GRUPPO MONDADORI

PRESS RELEASE

Board of Directors approves results as at 31 December 2023

MONDADORI GROUP: 2023 EARNINGS UP STRONGLY ON 2022

- **Consolidated net revenues € 904.7 million, +0.2% on 2022 and +1.1% on a like-for-like basis**
- **Adjusted EBITDA € 152.1 million, +11.5% on 2022. Overall, profitability stands at 16.8%, up by almost 2 percentage points on 2022 and in the upper part of the guidance communicated (16-17%)**
- **Group net profit € 62.4 million, +20% on 31 December 2022**
- **Solid cash generation confirmed with an Ordinary Cash Flow of € 68.7 million, up 15% compared to the 2022 figure and in the upper part of the guidance (€ 65-70 million)**
- **Net financial position (no IFRS 16) € -86.1 million. Considering the effects of IFRS 16, the NFP is € -158.6 million, showing an NFP/Adjusted EBITDA ratio of 1.0x, perfectly in line with the target communicated and falling sharply from 1.3x at the end of 2022**
- **The Group's significant ability to self-finance its growth policy via external lines and to remunerate shareholders is confirmed**
- **Proposed distribution of a dividend of € 0.12 per ordinary share (for a total of approximately € 31 million), +9% on 2022**

OUTLOOK

- **Revenues expected to grow low single-digit in 2024, also thanks to the effects of the consolidation of Star Shop**
- **Adjusted EBITDA expected to achieve mid single-digit growth, with margins around 17% thanks to targeted pricing policies and the further reduction in paper and printing costs**
- **2026: expected consolidated revenues, on a like-for-like basis, of around € 1 billion and a proportionally growing margin with consequent confirmation of profitability at around 17%**
- **Significant cash generation capacity in the three-year period 2024-2026, with an expected annual Ordinary Cash Flow of no less than € 70 million**
- **The Group's significant cash generation will be allocated to both maximising the company's value creation, through a continuous development strategy, and a growing shareholder remuneration policy: further significant increase of the Dividend Policy**

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Segrate, 14 March 2024 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the draft Parent Company and Group consolidated financial statements at 31 December 2023 presented by CEO Antonio Porro.

"In the financial year just ended, the Mondadori Group continued to develop its core business, focused on strengthening its presence in book publishing as well as on promotion and distribution for third-party publishers. The Group achieved excellent consolidated earnings, significantly higher than the previous year. The Group's current configuration, also in light of the economic and financial results achieved in 2023, allows us to predict further improvement for 2024 of results even with the same consolidation scope", underlined **Antonio Porro, CEO of the Mondadori Group**.

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PERFORMANCE AT 31 DECEMBER 2023

Consolidated revenues for 2023 amounted to **€ 904.7 million**, a slight increase (+0.2%) on the € 903 million recorded in 2022. Net of the changes in consolidation scope between the two financial years, the organic growth in revenues rose to 1.1%.

The **Adjusted EBITDA** for 2023 of **€ 152.1 million** (compared to € 136.3 million in 2022) shows an increase of almost € 16 million (+11.5% and consistent with the guidance, which estimated a high single/low double-digit increase) to which all business areas contribute.

Netting the results for the two periods in question of the reliefs and contributions respectively paid, the growth recorded by Group's Adjusted EBITDA would exceed € 19 million (+14.2%). Two thirds of this result is derived from the operating performance of the original consolidation scope (thanks, in particular, to the Education and Retail Books areas) and the remaining part is mainly attributable to the consolidation of the new companies acquired in the Trade Books area.

Overall, **profitability** stood at **16.8%**, up by almost 2 percentage points from around 15% in the 2022 financial year and **in the upper part of the target range** previously communicated to the market.

The Group **EBITDA** for the 2023 financial year was **€ 148.9 million**, compared to € 130.7 million in 2022, highlighting an € 18.2 million improvement (+13.9%) attributable to the favourable trend in some operating components and the recognition in the 2023 financial year, in the Media area, of the net capital gain resulting from the sale of the *Grazia* and *Icon* magazines (and the related international network).

The 2023 **EBIT** was positive in the amount of **€ 84.2 million**, showing an improvement of € 11.5 million compared to 2022 (+15.8%). Neutralising the extraordinary items and the impacts of the PPA and impairment processes, the **Adjusted EBIT** would stand at € 102 million, up by approximately € 12 million (+13.1%) compared to the previous year.

Financial charges recorded an overall increase of over € 2 million, with approximately € 0.5 million resulting from the higher cost of debt - despite a reduction in average exposure - and the remaining € 1.6 million resulting from higher costs arising from the accounting effects of IFRS 16 which, in the 2022 financial year, had allowed non-recurring income (approximately € 1.4 million) linked to the early closure of the old rental contract for the Segrate headquarters to be recognised.

