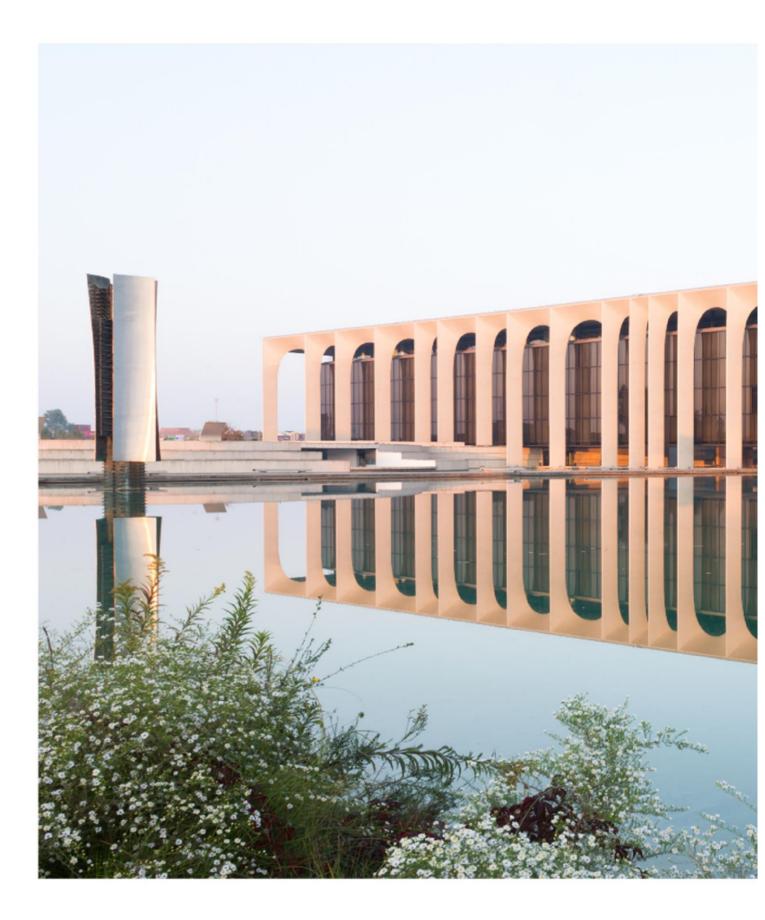
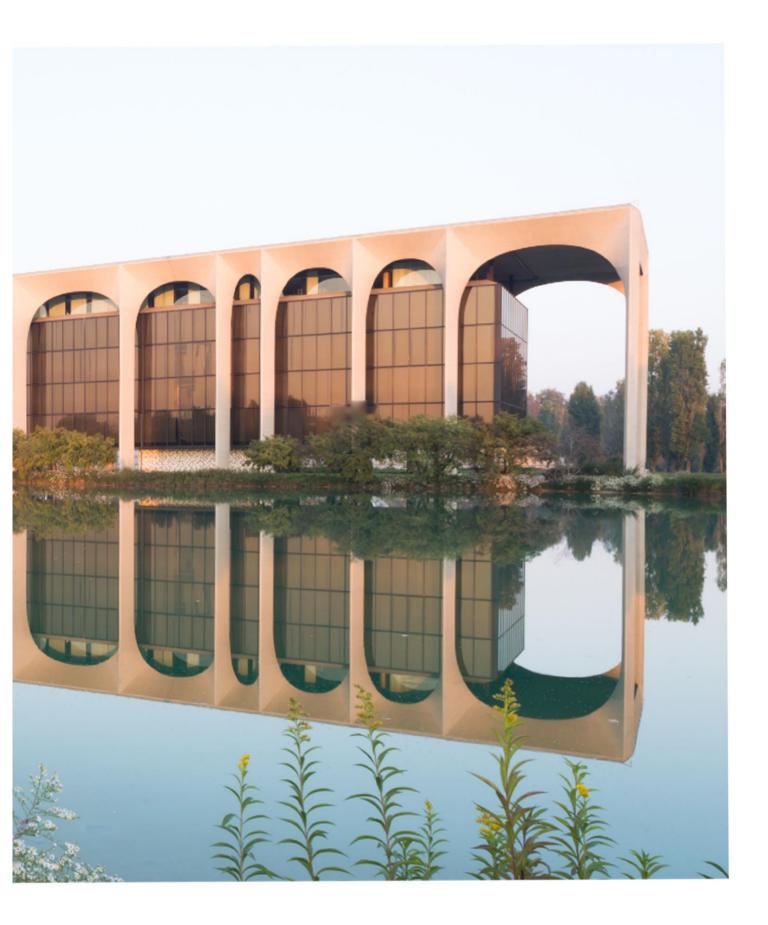
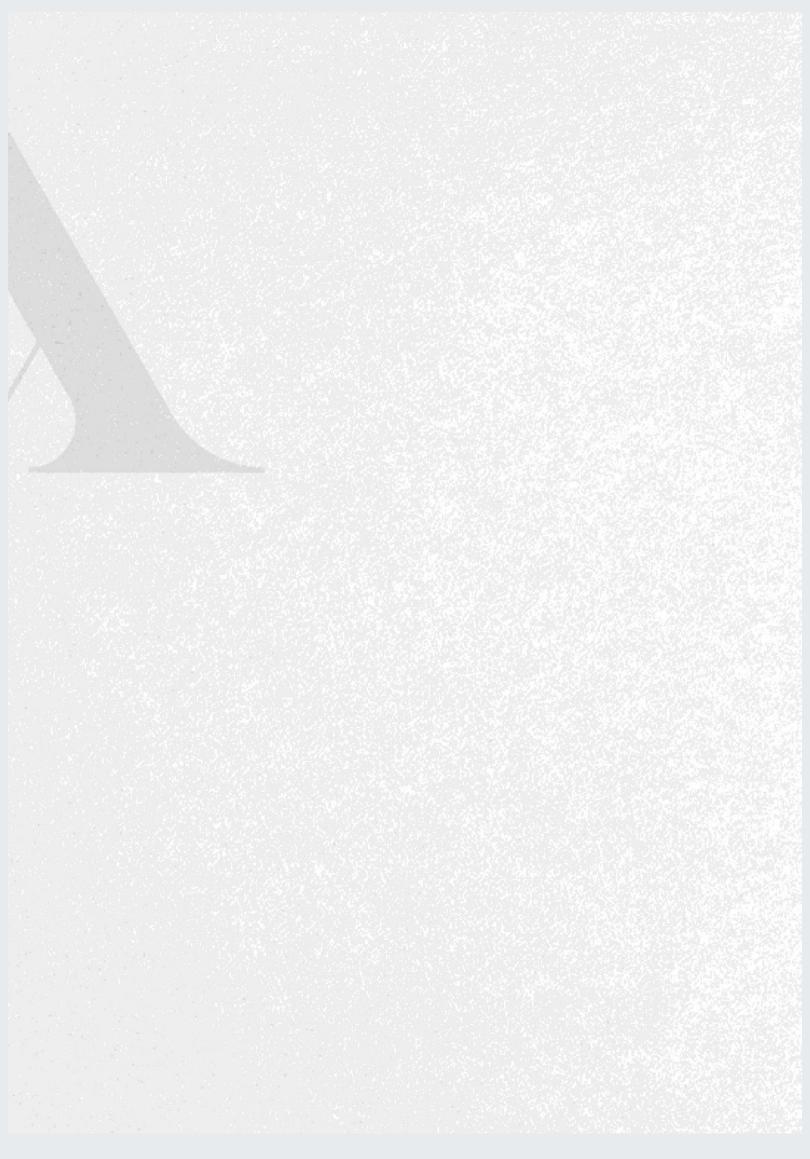
INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2023

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 30 September 2023

CONTENTS

Composition of corporate bodies	11
Mondadori Group Structure	12
Mondadori Group Organization Chart	13
DIRECTORS' REPORT ON OPERATIONS AT 30 SEPTEMBER 2023	14
Mondadori Group Highlights at 30 September 2023	15
Consolidated Financial Highlights in Third Quarter 2023	18
Performance by Business Area	35
Statements of financial position	51
Personnel	56
Significant events during the first nine months of 2023	58
Significant events after 30 September 2023	60
Glossary of terms and alternative performance measures used	61
Business Outlook	63
MONDADORI GROUP CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023	64
Consolidated Statements of Financial Position	65
Consolidated Income Statement	67
Consolidated Comprehensive Income Statement	68

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

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

11

2 * Independent Director

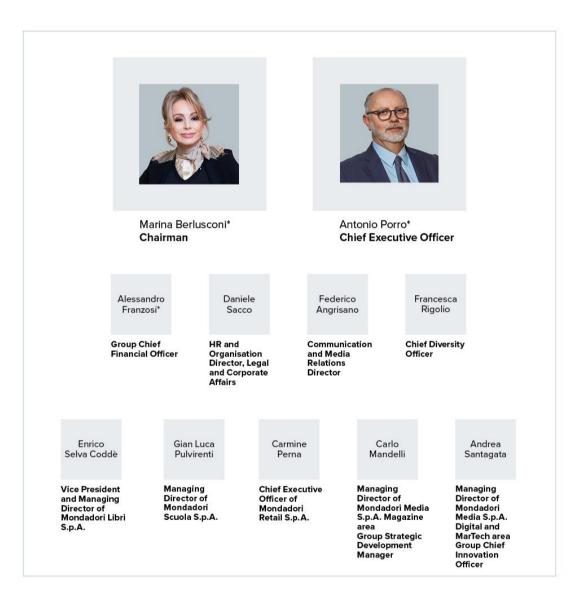
MONDADORI GROUP STRUCTURE

ARNOLDO MONDADORI EDITORE S.P.A.

