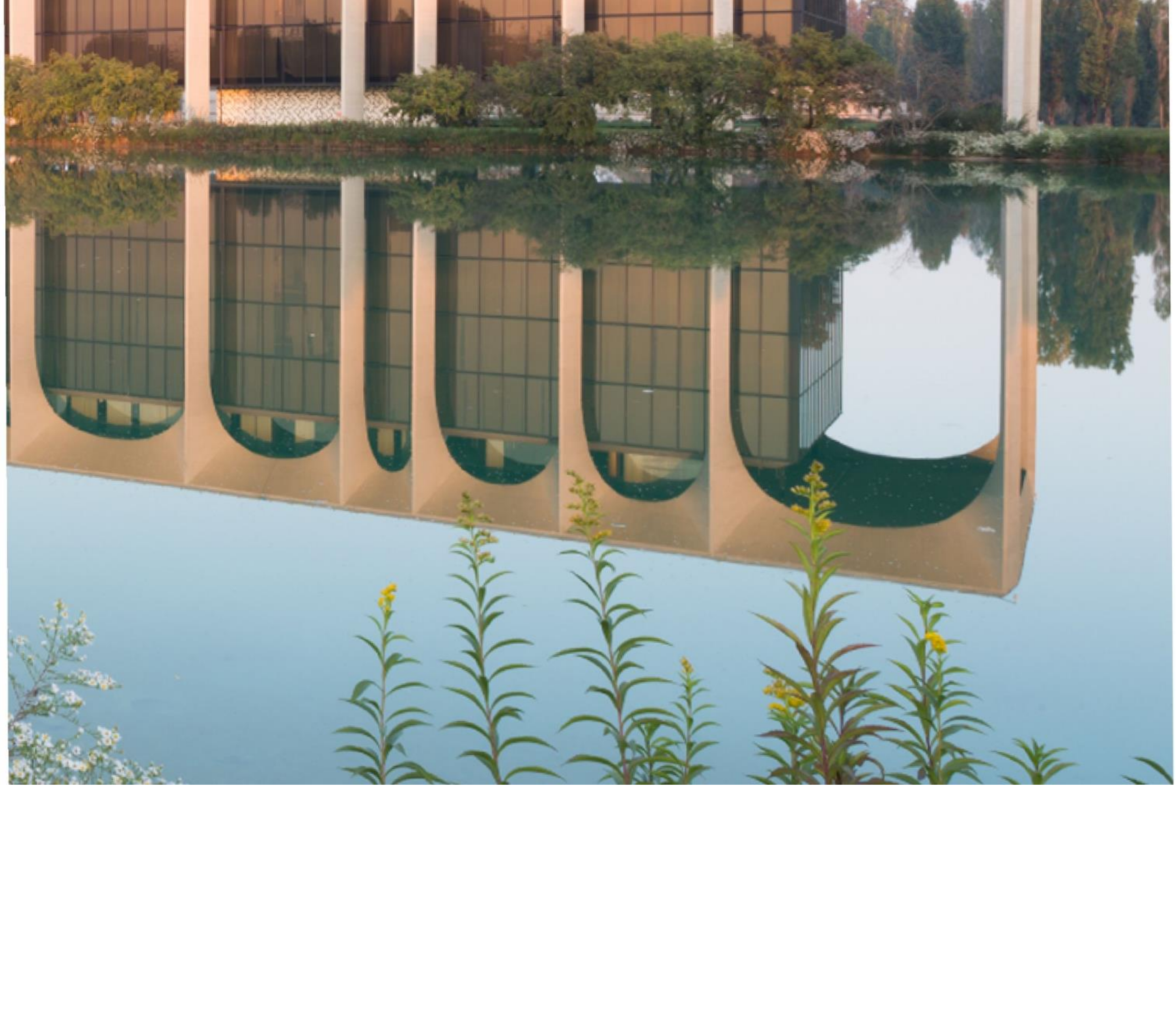
INTERIM MANAGEMENT STATEMENT AT 31 MARCH 2023

GRUPPO MONDADORI



ARNOLDO MONDADORI EDITORE S.p.A.

Share Capital Euro 67,979,168.40

Registered Office in Milan
Administrative Offices in Segrate (Milan)

Interim Management Statement of the Mondadori Group at 31 March 2023

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COMPOSITION OF CORPORATE BODIES

CORPORATE OFFICES AND SUPERVISORY BODIES

Board of Directors*

CHAIRMAN
Marina Berlusconi

CEO
Antonio Porro

DIRECTORS
Pier Silvio Berlusconi
Elena Biffi**
Valentina Casella**
Francesco Currò
Alessandro Franzosi
Paola Elisabetta Galbiati**
Danilo Pellegrino
Alceo Rapagna**
Angelo Renoldi**
Cristina Rossello

Board of Statutory Auditors*

CHAIRMAN
Sara Fornasiero

STANDING AUDITORS
Flavia Daunia Minutillo
Ezio Maria Simonelli

ALTERNATE AUDITORS

Mario Civetta
Annalisa Firmani
Emilio Gatto

* The Board of Directors and the Board of Statutory Auditors currently in office were appointed by the Shareholders' Meeting of 27 April 2021
*** Independent Director

MONDADORI GROUP STRUCTURE

ARNOLDO MONDADORI EDITORE S.P.A.

Books

- Mondadori Libri S.p.A. **100%**
  - A.L.I. S.r.l. - Agenzia Libraria International **75%**
    - Il Castello S.r.l. **100%**
  - De Agostini Libri S.r.l. **50%**
  - Edizioni Star Comics S.r.l. **51%**
  - Electa S.p.A. **100%**
    - Abscondita S.r.l. **80%**
  - Giulio Einaudi editore S.p.A. **100%**
    - Edizioni EL S.r.l. **50%**
  - Libromania S.r.l. **100%**
  - Grafiche Bovini S.r.l. **100%**
  - Rizzoli International Publications Inc. **100%**

Education

- Mondadori Scuola S.p.A. **100%**
  - D Scuola S.p.A. **100%**
  - Mondadori Education S.p.A. **100%**
  - Rizzoli Education S.p.A. **99.99%**

Retail

- Mondadori Retail S.p.A. **100%**

Media

- Mondadori Media S.p.A. **100%**
  - AdKaora S.r.l. **100%**
    - Hej! S.r.l. **100%**
    - Digital Advertising & Engagement S.L. **30%**
  - Direct Channel S.p.A. **100%**
    - Mediamond S.p.A. **50%**
    - Mondadori Seec (Beijing) Advertising Co.Ltd **50%**
  - Mondadori Scienza S.p.A. **100%**
  - Press-di S.r.l. **20%**
  - Zenzero S.r.l. **72%**
  - Webboh S.r.l. **100%**
  - Power S.r.l. **100%**
- Attica Publications S.A. **41.98%**

Key terms: Subsidiary Companies | Associates

As at 31 March 2023

ORGANISATIONAL STRUCTURE OF THE MONDADORI GROUP

Marina Berlusconi*
Chairman

Antonio Porro*
Chief Executive Officer

Alessandro Franzosi*
Group Chief Financial Officer

Daniele Sacco
HR and Organisation Director, Legal and Corporate Affairs

Federico Angrisano
Communication and Media Relations Director

Francesca Rigolio
Chief Diversity Officer

Enrico Selva Coddè
Deputy Chairman of Mondadori Libri S.p.A. and Chief Executive Officer of Mondadori Libri S.p.A. Trade Area

Gian Luca Pulvirenti
Chief Executive Officer Mondadori Libri S.p.A. Education Area and Chief Executive Officer Mondadori Scuola S.p.A.

Carmine Perna
Chief Executive Officer of Mondadori Retail S.p.A.

Carlo Mandelli
Chief Executive Officer of Mondadori Media S.p.A.

Andrea Santagata
Group Chief Innovation Officer and General Manager of Mondadori Media S.p.A.

As at 31 March 2023

* Members of the Board of Directors

Directors' Report on Operations at 31 March 2023

Mondadori Group
Highlights
at 31 March 2023

(Euro/millions) **Income Statement**	**Q1 2023**	**Q1 2022**	***% Chg.***
Revenue	**160.0**	**153.1**	***4.5%***
Adjusted EBITDA*	**4.4**	**(1.1)**	***n.s.***
EBITDA	**4.7**	**(0.7)**	***n.s.***
EBIT	**(8.2)**	**(12.2)**	***n.s.***
Adjusted EBIT**	**(7.3)**	**(11.8)**	***n.s.***
Group net result	**(5.2)**	**(11.4)**	***n.s.***
Business Areas			
Revenue	**160.0**	**153.1**	***4.5%***
Trade Books	88.3	68.2	*29.5%*
Education Books	8.5	9.0	*(5.5%)*
Retail	41.6	37.2	*12.0%*
Media	32.3	47.1	*(31.4%)*
Corporate & Shared Services	10.4	9.5	*8.8%*
Intercompany	(21.2)	(17.9)	*18.4%*
Adjusted EBITDA	**4.4**	**(1.1)**	***n.s.***
Trade Books	13.2	9.7	*36.1%*
Education Books	(11.7)	(11.7)	*n.s.*
Retail	1.7	0.3	*405.6%*
Media	2.9	2.0	*42.3%*
Corporate & Shared Services	(1.0)	(1.2)	*n.s.*
Intercompany	(0.7)	(0.2)	*n.s.*
Balance Sheet			
Group Equity	**253.6**	**211.6**	***19.8%***
Net Invested Capital	**475.3**	**429.0**	***10.8%***
Net Financial Position no IFRS 16	**150.7**	**135.8**	***10.9%***
Net Financial Position IFRS 16	**220.8**	**217.4**	***1.6%***
Operating and Financial Indicators			
Adj. EBITDA on Revenue (%)	**2.8%**	**(0.7%)**	
Net result on Revenue (%)	**(3.3%)**	**(7.4%)**	
Human resources			
End-of-year headcount	**1,911**	**1,883**	***1.5%***

Changes in this report were calculated on amounts expressed in Euro thousands

* Gross operating profit before income and expenses of a non-ordinary nature

** EBIT excluding non-ordinary income and expense, depreciation and amortization deriving from the company purchase price allocation and the impairment of intangible assets

PERFORMANCE OF MAIN BUSINESS INDICATORS

The first quarter of the current year was characterised by a positive trend seen on the book market that, following a consolidation phase experienced in 2022, recorded renewed growth with an increase in **both value (+3.0%) and volume**, albeit the latter to a more limited extent **(+0.8%)**.