Consolidated result before tax were positive at **€ 80.5 million**, up by about € 14 million (+20.4%) from € 66.9 million in 2022. Also contributing to this performance was an improvement of over € 4 million in the earnings of associates, resulting in particular from: the updated fair value measurement of the investments in A.L.I. and Adgage for a total of approximately € 2 million; the recognition of a capital gain - net of the negative result for the first four months - of € 0.4 million relating to the sale in April 2023 of the residual investment in SEE, the publishing company of *Il Giornale*, which reported a loss of approximately € 1.8 million in the previous year; the absence of the write-down of the equity investment in Attica, which had a € 1.7 million impact on the 2022 financial year.

The Mondadori Group's **net profit** for the year to 31 December 2023, after minority interests, amounted to **€ 62.4 million**, a significant improvement of about 20%, in line with expectations and despite the impairment, equivalent to € 10.3 million, compared to € 52.1 million in 2022. The net profit for 2023 triples the value of the 2019 financial year.

Tax costs in the period totalled € 17.9 million versus € 15.3 million in 2022 due to the higher pre-tax result.

Adjusted net profit for the 2023 financial year, neutralising all non-recurring items previously mentioned, would amount to about **€ 71 million**, up by around 11% on the previous year (€ 63.9 million).

The **Net Financial Position excluding IFRS 16** as of 31 December 2023 was € -86.1 million (net debt), an improvement of € 20 million compared to € -106 million in 2022, due to significant cash generation by the business and despite the dividend distribution cash-out. In the financial year 2023, the Group **distributed dividends totalling approximately € 29 million**, equivalent to a pay-out of 55% of the 2022 net profit.

The **IFRS 16 Net Financial Position** as of 31 December 2023 amounted to € -158.6 million (net debt), from € -177.4 million in 2022, due to an IFRS 16 debt component of € -72.5 million. The Adjusted NFP/EBITDA ratio is 1.0x, exactly in line with the target communicated to the market and down from 1.3x at the end of 2022.

At **€ 68.7 million**, **cash flow** from **ordinary activities** (after cash-outs due to financial expenses and taxes) for the financial year 2023 is 15.1% higher than the figure for 2022 and is at the high end of the guidance (EUR 65-70 million).

As of 31 December 2023, the **extraordinary cash flow was negative by € 15.3 million**, mainly due to net cash-outs related to merger & acquisition activities of around € 5 million and restructuring costs of around € 5 million.

Free Cash Flow as of 31 December 2023 was positive at € 53.5 million and confirms the Group's ability to finance its inorganic growth policy and **the distribution of significant dividends to shareholders**.

As of 31 December 2023, **the Mondadori Group employed 1,945 people**, an increase of 2.4% compared to the 1,900 employed at 31 December 2022 (+45 people).

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PERFORMANCE OF BUSINESS AREAS

Trade *BOOKS* AREA

Following the consolidation phase in 2022, in 2023 the **book market** showed **further growth in value of 3.4%** and a substantial stability in volume. In the fourth quarter, **the value increased by 5.7%** thanks to the excellent earnings recorded during the Christmas season.

In this context, the Mondadori Group's publishing houses grew by **3.7%** across 2023, **outperforming the market of reference** - particularly thanks to the excellent earnings achieved in the first and fourth quarters from the publication of titles such as *Spare - Il minore ("Spare")*. by Prince Harry, *Le armi della luce ("The Weapons of Light")* by Ken Follett, published by Mondadori, and *La vita intima* by Nicolò Ammaniti, published by Einaudi -, and consolidate their **leadership nationally** with a **market share** of **27.6%** at the end of 2023.

Revenues for 2023 amounted to **€ 374.3 million**, having **grown by around 10.4%** compared to the previous year, also due to the consolidation of the recently acquired companies (A.L.I. and Star Comics).

Adjusted EBITDA was **€ 59.2 million**: net of the reliefs relating to Electa's museum activities, amounting to € 6.4 million, from which the 2022 financial year had benefited, **the area recorded an increase in its margin of around 22% (+ € 10.5 million)**, largely attributable to the contribution of the new companies consolidated from 2023, despite the negative impact of the higher cost of paper compared to the previous period. The **profitability** achieved by the Trade Books area was **15.8%** in 2023, showing improvement on 2022, excluding the contribution of the reliefs (14.4%).

Education *BOOKS* AREA

The **Schools** market (primary and secondary schools) in Italy in 2023 is estimated to have **grown** by around **3.5%** on the previous year to approximately € 618 million.

In the 2023 financial year, the Mondadori Group's publishing houses confirmed their leadership at national level, with a **32% share** of the set texts market, **substantially stable** compared to 2022, due to growth in the secondary school segment (middle and high schools) and a decline in primary schools.

Revenues in the area were € 237.5 million (€ 237.3 million in 2022), stable compared to the previous year. In particular, lower and upper **secondary school** revenues, which account for over 80% of the area's revenues, grew **by around 5%**, versus a fall in primary school revenues (-6.5% compared to 2022). In addition to the above, there was a decline of approximately 6% in the distribution and sale of third-party products by Rizzoli Education (dedicated to the teaching of foreign languages) and a contraction in sales of non-set text products.