				EE			
Trade Books		Education Boo	oks	Retail		Media	
ondadori Libri S.p.A. 1	00%	Mondadori Scuola S.p.	.A. 100 %	Mondadori Retail S.p.A. 100 %	Monda	dori Media S.p.	A. 100 %
A.L.I. S.r.I Agenzia Libraria International	75%	D Scuola S.p.A.	100%		Ad	Kaora S.r.I.	100%
ll Castello S.r.I. 1	100%	Mondadori Education S.p.A.	100%			Hej! S.r.I.	100%
De Agostini Libri S.r.I.	50%	Rizzoli Education S.p.A.	99.99%			Digital Advertising & Engagemer	100% nt S.L.
Edizioni Star Comics S.r.l.	51%					ect Channel .A.	100%
Electa S.p.A. 1	100%					Mediamond S.p.A.	50%
Abscondita S.r.l. 1	100%					Mondadori Seec (Beijing Advertising	⁾ 50%
Giulio Einaudi editore S.p.A.	100%				_	Co.Ltd	
Edizioni EL S.r.l.	50%					ndadori enza S.p.A.	100%
Libromania 1 S.r.I. 1	100%				Pre	ess-di S.r.l.	20%
Grafiche Bovini S.r.l.	100%				Ze	nzero S.r.l.	72%
Rizzoli International	100%				We	bboh S.r.I.	100%
Publications Inc.	100%				Po	wer S.r.I.	100%
					Attica S.A.	Publications	41.98%

Key terms: Subsidiary Companies

ORGANISATIONAL STRUCTURE OF THE MONDADORI GROUP



* Members of the Board of Directors

DIRECTORS' REPORT ON GROUP OPERATIONS AT 30 SEPTEMBER 2023

Directors' Report on Operations at 30 September 2023 Mondadori Group Highlights at 30 September 2023

DIRECTORS' REPORT ON GROUP OPERATIONS AT 30 SEPTEMBER 2023

15

(Euro/millions)	9M 2023	9M 2022	% Chg.
Income Statement	—		
Revenue	679.9	678.2	0.3
Adjusted EBITDA*	129.3	115.5	12.0
EBITDA	131.5	114.5	14.9
EBIT	90.5	78.0	16.0
Adjusted EBIT** Group's net profit	92.1 66.3	81.6 58.3	12.9 13.8
Business Areas			
Revenue	679.9	678.2	0.3
Trade Books	268.0	234.6	14.3
Education Books	215.5	213.7	0.8
Retail	133.4	126.0	5.9
Media	101.5	135.3	(25.0
Corporate & Shared Services	31.6	29.6	6.5
Intercompany	(70.1)	(61.0)	14.8
Adjusted EBITDA	129.3	115.5	12.0
Trade Books	41.0	39.8	3.0
Education Books	73.9	68.1	n.
Retail	8.3	4.1	101.
Media	10.3	9.3	9.2
Corporate & Shared Services Intercompany	(3.6) (0.5)	(4.0) (1.8)	n. n.
Balance Sheet			
Group Equity	294.4	267.5	10.0
Net Invested Capital	519.0	505.5	2.7
Net Financial Position no IFRS 16 Net Financial Position IFRS 16	152.3 223.9	173.4 235.7	(12.2 (5.0
Operating and Financial Indicators			
Adj. EBITDA on Revenue (%) Net result on Revenue (%)	19.0% 9.8%	17.0% 8.6%	
Human resources			
End-of-year headcount	1,939	1,895	2.3

* 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 INCOME INDICATORS

During this year, the Group continued on its strategic path, launching a new phase of developing and strengthening its presence in book publishing.

The positive operating and financial results achieved by Mondadori during the current year benefited from a positive trend in the book market, which grew by 2.3% in value.

As regards the Group's businesses, **Trade Books** recorded **growth in revenue of around 14%**, thanks to the contribution from the consolidation of the recently acquired companies, as well as organic growth due to the high quality of the publishing plan, which enabled the Group to confirm its **leadership** in the domestic market, with a **market share** of **27.3%**.

The **Retail** area too was also able to ride the strong growth trend of the books market and the Group's publishing performance: in 2023, thanks to the excellent performance of physical stores, the area recorded growth in revenue of 6%, taking the share of the book market to 13% (up by 40 bps on 30 September 2022).

With regard to the Education Books area, the Group's publishing houses achieved a market share (adoption) of 32%, substantially stable compared to the figure reported in the previous year, due to growth in the more profitable secondary school segment (upper and lower secondary schools) and a decrease in primary schools, characterised by higher volatility.

At consolidated level, in the first nine months of 2023, the Group recorded a significant **increase in profitability (Adjusted EBITDA up from** \in 115.5 to \in 129.3 million), despite the fact that the previous year benefited from greater reliefs for around \in 3.5 million. This increase was attributable to the continued meticulous management of operations in all business areas, as well as the positive performance of the newly acquired companies and the synergies deriving from their integration.

At the same time, the Group's ability to ensure **solid**, **increasing cash generation** was confirmed during the period, with **LTM ordinary cash flow** standing at around \notin 65 million in September.

In light of the results already achieved, **the Group's outlook for 2023**, revised **upwards both in operational and financial terms** in mid-year, is **confirmed:** that positive performance was the result of the strategic path of reconfiguring the Mondadori Group's business portfolio.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN FIRST NINE MONTHS OF 2023

(Euro/millions)	9M 2023		9M 2022		%
Revenue	679.9		678.2		0.3%
Industrial product cost	208.8	30.7%	211.1	31.1%	1.1%)
Variable product costs	79.0	11.6%	82.1	12.1%	(3.7%)
Other variable costs	116.7	17.2%	129.2	19.1%	(9.7%)
Structural costs	43.9	6.5%	43.0	6.3%	1.9%
Extended labour cost Other expense (income)	105.5 (3.2)	15.5% (0.5%)	105.4 (8.1)	15.5% (1.2%)	0.1% n.s.
Adjusted EBITDA	129.3	19.0%	115.5	17.0%	12.0%
Restructuring Extraordinary expense (income)	1.3 (3.4)	0.2% (0.5%)	1.0 _	0.2% 0.0%	23.3% n.s.
EBITDA	131.5	1 9.3 %	114.5	16.9%	14.9%
Depreciation and amortisation Depreciation and amortisation IFRS 16	29.9 11.1	4.4% 1.6%	26.1 10.4	3.8% 1.5%	14.6% 7.1%
EBIT	90.5	13.3%	78.0	11.5%	16.0%
Financial expense (income)	4.6	0.7%	2.8	0.4%	66.5%
Financial expense IFRS16 Expense (income) from investments	1.5 (2.8)	0.2% (0.4%)	(0.6)	0.0% (0.1%)	n.s. n.s.
ЕВТ	87.1	12.8%	75.8	11.2%	n.s.
Tax expense (income) Minorities	20.5 0.3	3.0% _%	17.6 (0.1)	2.6 % —%	n.s. n.s.
MINULICS	0.5	70	(0.1)	70	11.5.
Group's Net Profit	66.3	9.8%	58.3	8.6%	13.8%

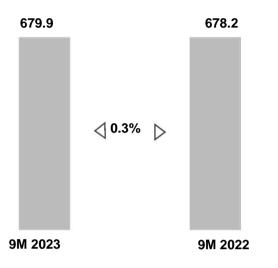
Cost of personnel includes costs for collaborations and temporary employment.

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 in the first nine months of 2023 amounted to \notin **679.9** million, showing **growth** of **0.3%** (compared to the \notin 678.2 million in the same period of the prior year). Like-for-like, organic revenue growth came to **1.1%**.

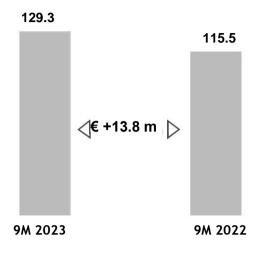
In the **Trade Books area**, revenue **increased by 14.3%**, or by **3.3%** net of the newly acquired companies (mainly Star Comics from 1 July 2022 and A.L.I. from 1 January 2023): that result is specifically attributable to the favourable trend in the operating market, the quality of the publishing plan of the publishing houses, and the significant growth in museum activities relating to the concessions in place. In the Education Books area, the school textbooks business reported overall revenue of \in 215.5 million (\notin 213.7 million in the same period of 2022), increasing by 0.8%, due to the significant growth in the secondary school segment, which accounts for over 80% of the area's revenue.

The **Retail** area **grew by 5.9%** on the same period of the prior year, **driven by the Book product**, whose sales **rose by almost 6.6%**, specifically due to the positive performance of directly-managed bookstores.

In the Media area, revenue was down by 25.0%, mainly due to the changes in the scope as a result of the disposal of print assets completed in the last 12 months: net of that discontinuity, the decrease would come to 6%, attributable to the reduction in circulation revenue, despite the fact that revenue deriving from digital advertising sales - now accounting for more than 37% of the segment's total revenue - on the contrary, grew by 20% on a likefor-like basis (approximately) on the first nine months of the previous year, mainly due to the positive performance of the MarTech segment.

REVENUE by Business Area			
(Euro/millions)	9M 2023	9M 2022	% Chg.
Trade Books	268.0	234.6	14.3%
Education Books	215.5	213.7	0.8%
Retail	133.4	126.0	5.9%
Media	101.5	135.3	(25.0%)
Corporate & Shared Services	31.6	29.6	6.5%
Total aggregated revenue	750.0	739.2	1.5%
Intercompany	(70.1)	(61.0)	14.8%
Total consolidated revenue	679.9	678.2	0.3%

EBITDA

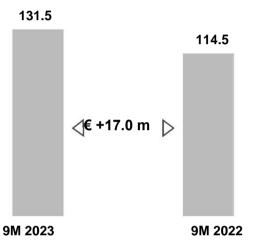


Adjusted EBITDA for the period under review of 2023 was € 129.3 million, an increase of almost € 14 million on the € 115.5 million recorded for the first nine months of 2022. Netting the results for the two periods in question of the reliefs and contributions respectively paid, the growth recorded by Group's EBITDA would exceed € 17 million.

All business areas contributed to the positive performance, especially the Trade Books Area, due in particular to the effect of the consolidation of the results of the recently acquired companies, the Education Books Area and the Retail Area. More specifically, the various business segments achieved the following results:

- the Trade Books area showed an adjusted EBITDA of € 41.0 million: net of the reliefs relating to Electa's museum activities (€ 6.4 million), which the Group benefited from in FY 2022, the area grew by 23% (€ +7.6 million), largely attributable to the contribution of the newly consolidated companies in 2023;
- the Education Books area showed an increase of € 5.8 million (+8.5%) compared to the € 68.1 million recorded in the first nine months of 2022, due to a more profitable mix of revenue, which favoured the more profitable segments, along with a lower percentage of product cost and promotional costs;
- the Retail area recorded profit of € 8.3 million, doubling the figure for the first nine months of 2022 (€ 4.1 million). This progression, which consolidates a trend launched several years ago now, is due to revenue growth, especially in the Book product, and the continued development and renovation of the network of directly-managed stores, as well as the decrease in costs relating to the streamlining of the network of stores;
- the Media area recorded an increase of € 0.9 million, showing growth of approximately 10% over the previous year. This progress, despite the reduction in revenues, is attributable to an increase in the profitability of the area's activities, which was also made possible by the recognition of a contribution of € 2.8 million to compensate magazine distribution activities;
- the Corporate & Shared Services area recorded a negative margin of € 3.6 million (compared with the € -4.0 million in the same period of 2022), due mainly to the decrease in utility costs relating to the management of the headquarters.