As regards the Group, **Trade Books** recorded **growth in revenue (of around 30%)** and an increase in its **market share** (from 25.2% at 31 March 2022 to **27.4%** this year). This result was due to the contribution from the consolidation of the recently acquired companies and organic growth, which exceeded that of the market, due to the high quality of the publishing plan, which enabled the Group in the period in question, to place 4 of its titles among the 10 bestsellers "in terms of value", including Prince Harry's biography "**Spare. Il minore**" (Spare) – published by Mondadori – and the return of Niccolò Ammaniti after a good eight years, with "**La vita intima**" – published by Einaudi.

The **Retail** area too was also able to ride the strong growth trend of the books market and the Group's publishing performance: in the first quarter of 2023, this area recorded **growth in revenue of 12%**, which, as a result of the excellent performance of physical stores, brought the **market share** to **11.7%** (up by 0.9% on 31 March 2022).

As for the **Education books** area, it is noted that the results for the first quarter are irrelevant, as the business unit only accounts for the costs of the operating structure and the development of textbooks sold during the adoption campaign, which is completed at the end of May.

At consolidated level, in the first quarter of the 2023, the Group reported a significant **increase in profitability (Adjusted EBITDA up from € -1.1 to 4.4 million) due to the positive trend in revenue** (which increased by 4.5%, i.e. **3.6% on a like-for-like basis**) and the **careful management of operations**, while confirming its ability to guarantee **solid cash generation,** with LTM cash flow from ordinary operations amounting to € 63 million.

In light of the results achieved in the first quarter and the slight decrease in prices relating to the purchase of raw materials and services, **the outlook for 2023 remains confirmed**, as detailed below.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN THE FIRST QUARTER OF 2023

(Euro/millions)	Q1 2023		Q1 2022		*% Chg.*
Revenue	**160.0**		**153.1**		***4.5%***
Industrial product cost	56.2	35.1%	49.7	32.4%	*13.1%*
Variable product costs	21.0	13.1%	21.4	14.0%	*(1.9%)*
Other variable costs	29.0	18.1%	34.2	22.3%	*(15.1%)*
Structural costs	14.4	9.0%	12.6	8.2%	*14.9%*
Extended labour cost	36.0	22.5%	36.8	24.0%	*(2.1%)*
Other expense (income)	(1.1)	(0.7%)	(0.5)	(0.3%)	*n.s.*
Adjusted EBITDA	**4.4**	**2.8%**	**(1.1)**	**(0.7%)**	***n.s.***
Restructuring	0.2	0.1%	0.2	0.1%	*13.7%*
Extraordinary expense (income)	(0.5)	(0.3%)	(0.6)	(0.4%)	*n.s.*
EBITDA	**4.7**	**2.9%**	**(0.7)**	**(0.4%)**	***n.s.***
Depreciation and amortisation	9.2	5.8%	8.1	5.3%	*14.2%*
Amortisation and depreciation IFRS 16	3.7	2.3%	3.5	2.3%	*6.2%*
EBIT	**(8.2)**	**(5.1%**	**(12.2)**	**(8.0%)**	***n.s.***
Financial expense (income)	0.8	0.5%	0.8	0.5%	*1.7%*
Financial expense IFRS16	0.4	0.2%	0.6	0.4%	*(32.8%)*
Expense (income) from investments	(0.6)	(0.4%)	0.9	0.6%	*n.s.*
EBT	**(8.8)**	**(5.5%**	**(14.4)**	**(9.4%)**	***n.s.***
Tax expense (income)	(3.6)	(2.3%)	(3.1)	(2.0%)	*n.s.*
Minorities	—	—%	—	—%	*n.s.*
Group net result	**(5.2)**	**—**	**(11.4)**	**—**	**n.s.**

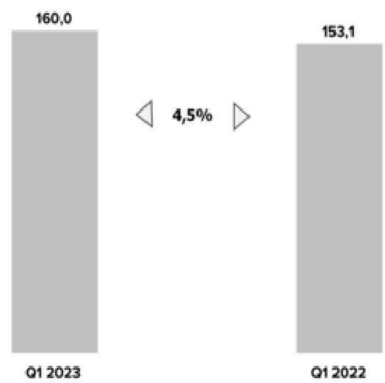
Cost of personnel includes costs for collaborations and temporary employment.

ALTERNATIVE PERFORMANCE MEASURES

This document, in addition to the conventional statements and 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, the definition of which is explained in the section "Glossary of terms and alternative performance measures used".

INCOME STATEMENT

REVENUE



Consolidated revenue for the first quarter of 2023 amounted to € **160.0** million (versus € 153.1 million the prior year), **growing by 4.5%.** Like-for-like, **organic revenue growth** came to **3.6%**.

In the **Trade Books** area, revenue **increased by 29.5%** or **11.1%** net of the newly acquired companies (De Agostini Libri, Libromania, Star Comics and A.L.I.), due to the quality of the publishing plan in this initial part of the year.

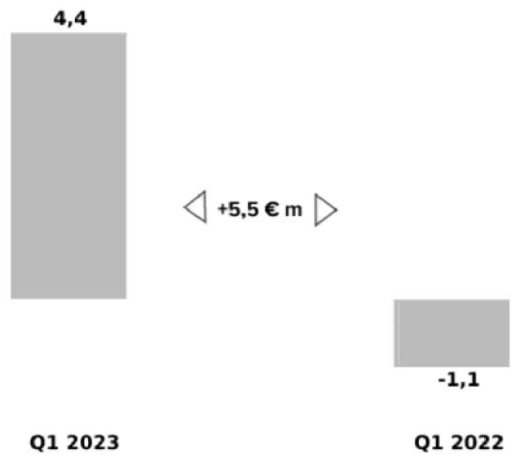
In the **Education Books** area, revenue achieved in the first three months, down slightly (€ -0.5 million compared to the first quarter of 2022), is not representative in any way, as this area usually accounts for less than 5% of the annual figure, due to the seasonality of the business, whose sales are concentrated in the second half of the year.

The **Retail** area **grew by 12.0%** on the same quarter of the prior year, **driven by the book product**, whose sales **rose by almost 13%**.

In the **Media** area, revenue was down by 31.4%, mainly due to the changes in the scope as a result of the disposal of assets in the last 15 months (net of which the decrease would come to 8.5%), as well as the reduction in circulation revenue, despite the fact that revenue deriving from **digital** advertising sales, on the contrary, **grew by approximately 9%** on the same quarter of the prior year.

REVENUE by Business Area (Euro/millions)	**Q1 2023**	**Q1 2022**	***% Chg.***
Trade Books	88.3	68.2	*29.5%*
Education Books	8.5	9.0	*(5.5%)*
Retail	41.6	37.2	*12.0%*
Media	32.3	47.1	*(31.4%)*
Corporate & Shared Services	10.4	9.5	*8.8%*
Total aggregated revenue	**181.1**	**171.0**	***5.9%***
Intercompany	(21.2)	(17.9)	*18.4%*
Total consolidated revenue	**160.0**	**153.1**	***4.5%***

EBITDA



Adjusted EBITDA in the first quarter of 2023 came to € 4.4 million, **showing a significant increase** on the € -1.1 million of Q1 2022: both the growth in revenues – specifically of the Trade Books and Retail areas – and the consolidation of the results of the recently acquired companies, contributed to the Group's positive results.

More specifically, the various business segments achieved the following results:

- the **Trade Books** area showed an Adjusted EBITDA of € 13.2 million, **up by € 3.5 million,** due to the positive performance of all the publishing houses and the contribution of the newly consolidated companies;

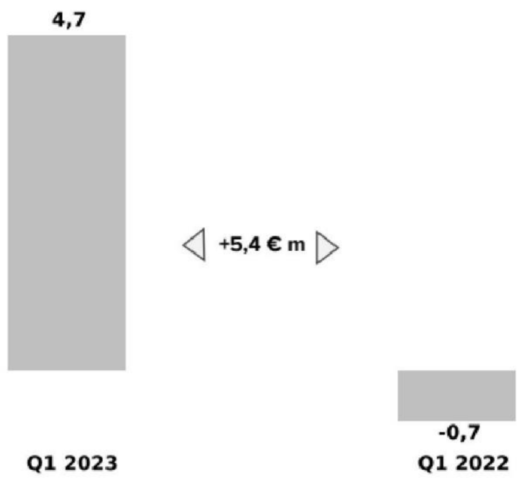
- the **Education Books** area showed a loss of € -11.7 million, stable on the prior year: we reiterate the insignificant nature of that loss, fruit of the seasonality of the business.

- the **Retail** area recorded a **strong improvement, amounting to over € 1.4 million**, thanks to revenue growth, especially in the Book product, and the continued development and renovation of the network of directly-managed stores;

- the **Media** area **increased by € 0.8 million**, despite the decrease in revenue, specifically due to the recording of the relief for periodical distributors;

- the **Corporate & Shared Services** Area booked a negative margin of € 1.0 million (versus € 1.2 million in Q1 2022).