The area's **Adjusted EBITDA** in 2023 was **€ 67.7 million**, a distinct improvement on the € 63.5 million recorded in 2022 (+6.7%), thanks to the contribution of all publishing houses and the full completion of the synergies resulting from the integration of D Scuola.

The **28.5% profitability in 2023** was higher than that recorded in 2022 (26.7%) thanks to the lower incidence of industrial costs - as a result of the lower cost of paper purchases, down by around € 4 million - and promotional costs.

***RETAIL* AREA**
In a context of growth in the Italian market, there was **an improvement in the physical channel (+4.3%)** and a recovery in the **online channel**, which saw a gradual recovery in the fourth quarter, closing the year with an **increase of 2%**.

In 2023, Mondadori Retail **grew by 5.6%, outperforming the market of reference for the third consecutive year**. Thanks to this result, which was due to the excellent performance of physical shops, Mondadori Retail's **market share** grew to 12.8% (+0.3% compared with 31 December 2022) of the total market and was close to **20% of the physical market**. The ongoing development and renovation of existing stores and the focus on the core business of books enabled the Mondadori bookshop network to consolidate its role in the market.

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 2023, which highlights strong growth in revenue and margins of the Retail area.**

Revenues amounted to **€ 199.5 million**, up **5.4% (+ € 10.3 million)** on the previous year, the highest value recorded since the pre-pandemic year 2019.

An analysis of sales by channel shows further **growth in revenues from direct bookshops** (+10.3% compared with the previous year), **franchised bookshops** (+4.5% compared with 2022) and **the online channel** (+3.1% compared with the previous year).

Books, the Mondadori Group's core business, provided the greatest revenues **(over 80% of the total), having grown overall by 6.1%** compared with 2022, driven by the excellent performance of physical stores; the **non-book turnover** recorded a positive trend (+14.4% compared with 2022), thanks to growth in the impulse sector (stationery and gifts).

The area shows a positive **Adjusted EBITDA** of € 14 million, **up by more than 50%** compared to 2022 (+ € 4.9 million), confirming a gradual improvement in performance (in 2019, Adjusted EBITDA was € 5 million).

It is important to note that the area's 2023 income statement returned to profit after more than a decade, closing with a **positive net profit of € 1.5 million**, an improvement of € 3 million compared to the loss of € -1.4 million in 2022.

***MEDIA* AREA**
In 2023, the Mondadori Group confirmed its position as **Italy's leading multimedia publisher**: in print, with 13 magazines and 9 million readers and a market share (in terms of circulation) of 20.3%, slightly up - on a like-for-like portfolio of titles - compared with December 2022 (19.8%); online, with 12 brands and an average of around 28 million unique users/month; in social media, with more than 110 profiles and a fanbase of around 103 million as of 31 December 2023.

In the financial year 2023, **revenues in the Media area** amounted to € 141 million, down by 20.6% compared to the previous year. **On a like-for-like basis**, this contraction was reduced to 2.7% by the positive performance achieved in the fourth quarter of the year (+7% approximately) and highlights **different trends** in the two components: digital and print.

Digital activities, which account for **around 40% of total turnover** for the area, recorded **an increase in advertising revenues of around 23%**, mainly due to the positive performance of the MarTech segment; **print activities fell by 14.8%**, mainly due to the decline in add-on sales for the entire year caused by the decision to reduce releases in low-margin products such as music and home video.

Adjusted EBITDA amounted to **€ 16.4 million**, about **+16%** year-on-year, attributable to both business segments. The **EBITDA margin** recorded **an increase of almost 4 percentage points, from 7.9% to 11.7%**. Specifically: in the **print** area, the increase was due to the rationalisation of the portfolio of activities with more stable profitability, the constant attention being paid to the development and rationalisation of costs, as well as the recognition of a tax credit to partially offset the costs incurred by the publisher for magazine distribution activities; in the **digital** area, adjusted EBITDA increased by approximately € 1 million compared to the previous year, thanks to higher revenues and the contribution of new initiatives, despite the earnings from the digital activities of the magazines sold being removed from the consolidation scope.

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OUTLOOK FOR THE YEAR

The Group's current configuration, economic performance and cash generation capacity, also demonstrated in 2023, point to a further improvement in results for 2024, even on a like-for-like basis.

From a strategic point of view, the Group intends to continue the process of **strengthening its core business in the Trade Books area**, both in publishing, by emphasising the identity and **specialisation of the various publishing houses**, and by continuing the process of **vertical integration** in the various stages of the book chain, particularly in the comics segment, by taking full advantage of the distribution synergies arising from the acquisition of Star Shop.