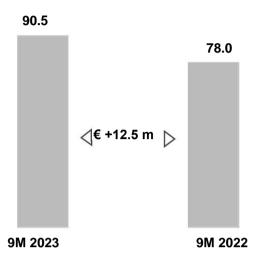
Adj. EBITDA by business area (Euro/millions)	9M 2023	9M 2022	Chg.
Trade Books	41.0	39.8	1.2
Education Books	73.9	68.1	5.8
Retail	8.3	4.1	4.2
Media	10.3	9.3	0.9
Corporate & Shared Services	(3.6)	(4.0)	0.4
Intercompany	(0.5)	(1.8)	1.3
Total ADJUSTED EBITDA	129.3	115.5	5 13.8



Group **EBITDA** for the first nine months of the current year amounted to \notin **131.5 million**, compared to \notin **114.5 million** at 30 September 2022, **an improvement of approximately** \notin **17.0 million** attributable to the favourable trend in the operating components mentioned above and the recognition in the current year, in the Media area, of the net capital gain resulting from the sale of the titles *Grazia* and *Icon* (and the related international network).

EBITDA by Business Area (Euro/millions)	9M 2023	9M 2022	Chg.
Trade Books	40.4	38.9	1.5
Education Books	73.7	67.7	6.0
Retail	8.3	3.8	4.6
Media	14.1	10.5	3.6
Corporate & Shared Services	(4.5)	(4.6)	0.1
Intercompany	(0.5)	(1.8)	1.3
Total EBITDA	131.5	114.5	17.0

EBIT



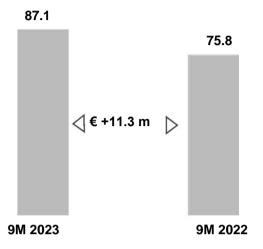
Thanks to the positive performance of all business areas, the Mondadori Group's **EBIT** for the first nine months of 2023, **positive for \notin 90.5 million**, showed an **improvement of \notin 12.5 million** compared to 2022, despite the booking of a total of approximately \notin 4 million in higher depreciation/amortisation resulting from the greater investments made in the last 12 months, the consolidation of new companies (\notin +1.0 million) and the accounting effects of the PPA process (\notin +1.2 million compared to the first nine months of 2022) relating to the M&A operations finalised in 2022 and 2023.

Neutralising extraordinary items and the impact of the PPA process, Adjusted EBIT would stand at \notin 92.1 million, up by over \notin 10 million (+12.9%) on the same period of the prior year.

EBIT by Business Area (Euro/millions)	9M 2023	9M 2022	Chg.
Trade Books	34.9	36.9	(1.9)
Education Books	57.4	51.2	6.2
Retail	0.5	(2.6)	3.1
Media	10.1	6.1	4.0
Corporate & Shared Services Intercompany	(11.9) (0.5)	(11.7) (1.8)	(0.2) 1.3
Total EBIT	90.5	78.0	12.5

23

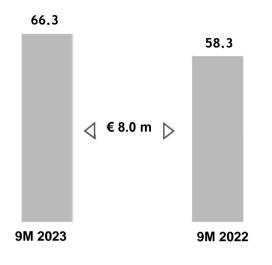
CONSOLIDATED RESULT BEFORE TAX



The consolidated result before tax was positive at \in 87.1 million, an improvement of about \in 11 million compared to \in 75.8 million in the first nine months of 2022. The over \in 2 million improvement in the profits of associates contributed to this performance, particularly as a result of the update in the fair value measurement of the investment in the company A.L.I. and the recognition of a capital gain, net of the negative result of the first four months, of \in 0.4 million from the sale of the residual investment in SEE, the publishing company of *il Giornale*, which took place in April 2023, and, in the previous period recorded a loss of around \in 1.2 million.

Financial expenses, on the other hand, increased by over \in 3 million, of which approximately \notin 2 million deriving from the higher cost of debt (which had an "all-in cost" - i.e. Including ancillary charges - of 2.53% compared to 1.53% at 30 September 2022), and the remaining \notin 1.5 million from the increase in financial debt as per IFRS 16 (which was zero in the first nine months of 2022).

NET PROFIT



At 30 September 2023, the Group's net profit, after minority interests, came to \in 66.3 million, a significant improvement of approximately 14%, equal to \in 8 million, compared to the \in 58.3 million recorded in the first nine months of 2022.

Tax costs in the period totalled € 20.5 million versus € 17.6 million at 30 September 2022 due to the higher pre-tax result.

NET INVESTED CAPITAL

The Group's Net Invested Capital at 30 September 2023 came to \in 519 million, up, despite the sales carried out, on the \in 505.5 million at 30 September 2022, mainly due to the acquisitions completed between the two periods.

The Group's **Net Working Capital** (of operating assets) amounted to \notin 87.7 million, down slightly versus \notin 93.6 million in the prior twelve months.

Net Fixed Assets came to \notin 498.6 million, up approximately 3% compared with the \notin 484.3 million at 30 September 2022, despite the decrease in the value of investments (\notin -15 million), mainly due to the consolidation of the companies acquired (whose business was also impacted by the value adjustments deriving from the PPA process), the increase in rightof-use assets (\notin +9 million), and the investments made in the Retail area to open new bookstores.

SOURCES



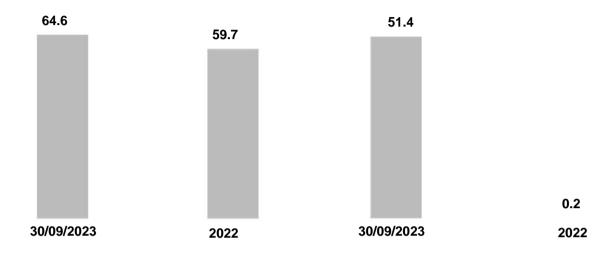
Consolidated equity at 30 September 2023 increased by approximately \in 25 million versus the prior year, despite the distribution of approximately \in 29 million in dividends, due to the **Group's positive** net profit recognised in the last 12 months.

At the date, the **Net Financial Position excluding IFRS 16** came to \in -152.3 million (net debt), **improving by over \notin 20 million** compared to the \notin -173.4 million at 30 September 2022 due to the **significant cash generation of the business**, despite the cash-out relating to the afore-mentioned distribution of dividends.

The IFRS 16 Net Financial Position came to \notin -223.9 million (net debt), from \notin -235.7 million at 30 September 2022, including an IFRS 16 debt component of \notin -71.6 million.

LTM CASH FLOW FROM ORDINARY OPERATIONS

LTM FREE CASH FLOW



Cash flow from ordinary operations (after cash-out for financial expense and tax) in the last 12 months, amounted to \notin **64.6 million** and allows the Group to continue to strengthen its financial structure.

Note that ordinary cash generation was impacted favourably as follows, compared to the figure for 2022:

- the improvement in the business profitability, largely offset by the dynamics of working capital;
- lower investments made by around € 3 million;
- the lower tax payments for approximately € 4 million, mainly deriving from realignments and tax redemption implemented during previous years.

At 30 September 2023, the **extraordinary cash** flow of the previous 12 months was negative by \notin 13.2 million, mainly due to the effect cash-out for approximately \notin 4 million for restructuring costs.

Consequently, LTM Free Cash Flow at 30 September 2023 was positive for \in 51.4 million, confirming the Group's capacity to finance its inorganic growth policy.

Finally, in FY 2023, the Group distributed dividends to its shareholders for approximately \notin 29 million.



CONSOLIDATED FINANCIAL HIGHLIGHTS OF THIRD QUARTER 2023

(Euro/millions)	Q3 2023		Q3 2022		% Chg. (1.7%
Revenue	317.6		323.1		(1.7,0
Industrial product cost	95.1	30.0%	98.8	30.6%	(3.7%)
Variable product costs	33.9	10.7%	35.8	11.1%	(5.1%)
Other variable costs	52.6	16.6%	55.2	17.1%	(4.7%)
Structural costs	14.1	4.5%	13.8	4.3%	2.7%
Extended labour cost Other expense (income)	33.0 (2.3)	10.4% (0.7%)	31.7	9.8% 0.0%	4.2% n.s.
Adjusted EBITDA	91.1	28.7%	87.9	27.2%	3.5%
Restructuring Extraordinary expense (income)	1.0 (1.1)	0.3% (0.3%)	0.5 (0.3)	0.2% (0.1%)	81.7% n.s.
EBITDA	91.1	28.7%	87.7	27.1%	3.9%
Depreciation and amortisation	10.8	3.4%	9.5	3.0%	13.5%
Impairments and write-downs	-	0.0%	_	0.0%	n.s.
Depreciation and amortisation IFRS 16	3.8	1.2%	3.4	1.1%	11.7%
EBIT	76.5	24.1%	74.8	23.1%	2.3%
Financial expense (income)	2.1	0.7%	1.0	0.3%	107.3%
Financial expense IFRS16 Expense (income) from investments	0.6 (1.0)	0.2% (0.3%)	(1.1) (0.5)	(0.3%) (0.2%)	n.s. n.s.
EBT	74.8	23.6%	75.3	23.3%	(0.6%)
Tax expense (income)	20.6	6.5%	19.4	6.0%	n.s.
Minorities	0.2	0.1%	0.4	0.1%	n.s.
Group's Net Profit	54.1	17.0%	55.5	17.2%	(2.5%)

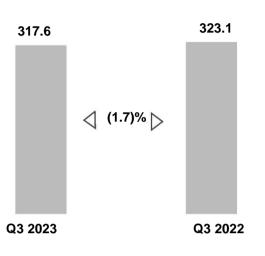
Cost of personnel includes costs for collaborations and temporary employment.

ALTERNATIVE PERFORMANCE MEASURES

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INCOME STATEMENT

REVENUE



Consolidated revenue for the third quarter of 2023 amounted to \notin **317.6** million (versus \notin 323.1 million the prior year), showing a slight decline compared with the same period of 2022 (-1.7%). Also like-for-like, organic revenue performance recorded - **1.2%**.

In the **Trade Books area**, revenue **increased by 7.5%**, deriving from both the companies newly acquired in the first half of 2023 (A.L.I.) and the **positive organic performance (+4.0%)** specifically reported by Rizzoli International Publications (+21.2%) and Electa (+23.7%).

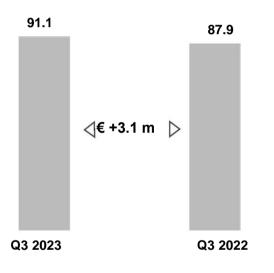
Revenue generated in the third quarter of the year by the school textbook publishing houses (**Education Books**) were, as expected, down by around 4%, mainly due to the advance on supplies to top accounts, compared to the previous year, which was recorded on 30 June: as illustrated, revenue to date earned since 1 January 2023 showed substantial stability on the previous year.

The **Retail** area **grew by 2.3%** on the same quarter of the prior year, **driven by the book product**, which **rose by approximately 3%**.

The **Media** area showed revenue down 11.6%, mainly as a result of the disposals of assets carried out (net of which, the reduction would be just 1.6%) and the reduction in circulation revenue (specifically deriving from the sharp decrease in add-on sales). Revenue from **digital advertising sales**, by contrast, **grew by more than 30%** on the equivalent quarter of the prior year.