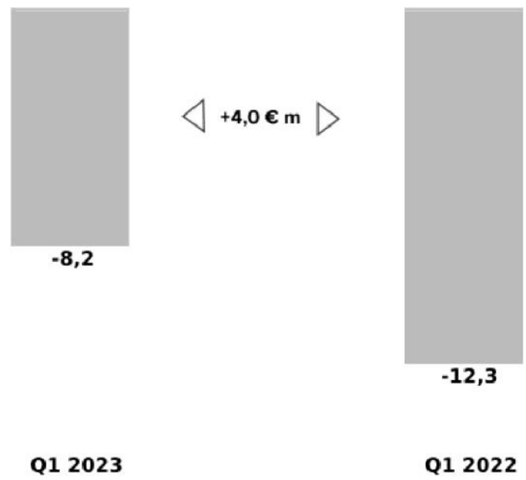
Adj. EBITDA by business area (Euro/millions)	**Q1 2023**	**Q1 2022**	***Chg.***
Trade Books	13.2	9.7	*3.5*
Education Books	(11.7)	(11.7)	*0.1*
Retail	1.7	0.3	*1.4*
Media	2.9	2.0	*0.8*
Corporate & Shared Services	(1.0)	(1.2)	*0.2*
Intercompany	(0.7)	(0.2)	*(0.5)*
Total ADJUSTED EBITDA	**4.4**	**(1.1)**	***5.5***



The Group's **EBITDA** in the first quarter came to € 4.7 million compared with the € -0.7 million booked in Q1 2022, revealing an **improvement of more than € 5 million**, due to the favourable dynamics of the above management components and the substantial stability of non-core components.

EBITDA by Business Area (Euro/millions)	**Q12023**	**Q1 2022**	***Chg.***
Trade Books	13.2	9.5	*3.8*
Education Books	(11.7)	(11.7)	*0.0*
Retail	1.7	0.3	*1.4*
Media	3.2	2.8	*0.4*
Corporate & Shared Services	(1.0)	(1.3)	*0.3*
Intercompany	(0.7)	(0.2)	*(0.5)*
Total EBITDA	**4.7**	**(0.7)**	***5.4***

EBIT

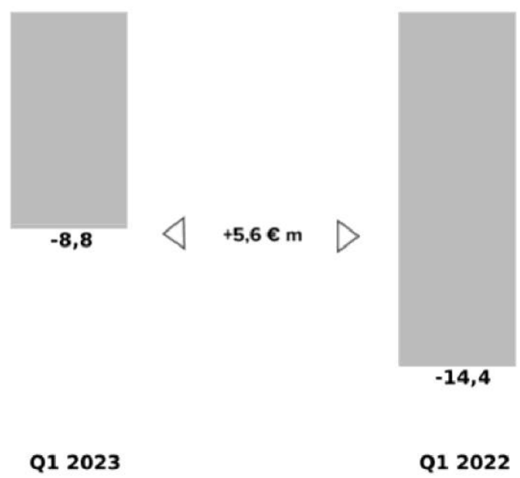


Due to the positive performance of the business areas in general, the Mondadori Group **EBIT** in the first quarter 2023, a negative € -8.2 million, **improved by € 4.0 million** on 2022, despite the booking of € 1 million in greater amortisation/depreciation deriving from increased investments, the consolidation of the newly acquired companies and the accounting effects of the PPA process.

Neutralising the extraordinary components and the impacts deriving from the PPA process relative to the companies acquired in the last 2 years (€ 1.2 million), **Adjusted EBIT** came to € -7.3 million, **up € 4.5 million** on the same quarter of the previous year.

EBIT by Business Area (Euro/millions)	**Q1 2023**	**Q1 2022**	***Chg.***
Trade Books	11.5	8.9	*2.6*
Education Books	(16.6)	(16.8)	*0.1*
Retail	(0.8)	(1.9)	*1.1*
Media	1.8	1.3	*0.6*
Corporate & Shared Services	(3.4)	(3.6)	*0.2*
Intercompany	(0.7)	(0.2)	*(0.5)*
Consolidated EBIT	**(8.2)**	**(12.3)**	***4.0***

CONSOLIDATED RESULT BEFORE TAX

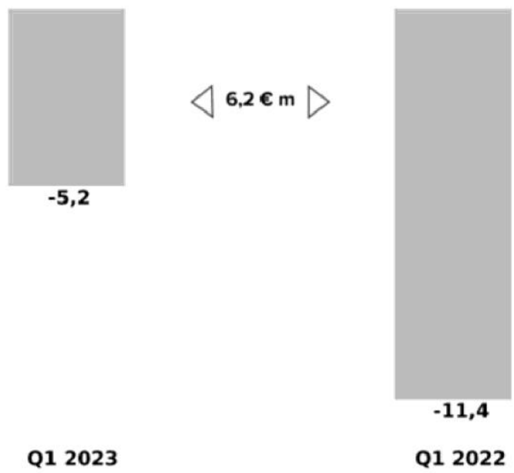


The **consolidated result before tax** is negative for € **8.8** million, **an improvement of approximately € 5.6 million** on the € **-14.4** million in first quarter 2022, thanks to:

- a **reduction in finance expenses** to € 1.2 million from the € 1.4 million at 31 March 2022, due to the reduction in finance expense deriving from the application of IFRS 16, as a result of the rental contract for the head office, which more than offset the higher cost of debt (whose "all-in cost" – i.e. Including ancillary expense – came to **1.97%** compared with 1.83% in the first quarter of 2022);

- **an improvement in the result of the associates for € 1.4 million**, deriving in particular from the update of the fair value measurement of the equity investment previously held in the company A.L.I. (50%).

NET RESULT



At 31 March 2023, the Group's net loss, after minority interests, came to € **5.2** million, showing **a significant improvement of approximately € 6 million** versus the € **-11.4** million recorded in Q1 2022.

The tax charge for the period came to a positive € 3.6 million (€ 3.1 million at 31 March 2022).

Mention should be made that in the first quarter of the year, a net loss is recorded at a consolidated level, due to the seasonal nature of the school textbooks business.

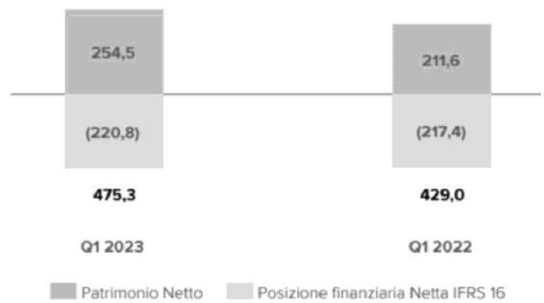
NET INVESTED CAPITAL

The **Group's Net Invested Capital at 31 March 2023** came to **€ 475.3 million,** up on the € 429 million at 31 March 2022, mainly due to the acquisitions completed between the two periods.

The Group's **Net Working Capital** (of operating assets) amounted to € 43.6 million, down versus € 47.5 million in the prior twelve months.

Net Fixed Assets came to € **503.3** million, up versus € 463 million at 31 March 2022, despite the decrease in the value of right-of-use-assets (€ -10.7 million), mainly due to the values attributed to the assets of the acquired companies at the end of the Purchase Price Allocation process (€ 46 million), the contribution of those companies (€ 9 million), and the investments made in the Retail Area to open new bookstores.

SOURCES

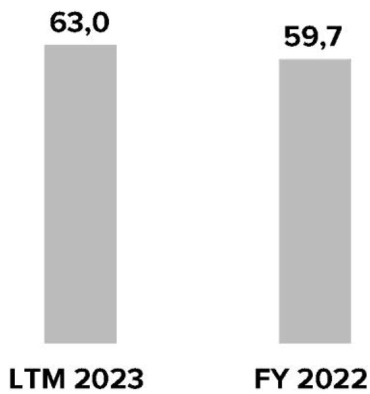


Consolidated Equity at 31 March 2023 increased by around € 42 million versus the previous year, despite the distribution of € 22 million in dividends, due to the Group's profit recognised in the last 12 months, and the valuation, equal to around € 6 million at 31 March 2023, of the derivative instruments relating to interest rate risk hedges.

The **Net Financial Position excluding IFRS 16** came to € **-150.7** million (net debt), slightly up on the € 135.8 million of 31 March 2022 due to the cash-out relative to acquisitions made during the last twelve months and the afore-mentioned distribution of dividends.

The **IFRS 16 Net Financial Position** came to **€ -220.8 million**, from € -217.4 million recorded at 31 March 2022, including an IFRS 16 component of € -70.1 million.

LTM ORDINARY CASH FLOW



Cash flow from ordinary operations (after cash-out for financial expense and tax) in the last 12 months, amounted to **€ 63.0 million** and allows the Group to continue to strengthen its financial structure.

Note that ordinary cash generation was impacted as follows:

- the improvement in the business profitability, partly temporarily offset by the dynamics of working capital;
- the lower tax payments for approximately € 3 million, mainly deriving from realignments and tax redemption implemented during previous years.

LTM FREE CASH FLOW

At 31 March 2023, **cash flow from extraordinary operations of the previous 12 months came to a negative € 61.5 million**, mostly due to cash out for restructuring costs of € 7.2 million and for the net balance of acquisitions and disposals of approximately € 47 million.

Consequently, **LTM Free Cash Flow at 31 March 2023 was positive for € 1.5 million**, confirming the Group's capacity to finance its inorganic growth policy.

Finally, in FY 2022, the Group distributed **dividends to its shareholders for approximately € 22 million**.

PERFORMANCE BY BUSINESS AREA

(Euro/millions)	Revenue		EBITDA Adjusted		EBITDA		Depreciation and amortisation, and write-downs		Operating income (loss)	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Trade Books	88.3	68.2	13.2	9.7	13.2	9.5	(1.8)	(0.6)	11.5	8.9
Education Books	8.5	9.0	(11.7)	(11.7)	(11.7)	(11.7)	(4.9)	(5.0)	(16.6)	(16.8)
Retail	41.6	37.2	1.7	0.3	1.7	0.3	(2.5)	(2.1)	(0.8)	(1.9)
Media	32.3	47.1	2.9	2.0	3.2	2.8	(1.3)	(1.5)	1.8	1.3
Corporate & Shared Services	10.4	9.5	(1.0)	(1.2)	(1.0)	(1.3)	(2.5)	(2.3)	(3.4)	(3.6)
Intercompany	(21.2)	(17.9)	(0.7)	(0.2)	(0.7)	(0.2)	—	—	(0.7)	(0.2)
Total	**160.0**	**153.1**	**4.4**	**(1.1)**	**4.7**	**(0.7)**	**(12.9)**	**(11.6)**	**(8.2)**	**(12.2)**

The breakdown of performance by business area reflects the system used by Management to oversee Group performance, in accordance with IFRS 8.

