRS 16 EFFECTS IN THE PERIOD	10,8	12,8
FINAL NET FINANCIAL POSITION	**(170,4)**	**(151,3)**

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Annex 5

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES USED

This document, in addition to the statements and conventional financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures, in order to provide a better understanding of the operating and financial performance of the Group. These statements and measures should not be considered as a replacement of those required by IFRS. With regard to these figures, in accordance with the recommendations contained in CONSOB Communication no. 6064293 of 28 July 2006, and in CONSOB communication no. 0092543 of 3 December 2015, as well as with the 2015/1415 ESMA guidelines on alternative performance measures ("Non GAAP Measures"), explanations are given on the criteria adopted in their preparation and the relevant notes to the items appearing in the mandatory statements.

Specifically, the alternative measures used include:

Gross Operating Profit (EBITDA): EBITDA: net result for the period before income tax, other financial income and expense, amortization, depreciation and impairment of fixed assets. The Group also provides information on the percentage of EBITDA on net sales. EBITDA measured by the Group allows operating results to be compared with those of other companies, net of any effects from financial and tax items, and of depreciation and amortization, which may vary from company to company for reasons unrelated to general operating performance.

Adjusted gross operating profit (adjusted EBITDA): gross operating profit as explained above, net of income and expense of a non-ordinary nature such as:

(i) income and expense from restructuring, reorganization and business combinations;

(ii) clearly identified income and expense not directly related to the ordinary course of business;

(iii) as well as any income and expense from non-ordinary events and transactions as set out in CONSOB communication DEM6064293 of 28/07/2006.

With regard to adjusted EBITDA in first nine months 2019, the following items were excluded from EBITDA:

a) Restructuring costs for a total amount of € 3.0 million, included in "Cost of personnel" in the income statement;

b) expense of a non-ordinary nature for a total of € 2.0 million, € 0.6 million of which under service costs and € 1.5 million under miscellaneous expense (income).

With regard to adjusted EBITDA in first nine months 2020, the following items were excluded from EBITDA:

a) Restructuring costs for a total amount of € 2.7 million, included in "Cost of personnel" in the income statement;

b) income of a non-ordinary nature of € 0.1 million under miscellaneous expense (income) and expense of a non-ordinary nature for a total of € 3.3 million, € 0.7 million of which under service costs and € 2.6 million under miscellaneous expense (income).

Operating profit (**EBIT**): net result for the period before income tax, and other financial income and expense.

Adjusted result from continuing operations: net result of the Group, excluding the contribution of Mondadori France and the financial expense charged to the subsidiary.

Adjusted result from discontinued operations: net result of Mondadori France in the current year, together with the recognition of the fair value adjustment of assets being sold, previously measured at value in use.

This item also includes the financial expense held by the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement.

Net invested capital: the algebraic sum of Fixed Capital, which includes non-current assets and non-current liabilities (net of non-current financial liabilities included in the Net Financial Position) and Net Working Capital, which includes current assets (net of cash and cash equivalents and current financial assets included in the Net Financial Position), and current liabilities (net of current financial liabilities included in the Net Financial Position).

Cash flow from operations: adjusted EBITDA, as explained above, plus or minus the decrease/(increase) in working capital in the period, minus capital expenditure (CAPEX/Investment).

Cash flow from ordinary operations: cash flow from operations as explained above, net of financial expense, tax paid in the period, and income/expense from investments in associates.

LTM cash flow from ordinary operations: cash flow from ordinary operations in the last twelve months.

Cash flow from extraordinary operations: cash flow generated/used in transactions that are not considered ordinary, such as company restructuring and reorganization, share capital transactions and acquisitions/disposals.

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