REVENUE by Business Area			
(Euro/millions)	Q3 2023	Q3 2022	% Chg.
Trade Books	92.5	86.1	7.5%
Education Books	157.7	164.2	(4.0%)
Retail	49.5	48.4	2.3%
Media	32.8	37.1	(11.6%)
Corporate & Shared Services	10.5	10.0	4.9%
Total aggregated revenue	342.9	345.7	(0.8%)
Intercompany	(25.4)	(22.6)	12.4%
Total consolidated revenue	317.6	323.1	(1.7%)

EBITDA



Adjusted EBITDA for the third quarter of 2023 was \notin 91.1 million, an increase of almost \notin 3 million on the \notin 87.9 million recorded for Q3 of 2022.

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

• the Trade Books area showed an adjusted EBITDA increasing by around € 1 million,

largely due to the consolidation of the newly acquired companies.

- the Retail area recorded a significant improvement of € 1.4 million, thanks to the growth in revenues, particularly from the Book product;
- the Media area recorded a slight decrease of € 0.3 million, mainly attributable to the impacts of the decrease in circulation revenue (specifically linked to add-on sales) in the print segment;
- the Corporate & Shared Services Area booked a negative margin of € 0.6 million (versus € -0.3 million in Q3 2022).
- the intercompany margin showed a favourable trend as a result of the reduction in the value of the products of the Group's publishing houses (stocked) at the retail outlets.

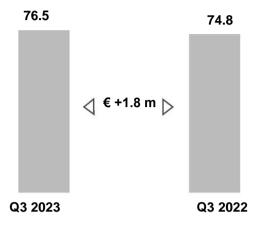
Adj. EBITDA by business area (Euro/millions)	Q3 2023	Q3 2022	Chg.
Trade Books	14.7	13.6	1.1
Education Books	71.5	70.5	1.1
Retail	4.1	2.8	1.4
Media	1.2	1.6	(0.3)
Corporate & Shared Services	(0.6)	(0.3)	(0.3)
Intercompany	0.0	(0.2)	0.2
Total ADJUSTED EBITDA	91.1	87.9	3.1

EBITDA for the quarter amounted to \notin 91.1 million (\notin 87.7 million in Q3 2022), showing an **improvement** that reflects the positive trend in operations previously described.

EBITDA by Business Area (Euro/millions)	Q3 2023	Q3 2022	Chg.
Trade Books	14.4	13.3	1.1
Education Books	71.5	70.4	1.1
Retail	4.1	2.7	1.4
Media	2.5	2.2	0.3
Corporate & Shared Services	(1.4)	(0.7)	(0.7)
Intercompany	0.0	(0.2)	0.2
Total EBITDA	91.1	87.7	3.4

DIRECTORS' REPORT ON GROUP OPERATIONS AT 30 SEPTEMBER 2023

32

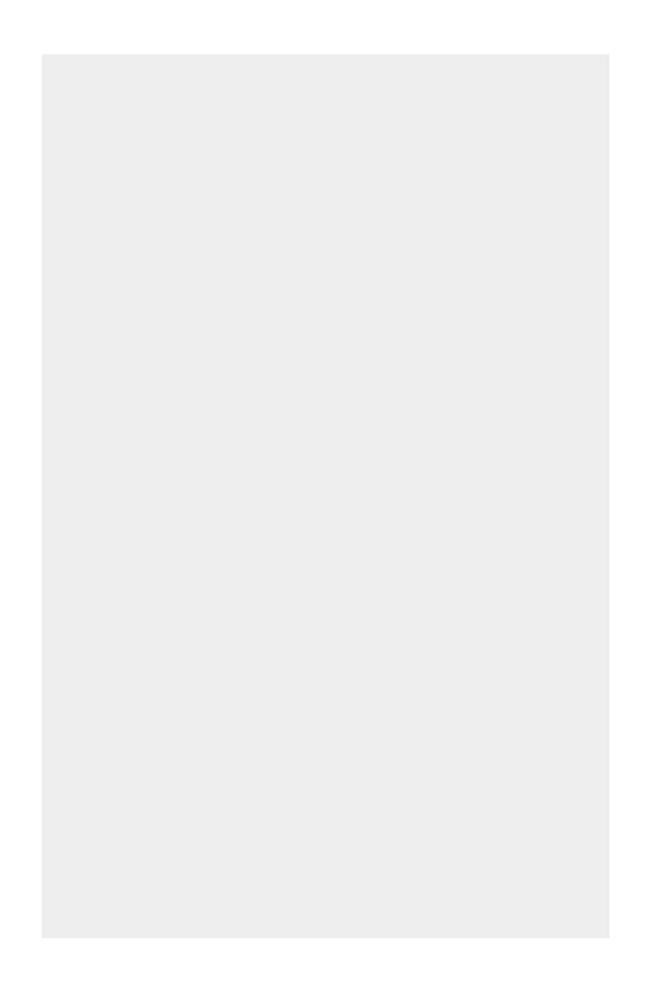


In the third quarter 2023, the Mondadori Group **EBIT** closed with a positive \notin 76.5 million, showing an **improvement of** \notin **1.8 million**. Indeed, the positive operating performance of all business areas led to an improvement in the profitability generated by the Group despite higher depreciation and amortisation recorded as a result of the investments for the period as well as the consolidation of the recently acquired companies and the PPA process related to them.

Neutralising extraordinary items and the impact of the PPA process, Adjusted EBIT would stand at \notin 77.8 million, up by around \notin 2 million from \notin 75.9 million in the third quarter of 2022.

EBIT by Business Area (Euro/millions)	Q3 2023	Q3 2022	Chg.
Trade Books	12.5	12.6	0.0
Education Books	65.3	64.1	1.2
Retail	1.3	0.6	0.7
Media	1.1	0.7	0.4
Corporate & Shared Services	(3.8)	(3.1)	(0.8)
Intercompany	0.0	(0.2)	0.2
Total EBIT	76.5	74.8	1.8

33



PERFORMANCE BY BUSINESS AREA

(Euro/millions)	Revenue		Adjusted EBITDA		EBITDA		Depreciation and amortisation,		EBIT	
	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022
Trade Books	268.0	234.6	41.0	39.8	40.4	38.9	(5.5)	(2.0)	34.9	36.9
Education Books	215.5	213.7	73.9	68.1	73.7	67.7	(16.3)	(16.6)	57.4	51.2
Retail	133.4	126.0	8.3	4.1	8.3	3.8	(7.8)	(6.4)	0.5	(2.6)
Media	101.5	135.3	10.3	9.3	14.1	10.5	(4.0)	(4.4)	10.1	6.1
Corporate & Shared Services	31.6	29.6	(3.6)	(4.0)	(4.5)	(4.6)	(7.4)	(7.0)	(11.9)	(11.7)
Intercompany	(70.1)	(61.0)	(0.5)	(1.8)	(0.5)	(1.8)			(0.5)	(1.8)
							_			
Consolidated total	679.9	678.2	129.3	115.5	131.5	114.5	(41.0)	(36.5)	90.5	78.0

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).

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;
- from 1 January 2023, following the purchase of an additional 25% to the 50% already held since May 2022, the company A.L.I Agenzia Libraria International, operating in the distribution of books for third-party publishers, with a customer portfolio of more than 80 publishing houses, whose acquisition is functional to the vertical integration project along the book value chain;
- art publishing where the Group operates under the Electa and 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

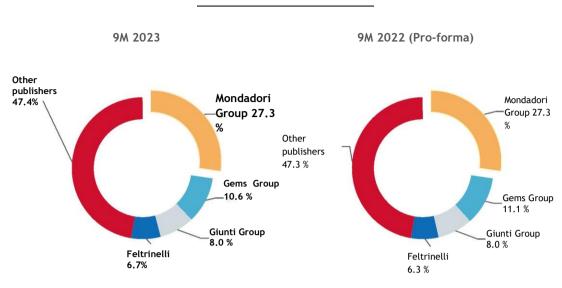
Following the consolidation phase of 2022, 2023 showed **further growth in the book market of 2.3%** (in terms of value) and a substantial stability in terms of volume¹. The third quarter in particular showed a 1.6% increase in terms of value.

As regards the various product categories that make up the segment, **Hardcovers** - which represent the new publications for the year and account for approximately 83% of the market - **grew by 2.9**%, while, on the contrary, **Paperbacks** ("catalogue titles") showed a slight decrease of approximately 0.7% compared to 30 September of last year.

In that context, the Mondadori Group's publishing houses grew by 2.2% in the period, thus substantially in line with the reference market, despite the fact that the third quarter of the previous year benefited from a strong publishing plan, as it included the winner of the 76th Strega Prize and other three titles among the top five finalists, which had excellent sales.

Thanks to this performance, Mondadori has consolidated its **national leadership position**, with a **market share** which in September 2023 remained **stable at 27.3%**.

¹ Source: GfK, September 2023 (Week 39)



TRADE MARKET SHARES

As proof of the quality of its publishing plan and the depth/range of its catalogue, in the first nine months of the year, Mondadori was able to place 893 titles in the ranking of the top 2,500 books sold in terms of value (884 titles in September 2022) and **3 titles in the ranking of the top ten bestsellers**², as shown in the table below.

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

-	_
3	7

#	Title	Author	Publisher
1	Spare. Il minore	Prince Harry	MONDADORI
2	Il mondo al contrario	Roberto Vannacci	Independent publication
3	La vita intima	Niccolò Ammaniti	EINAUDI
4	La portalettere	Francesca Giannone	NORD
5	Dammi mille baci (A thousand boy kisses)	Tillie Cole	ALWAYS PUBLISHING
6	Tre ciotole. Rituali per un anno di crisi	Murgia Michela	MONDADORI
7	Atlas. La Storia di Pà Salt. Le sette sorelle	Riley Lucinda	GIUNTI EDITORE
8	ELP	Antonio Manzini	PALERMO
9	Come d'aria	Ada D'Adamo	Elliot
10	Fabbricante di lacrime	Erin Doom	MAGAZZINI SALANI
10	Fabbricante di lacrime	Erin Doom	MAGAZZINI SALANI

² Source: GfK, September 2023 (ranking in terms of cover value)

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

The economic performance of the Trade Books Area

Trade Books			
(Euro/millions)	9M 2023	9M 2022	% Chg.
Revenue	268.0	234.6	14.3%
Adj. EBITDA	41.0	39.8	3.0%
EBITDA	40.4	38.9	3.9%
ЕВІТ	34.9	36.9	(5.3%)
PPA effects	1.2	0.0	—%
EBIT excl. PPA	36.1	36.9	(2.0%)

Revenue

Revenue in the first nine months of 2023 amounted to € 268.0 million, up by approximately 14% versus the prior year, divided as follows:

 approximately +10% of publishing houses, also due to the companies acquired; net of discontinuities in scope, the growth of the Group's traditional trademarks came to approximately 2% thanks to the good performance of the period under review;

38

• +18.6% of Electa which recorded a recovery in
museum activities linked to the concessions (the
Colosseum) and a positive trend in new exhibits;

• +4.9% of Rizzoli International Publications, despite the negative effect of the EUR/USD exchange rate compared to the previous year, due to the good performance of new publications for the year and sponsored books; • +96.1% 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 fee³) and Libromania.