On 1 January 2023, the Books area was divided into two different business areas (Trade Books and Education Books), also in order to reflect the Group's organisational structure.

TRADE BOOKS

Mondadori Libri S.p.A. is the Group company heading the activities in the **Trade** business unit of the Books Area:

- editorial activities relating to the publication – both in paper and digital formats (e-books and audio-books) – of the fiction, non-fiction, children's and miscellaneous works by the publishing houses, with which the Group holds **a leadership position at national level**, through the trademarks **Mondadori**, **Giulio Einaudi Editore, Piemme, Sperling & Kupfer, Frassinelli, Rizzoli, BUR, Fabbri Editori, Rizzoli Lizard** and **Mondadori Electa.** On 1 April 2022, these were joined by **De Agostini Libri** and, on 1 July 2022, **Star Comics**, Italy's leading comic books publisher, specialised in the publication on the domestic market of the major international productions including, in particular, Japanese manga;
- art publishing where the Group operates under the **Electa** and, from 2020, **Abscondita** brands. The segment's activities include publishing of works on art, architecture, exhibition catalogues, museum guides and sponsor books in art publishing, as well as the management of museum concessions and the organization of exhibitions and cultural events;
- the publishing house **Rizzoli International Publications**, which operates on the US market with the Rizzoli, Rizzoli New York, Rizzoli Electa and Universe brands and with the Rizzoli Bookstore located in New York.

Relevant market performance

Following the consolidation phase seen in 2022, FY 2023 has witnessed a **new phase of growth of the books market**, which increased **both in terms of value (+3.0%) and volume (+0.8%)**, though the latter to a lesser extent, versus 2022.

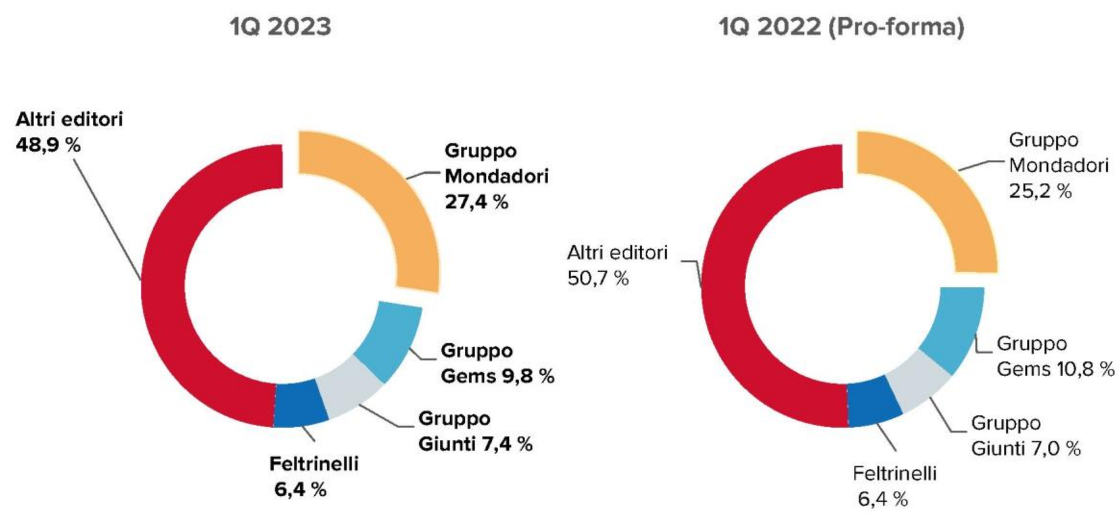
As regards the various product categories that mark the segment, **Hardcovers** – which represent the new publications for the year and account for approximately 84% of the market – **grew by 2.7%**, while **Paperbacks** ("catalogue titles") showed **higher growth of 4.7%**.

In this context, the publishing houses in the Mondadori Group recorded **double-digit sell-out growth of 12.3%**, of which 6.7% due to an increase in the volume component, thanks in particular to the sales recorded in January and February by the new titles published at the start of the year.

Thanks to these results, Mondadori has consolidated its **national leadership position**, with a **market share** that in March 2023 was **27.4%, showing an improvement** on March 2022 (25.2%).

[1] Source: GfK, March 2023 (Week 13)

TRADE MARKET SHARES



Source: GFK, March 2023 (in value); Pro-forma (includes Star Comics in 2022)

As proof of the quality of its publishing plan and the depth/range of its catalogue, in the first quarter, Mondadori was able to place 841 titles in the ranking of the top 2,500 books sold in terms of value (836 titles in March 2022).

In 2023, the Group also placed **4 titles in the top ten bestsellers list**[2], as shown in the table below.

More specifically, the top two positions with Prince Harry's biography "**Spare. Il minore" (Spare)** –- published by Mondadori – and with "**La vita intima**" – published by Einaudi, which represented the return of **Niccolò Ammaniti** to the bookshop, after a good eight years.

#	Title	Author	Publisher
1	**Spare**	**Prince Harry**	**MONDADORI**
2	**La vita intima**	**Niccolò Ammaniti**	**EINAUDI**
3	Dammi mille baci (A thousand boy kisses)	Tillie Cole	ALWAYS PUBLISHING
4	**It starts with us. Siamo noi l'inizio di tutto (It Starts with Us)**	**Colleen Hoover**	**SPERLING & KUPFER**
5	Fabbricante di lacrime	Erin Doom	MAGAZZINI SALANI
6	La portalettere	Francesca Giannone	NORD
7	**Le otto montagne**	**Paolo Cognetti**	**EINAUDI**
8	La presidente (Madam President)	Alicia Giménez-Bartlett	SELLERIO EDITORE PALERMO
9	Mi limitavo ad amare te	Rosella Postorino	FELTRINELLI
10	Buchi bianchi. Dentro l'orizzonte	Carlo Rovelli	ADELPHI

[2] Source: GFK, March 2023 (ranking in terms of cover value)

The economic performance of the Trade Books Area

Trade Books (Euro/millions)	Q1 2023	Q1 2022	% Chg.
Revenue	88.3	68.2	*29.5%*
Adj. EBITDA	13.2	9.7	*36.1%*
EBITDA	13.2	9.5	*39.6%*
EBIT	11.5	8.9	*29.1%*
PPA effects	*0.4*		*—%*
EBIT excl. PPA	**11.9**	**8.9**	***33.6%***

Revenue

Revenue in the first quarter of 2023 amounted to **€ 88.3 million, up** by approximately **29%** versus the prior year, divided as follows:

- **+25% in the publishing houses**, also due to the companies acquired, which contributed approximately € 8 million in the period; net of discontinuities, the **performance of the Group's traditional trademarks comes to +10%** thanks to the concentration, in the quarter’s publishing plan, of particularly successful titles;
- a significant recovery of the museum business of **Electa (+27%)** and the international sales made by **Rizzoli International Publications (+12.5%)**;
- +158.1% in **third-party publishers distribution activities**, which benefited from the **contribution** made by the consolidation of A.L.I. (whose revenues are booked as a fee[3]) and Libromania.

Trade Books Revenue (Euro/millions)	Q12023	Q12022	% Chg.
Publishing houses	65.4	52.3	*25.0%*
Electa (art, exhibitions and museums)	4.7	3.7	*27.0%*
Rizzoli International Publications	10.8	9.6	*12.5%*
Distribution and other services	8.0	3.1	*158.1%*
Intercompany	(0.6)	(0.5)	*n.s.*
Total revenue	**88.3**	**68.2**	***29.5%***

Publishing houses: in the **Hardcover** segment, all the Group’s publishing houses has successful titles:

- **Mondadori**: in the Miscellaneous segment, Prince Harry's memoir *“Spare. Il Minore”* (Spare), which was the top selling title in the period, according to the GFK rankings, and the title *“Profondo come il mare e leggero come il cielo”* by G. Gotto were successful.

  In Italian Fiction, *“Fame d’aria”* by D. Mencarelli and in Non-Fiction, *“Che cos’è il cristianesimo”* by Benedict XVI.
- **Einaudi**: the title *“La vita intima”* by Niccolò Ammaniti in the top ten bestsellers, *“Il re del gelato”* by C. Cassar Scalia, *“Lezioni”* (Lessons) by I. McEwan and *“La bella confusione”* by F. Piccolo.

3 In accordance with IFRS15.

It is important to note the paperback version of *"Le otto montagne"* by P. Cognetti in the top ten.

- **Piemme**: in Non-Fiction *"Nient'altro che la verità"* (Nothing But the Truth) by G. Ganswein, *"C'era una volta la politica"* by P. F. Casini and in Children's *"Fino a quando la mia stella brillerà"* by L. Segre and D. Palumbo. In the Children's segment, moreover, the publisher retained its leading position with the titles of *Geronimo Stilton*.
- **Sperling & Kupfer**: in Foreign Fiction, *"It Starts with Us"* by C. Hoover, in the top ten bestsellers and *"La relazione"* (The Affair) by D. Steel.
- **Rizzoli**: in Young Adult, the titles in the Brave ragazze (Good Girls) trilogy by H. Jackson. We also note the paperback edition of *"Perfetti o felici"* by S. Andreoli.
- **Mondadori Electa**: in Miscellaneous, *"Cucinare con instant pot"* by R. Caso.

Revenue from the sales of e-books and audiobooks, which accounted for approximately **6.9% of total publishing revenue**, was up by 16.8% versus the prior year (+13.3% like-for-like). Specifically:

- The number of **e-book** downloads fell by 1.0% versus that in the 1st quarter of 2022. The main titles sold in e-book format were "*Spare. Il minore*" (Spare) by Prince Harry (Mondadori), "*La vita intima*" by Niccolò Ammaniti (Einaudi), "*Il re del gelato*" by C. Cassar Scalia (Einaudi), "*Caminito*" by M. De Giovanni (Einaudi) and "*Le otto montagne*" by P. Cognetti (Einaudi). The e-book catalogue at 31 March 2023 counted over 31,000 titles (like-for-like).