In the **Education Books area, it will continue to focus on the most profitable segments of the textbook market** and consolidating its domestic leadership, **strengthening and renewing its editorial offer** and **taking full advantage of the digital convergence process** (through the development of a new single digital platform for all three publishing houses).

In the **Retail** area, **the Mondadori Group will continue with the selective development of its network of shops**, both direct - by opening around ten new outlets - and franchised, as well as with **improving the sales surface area**, **maximising the efficiency of the network** and **enriching its range of publications**, which is essential both to increase the profitability of the area and to improve its effectiveness in conveying the Group's editorial offer to the market.

In the Media area, the Mondadori Group will at the same time continue to strengthen its competitive positioning by **developing its skills and offer in the digital area**, in particular through initiatives **in the content creator, Food and MarTech segments**.

Income Statement

The following are the Group's economic and financial targets for the financial year 2024, based on a consolidation scope that includes only completed extraordinary transactions (Star Shop):

- **low single-digit revenue growth**;
- **mid single-digit growth in the Adjusted EBITDA**, with **margins expected to remain stable at around 17%**, thanks to targeted pricing policies and the further reduction of paper and printing costs.

At the end of the next three-year period, i.e. in the financial year 2026, with the consolidation scope described above and therefore with the only organic growth, the Group **estimates that it will be able to achieve consolidated revenues in the region of € 1 billion** and a proportional growth in margins that will enable it to confirm **profitability** approximately at 17%.

Cash Flow and Net Financial Position

In the three-year period 2024-2026, the Group is expected to confirm the significant cash generation capacity shown in 2023 and therefore **cash flow from ordinary operations of no less than € 70 million**.

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DIVIDEND POLICY

The Group's significant cash generation over the next three years will be allocated to **maximising the company's value creation**, through an active investment policy in its core and adjacent businesses aimed at seizing opportunities to strengthen its leadership, expand geographically and/or expand its presence within the book value chain. This development strategy will be accompanied by an **increasing shareholder remuneration** policy, through a more consistent **Dividend Policy** that provides for, each year of the three-year-period, the distribution of 50% of the Ordinary Cash Flow per share (from the previous 40%) or the Dividend per Share of the previous year increased by 10%, whichever is the greater.

Each year, the Board of Directors, when proposing the distribution to the Shareholders' Meeting, will take account of the general macroeconomic scenario, as well as the expected cash flows and the Group's equity and financial structure.

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PERFORMANCE OF ARNOLDO MONDADORI EDITORE S.P.A.

The Parent Company's income statement at 31 December 2023 shows the same profit as in the consolidated financial statements of **€ 62.4 million** (€ 52.1 million in 2022), due to the fact that the Company has chosen to use the equity method to measure its investments in the separate financial statements.

Revenues, which consist of the costs of central structures charged back to the subsidiaries, amounting to **€ 43.1 million**, increased by about 3% compared to the previous year, due to higher charges (related to IT services and occupied space) resulting from the expansion of the Group's consolidation scope and the respective offices.

Adjusted EBITDA in 2023 was € -5.6 million, essentially stable compared to 2022 (€ -5.7 million in 2022).

Reported EBITDA for 2023 was € -7.5 million, down from 2022 (€ -6.7 million), mainly due to higher allocations related to restructuring costs.

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DIVIDEND DISTRIBUTION PROPOSAL OF € 0.12 PER ORDINARY SHARE

Based on the results of the 2023 financial year, the Board of Directors will submit a proposal to the next Shareholders' Meeting, convened on 24 April 2024, for the distribution of a **dividend per share of € 0.12**, gross of withholding taxes, **for each ordinary share** (net of treasury shares) outstanding at the record date.
The total dividend amounted to approximately **€ 31 million, up by 9%** compared to the previous year: this amount corresponds to a **pay-out of 50%** of the net profit for 2023 and a **dividend yield of almost 6%** (as of 31 December 2023). The amount will be paid by drawing on the distributable portion of the extraordinary reserve (included in the equity item "Other reserves profit/loss carried forward").
In compliance with the provisions of the "Regulations for markets organised and managed by Borsa Italiana S.p.A." and as already announced, the dividend will be paid in two equal tranches:

- unit amount of € 0.06 for each ordinary share (net of treasury shares) outstanding at the record date stated below, from 22 May 2024 (payment date), with ex-dividend date no. 23 on 20 May 2024 (ex date) and with the date of entitlement to payment of the dividend, pursuant to Article 83-*terdecies* of the TUF (record date), on 21 May 2024;
- unit amount of € 0.06 for each ordinary share (net of treasury shares) outstanding on the record date stated below, from 20 November 2024 (payment date), with ex-dividend date no. 24 on 18 November 2024 (ex date) and with the date of entitlement to payment of the dividend, pursuant to Article 83-*terdecies* of the TUF (record date), on 19 November 2024.