Trade Books Revenue	011 0000		~ ~
(Euro/millions)	9M 2023	9M 2022	% Chg.
Publishing houses	192.3	175.5	9.6%
Electa/Abscondita (art, exhibitions and museums)	19.8	16.7	18.6%
Rizzoli International Publications	32.2	30.7	4.9%
Distribution and other services	25.3	12.9	96.1 %
Intercompany	(1.6)	(1.3)	n.s.
Total revenue	268.0	234.5	14.3%

3 In accordance with IFRS15.

<u>Publishing houses</u>: 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 Fiction "Tre ciotole" by M. Murgia and "Le armi della luce" (The Armour of Light) by K. Follett, published on 26 September.
- Einaudi: the titles "La vita intima" by Niccolò Ammaniti in the top ten bestsellers, "Luna rossa" (Killing moon) by Jo Nesbo, "Il re del gelato" by C. Cassar Scalia, "Il passeggero" (The Passenger) by C. McCarthy, "La malnata" by B. Salvioni and "Un buon posto in cui fermarsi" by M. Bussola. It is also worth noting the bestsellers "Le otto montagne" by P. Cognetti and the paperback version of "Accabadora" by M. Murgia.
- Piemme: In Non-Fiction, "Nient'altro che la verità" (Who Believes Is Not Alone: My Life Beside Benedict XVI) by G. Ganswein and in the Children's segment, "Ragazze molto cattive la vendetta" by Battello a Vapore. In this 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 and "Holly" by S. King.
- **Rizzoli**: in Italian Fiction "Sorelle. Una storia di Sara" by M. De Giovanni, "Ciatuzzu" by C. Fiorello Galeano, in Young Adult, the titles of H. Jackson's Brave Girls trilogy, and in Non-Fiction, "La versione di Giorgia" by A. Sallusti and G. Meloni. We also note the publication of the paperback edition of "Perfetti o felici" by S. Andreoli.
- Mondadori Electa: In the Miscellaneous segment, "In cucina con la friggitrice ad aria" by Benedetta Rossi and "Kendal a spasso nel tempo" by A. Kendal.
- **DeAgostini Libri**: the most important release in the first nine months of the year was "*La storia di Cesare*" by Valentina Mastroianni.
- StarComics: in the comics segment, the success of the series *Demon Slayer*, *Dragon Ball* and *One Piece* was consolidated during the year.

Revenue from the sales of **e-books and audiobooks**, which accounted for approximately **7.3%** of total publishing revenue, was **up by 12.6%** versus the prior year (+11.6% like-for-like). Specifically:

- The number of **e-book** downloads fell by 1.0% compared with the same period 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), "Tre ciotole" by M. Murgia (Mondadori), "La banda dei carusi" by C. Cassar Scalia (Einaudi) and "Accabadora" by M. Murgia (Einaudi). The e-book catalogue at 30 September 2023 counted almost 32,000 titles (like-for-like);
- the audiobook catalogue listening hours (like-forlike) grew by approximately 51%. The most popular audiobook titles were "La vita intima" by Niccolò Ammaniti, "Omicidio fuori stagione" by A.J. Seaman and "Le otto montagne" by P. Cognetti.

Electa: in the first nine months of 2023, it generated total revenue of € 19.8 million versus € 16.7 million in the prior year (+18.6%), where the early months were still partly negatively affected by the closure of museums, bookstores and archaeological sites in connection with the pandemic. During the current year, due to the recovery in domestic and international tourism flows, the museum sector increased its operations linked to concessions. Specifically, it benefited from the continuation of the concession of the archaeological area in Rome (Colosseum Park and other institutions), the organisation of exhibitions and the management of the related bookshops. Specifically, the publishing house saw positive results in the business of new exhibitions: those on 'Picasso e l'Antico' (Picasso and the Ancient) and 'Alessandro Magno e l'Oriente' (Alessandro Magno and the East' at MANN in Naples, Futurliberty in two locations in Milan, and new exhibition projects. The performance of the retail business in particular the bookshop concession at the Colosseum was very positive.

<u>Rizzoli</u> International Publications reported consolidated revenue of approximately \in 32 million in the first nine months of 2023, up by 4.9% compared to the same period of 2022, despite the negative impact of the EUR/USD exchange rates, equal to around \in 1 million, due to the positive performance of sales of new titles of the year and sponsored books, in addition to the contribution of the retail business in the New York store, increased sales by approximately 19% on 2022. **Distribution** activities and other services: Revenue from the distribution of books and other services on behalf of third-party publishers in the first nine months of 2023 amounted to \notin 25.3 million, an increase of approximately 96% over the \notin 12.9 million of the previous year, due to the contribution of A.L.I. (from 1 January 2023) and Libromania (from 1 April 2022).

EBITDA

The **adjusted EBITDA** of the Trade Books area amounted to \notin **41.0 million** in the first nine months of 2023: net of reliefs relating to Electa's museum activities, amounting to \notin **6.4** million, which provided benefits in 2022, the **area recorded growth of 23%** (\notin **7.6 million**), largely attributable to the contribution of the companies newly acquired in 2023.

The **profitability** achieved by the Trade Books Area was approximately **15%** at 30 September 2023, showing improvement on the same period in 2022, excluding the contribution of the reliefs (14%).

Reported EBITDA - amounting to \notin 40.4 million - improved by approximate 4%, or \notin 1.5 million despite the absence of Electa relief, due to the dynamics described above and lesser non-ordinary items.

EBIT at 30 September 2023 came to \notin **34.9 million** versus \notin 36.9 million in 2022, due to the increase of approximately \notin 2.8 million in amortisation and depreciation deriving mainly from both the consolidation of the new companies and the effects of the Purchase Price Allocation process (\notin 1.2 million in the first nine months).

DIRECTORS' REPORT ON GROUP OPERATIONS AT 30 SEPTEMBER 2023

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 Companies' 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.

Relevant market performance

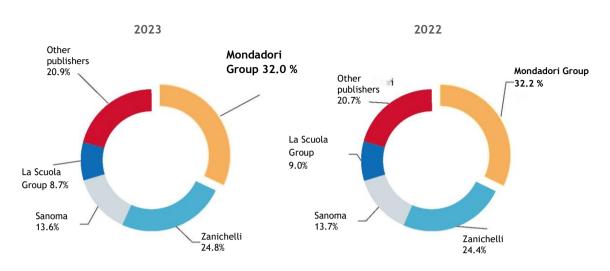
The market of School Textbooks (Primary + Secondary Schools) reported stability in the number of school classes of the first years of primary and secondary school in the current year - with a slight decrease of 0.1% on 2022 - and reduction of 1.3% in the total number of students, sharper in primary school. Those decreases relate to the demographic trend in the population of school age in Italy.

As shown in the table below, in the current year, the Mondadori Group's publishing houses in the context of School Textbooks achieved a market share (adoption) of 32%⁴, substantially stable compared to the figure reported in the previous year, with growth in the secondary school segment (upper and lower secondary schools) and a decrease in the primary segment, characterised by higher volatility and lower profitability.

4

Source: IEA, October 2023 (first-year sections adopted, provisional figures)

EDUCATION MARKET SHARES



The economic performance of the Education Books Area

Education Books (Euro/millions)	9M 2023	9M 2022	% Chg.
Revenue	215.5	213.7	0.8%
Adj. EBITDA	73.9		8.5%
EBITDA	73.7	67.7	8.8%
EBIT	57.4	51.2	12.2%
PPA effects	2.6	2.6	-%
EBIT excl. PPA	60.0	53.8	11.6%

Revenue

In the first nine months of 2023, the school textbooks business reported overall **revenue of** \in 215.5 million (\notin 213.7 million in the corresponding period of 2022), **increasing by 0.8%** on the same period of 2022.

The performance of revenue, specifically in the third quarter - the most important quarter of the year in terms of turnover - was influenced by several distribution problems, which resulted in a partial delay in deliveries. Despite this, due to the advance management of production and the activities performed by the decentralized distribution centres, the revenue of the Group's school textbook publishing houses increased slightly on the previous year. In particular, analysing the trend in revenue by school level emphasises that shown in the table below: revenue from first- and second-level **secondary school**, which accounts for over 80% of the area's revenue, **has grown by around 3%**, with a trend offset by the decrease recorded by primary school (-7.9% compared to the same period in 2022). As expected, the sales of third-party publishers distributed by Rizzoli Education fell by 7%.

Education Books (Euro/millions)	9M 2023	9M 2022	% Chg.	
Primary school segment Secondary school segment	13.7 178.9	14.8 174.0	(7.4%) 2.8%	43
Third-party publishers distributed	21.0	22.6	(7.1%)	
Other	1.9	2.3	(17.4%)	
Total revenue	215.5	213.7	0.8%	

EBITDA

Adjusted EBITDA of the Education Books area in the first nine months of the year stood at \in 73.9 million, a clear improvement compared to \in 68.1 million in the corresponding period of 2022 (+8.5%), mainly due to a different and more favourable mix of revenue and a lower percentage of product cost and promotional costs.

It is important to note that, due to the seasonal nature of the school textbook business, the third quarter records over 100% of the EBITDA for the entire year.

Reported EBITDA - amounting to $\notin 73.7$ million - also grew compared to 2022, while **EBIT** came to $\notin 57.4$ million compared to $\notin 51.2$ million in the first nine months of 2022, reporting an increase of around $\notin 6$ million in the period: even excluding the accounting effects of the PPA process for D Scuola, EBIT (amounting to $\notin 60$ million) would **grow by 11.6%**, in line with the operating trend described above.

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 shopsin-shops and Club Mondolibri corners.
- **on-line** with the e-commerce website <u>mondadoristore.it</u> and the *Bookclub* formula.

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

As regards <u>directly-managed stores</u>, amounting to 44 at the end of September, the renewal of the network 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.

In line with that strategy of continuously renovating and promoting the network of **direct stores**, with the objective of confirming the role of cultural oversight of the local areas, the following projects have been finalised this year:

- the end of May saw the opening of the new bookstore in Turin's Piazza Castello, a prestigious location replacing the historic shop in Via Monte di Pietà;
- at the beginning of July, the new bookstore was inaugurated at "The Wow Side" shopping centre in Fiumicino which, despite an optimised surface area compared to the previous store, proposes new spaces, a layout and furnishings to enhance the broad Mondadori Store offer;
 - the first nine months of the year also saw the renovation of the stores in Marghera Nave de Vero (VE), and Casalecchio di Reno (BO), in addition to the planned closures of the stores in Padua P.zza Insurrezione and Rome Via Marconi.