- The **audiobook** catalogue listening hours (like-for-like) grew by 61.0%. The most popular audiobook titles were "*La vita intima*" by Niccolò Ammaniti and "*Le otto montagne*" by P. Cognetti.

Electa: in the first three months of 2023, it generated total **revenue of € 4.7 million** versus € 3.7 million in the prior year (+27%), a period still partly affected by the closure of museums, bookstores and archaeological sites ordered by national authorities in order to contain the health emergency due to the pandemic. In the initial months of the current year, due to the upward trend in national and international tourist flows, the museum sector increased its operations linked to the organisation of exhibitions, the management of the related bookstores and correlated art publishing.

Rizzoli International Publications recorded in the first quarter of 2023 consolidated revenue of around € 11 million, **up by 12.5%** versus the same quarter of 2022, due to the positive performance of sales of new titles and sponsored titles, in addition to the good performance of retail sales in the bookstore in New York and the favourable effects of the EUR/USD exchange rate.

Book distribution and other services: revenue from book distribution activities and other services on behalf of third-party publishers amounted to € 8.0 million in the first quarter of 2023, up by approximately 158% versus the prior year (€ 3.1 million), thanks to the contributions made by A.L.I. and Libromania.

EBITDA

Adjusted EBITDA of the Trade Books area in the first quarter of 2023 came to **€ 13.2 million, up € 3.5 million**, of which approximately one third from the **positive trend of like-for-like revenues** and two thirds from the contribution made by newly-acquired companies.

The **profitability** achieved by the Trade Books area is approximately **15%** in the first quarter of 2023, showing improvement on the same period of 2022.

Reported EBITDA – amounting to € 13.2 million – **improved by € 3.8 million,** due to the dynamics described above and the lack of non-ordinary items.

EBIT at 31 March 2023 came to **€ 11.5 million** versus € 8.9 million in the first quarter of 2022, **up by approximately 2.5 million,** despite the increase in amortisation and depreciation deriving from both the consolidation of the new companies and the effects of the Purchase Price Allocation process (€ 0.4 million in the first 3 months).

EDUCATION BOOKS

Mondadori Scuola S.p.A. is the Group company heading the activities in the **school textbooks** and, to a lesser extent, **university textbooks publishing**, in the Books area.

The Mondadori Group covers the school textbooks segment through three publishing houses, **Mondadori Education, Rizzoli Education** and **D Scuola**, which produce textbooks, courses, teaching tools and multimedia content for every school level, from primary school to the first, middle and secondary schools and through to university. In addition to the traditional products in paper and digital formats, the Company's range in the Education Books area also includes lines on transversal topics, such as inclusion, guidance, STEM, civic education, environment and digital citizenship, with a view to offering students and teachers teaching resources and tools that can help strengthen basic skills, reduce school abandonment and innovate teaching generally, in line with the objectives of the Italian National Recovery and Resilience Plan (PNRR) set for the educational system.

In that area, the Group boasts a **leadership position, with an adoption share of 32.3%** in 2022.

Relevant market performance

School textbook publishing experiences a typical seasonal performance that sees sales squeezed in the second half of the year following the adoption campaign: as a result, the relating market shares for 2023 are unavailable at this time.

The economic performance of the Education Books Area

Education Books (Euro/millions)	**Q12023**	**Q12022**	***% Chg.***
Revenue	8.5	9.0	*(5.5%)*
Adj. EBITDA	(11.7)	(11.7)	*(0.6%)*
EBITDA	(11.7)	(11.7)	*—%*
EBIT	(16.6)	(16.8)	*(0.7%)*
PPA effects	*0.8*		*—%*
EBIT excl. PPA	**(15.8)**	**(16.8)**	***(5.4%)***

Education Books Revenue

Also due to the seasonality of the Education business, which recognises the revenue from the sale of school textbooks in the second half of the year, the revenue achieved in the first three months typically account for less than 5% of the annual figure.

In the first quarter of 2023, the Group's school textbook area recorded total revenue of **€ 8.5 million** (€ 9.0 million in the same period of 2022) with a negative change that does not represent actual performance insofar as timing differs to 2022, in the supply of top accounts and the postponement to the second quarter of the year of the invoicing of certain supplies.

EBITDA

Adjusted EBITDA in the Education area comes to € -11.7 million, in line with FY 2022, due to the already mentioned seasonality, which sees the booking during the first quarter of the operational structure costs and the costs for developing the text books marketed during the adoption campaign, which then draws to a close at the end of May.

Reported EBITDA – amounting to € -11.7 million – was also in line with the same quarter of 2022, while **EBIT** comes to € -16.6 million versus € -16.8 million in the first quarter of 2022.

RETAIL

The Mondadori Group is present in Italy through **Mondadori Retail** S.p.A.:

- in the physical market, with the most extensive network of bookstores: a cultural oversight present in a capillary fashion throughout national territory, thanks to **more than 500 stores** branded Mondadori in all Italian regions and provinces, from large cities to smaller towns, in addition to shops-in-shops and Club Mondolibri corners.

- **on-line** with the e-commerce website mondadoristore.it and the Bookclub formula.

This year also saw the continued policy of developing and maintaining the physical network implemented in recent years.

AS regards **directly-managed stores**, **amounting to 41** at the end of March, the renewal of the network started back in 2019 continued with:

- maintenance of existing stores through transfer/downsizing/remodelling projects;
- the selective development of the network, based on a format that is now consolidated in terms of dimensions and value proposition.

Directly-managed stores will continue to expand during 2023, as demonstrated by the opening of the bookstore in Vimodrone (Milan) at the beginning of January and the recent inaugurations of the bookstores in Turin, Rome and Terni in April.

The first quarter also saw the renovation of the store in Marghera (VE), in addition to the planned closure of the points of sale in Padua.

In March, the historic Megastore in Duomo was moved to the new Mondadori flagship store in Duomo, a new bookstore with a unique style in our network, which was inaugurated on 23 March.

As concerns **franchisees**, mainly characterised by stores near small towns, the progressive focus on the Bookstore format continued, with medium-sized bookshops offering considerable turnover.

On-line, the Group is present with the e-commerce website www.mondadoristore.it, whilst in the eBook/audiobook world, the partnership continues with the Rakuten Kobo Group.

Relevant market performance

At end March, Italy's book market recorded **growth of 3.0%**[4] on 2022; in that context, the **physical channel grew (+10.6%)** while the online channel declined (estimated at -6.0%).

During Q1 2023, Mondadori Retail recorded **growth of 11.9%**. Thanks to this overperformance, the result of excellent performance by physical stores, Mondadori Retail's **market share** has come to **11.7%** (up 0.9% on 31 March 2022).

Performance of the Retail Area

The transformation process launched over the past years has made for an improvement in operating and management performance, as shown in the **income statement for the first quarter of 2023, which highlight strong growth in revenue and margins of the Retail area:**

[4] Source: GfK, March 2023 (in terms of value)

Retail (Euro/millions)	**Q12023**	**Q12022**	***% Chg.***
Revenue	41.6	37.2	*12.0%*
Adj. EBITDA	1.7	0.3	*405.6%*
EBITDA	1.7	0.3	*523.1%*
EBIT	(0.8)	(1.9)	*n.s.*

Revenue

In the first three months, the Retail area posted revenue of € 41.6 million, up by € 4.5 million (**+12.0%**) versus the same period of the prior year.
The ongoing development and renovation of existing stores and the focus on the core business of books have enabled the Mondadori Store network to consolidate its role in the market, as demonstrated by the **solid growth in revenue from the Book product** (€ +3.7 million, +12.8%).

The revenue trend by channel is as follows:

Revenue (Euro/millions)	**Q12023**	**Q12022**	***% Chg.***
Directly-managed bookstores	15.5	12.8	*21.1%*
Franchised bookstores	19.6	17.9	*9.5%*
Online	2.8	3.0	*(6.7%)*
Store	**37.9**	**33.7**	***12.5%***
Bookclub and other	3.7	3.6	*2.8%*
Total revenue	**41.6**	**37.2**	***12.0%***

An analysis of the sales by channel reveals:

- additional **growth in revenues from directly-managed bookstores** (+21.1% on the same period of the previous year) and **franchisee bookstores** (+9.5% on the first quarter of the previous year);
- essential stability of the Online and Bookclub channels.

As far as the product categories are concerned:

- the **Book** area, which is the Mondadori Group's core business, was the main component of revenues **(more than 80% of the total), up comprehensively by 12.8%** on the first quarter of 2022, driven by the excellent performance of physical stores;
- **Extra-Book** sales were on a positive trend (+22.3% versus the first quarter of 2022) confirming the excellent signs arising in the last year, due to the growth in the stationery, games, gifts and music.

EBITDA

The Retail area recorded positive **adjusted EBITDA** showing **significant growth**, coming in at € **1.7** million (€ +**1.4** million versus the first three months of 2022), consolidating a progression that began some years ago now (€ +2.2 million versus Q1 2019).

The structural actions introduced in recent years have brought a strong turnaround in the Company's operating and financial performance, as already seen by the previous years' results.

Reported EBITDA also showed the same positive, increasing figure.

EBIT stood at € -0.8 million, in turn improving significantly (**€ +1.1** million versus first half 2022).

MEDIA

Mondadori Media S.p.A. is the Group company that encompasses all businesses linked to the development of the brand media and digital activities taking a multichannel approach.

Relevant market performance

The relevant markets in the first two months of 2023 performed as follows:

- the advertising market (excluding searches, social networks, classified and OTT) increased by an overall 3.5% versus the prior year; individual segments performed as follows: digital +10.7%, TV +1.1%, newspapers +6.2%, radio +16.0% and magazines +2.2%[5];
- the magazine's circulation market declined by 6.7%[6];
- the add-ons market fell by 30.6%[7].