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SIGNIFICANT EVENTS AFTER YEAR-END 2023

On **1 February 2024**, through its subsidiary Mondadori Libri S.p.A., the Mondadori Group finalised the **acquisition of 51%** of the share capital of **Star Shop Distribuzione S.r.l.**, which operates in the comic book and gadget segment and is particularly active in the distribution of third-party publishers in the comic book shop channel and in the management of sales outlets - direct and affiliated - in the same segment. As communicated to the market on 29 June 2023, following authorisation by the Italian Antitrust Authority pursuant to Law 287/1990 - as previously announced on 3 November 2023 -, the transaction is effective from 1 February 2024, as of which Mondadori will also proceed with the line-by-line consolidation of the company.

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PROPOSED RENEWAL OF THE AUTHORIZATION TO PURCHASE AND DISPOSE OF TREASURY SHARES

Following expiry of the previous authorization resolved upon by the Shareholders' Meeting on 27 April 2023, with the approval of the financial statements at 31 December 2023, the Board of Directors will propose to the next Shareholders' Meeting, called for 24 April 2024, the

renewal of the authorization to purchase and dispose of treasury shares with the aim of retaining the applicability of law provisions in the matter of any additional buyback plans and, consequently, of seizing any investment and operational opportunities involving treasury shares.
Below are the main elements of the Board of Directors' proposal, which are consistent with those of the expired authorization:

● **Motivations**

The motivations underlying the request for the authorization to purchase and sell treasury shares refer to the opportunity to attribute to the Board of Directors the power to:
- use the Treasury Shares purchased or already in the Company portfolio as compensation for the acquisition of interests within the framework of the Company's investments;
- use the treasury shares purchased or already held in portfolio against the exercise of option rights, including conversion rights, deriving from financial instruments issued by the Company, its subsidiaries or third parties and to use the treasury shares for lending, exchange or transfer transactions or to support extraordinary transactions on the Company's capital or financing transactions that imply the transfer or sale of treasury shares;
- undertake any investments, directly or through intermediaries, including for the purpose of containing abnormal movements in share prices, stabilizing share trading and prices, supporting the liquidity of the share on the market, in order to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- rely on investment or divestment opportunities, if considered strategic by the Board of Directors, also in relation to available liquidity;
- dispose of treasury shares to service share-based incentive plans set up pursuant to Article 114-bis of the TUF, and plans for the free allocation of shares to employees or members of the governing bodies of the Company or to Shareholders.

● **Duration**

The authorization to purchase treasury shares runs from the date of any resolution approving the proposal by the Shareholders' Meeting, until the Shareholders' Meeting called to approve the financial statements at 31 December 2024 and, in any case, for a period no more than 18 months after that date. The authorization to dispose of treasury shares is requested for an unlimited period, given the absence of time limits pursuant to current regulations and the opportunity to allow the Board of Directors to make use of the maximum flexibility, also in terms of time, to carry out any disposal of shares.

● **Maximum number of purchasable treasury shares**

The authorisation would allow the purchase, on one or more occasions and in one or more tranches, of a maximum number of ordinary shares with a nominal unitary value of € 0.26, which - considering the treasury shares already held by the Company and the shares that may possibly be acquired by subsidiaries - shall not exceed a total of 10% of the share capital.
Pursuant to article 2357(1) of the Italian Civil Code, the purchase transactions will be carried out within the limits of the distributable profits and available reserves resulting from the last regularly approved financial statements at the time of each potential purchase transaction. The authorisation would include the right to subsequently dispose of the treasury shares acquired, in whole or in part, on one or more occasions and even before having exhausted the maximum number of purchasable shares.

● **Criteria for purchasing treasury shares and indication of the minimum and maximum purchasing cap**

Purchases would be made in accordance with articles 132 of the TUF, 144-bis(1)(b) and d-ter) of the Issuers' Regulation, and thus:

(i) on regulated markets or multilateral trading systems, according to the operating criteria established in the organisation and management regulations of the same markets, which do not allow the direct matching of purchase trading proposals with predetermined sales trading proposals, as well as in compliance with any other legislation in force, including European ones.
(ii) by the methods established by the market practices permitted by Consob, pursuant to the combined provisions of article 180(1)(c) of the TUF and article 13 of Regulation (EU) no. 596 of 16 April 2014 ("Permitted Market Practices").
Additionally, share purchase transactions may also be carried out in the manner envisaged in Article 3 of EU Delegated Regulation no. 2016/1052 in order to benefit, if the conditions are met, from the exemption under Article 5, paragraph 1, of EU Regulation no. 596/2014 on market abuse with regard to inside information and market manipulation.
The disposal of treasury shares may be made, on one or more occasions and even before having terminated the maximum number of purchasable treasury shares, either by selling them on regulated markets or according to other trading methods in compliance with the law, including EU law, in force and with the Admitted Market Practices, if applicable. The authorisation proposal provides that purchases are made at a unit price, compliant with any regulatory requirements, including European ones, or permitted market practices in force at the time, where applicable, without prejudice to the fact that the minimum and maximum purchase price will be set at a unit price no lower than the official stock market price of the Mondadori stock on the day prior to the day on which the purchase transaction is carried out, decreased by 20%, and no higher than the official stock market price on the day before the day on which the purchase transaction will be carried out, increased by 10%. In any event - except for any different price and volume determinations resulting from the application of the conditions set forth in the Admitted Market Practices - such price shall be identified in accordance with the trading conditions set forth in Delegated Regulation (EU) no. 1052 of 8 March 2016 and, specifically:

- no shares may be purchased at a price higher than the higher between the price of the last independent trade and the price of the highest current independent bid on the trading venue where the purchase is carried out; and
- in terms of volumes, daily purchase amounts will not exceed 25% of the daily average volume of Mondadori shares traded as recorded in the 20 trading days before the dates of purchase or in the month prior to the month of the disclosure required by Art. 2, paragraph 1, of Regulation (EU) no. 1052/2016.
- In terms of consideration, sales transactions or other acts of disposition of treasury shares shall be carried out:
- if executed in cash, at a price no lower than 10% of the reference price recorded on the MTA - Euronext Milan - organized and managed by Borsa Italiana S.p.A. in the trading session prior to each single transaction;
- if executed as part of any extraordinary transactions in accordance with financial terms to be determined by the Board of Directors on the basis of the nature and characteristics of the transaction, also taking account of the market performance of Mondadori shares;
- if executed to service the Performance Share Plans in compliance with the terms and conditions set out in the resolutions of the Shareholders' Meeting that establish the Plans and the related regulations.

To date, Arnoldo Mondadori Editore S.p.A. holds a total of no. 1,277,802 treasury shares, equal to 0.488% of the share capital.

For further information on the proposed authorization for the purchase and disposal of treasury shares, reference should be made to the Directors' Explanatory Report, which will be published within the time limits and in the manner prescribed by applicable regulations.

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GRANTING OF SHARES UNDER THE 2021-2023 PERFORMANCE SHARE PLAN: INFORMATION PURSUANT TO ART. 84-BIS, PARAGRAPH 5 CONSOB REGULATION NO. 11971/1999

The Board of Directors, based on the final assessment of the achievement of the Performance Targets underlying the Plan, and having heard the Remuneration and Appointments Committee, resolved to allocate a total of no. 729,331 Arnoldo Mondadori Editore S.p.A. shares to a total of 13 beneficiaries, implementing the provisions of the "2021-2023 Performance Share Plan" adopted by the Shareholders' Meeting on 27 April 2021 (the "2021-2023 Plan").

Mention should be made that the 2021-2023 Plan takes the form of a share granting plan and grants its beneficiaries the right to receive, free of charge, shares in the Company held as treasury shares provided that, at the end of a reference period of three financial years, the performance targets set in the same Plan have been achieved.
The beneficiaries of the 2021-2023 Plan are the Chief Executive Officer, the CFO and 11 managers identified by name by the Chief Executive Officer, as delegated by the Board of Directors.

The characteristics of the Plan are explained in detail in the Directors' Report to the Shareholders' Meeting of 27 April 2021 and in the information document drawn up pursuant to article 84-bis of CONSOB Regulation no. 11971/1999 available at www.gruppomondadori.it, Governance section, to which reference should be made.

Attached is the information required by Schedule 7 of Annex 3A to CONSOB Regulation no. 11971/1999 to account for the allocation of shares in the context of the 2021-2023 Performance Plan.

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PROPOSED ADOPTION OF A PERFORMANCE SHARE PLAN COVERING THE THREE-YEAR PERIOD 2024-2026

The Board resolved, on a proposal from the Remuneration and Appointments Committee, and continuing to apply the performance share instrument for the medium-long term remuneration of executive directors and strategic executives, as per Legislative Decree 58 of 24 February 1998, art. 114-bis, to submit for approval by the Shareholders' Meeting, convened for 24 April 2024, the establishment of a Performance Share Plan for the three-year period 2024-2026, reserved for the Chief Executive Officer, the CFO - Executive Director and a number of Company Managers who have an employment and/or directorship relationship with the Company or with its subsidiaries on the granting date of the shares.
With the adoption of the Plan, the Company aims to encourage Management to improve medium to long-term performance, in terms of both industrial performance and growth in the value of the Company.

The Plan envisages the assignment to the beneficiaries of rights to the free allocation of company shares, subject to the achievement of specific performance targets set and measured at the end of the three-year performance period.
These targets are structured to include both shareholder remuneration indicators and management indicators functional to raising the share value, ensuring maximum alignment of Management remuneration and the creation of value for the Company, as well as indicators of a non-operating/financial nature linked to ESG issues.
For details on the proposed adoption of the 2024-2026 Performance Share Plan, the beneficiaries and the characteristics of said Plan, reference should be made to the Information Document approved by the Board of Directors, pursuant to Article 84-bis and annex 3A of the Issuer Regulation, and to the Explanatory Report, which will be published within the time limits and in the manner prescribed by applicable regulations.