The direct stores will continue expanding also in the last quarter of 2023, where two bookstores are to be opened in Lombardy and Umbria.

Moreover, 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 <u>franchisees</u>, mainly characterised by stores near small towns, the progressive focus on the Bookstore format continued, with medium-sized bookshops offering considerable turnover, through the opening of new bookstores and the refitting of existing ones. This activity accelerated further during this financial year and will lead to a record level of openings by the end of the year.

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

The book market in Italy in the first nine months reported a **2.3% growth⁵** compared to the same period in 2022; in this context, note the **growth in the physical channel (+4.8%)** and the concurrent negative performance of the online channel (estimated at -1.6%), even if gradually recovering in the third quarter of 2023 compared to the figure from the third quarter of the previous year.

During the first nine months of 2023, Mondadori Retail recorded **growth of 5.7%**. Thanks to this overperformance compared to the market, driven, on the whole, by excellent performance by physical stores, Mondadori Retail's **market share** came to **13.0%** (up +0.4% on 30 September 2022) and almost came to **20% of the physical market**.

⁵ Source: GfK, September 2023 (in terms of value)

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 nine months of 2023, which highlight strong growth in revenue and margins of the Retail area:

Retail (Euro/millions)	9M 2023	9M 2022	% Chg.
Revenue	133.4	126.0	5.9%
Adj. EBITDA	8.3	4.1	101.9%
EBITDA	8.3	3.8	120.4%
EBIT	0.5	(2.6)	n.s.

Revenue

In the first nine months, the Retail area posted revenue of \notin 133.4 million, up by \notin 7.4 million (+5.9%) 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** (\notin +6.5 million, +6.6%).

The revenue trend by channel is as follows:

Revenue (Euro/millions)	9M 2023	9M 2022	% Chg.
Directly-managed bookstores	49.5	43.9	12.8%
Franchised bookstores	64.7	62.2	4.0%
Online	8.2	9.1	(9.9%)
Store Bookclub and other	122.4 10.9	115.2 10.8	6.3% 0.9%
Total revenue	133.3	125.9	5. 9%

An analysis of the sales by channel reveals:

• additional growth in revenues from directlymanaged bookstores (+12.8% on the same period of the previous year) and franchisee bookstores (+4.0% on the same period of the previous year); • downturn 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 6.6% on 2022, driven by the excellent performance of physical stores;
- Extra-Book sales were on a positive trend (+14.7% versus the first nine months 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 had a positive **Adjusted EBITDA** of \notin **8.3** million, **double** that of the first nine months of 2022 (\notin +4.2 million), consolidating the progress made for the past few years now.

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.

This target was achieved thanks to the deep transformation of the Company as a whole, the ongoing renewal and development of the network of physical stores, as well as careful cost management and a thorough review of the organization and processes. All this complemented by constant work on product innovation and the expansion of the range of publishing products, accompanied by new services, communication formats for clients and partners, and ongoing training of HQ and store staff.

In brief, this is a process of transformation and development which over the past few years has regarded all sales channels and the entire organisation of the Retail area.

Reported EBITDA also showed the same **positive and sharply increasing figure**, amounting to \in 8.3 million, up by almost \in 4 million compared to the previous year.

EBIT, \in **0.5 million,** improved significantly (\notin +**3.1** million versus the first nine months of 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.

Traditional print activities include:

- the publication of magazines and related advertising, as well as add-ons in conjunction with magazines;
- subscription management activities for magazines and daily newspapers, both for the Group's publications and those of third-party publishers, handled by Direct Channel. Added to this are services related to database management for third sector clients.

Digital activities include:

- the complete management of leading **websites and social profiles** in the main vertical topics (Cooking, Health & Wellness, Feminine Gen Z, Young, Parenting, in addition to the newly acquired company **Webboh**, which manages a website and related social profiles aimed at the Young Generation) and the optimisation of the related advertising space through external advertising agencies;
- the Social Agency business, in particular the talent agencies Zenzero and Power, which manage leading creators from the food and beauty & fashion worlds with the aim of developing their activities in the influencer marketing segment;
- the MarTech cluster consisting of Adkaora, Hej! and, in Spain, Adgage, specialised in offering mobile advertising, proximity marketing, performance and conversational marketing solutions.

In 2023, the Mondadori Group retained its position as Italy's top multimedia publisher:

- in print with 13 titles and 9.0 million readers;
- on the web with 12 brands and approximately 27.7 million average unique users per month⁷;

• in <u>social media</u> with a fan base at 30 September 2023 of around 100 million and 100 profiles.

Relevant market performance

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

- the advertising market (excluding searches, social networks, classified and OTT) increased by an overall 0.7% versus the prior year; individual segments performed as follows: digital +4.3%, TV +0.3%, newspapers -5.0%, radio +5.3% and magazines -2.7%⁸;
- the magazines circulation market declined by 8.1%⁹;
- the add-ons market fell by approximately 30%¹⁰.

In the magazine segment, Mondadori's market share (in terms of circulation) stood at **20.3%**, up slightly - with a like-for-like portfolio of titles - versus the figure in the same period of 2022 $(19.8\%)^7$, due to **improved performance** on that of the reference market.

Excellent results also seen for the **digital audience**: Mondadori Media confirmed its place on the podium in Comscore's¹¹ top 100 Italian media: in particular, it ranked in the top ten with **Giallozafferano** and in the top 20 with **Mypersonaltrainer** and **The Wom**.

During the 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.

⁹ Internal source: Press-di, August 2023, in terms of value

⁶ Source: Audipress II, 2023

⁷ Source: Comscore, August 2023

⁸ Source: Nielsen, May 2023

¹⁰ Internal source: Press-di, August 2023, in terms of value

¹¹ Prima Comunicazione, May 2023

In June, with the aim of further strengthening its position in the talent agency sector, Mondadori Media launched **TAAG!** the new talent management agency active in the world of entertainment, whose mission is to search for and manage new talent in the various fields of entertainment: TV and radio presenters, singers and musicians, influencers and content creators, authors, dance artists and television personalities.

Performance of the Media Area

Media		011 0000	
(Euro/millions)	9M 2023	9M 2022	% Chg.
Revenue	101.5	135.3	(25%)
Adj. EBITDA	10.3	9.3	10%
EBITDA	14.1	10.5	34%
ЕВІТ	10.1	6.1	66%

In the first nine months of 2023, the Media Area recorded revenue of \in 101.5 million, a reduction of approximately 25% on the same period of the previous year. On a like-for-like basis (thus excluding the effect of the deconsolidation of the titles sold at the beginning of 2023 and of Press-di's distribution activities), this reduction is smaller by around 6% thanks to the performance of near stability achieved in the third quarter of the year and shows different trends in the two digital and print components.

 digital activities, which account for more than 37% of total revenue of the area, showed growth in advertising revenue of approximately 20% in FY 2023, specifically deriving from the performance of MarTech;

• the **traditional** print **business** declined by approximately 16%, mainly due to the significant drop in add-on sales in the period.

Specifically, on a like-for-like basis:

Media		9M 2022 9M 2022 Like-for-like			
(Euro/millions)	9M 2023			% Chg.	% Chg. lfl*
Circulation	37.4	42.8	40.4	(12.6%)	(7.3%)
Add-on sales	10.0	18.1	18.0	(44.8%)	(44.6%)
Print Advertising	8.0	14.5	8.5	(44.8%)	(6.2%)
Digital Advertising	36.9	31.9	30.9	15.7%	19.5%
Total Advertising	44.9	46.4	39.4	(3.2%)	13.9%
Distribution/Other revenue	9.2	27.9	10.2	(67.0%)	(9.4%)
Total revenue	101.5	135.1	108.0	(24.9%)	(6.0%)

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

- advertising revenue of approximately € 45 million was up by around 14%, despite the slight downturn recorded in print due to the previouslymentioned growth in digital activities, which also benefited from the development of the MarTech segment, as well as the start-up of the new initiatives previously mentioned;
- circulation revenue (newsstands + subscriptions) fell by 7.2%. We note that the performance of television titles, which account for over 60% of the total, was better than the overall trend of circulation revenue, booking a smaller decline of only 6.2%.
- 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 45% versus the same period of 2022, showing a greater decrease than that of the related market, which saw a significant drop in the home video and music segments, where the Group's publications are most exposed.
- Other revenue, which includes revenue from subscription management and non-profit systems, recorded a decrease of around 10% on the third quarter of the previous year, mainly due to the decline in subscriptions managed.

EBITDA

Adjusted EBITDA for the Media area came to € 10.3 million, showing growth of approximately 10% 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 more than offset the decline in the margin on sales of collateral items;
- in the digital area, adjusted EBITDA is essentially stable on the same period of the previous year, due to higher advertising revenue, despite the higher costs incurred for launching new initiatives tied to the influencer marketing segment and the deconsolidation of the results of the digital activities of the titles sold.

Reported EBITDA amounted to \notin **14.1 million**, up from \notin 10.5 million in FY 2022, mainly due to the recognition of the net capital gain related to the sale of the titles *Grazia* and *lcon* (as well as of the related international network).

As a result, **EBIT** was a positive \in **10.1 million** versus \in **6.1** million at 30 September 2022, due to the improvement in operating and non-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.

Revenue, which in the first nine months of 2023 increased by approximately 7% on the same period of 2022, consisted mainly of the remuneration of services provided to subsidiaries and associates.

The area's **Adjusted EBITDA** amounted to a negative \notin 3.6 million, improving on \notin -4.0 million in the first nine months of 2022, due mainly to the reduction in utility costs relating to the management of the headquarters.

Including non-ordinary items, **EBITDA** amounted to \notin -4.5 million (\notin -4.6 million at 30 September 2022).

EBIT in the area amounted to \in -11.9 million (\in -11.7 million in the nine months of 2022), decreasing slightly by \in 0.2 million.

Corporate & Shared Services (Euro/millions)	9M 2023	9M 2022	Chg.
Revenue	31.6	29.6	1.9
Adj. EBITDA EBITDA	(3.6) (4.5)	(4.0) (4.6)	0.4 0.1
EBIT	(11.9)	(11.7)	(0.2)

STATEMENTS OF FINANCIAL POSITION

The Mondadori Group's **Net Financial Position** (excluding IFRS 16) at 30 September 2023 showed a net debt of \notin **152.3 million, down** on the \notin -173.4 million at 30 September 2022, despite the cash-outs incurred to pay dividends to shareholders.

The IFRS 16 Net Financial Position came to \notin -223.9 million, from \notin -235.7 million recorded at 30 September 2022, thereby decreasing by over \notin 10 million.

Note that figure includes an IFRS 16 component of \notin -71.6 million, an **increase of approximately** \notin 10 million versus 30 September 2022, mainly due to the opening of new stores and the renewal of leases on existing stores in the Retail area.