In 2023, the Mondadori Group, retaining its position as **Italy's top multimedia publisher**, continued its operations:

- in print with **13 magazines** and **8.8 million readers**[8];
- on the web with **12 brands** and approximately **29.4** million average unique users per month[9];
- in social media with a **fan base** at 31 March 2023 of **over 83** million[10] and 100 profiles.

Website traffic also showed excellent results: Mondadori Media confirmed its position on the Audiweb podium, due to the performance of Giallozafferano, Mypersonaltrainer and The Wom, leaders in their respective categories.

In the magazine segment, Mondadori's market share (in terms of circulation) stood at **20.9%**, up slightly – with a like-for-like portfolio of titles – versus the figure in the same period of 2022 (20.6% in February 2022)[7], due to **improved performance** on that of the reference market.

During the first quarter of the current year, Mondadori Media acquired the talent agency **Power,** focused on beauty, fashion and wellness, with the goal of further developing its operations in the influencer marketing segment.

The Mondadori Group also purchased **Webboh**, further strengthening its offer in the social world dedicated to the young generation.

Performance of the Media Area

Media (Euro/millions)	**Q12023**	**Q12022**	***% Chg.***
Revenue	32.3	47.1	*(31%)*
Adj. EBITDA	2.9	2.0	*42%*
EBITDA	3.2	2.8	*(3%*
EBIT	1.8	1.3	*n.s.*

In Q1 2023, the Media area recorded revenue of € 32.3 million, dropping by approximately 31% versus the same period of the prior year, **which reduced to approximately 8.5% on a like-for-like basis** (excluding the effect of the deconsolidation of the titles sold at the start of 2023 and the distribution activities of Press-di, the majority of which was sold effective 1 July 2022), showing **different trends** in the two components – digital and print.

[5] Source: Nielsen, February 2023
[6] Internal source: Press di, February 2023, in terms of value
[7] Internal source: Press di, February 2023, in terms of value
[8] Source: Audipress III, 2022
[9] Source: Comscore, February 2023, average figure
[10] Source: Shareablee + internal processing

Specifically:

- **digital activities**, which account for **more than a third** of the area's total revenue, showed **growth in advertising revenue** in FY 2023 **of approximately 5.4%** (+8.7% on a like-for-like basis);
- **traditional print activities**, excluding the titles sold and distribution activities, were **down by approximately 15%**.

Media (Euro/millions)	**Q12023**	**Q1 2022**	**Q1 2022 lfl**	***% Chg.***	***% Chg. lfl***
Circulation	12.4	14.5	13.6	*(14.5%)*	*(9.2%)*
Add-on sales	4.4	7.1	7.0	*(37.5%)*	*(37.2%)*
Print Advertising	*1.1*	*3.0*	*1.4*	*(62.3%)*	*(18.2%)*
Digital Advertising	*10.6*	*10.1*	*9.8*	*5.4%*	*8.7%*
Total Advertising	11.7	13.1	11.2	*(10.1%)*	*5.3%*
Distribution/Other revenue	3.8	12.5	3.5	*(69.6%)*	*8.2%*
Total revenue	**32.3**	**47.1**	**35.3**	***(31.4%)***	***(8.5%)***

As regards the single components of revenue, the following is noted, on a like-for-like basis:

- **advertising** revenue – of approximately € 12 million – were **up by over 5%**, due to the **growth in digital activities,** which also benefited from the start-up of the new acquisitions mentioned above.
- **Circulation** revenues (newsstands + subscriptions) **fell by 9.2%**. We note that the performance of television titles and Chi, thus, of the entertainment specialised press segment, which accounts for approximately 80% of the total, was better than the overall trend of circulation revenue, booking a decline of only 7.4%.
- Revenue form **add-on products** (DVDs, CDs, gadgets and books) sold as add-ons to Mondadori magazines, again on a like-for-like basis of portfolio **was down by around 37%** versus the same quarter of 2022, showing a decrease substantially in line with the market, which saw a significant drop in the home video and music segments.
- Other revenue, which includes revenue from subscription management and non-profit systems, recorded **an increase of around 8%** on the first quarter of the previous year, mainly due to the growth in brand stretching activities and the new digital activities.

EBITDA

Adjusted EBITDA for the Media area came to **€ 2.9 million**, showing **growth of** approximately **42%** compared with the previous year, mainly due to traditional businesses. Specifically:

- in the **print** area, the increase mainly stems from the booking of a tax credit by way of relief on costs incurred by the publisher for the distribution of magazines (€ 2.8 million), which offset the greater industrial costs, paper in particular, and the decline in the margin on sales of collateral items;
- in the **digital** area, Adj. EBITDA is essentially stable on the same quarter of the previous year, despite the higher costs incurred for launching new initiatives tied to the influencer marketing segment, thanks to higher advertising revenue.

Reported EBITDA amounted to **€ 3.2 million,** up versus € 2.8 million in first quarter of 2022.

EBIT was a positive **€ 1.8 million** versus € 1.3 million at 31 March 2022, due to the improvement in operating trends described above and the lower amortisation and depreciation made possible by the write-downs booked in December 2022.

CORPORATE & SHARED SERVICES

The **Corporate & Shared Service** segment includes - besides the Group's top management organizations - the Shared Services functions providing services to Group companies and the different business areas.

These services are mainly associated with activities regarding: Administration, Management Control and Planning, Treasury and Finance, Purchasing, IT, Human Resources, Logistics, Legal and Corporate Affairs, and External and Institutional Relations.

Revenues, which in the first quarter of 2023 increased by approximately 9% on 2022, consisted mainly of the remuneration of services provided to subsidiaries and associates.

Adjusted EBITDA for the area came to a negative € 1.0 million, an improvement on the € -1.2 million of 2022, mainly due to the decrease in utility costs relating to the management of the headquarters, also due to several energy efficiency initiatives and energy relief obtained.

Including non-ordinary items, **EBITDA** amounted to € -1.0 million, an increase on the figure for the same quarter 2022 (€ -1.3 million).

EBIT in the area amounted to € -3.4 million (€ -3.6 million in 2022), increasing by € 0.2 million from the abovementioned dynamics.

Corporate & Shared Services (Euro/millions)	**Q12023**	**Q1 2022**	***Chg.***
Revenue	10.4	9.5	*0.8*
Adj. EBITDA	(1.0)	(1.2)	*0.2*
EBITDA	(1.0)	(1.3)	*0.3*
EBIT	(3.4)	(3.6)	*0.2*

STATEMENTS OF FINANCIAL POSITION

The **Mondadori Group's Net Financial Position** (excluding IFRS 16) at 31 March 2023 showed a net debt of **€ 150.7 million**, up on the € 135.8 million at 31 March 2022.

The **IFRS 16 Net Financial Position** stood at € -220.8 million, from the € -217.4 million at 31 March 2022, therefore, substantially stable despite the cash-out incurred during the last 12 months for the acquisitions policy and the payment of dividends to shareholders.

Note that figure includes an IFRS 16 component of € -70.1 million, an **improvement of approximately € 11 million versus 31 March 2022**, mainly due to the stipulation of the new lease contract for the Group's Segrate office.

Note that the Net Financial Position at 31 March 2023 benefited from the positive impact of the valuation of derivative instruments relating to interest rate risk hedging, amounting to around € 6 million compared to March 2022 (€ 10.5 million in December 2022).

Net Financial Position (Euro/millions)	**Q12023**	**Q1 2022**	**FY 2022**
Cash and cash equivalents	15.6	53.4	34.9
Assets (liabilities) from derivative financial instruments	9.4	3.7	10.5
Other financial assets (liabilities)	(32.7)	(9.0)	(22.0)
Loans (short and medium/long term)	(143.0)	(184.8)	(130.4)
Held-for-sale financial assets (liabilities)	0.0	0.9	0.9
Net Financial Position no IFRS 16	**(150.7)**	**(135.8)**	**(106.1)**
Financial payables IFRS 16	(70.1)	(81.5)	(71.3)
Total Net Financial Position	**(220.8)**	**(217.4)**	**(177.4)**

The overall credit lines available to the Group at 31 March 2023 amounted to 631.1 million euro, 418.3 million euro of which committed.

The Group's short-term loans, totalling € 212.8 million, € 20.0 million of which drawn down at 31 March 2023, include overdraft credit lines on current accounts, advances subject to collection and "hot money" lines.

Committed lines of credit consist of the pool loan agreement (Banco BPM, BNL, Intesa Sanpaolo and Unicredit), amounting to an original € 450.0 million (€ 418.3 million at 31 March 2023), stipulated in May 2021 and maturing on 31 December 2026:

(Euro/millions)	Line of Credit	Of which: unutilized	Of which with interest rate hedge
Term Loan A	63.3[11]	-	63.3
RCF	125.0[12]	125.0	-
Acquisition Line C	230.0[13]	170.0	60.0
Total	**418.3**	**295.0**	**123.3**

An analysis of the Group's Cash Flow in the last 12 months, compared to FY 2022, is provided below:

(Euro/millions)	LTM 2023	FY 2022
Initial NFP IFRS 16	**(217.4)**	**(179.1)**
Financial liabilities application of IFRS 16	(81.5)	(84.3)
Initial NFP NO IFRS 16	**(135.8)**	**(94.8)**
Adjusted EBITDA (NO IFRS 16)	126.2	120.9
NWC and provisions	(0.7)	6.3
CAPEX NO IFRS16	(40.4)	(41.7)
Cash flow from operations	**85.0**	**85.5**
Financial income (expense) no IFRS16	(4.1)	(4.1)
Tax	(17.9)	(21.6)
Ordinary Cash Flow	**63.0**	**59.7**
Restructuring	(7.2)	(8.8)
Share capital increase/dividends non-controlling interests and associates	(0.6)	(1.0)
Purchase/disposal	(47.4)	(42.6)
Other income and expenditure	(6.3)	(7.3)
Cash flow from extraordinary operations	**(61.5)**	**(59.6)**
Free cash flow	**1.5**	**0.2**
Dividends paid	(22.2)	(22.2)
Tot. cash flow	**(20.6)**	**(11.5)**
Change in valuation of derivatives	5.7	10.5
Net financial position excluding IFRS16	**(150.7)**	**(106.0)**
IFRS 16 effects in the period	11.4	13.1
Final net financial position	**(220.9)**	**(177.4)**

Cash generation over the last 12 months is structured as follows.