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PROPOSAL TO THE SHAREHOLDERS' MEETING TO ADOPT A SHORT-TERM INCENTIVE PLAN (MBO) 2024

On a proposal from the Remuneration and Appointments Committee, the Board resolved to submit the adoption of a Short Term Incentive Plan (MBO) for the year 2024 to the Ordinary Shareholders' Meeting for approval, pursuant to Article 114-*bis* of Legislative Decree no. 58 of 24 February 1998. The Plan, which is reserved for the same beneficiaries as the 2024-2026 Performance Share Plan, governs the determination, subject to the achievement of specific individual and Group performance objectives, of the annual Variable Remuneration (MBO) for the year 2024. In particular, the Plan envisages a voluntary mechanism for the conversion into Mondadori shares of a percentage component equal to 15% or 30% of the Variable Remuneration itself, as well as the disbursement of an additional "bonus" component in shares, equal to the number of shares resulting from the conversion.

Any allocation of the total component in shares would take place at the end of a 24-month deferral period with respect to the MBO vesting date.

For details on the proposed adoption of the 2024 Short-term Incentive Plan (MBO), the beneficiaries and the characteristics of said Plan, reference should be made to the Information Document approved by the Board of Directors, pursuant to Article 84-bis and annex 3A of the Issuer Regulation, and to the Explanatory Report, which will be published within the time limits and in the manner prescribed by applicable regulations.

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PROPOSAL TO RENEW THE POWERS OF THE BOARD OF DIRECTORS PURSUANT TO ARTICLES 2443 AND 2420-TER OF THE ITALIAN CIVIL CODE

The Board of Directors will propose the Shareholders' Meeting, called on 24 April 2024, also in extraordinary session, to adopt the resolutions referred to in articles 2443 and 2420 ter of the Italian Civil Code, relating to the renewal of the Board's powers to increase the share capital and issue convertible bonds.
Specifically, the Board will propose to the Shareholders' Meeting:

- the renewal of the proxies already granted to the Board of Directors by the Extraordinary Shareholders' Meeting of 17 April 2019 and terminating due to expiry of the related five-year term, which, pursuant to Articles 2443 and 2420-ter of the Italian Civil Code, grant the Board of Directors the power to increase the share capital, reserved as an option to those entitled thereto, by a maximum nominal amount of € 75,000,000 and to issue convertible bonds for a maximum nominal amount of € 250,000,000.

- the renewal of the proxy already granted to the Board of Directors by the Extraordinary Shareholders' Meeting of 17 April 2019 and also terminating, granting the Board of Directors, for the same period of five years, the power to increase the share capital within the limit of 10% of the pre-existing share capital and in any case within the limit of a nominal amount of € 20,000,000, with the exclusion of option rights pursuant to Articles 2443 and 2441(4) of the Italian Civil Code.

The renewals are proposed under the same conditions of the terminating proxies unused by the Board and for a further period of five years corresponding to the maximum term allowed by the law.

The proposals for the renewal of proxies are motivated by the advisability of maintaining the general power of the Board of Directors to implement any capital transactions through faster and more streamlined procedures than the resolutions adopted by the Extraordinary Shareholders' Meeting.

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CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO LEGISLATIVE DECREE 254/2016

Under Legislative Decree 254/2016, the Board of Directors' 2023 Report on Operations of the Mondadori Group is also composed of the Consolidated Non-Financial Statement (NFS), a qualitative-quantitative description of the non-financial performance of the Company, associated with environmental, social, and staff-related issues, as well as those regarding respect for human rights, and the fight against corruption and bribery, which are relevant given the activities and characteristics of the Company.

The NFS was prepared in accordance with GRI Standards: In accordance option, and includes benchmark KPIs related to GRI G4 "Media Sector Disclosure".
With regard to 2023, the Mondadori Group has updated its materiality analysis, consistent with the principles set out by the GRI Sustainability Reporting Standards (GRI Standards) and the reporting scopes laid down by Legislative Decree 254/2016.
In 2023, stakeholder engagement was pursued through the involvement of employees, teachers, bookshop customers, suppliers and financial analysts and investors, with more than 4,500 responses to the engagement questionnaire.

The document also includes the references required by Regulation (EU) 2020/852 related to the introduction of the European Taxonomy.

<u>SUSTAINABILITY PLAN</u>
Actions and initiatives in the ESG area are highlighted as part of the reporting activity. In 2023, constant monitoring of the goals set in the Sustainability Plan was carried out, which made it possible to provide a timely image of the degree to which they were achieved and to identify new future actions for the 2024-2026 Plan.
Below are the objectives achieved and reported for 2023.