Note that the Net Financial Position at 30 September 2023 included a negative impact of the valuation of derivative instruments relating to interest rate risk hedging, amounting to around \notin 2 million compared to a benefit of approximately \notin 10 million at 30 September 2022 (\notin 10.5 million in December 2022).

Net Financial Position (Euro/millions)	9M 2023	9M 2022	2022
Cash and cash equivalents	27.5	17.0	34.9
Assets (liabilities) from derivative financial instruments	8.5	10.0	10.5
Other financial assets (liabilities)	(25.3)	(25.7)	(22.0)
Loans (short and medium/long term) Held-for-sale financial assets (liabilities)	(163.1) 0.0	(175.6) 0.8	(130.4) 0.9
Net Financial Position no IFRS 16	(152.3)	(173.4)	(106.1)
Financial payables IFRS 16	(71.6)	(62.3)	(71.3)
Total Net Financial Position	(223.9)	(235.7)	(177.4)

The overall credit lines available to the Group at 30 September 2023 amounted to \notin 646.3 million, \notin 418.3 million of which committed.

The Group's short-term loans, amounting to \notin 228.0 million, \notin 44.9 million of which drawn down at 30 September 2023, include overdraft credit lines on current accounts, advances subject to collection and "hot money" flows.

Committed lines of credit consist of the pool loan agreement (Banco BPM, BNL, Intesa Sanpaolo and Unicredit), amounting to an original \in 450.0 million (\in 418.3 million at 30 September 2023), stipulated in May 2021 and maturing on 31 December 2026:

(Euro/millions)	Line of Credit	Of which: unutilised	Of which with interest rate hedge
Term Loan A	63.3 ¹²	-	63.3
RCF	125.0 ¹³	125.0	-
Acquisition Line C	230.014	170.0	60.0
Total	418.3	295.0	123.3

An analysis of the Group's Cash Flow in the 12 months prior to 30 September 2023, compared to FY 2022, is provided below:

(Euro/millions)	30/09/2023	2022
Initial NFP IFRS 16	(235.7)	(179.1)
Financial liabilities application of IFRS 16	(62.3)	(84.3)
Initial NFP NO IFRS 16	(173.4)	(94.8)
Adjusted EBITDA (NO IFRS 16) NWC and provisions	133.6 (7.1)	120.9 6.3
CAPEX NO IFRS16	(38.7)	(41.7)
Cash flow from operations	87.8	85.5
Financial income (expense) no IFRS16	(5.7)	(4.1)
Tax	(17.4)	(21.6)
Ordinary Cash Flow	64.6	59.7
Restructuring	(4.1)	(8.8)
Share capital increase/dividends non-controlling interests and associates Purchase/disposal	(2.6) 0.2	(1.0) (42.6)
Other income and expenditure	(6.8)	(7.3)
Cash flow from extraordinary operations	(13.2)	(59.6)
Free cash flow	51.4	0.2
Dividends paid	(28.7)	(22.2)
Tot. cash flow	22.7	(11.5)
Change in valuation of derivatives	(1.5)	10.5
Net financial position excluding IFRS16	(152.3)	(106.0)
IFRS 16 effects in the period	(9.5)	13.1
Final net financial position	(223.9)	(177.4)

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

Ordinary cash flow was positive for \in 64.6 million, up on the figure recorded in FY 2022, due to: - on the one hand, the improvement in the business profitability, as well as the contribution of the companies consolidated in 2023, offset by the dynamics of working capital induced by the acceleration of the business;

- on the other, the lower tax payments for approximately € 4 million, mainly deriving from realignments and tax redemption applied during previous years;
- and to **lower cash-outs for investments** for approximately € 3 million.

¹² Maturities: 5 equal instalments of \in 15.8 million, maturing on 31 December each year until 31 December 2026; the exposure is fully hedged at a fixed rate (-0.086%)

¹³ Bullet loan, coming to maturity on 31 December 2026

⁴ 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 30 September 2023, relating to the loan for the acquisition of D Scuola, is \in 60 million; the exposure is fully hedged at a fixed rate (-0.098%).

Cash flow from non-ordinary operations came to a negative € 13.2 million and included mainly cashout for:

- acquisitions, which, net of disposals, came to approximately € 0.2 million consisting mainly of the consideration for the purchase of an additional 25% of A.L.I. (net of the respective NFPs), and the financial debt arising from the put/call agreements governing the future purchase of the remaining 49% of Star Comics and the remaining 25% of A.L.I., net of the collection in the Media area relating to the titles sold;
- restructuring costs of € 4.1 million.

Consequently, comprehensive Free Cash Flow generated by the Group at LTM level came to \notin 51.4 million at 30 September 2023, before the cash out linked to the payment of dividends of \notin 28.7 million in May 2023.

Below are the investments made by the Group in the two periods, broken down by business area, illustrating the lower capex incurred by the school textbook publishing houses (by around \notin 2 million) compared to the previous year.

Capex by Sector of Activity	30/09/2023	2022
	LTM	FY
Trade Books	3.5	3.6
Education Books	19.4	21.3
Retail	10.9	11.2
Media	1.0	1.0
Corporate & Shared Services	3.9	4.5
Total	38.7	41.7

Below is a summary of the Group's financial position at 30 September 2023 versus the same period of the prior year.

(Euro/millions)	9M 2023	9M 2022	% Chg.
Trade receivables	226.6	215.1	5.3%
Inventory	167.6	159.8	4.8%
Trade payables	265.3	252.3	5.2%
Other assets/ (liabilities)	(41.2)	(29.1)	n.s.
Net working capital from continuing operations	87.7	93.6	(6.2%)
Discontinued or discontinuing assets (liabilities)	0.0	(0.4)	(100.0%)
Net working capital	87.7	93.2	(5.9%)
Intangible assets	385.2	376.0	2.4%
Property, plant and equipment	31.1	19.4	60.0%
Investments	14.2	29.5	(51.9%)
Net fixed assets with no rights of use IFRS16	430.5	425.0	1.3%
Assets from rights of use IFRS16	68.2	59.3	14.9%
Net fixed assets with rights of use IFRS16	498.6	484.3	3.0%
Provision for risks	38.4	43.0	(10.8%)
Post-employment benefits	29.0	28.9	(10.8%) 0.4%
Provisions	67.4	72.0	(6.3%)
Net invested capital	519.0	505.5	2.7%
Share Capital	68.0	68.0	-%
Reserves	160.1	141.3	13.3%
Profit (loss) for the year	66.3	58.3	13.8%
Group shareholders' equity	294.4	267.5	10.0%
Minority shareholders' equity	0.6	2.3	(72.4%)
Equity	295.0	269.9	9.3%
Net financial position excluding IFRS16	152.3	173.4	(12.2%)
Net Financial Position IFRS 16	71.6	62.3	15.1%
Net financial position	223.9	235.7	(5.0%)
Sources	519.0	505.5	2.7%

Under the sale, in January 2023, of the business unit relating to the activities of the Grazia and Icon brands, the equity values of the above assets at 30 September 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 30 September 2023 came to \in **519.0 million**, up on the \in 505.5 million at 30 September 2022, despite the sales made in the last 12 months, mainly as a result of the acquisitions completed in 2023 (A.L.I., Il Castello and Grafiche Bovini).

The Group's **Net Working Capital** (of operating assets) amounted to \notin **87.7 million**, down versus \notin 93.6 million of the previous 12 months.

More specifically, the trend of key balance sheet figures versus 30 September 2022:

- trade receivables grew by over 5% (€ 11 million), concentrated on the Trade Books area, as a result of the discontinuities mainly due to the consolidation of A.L.I., and, in the Education Books area, due to the different mix of channels through which the turnover was generated compared to the same period of 2022. In the Media area, on the other hand, exposure to customers was down, also due to the disposal of the titles Grazia and Icon;
- inventory increased by 4.8% (approximately € 8 million), attributable to the Trade Books area (approximately € 5 million), mainly due to the expansion of the perimeter, and to the Retail area;
- trade payables increased by 5.2%, or € 13 million, due to changes in the scope of consolidation in the Trade Books area and greater purchases in the Retail area;
- other assets and liabilities recorded an increase in net liabilities of approximately € 12 million, mainly due to the increase in payables to authors, both in the Trade Books area and the Education Books area, as a result of revenue growth, and to the publishing houses consolidated starting in 2023;

• intangible assets rose by approximately € 9 million versus September 2022, due to the booking of the goodwill and other intangible assets mainly deriving from the acquisition of A.L.I., which was partly offset by the impairment test conducted in December 2022 (specifically regarding the brand TV Sorrisi&Canzoni in the Media area) and the amortisation booked in the last 12 months;

- tangible assets increased by approximately € 12 million, mainly due to changes in scope made during the period and investments made for the opening of new stores in the Retail area, in particular Piazza Duomo, Milan;
- right-of-use assets increased by approximately € 8 million, mainly due to the booking of the contracts for the new stores and the renegotiation of the leases for several stores in the Retail area;
- the value of **equity investments** decreased by approximately € 15 million, due to the acquisition of control of A.L.I., which made it possible to consolidate the company on a line-by-line basis from 1 January 2023, and the sale of Società Europea di Edizioni S.p.A., which took place in April;
- provisions (provisions for risks and postemployment benefits) also declined by approximately € 5 million on 30 September 2022, mainly linked to cash outflows relating to restructuring costs provisioned the previous year, deriving from the definition of certain positions, the closure of some legal disputes and the reduction in certain provisions to be reinvested in museum concessions.

Consolidated equity at 30 September 2023 increased by approximately \in 25 million versus the prior year, despite the distribution of approximately \in 29 million in dividends, due to the **Group's positive** net profit recognised in the last 12 months.

PERSONNEL

HEADCOUNT

Group employees - on both permanent and fixedterm contracts - amounted to **1,939**, **up by 2.3%** versus **1,895** resources at 30 September 2022 (+6 units). Neutralising the effects of all the changes in scope applied, namely the **acquisition of A.L.I. and the disposals of magazines in the Media area**, the Group's workforce would show a like-for-like increase of 1.3%, concentrated in the Digital Media and Trade Books areas.

Employees at 30 September 2023:

Headcount by Business Area	30/09/2023	30/09/2022	% Chg.
Trade Books Education Books Retail Media Corporate & Shared Services	598 290 306 432 313	550 297 308 448 292	8.7% (2.4%) (0.6%) (3.6%) 7.2%
Total	1,939	1,895	2.3%

In the **Trade Books** area, the headcount, net of the employees who joined the Group following the acquisitions of A.L.I. and Grafiche Bovini, was up by 0.7%, due mainly to the reopening of Electa Bookshops at exhibitions and museum sites.

The headcount in the **Retail** area was substantially stable, despite the opening of some direct sales outlets, as a result of the measures aimed at achieving greater efficiencies both in the central structures and in the organisational structure of the direct shop network. The trend recorded by the **Media** area (-3.6%) came to +4.8% like-for-like, therefore excluding the changes in scope that took place during the two periods under review (net of the headcount of the titles disposed of and of the acquisitions in the digital segment), as a result of the growth of the Digital division headcount.