- **Ordinary cash flow** was **positive for € 63.0 million**, **slightly up** on the figure recorded in FY 2022, due to:
  - on one hand, the improvement in the business profitability, partly temporarily offset by the dynamics of working capital induced by the sharp acceleration of the business;
  - on the other, the lower tax payments for approximately € 3 million, mainly deriving from realignments and tax redemption applied during previous years.

[11] Maturities: 5 equal instalments of € 15.8 million, maturing on 31 December each year until 31 December 2026; the exposure is fully hedged at a fixed rate (-0.086%)

[12] Bullet loan, coming to maturity on 31 December 2026

[13] Final maturity on 31 December 2026, availability period extended until 31 July 2024; annual repayment in equal instalments equal to 1/3 of the drawn amount of the line as from 31 December 2024. The portion drawn down at 31 March 2023, relating to the loan for the acquisition of D Scuola, is € 60 million; the exposure is fully hedged at a fixed rate (-0.098%).

Cash flow from non-ordinary operations came to **€ 61.5 million** and included mainly cash-out for:

- **acquisitions and disposals, amounting to € 47 million** reflecting, in addition to the consideration for the purchase of 75% of A.L.I. and 51% of Star Comics, the financial debt arising from the exercise of the put/call agreement governing the future purchase of the remaining 49% of Star Comics and the remaining 25% of A.L.I.;
- restructuring costs of € 7.2 million.

Consequently, comprehensive **Free Cash Flow** generated by the Group at LTM level came to **€ 1.5 million** at 31 March 2023, before the outlay linked to the payment of dividends of € 22.2 million in May 2022.

Below are the investments made by the Group, substantially aligned in the two periods, broken down by business area.

Capex by Sector of Activity	2023 LTM	2022 FY
Trade Books	3.8	3.6
Education Books	19.2	21.3
Retail	12.9	11.2
Media	1.0	1.0
Corporate & Shared Services	3.5	4.5
Total	**40.4**	**41.7**

Below is a summary of the Group's financial position at 31 March 2023 versus the same period of the prior year.

(Euro/millions)	Q12023	Q12022	% Chg.
Trade receivables	128.5	116.8	*10.0%*
Inventory	160.7	131.6	*22.2%*
Trade payables	224.6	190.7	*17.8%*
Other assets/ (liabilities)	(21.0)	(10.1)	*n.s.*
Net working capital from continuing operations	**43.6**	**47.5**	***(8.4%)***
Discontinued or discontinuing assets (liabilities)	0.0	(2.3)	*(100.0%)*
Net working capital	**43.6**	**45.2**	***(3.7%)***
Intangible assets	388.8	353.0	*10.1%*
Property, plant and equipment	30.7	15.0	*104.6%*
Investments	16.6	17.0	*(2.4%)*
Net fixed assets with no rights of use IFRS16	**436.1**	**385.0**	***13.3%***
Assets from rights of use IFRS16	67.3	78.0	*(13.7%)*
Net fixed assets with rights of use IFRS16	**503.3**	**463.0**	***8.7%***
Provision for risks	42.9	47.2	*(9.2%)*
Post-employment benefits	28.7	32.0	*(10.4%)*
Provisions	**71.6**	**79.2**	***(9.7%)***
Net invested capital	**475.3**	**429.0**	***10.8%***
Share Capital	68.0	68.0	*—%*
Reserves	190.8	155.0	*23.1%*
Profit (loss) for the year	(5.2)	(11.4)	*(54.4%)*
Group shareholders’ equity	**253.6**	**211.6**	***19.8%***
Minority shareholders' equity	0.9	0.0	*n.s.*
Equity	**254.5**	**211.6**	***20.3%***
Net financial position excluding IFRS16	150.7	135.8	*10.9%*
Net Financial Position IFRS 16	70.1	81.5	*(14.0%)*
Net financial position	**220.8**	**217.4**	***1.6%***
Sources	**475.3**	**429.0**	***10.8%***

Under the sale of the majority of the investment in Press-Di Distribuzione Stampa Multimedia S.r.l. and the January 2023 sale of the business unit relating to the activities of the Grazia and Icon brands, the equity values of the above assets at 31 March 2022, for the sake of proper comparison, were restated in accordance with IFRS 5, under “Assets (Liabilities) disposed of or being disposed of".

The Group's **Net Invested Capital** at 31 March 2023 came to **€ 475.3 million,** up on the € 429 million at 31 March 2022, mainly due to the acquisitions completed in the period from April to December 2022, when Mondadori took control of De Agostini Libri, Libromania and Star Comics, and the acquisitions completed in the first quarter of 2023, (A.L.I., Il Castello and Grafiche Bovini).

The Group's **Net Working Capital** (of operating assets) amounted to **€ 43.6 million**, down versus € 47.5 million of the previous 12 months.

Trend of key balance sheet figures versus 31 March 2022:

- **trade receivables** grew by over 10%, attributable to the increase in revenue, specifically in the Trade Books area, and the new acquisitions, partly offset by the decrease in the Media area due to the disposals carried out;

- **inventory** recorded a rise of 22.2% (€ 29.1 million), due to the changes in scope described above for € 14.5 million, higher costs incurred for purchasing raw materials (paper) which characterised FY 2022, as well as the moving up, compared to the first quarter of the previous year, of the production of new publications by the Education Books area;

- **trade payables** increased by 17.8%, amounting to € 34 million, due to the higher production costs of the Books area deriving from the increase in production factors (raw materials, printing fees and transport) and the change in scope (€ 25.6 million).

- **other assets and liabilities** recorded an increase in net liabilities of € 10.9 million versus 31 March 2022, mainly due to deferred tax liabilities booked on the outcome of the Purchase Price Allocation process of the afore-mentioned acquisitions;

- **intangible assets** rose by approximately € 36 million versus March 2022, due to the booking of the goodwill and the other intangible assets deriving from the acquisitions of Star Comics, De Agostini Libri and A.L.I., which were partly offset by the effects of impairment testing and the amortisation recorded in the last 12 months;

- **tangible assets** increased by approximately € 16 million, mainly due to expenditure made in the opening of new stores in the Retail area;

- **assets for rights of use** decreased by approximately € 10 million, due mainly to the new lease contract for the Segrate HQ;

- the value of **investments** was substantially stable on the figure at 31 March 2022;

- **provisions** (provisions for risks and post-employment benefits) also declined by approximately € 8 million on 31 March 2022, mainly linked to cash outflows relative to restructuring costs provisioned the previous year, and the effects of the sales of assets/business units during the period in question.

Consolidated Equity at 31 March 2023 increased by around € 42 million versus the previous year, despite the distribution of € 22 million in dividends, due to the Group's profit recognised in the last 12 months, and the valuation, equal to around € 6 million at 31 March 2023, of the derivative instruments relating to interest rate risk hedges.

PERSONNEL

HEADCOUNT

Group employees – on both permanent and fixed-term contracts – amounted to **1,911**, **up by 1.5%** versus 1,883 resources at 31 March 2022 (+28 units).

Neutralising the effects of all the changes in scope applied, namely the acquisitions of **De Agostini Libri, Star Comics and A.L.I. and the disposals of magazines and business in the Media area**, the Group's workforce show an increase of 0.9%.

Employees at 31 March 2023:

Headcount by Business Area	31/03/2023	31/03/2022	*% Chg.*
Trade Books	591	467	*26.6%*
Education Books	293	302	*(3.0%)*
Retail	308	311	*(1.0%)*
Media	414	498	*(16.9%)*
Corporate & Shared Services	305	305	*—%*
Total	**1,911**	**1,883**	***1.5%***

In the **Books** area, the headcount, net of the employees who joined the Group following the acquisitions of De Agostini Libri, Star Comics and A.L.I., was up by 7%, due mainly to the reopening of Electa Bookshops at exhibitions and museum sites.

The decrease in the **Retail** area (-1%) reflects the actions for achieving greater efficiencies both in the central units and in the organizational structure of the directly-managed stores network.

The trend recorded by the **Media** Area (-16.9%) comes to +1.7% like-for-like, therefore excluding the changes in scope that took place during the two periods under review (net of the workforce of the titles disposed of and of the company Press-di, deconsolidated as from 1 July 2022).

The workforce in the **Corporate & Shared Services** area was stable, despite the inclusion of several staff functions deriving from the integration of Star Comics and A.L.I.

The cost of personnel[14] in the first quarter of 2023 came to **€ 36.0 million,** down by approximately 2% versus € 36.8 million in the same quarter of 2022: the like-for-like comparison, having neutralised all changes in scope, shows a slightly decreasing trend (approximately -1%) on the previous year.

The percentage of this cost on consolidated revenue in the first quarter of 2023 was reduced by approximately 1.5 points versus the previous year (from 24.0 % to 22.5 % in March 2022).

Euro millions	**Q12023**	**Q1 2022**	***% Chg.***
Cost of enlarged personnel (before restructuring)	**36.0**	36.8	*2.1%)*

[14] Cost of enlarged personnel includes costs for collaborations and temporary employment

SIGNIFICANT EVENTS IN THE FIRST THREE MONTHS OF 2023

On **10 January 2023**, the Mondadori Group, through the subsidiary Mondadori Media S.p.A., executed the contract of sale to Reworld Media S.A. of the paper and digital publishing business of the magazines Grazia and Icon, as well as the related international licences network.

The execution of the transaction took place with the transfer of the business unit heading the operations disposed of to a newly-incorporated company and the concurrent disposal to Reworld Media of 100% of the share capital of the transferee.

On **13 January 2023**, the Mondadori Group finalised, through its subsidiary Mondadori Libri S.p.A., the acquisition of a further 25% stake in A.L.I. S.r.l. - Agenzia Libraria International, which operates in the distribution of books.

The transaction - as a result of which the Mondadori Group increased its stake in A.L.I. to 75%, which is therefore subject to line-by-line consolidation as from January 2023 - took place in execution of the agreements defined and disclosed on 11 May 2022 upon acquisition of an initial 50% stake, effective earlier than the date originally scheduled for 28 February 2023.

The price, paid entirely in cash, was approximately € 9.9 million and was determined, as already disclosed to the market, on the basis of an average 2021-2022 EBITDA and the positive net financial position (cash) of the scope covered by the transaction, which at 31 December 2022 amounted to € 17.8 million (preliminary figure).

Additionally, the defined agreements gave the Mondadori Group the right to acquire the remaining 25% in A.L.I., at a price to be determined on the basis of an average 2023-2024 EBITDA, through put&call options exercisable by 30 July 2025.

SIGNIFICANT EVENTS AFTER 31 MARCH 2023

On **20 April 2023**, the Mondadori Group executed the contract for disposal to P.B.F. S.r.l. of the investment of 18.45% in the share capital of Società Europea di Edizioni S.p.A.

The consideration for the transaction, to be fully settled in cash, was defined at € 2.3 million, considering the price adjustment mechanisms based on the company's net financial position at the closing date.

The disposal resulted in a net capital gain in the Mondadori Group's income statement of € 0.5 million. Note that in FY 2022, the investment in question recorded charges of € 1.8 million in the consolidated financial statements.

The transaction is consistent with the strategy of focusing on the books sector and disposing of non-strategic activities.

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): net result for the period before income tax, other financial income and expense, amortization, depreciation and write-downs 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:

- income and expense from restructuring, reorganization and business combinations;
- clearly identified income and expense not directly related to the ordinary course of business;
- as well as any income and expense from non-ordinary events and transactions as set out in CONSOB Communication DEM6064293 of 28/07/2006.

(Euro/thousands)	2023	2022
Gross Operating Profit - EBITDA (as shown in the financial statements)	**4,684**	**(718)**
Restructuring costs under "Cost of personnel"	202	178
Income of a non-ordinary nature included in "Sundry expense (income)" and "Cost of services"	(481)	(594)
Adjusted Gross Operating Profit - Adjusted EBITDA (as shown in the Directors' Report on Operations)	**4,405**	**(1,134)**

With regard to adjusted EBITDA in first quarter 2022, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 0.2 million, included in “Cost of personnel” in the income statement;
- income of a non-ordinary nature for a total of € 0.6 million, included in “Sundry expense (income)” and “Cost of services”.

With regard to adjusted EBITDA in first quarter 2023, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 0.2 million, included in “Cost of personnel” in the income statement;
- income of a non-ordinary nature for a total of € 0.5 million, included in “Sundry expense (income)” and “Cost of services”.

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

Adjusted operating profit (EBIT Adjusted): this is represented by the operating result, as defined above, excluding non-ordinary income and expense, as defined previously, depreciation and amortization deriving from the company purchase price allocation and the impairment of intangible assets.

Operating profit (EBT): EBT or consolidated income before tax is the net result for the period before income tax.

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.

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

Free Cash Flow: the sum of cash flow from ordinary and non-ordinary operations in the reporting period (excluding payment of dividends, if any).

Total Cash Flow: the sum of cash flow from ordinary and non-ordinary operations in the reporting period (including payment of dividends, if any).

OUTLOOK FOR THE YEAR

In light of the results achieved during the first quarter and a more favourable scenario in respect of the outlook for raw materials and service prices, with reference to the current scope, the Group believes it can now **confirm the forecasts previously disclosed for FY 2023**.

Income Statement

- **single-digit growth in revenues and adjusted EBITDA with margins** expected to be in the region of **15%**;
- approximately **10% growth in the net result**, despite the greater amortisation/depreciation deriving from both the increasing investment policy implemented by the Group and the effects of the Purchase Price Allocation process relative to the recently-acquired companies.

Cash Flow and Net Financial Position

- **Ordinary cash flow** is expected to fall within a range of **€ 60 to 65 million**, showing **growth of up to 10%** on the 2022 figure (which had come to approximately € 60 million net of the one-off impact of derivative instruments related to rate risk hedging).
- The Group's net financial debt (IFRS 16) is expected to come in, at end FY 2023, as 1.0x adjusted EBITDA, down from 1.3x at end 2022.

The solid financial and equity position that characterises the Group allows it to continue to pursue the virtuous development path started some years ago, characterised by the **progressive use of M&As** whereby the Group seeks to continue to the make the most of inorganic growth opportunities, mainly in the book and digital businesses.

For the Board of Directors

The Chairman
Marina Berlusconi

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 in this Interim Management Statement corresponds to the Company's accounting entries, books and results.

The Financial Reporting Manager

Alessandro Franzosi

Mondadori Group Condensed Consolidated Financial Statements at 31 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (Euro/thousands)	31/03/2023	31/03/2022
Intangible assets	**388,771**	**353,025**
Land and building	—	
Plant and equipment	10,506	2,661
Other fixed assets	20,204	12,347
Property, plant and equipment	**30,710**	**15,007**
Assets from rights of use	**67,273**	**77,984**
Investments accounted for using the equity method	15,683	16,118
Other investments	898	877
Total investments	**16,581**	**16,995**
Non-current financial assets	**12,388**	**4,195**
Deferred tax assets	**67,962**	**71,515**
Other non-current assets	**605**	**217**
Total non-current assets	**584,290**	**538,938**
Tax receivables	**23,619**	**17,436**
Other current assets	**83,773**	**84,782**
Inventory	**160,708**	**131,566**
Trade receivables	**128,471**	**116,772**
Other current financial assets	**1,508**	**794**
Cash and cash equivalents	**15,631**	**53,354**
Total current assets	**413,712**	**404,704**
Discontinued or discontinuing operations	—	26,512
Total Assets	**998,002**	**970,154**

Liabilities (Euro/thousands)	31/03/2023	31/03/2022
Share Capital	67,979	67,979
Treasury shares	(2,024)	(1,803)
Other reserves and profit/loss carried forward	192,853	156,840
Profit (Loss) for the year	(5,200)	(11,408)
Group equity	**253,607**	**211,608**
Share capital and reserves attributable to non-controlling interests	930	15
Total Equity	**254,537**	**211,623**
Provisions	42,864	47,229
Post-employment benefits	28,688	32,007
Non-current financial liabilities	130,836	123,201
Financial liabilities IFRS 16	56,305	68,495
Deferred tax liabilities	41,591	36,640
Other non-current liabilities	—	—
Total non-current liabilities	**300,284**	**307,572**
Income tax payables	6,741	8,903
Other current liabilities	148,719	138,552
Trade payables	224,532	190,660
Payables to banks and other financial liabilities	49,344	71,854
Financial liabilities IFRS 16	13,844	12,998
Total current liabilities	**443,181**	**422,967**
Liabilities disposed or being disposed of	—	27,991
Total liabilities	**998,002**	**970,154**

CONSOLIDATED INCOME STATEMENT

(Euro/thousands)	31/03/2023	31/03/2022
Revenues from sales and services	**159,963**	**153,091**
Decrease (increase) in inventory	(7,040)	(8,658)
Cost of raw and ancillary materials, consumables and goods	34,946	30,911
Costs for services	96,820	95,890
Cost of personnel	34,142	34,866
Other expense (income)	(3,576)	800
Gross operating margin	**4,671**	**(718)**
Amortization and impairment loss on intangible assets	7,666	7,073
Depreciation and impairment loss on property, plant and equipment	1,542	991
Amortization/depreciation and impairment loss of assets from rights of use	3,708	3,492
Operating income (loss)	**(8,245)**	**(12,275)**
Financial expense (income)	1,166	1,351
Expense (income) from investments	(564)	863
Result before tax	**(8,847)**	**(14,489)**
Income taxes	(3,620)	(3,083)
Result from continuing operations	**(5,227)**	**(11,406)**
Result from discontinued or discontinuing operations		–
Net profit	**(5,227)**	**(11,406)**
Attributable to:		
- Non-controlling interests	**(27)**	**2**
- Parent Company shareholders	**(5,200)**	**(11,408)**
Earnings per share of continuing operations (expressed in Euro units)	(0.020)	(0.044)
Diluted earnings per share of continuing operations (expressed in Euro units)	(0.020)	(0.044)
Net earnings per share (in Euro units)	(0.020)	(0.044)
Diluted net earnings per share (in Euro units)	(0.020)	(0.044)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/thousands)	31/03/2023	31/03/2022
Net profit	**(5,227)**	**(11,406)**
Items reclassifiable to income statement		
Profit and loss deriving from the conversion of currency denominated financial statements	(408)	647
Other profit (loss) from equity-accounted investees	(19)	(48)
Effective part of profit/(loss) on cash flow hedge instruments	(1,022)	3,767
Profit and loss deriving from held-for-sale assets (fair value) Tax effect on other profit (loss) reclassifiable to income statement	245	(904)
Items reclassified to income statement		
Effective part of profit/(loss) on cash flow hedge instruments	—	82
Profit and loss deriving from held-for-sale assets (fair value)	—	—
Tax effect on other profit (loss) reclassifiable to income statement	—	(20)
Items not reclassifiable to income statement		
Actuarial profit (loss)	(110)	(422)
Tax effect on other profit (loss) not reclassifiable to income statement	25	98
Total other profit (loss) net of tax effect	**(1,289)**	**3,200**
Total net profit (loss)	**(6,516)**	**(8,206)**
Attributable to:		
- Non-controlling interests	**(27)**	**2**
- Parent Company shareholders	**(6,489)**	**(8,208)**

For the Board of Directors
The Chairman
Marina Berlusconi