The headcount of the **Corporate & Shared Services** area recorded growth of 7.2%, showing an increase by 3.4% net of the addition of certain staff functions deriving from the integration of Star Comics and A.L.I.

DIRECTORS' REPORT ON GROUP OPERATIONS AT 30 SEPTEMBER 2023

The cost of personnel¹⁵ in the first nine months of 2023 came to \notin **105.5 million**, unchanged on the same period of 2022: the like-for-like comparison, having neutralised all changes in scope applied, showed a slightly increasing trend (+2.6%) on the nine months of the previous year.

The percentage of this cost on consolidated revenue in the first nine months of 2023 was confirmed as equal to that of the previous year (15.5% at 30 September 2022).

€ millions	9M 2023	9M 2022	% Chg.
Cost of enlarged personnel (before restructuring)	105.5	105.4	0.1%

¹⁵ Cost of enlarged personnel includes costs for collaborations and temporary employment

SIGNIFICANT EVENTS IN THE FIRST NINE 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 \notin 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 \notin 17.8 million.

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.

On **20 April 2023**, the Mondadori Group executed the contract of sale to P.B.F. S.r.l. of the shareholding, equal to 18.45% of the share capital, in Società Europea di Edizioni S.p.A., publisher of "il Giornale".

The consideration for the transaction, to be fully settled in cash, was defined at \in 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 \in 0.5 million. Note that in FY 2022, the investment in question recorded charges of \in 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.

On **29 June 2023**, the Board of Directors of Arnoldo Mondadori Editore S.p.A. examined and defined - in light of a more favourable evolution than had been previously forecast of both the business and the prices of the main production factors - the upwards revision of the FY 2023 targets previously disclosed to the market and better detailed below.

The Mondadori Group also reported that the parent company Arnoldo Mondadori Editore S.p.A. had, on that date, signed the contract for the acquisition of an equity investment equal to 51% of the share capital of Star Shop Distribuzione S.r.l. operating in the distribution of third party publishers in the comics channel and in the management of direct and franchised sales outlets in the same segment.

The acquisition would make it possible to replicate the vertically-integrated business model with which the Mondadori Group already operates in the book segment, in the comics segment.

DIRECTORS' REPORT ON GROUP OPERATIONS AT 30 SEPTEMBER 2023

The acquisition of 51% of the share capital of Star Shop Distribuzione has been defined on the basis of an enterprise value, on a cash free/debt free basis (in relation to 100% of the Company), of \notin 9 million.

The price, which will be paid in full, in cash, at closing, will be adjusted on the basis of the net financial position and net working capital at the date on which the acquisition is completed.

The execution of the transaction is

subject to the issue by the Antitrust Authority, in accordance with Law 287/1990, of a ruling not to start an investigation or to authorise the transaction, which entails no charges or requirements or corrective measures considered relevant for the Mondadori Group or Star Shop Distribuzione.

The agreements defined also envisage the signing of put & call option contracts governing the transfer of the residual 49% share of Star Shop Distribuzione. The options will be available for exercise in two equal tranches respectively starting from the approval of the 2025 financial statements and of the 2028 financial statements, at a price to be defined on the basis of the company's results during the three-year periods 2023-2025 and 2026-2028.

In FY 2022, Star Shop Distribuzione recorded revenues of \notin 34.2 million, EBITDA of \notin 2 million and net profit of \notin 1.2 million.

The transaction sees Sergio Cavallerin and Matteo Cavallerin - who founded and to date have successfully managed the company - retain management responsibility and continue to hold the role of Executive Directors in the Company.

On **6 July 2023**, Arnoldo Mondadori Editore S.p.A. announced the following:

"Marina Berlusconi, Chairman of the Board of Directors, and Pier Silvio Berlusconi, Director, having been read the will of their father Silvio Berlusconi, report that it would appear that no party will hold indirect sole control of Fininvest S.p.A., as previously exercised by their father. The notary who read out the testamentary will, will fulfil the legal requirements in the coming hours."

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2023

No significant facts or events occurred after 30 September 2023.

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 profit for the period before income tax, other financial income and expense, amortisation, 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 income 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;
- any income and expense from non-ordinary events and transactions as set out in CONSOB Communication DEM6064293 of 28/07/2006.

(Euro/thousands)	9M 2023	9M 2022
Gross Operating Profit - EBITDA (as shown in the financial statements)	131,492	114,466
Restructuring costs under "Cost of personnel"	1,255	1,018
Income of a non-ordinary nature included in "Sundry expense (income)" and "Cost of services"	(3,438)	14
Adjusted Gross Operating Profit - Adjusted EBITDA (as shown in the Directors' Report on Operations)	129,309	115,498

With regard to <u>adjusted EBITDA in the first nine</u> <u>months of 2022</u>, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 1 million, included in "Cost of personnel" in the income statement;
- expense of a non-ordinary nature for a total of € 0.014 million, included in "Sundry expense (income)" and "Cost of services".

With regard to <u>adjusted EBITDA in first nine months</u> of 2023, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 1.3 million, included in "Cost of personnel" in the income statement;
- income of a non-ordinary nature for a total of € 3.4 million, included in "Sundry expense (income)" and "Cost of services".

Operating result(EBIT): net profit 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 amortisation deriving from the company purchase price allocation and the write-downs of intangible assets.

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

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

The current estimates for FY 2023 - previously announced to the market as improving on the assumptions at the beginning of the year, due to a more favourable evolution of the business both regarding prices and the main industrial factors, primarily paper - forecast:

Income Statement

- Single-digit growth of revenue;
- high single-digit/low double-digit growth in Adjusted EBITDA, with margins expected to range between 16% and 17%;
- approximately 20% growth in the net profit, despite the higher amortisation/depreciation deriving from both the increasing investment policy implemented by the Group and the effects of the Purchase Price Allocation process related to the recently-acquired companies, thanks to both the operational improvement and the nonrecurring accounting effects of the sales carried out.

Cash Flow and Net Financial Position

- Ordinary Cash Flow is expected to fall within a range of € 65 to 70 million, showing growth of up to 15% 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 confirmed 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.

63

For the Board of Directors

The Chairman Marina Berlusconi

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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 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 30 September 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets	30/09/2023	31/12/2022
(Euro/thousands)	30/09/2023	51/12/2022
Intangible assets	385,196	372,297
Land and building	_	_
Plant and equipment	11,010	3,280
Other fixed assets Property, plant and equipment	20,077 31,087	20,854 24,133
Assets from rights of use	68,157	68,453
Equity-accounted investees Other investments	13,931 260	28,450 1,298
Total investments	14,191	29,748
Non-current financial assets	11,486	13,410
Deferred tax assets Other non-current assets	68,478 1,784	67,878 168
Total non-current assets	580,379	576,088
Tax receivables	12,688	9,049
Other current assets	80,496	72,213
Inventory Trade receivables	167,586 226,637	151,353 161,230
Other current financial assets	2,949	614
Cash and cash equivalents	27,541	34,941
Total current assets	517,897	429,399
Discontinued or discontinuing operations	-	1,159
Total Assets	1,098,276	1,006,647

65

Liabilities	30/09/2023	31/12/2022
(Euro/thousands)	30/09/2023	51/12/2022
Share Capital	67,979	67,979
Treasury shares Other reserves and profit/loss carried forward	(2,371) 162,486	(2,024) 141,540
Profit (Loss) for the year	66,302	52,067
Group equity	294,396	259,562
Share capital and reserves attributable to non-controlling interests	642	1,263
Total Equity	295,038	260,826
Provisions	38,385	41,922
Post-employment benefits Non-current financial liabilities	29,028 133,639	28,350 119,250
Financial liabilities IFRS 16	58,384	58,096
Deferred tax liabilities	40,018	42,255
Other non-current liabilities	-	-
Total non-current liabilities	299,453	289,873
Income tax payables Other current liabilities	19,782 144,828	10,671 142,049
Trade payables	265,302	252,689
Payables to banks and other financial liabilities	60,611	36,717
Financial liabilities IFRS 16	13,262	13,166
Total current liabilities	503,785	455,292
Liabilities disposed or being disposed of	-	655
Total liabilities	1,098,276	1,006,647

CONSOLIDATED INCOME STATEMENT

(Euro/thousands)	30/09/2023	30/09/2022
Revenues from sales and services	679,935	678,186
Decrease (increase) in inventory	(14,422)	(25,583)
Cost of raw and ancillary materials, consumables and goods	122,637	127,171
Cost of services	349,044	367,318
Cost of personnel	99,969	99,855
Sundry expense (income)	(8,785)	(5,039)
EBITDA	131,493	114,463
Amortisation and impairment loss on intangible assets	24 949	22,971
	24,848	
Depreciation and impairment loss on property, plant and equipment	5,051	3,118
Amortization/depreciation and impairment loss of assets from rights of use	11,129	10,394
EBIT	90,465	77,979
Financial expense (income)	6,163	2,800
Expense (income) from investments	(2,819)	(601)
Result before tax	87,121	75,781
Income tax	20,513	17,621
Result from continuing operations	66,607	58,159
Result from discontinued or discontinuing operations	_	_
S . Net profit	66,607	58,159
Attributable to:		
- Non-controlling interests	306	(117)
- Parent Company shareholders	66,302	58,276
Earnings per share of continuing operations (expressed in Euro units)		
	0.256	0.224
Diluted earnings per share of continuing operations (expressed in Euro units)		
	0.255	0.223
Net earnings per share (in Euro units)	0.255	0.224
Diluted net earnings per share (in Euro units)	0.255	0.224

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/thousands)	30/09/2023	30/09/2022
Net profit	66,607	58,152
Items reclassifiable to income statement		
Profit and loss deriving from the conversion of currency denominated financial statements of foreign companies Other profit (loss) from equity-accounted investees	98	3,257
	(213)	125
Effective part of profit/(loss) on cash flow hedge instruments Profit and loss deriving from held-for-sale assets (fair value)	(1,924)	10,092
Tax effect on other profit (loss) reclassifiable to income statement		
	462	(2,422)
Items reclassified to income statement		
Effective part of profit/(loss) on cash flow hedge instruments		
Profit and loss deriving from held-for-sale assets (fair value) Tax effect on other profit (loss) reclassifiable to income statement		246 _
	-	(59)
Items not reclassifiable to income statement		
Actuarial profit (loss) Tax effect on other profit (loss) not reclassifiable to income statement	(176)	763
	55	(187)
Total other profit (loss) net of tax effect	(1,698)	11,815
Total net profit (loss)	64,910	69,967
Attributable to:		
- Non-controlling interests - Parent Company shareholders	293 64,617	(117) 70,084

For the Board of Directors The Chairman Marina Berlusconi

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68