Social

1. Preparation of the documentation for the **Gender Equality Certification** (UNI PDR 125/2022), with Audit scheduled for 2024.
2. Development and implementation of a **training plan specifically for D&I with half-yearly seminars** for all **Mondadori Group people**.
3. Launch of the **"Care" project** for all Group employees and families, with particular focus on the **"Parenthood"** project to promote more inclusive models of access to maternity/paternity leave, eliminate existing biases and facilitate the return to work, enhancing acquired skills.
4. Review of internal procedures governing **selection** with the introduction of blind CVs.
5. Review of the internal procedures governing **recruitment and career development**, with particular attention to D&I matters.
6. Extension of **training in digitalisation/new forms of work** to all Group employees.
7. Implementation of a **training plan** accessible to all Group **personnel** regarding **sustainability issues**.
8. Establishment of a new Group **Charter of Values**.
9. **Extension to 100% of the school offer of contents/insights relating to Sustainability**, the 2030 Agenda for Sustainable Development, diversity, equity and inclusion and civic education.
10. Expansion of ESG **training activities** for the Group's **school publications departments and for teachers**.
11. A growing number of initiatives/services to **promote reading**.

Governance

1. Setting and measurement of quantitative and measurable ESG-related LTI objectives for top management (Impact Inclusion Index in the 2023-2025 Performance Share Plan).
2. Strengthening of the set of procedures and coverage of the areas of Privacy, Information Management and Cyber Security.
3. Strengthening of the programmes aiming to protect intellectual property/copyright.
4. Strengthening of stakeholder engagement activities through the gradual expansion of engagement initiatives.

Environment

1. Extension of the **electricity supply from renewable sources to sites** (Segrate) and **stores** (Mondadori Duomo and Turin).
2. **Energy efficiency** actions through improved management of electrical and mechanical systems at the Segrate site.
3. **Energy efficiency** actions as part of **direct book store** renovation/opening initiatives and obtaining **LEED certification (gold)** for Mondadori Duomo.
4. Finalisation of the "Book environmental footprint" project study: **Life-Cycle Assessment (LCA)** study for measuring environmental impacts and establishing data-based objectives for reducing atmospheric emissions and achieving continuous improvement along the entire value chain.
5. Maintenance of the commitment to purchase ≈100% of paper from certified PEFC/FSC sources for Mondadori Group products with extension to newly acquired companies.
6. **Extension to 100% of the School proposition of insights** and **fact sheets dedicated to environmental culture** of the entire school offer and promotion of such content in the Trade proposition.

No legal action was initiated or concluded against the Group or its employees for cases of corruption during the year, nor were any reports made within the whistleblowing system.

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The results for the year ended 31 December 2023, approved on today's date by the Board of Directors, will be presented by the Mondadori Group Management to the financial community at a presentation scheduled for 3:30 p.m. today in person and via webcast. The corresponding documentation will be available on 1Info (www.1info.it), at www.borsaitaliana.it and at www.gruppomondadori.it (Investors section). Journalists will be able to follow the proceedings of the presentation via webcast, by dialling +39 02 802 09 27 and via web https://www.c-meeting.com/web3/join/MKRA9NDNUBPJNA.

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

Annexes:
1. *Consolidated Statements of Financial Position*
2. *Consolidated Income Statement*
3. *Consolidated income statement - fourth quarter*
4. *Group cash flow*
5. *Arnoldo Mondadori Editore S.p.A. Statements of financial position*
6. *Arnoldo Mondadori Editore S.p.A. income statement*
7. *Arnoldo Mondadori Editore S.p.A. statement of cash flows*
8. *Glossary of terms and alternative performance measures used*
9. *Information pursuant to Schedule 7 of Annex 3a to CONSOB Regulation no. 11971/1999.*

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1. Consolidated Statements of Financial Position

(Euro/millions)	2023	2022	Chg. %
Trade receivables	164.4	161.2	2.0%
Inventory	149.9	151.4	(0.9)%
Trade payables	257.1	252.7	1.7%
Other assets (liabilities)	(43.7)	(45.7)	n.s.
Net working capital continuing operations	**13.6**	**14.2**	**(4.6)%**
Discontinued or discontinuing assets (liabilities)	1.7	(0.4)	n.s.
Net Working Capital	**15.3**	**13.9**	**10.0%**
Intangible assets	385.1	372.3	3.4%
Property, plant and equipment	34.7	24.1	43.9%
Investments	13.6	29.7	(54.3)%
Net fixed assets with no rights of use IFRS 16	**433.4**	**426.2**	**1.7%**
Assets from right of use IFRS 16	68.8	68.5	0.5%
Net fixed assets with rights of use IFRS 16	**502.2**	**494.6**	**1.5%**
Provisions for risks	40.8	41.9	(2.6)%
Post-employment benefits	29.2	28.3	3.0%
Provisions	**70.0**	**70.3**	**(0.3)%**
Net invested capital	**447.4**	**438.2**	**2.1%**
Share capital	68.0	68.0	— %
Reserves	157.7	139.5	13.0%
Profit (loss) for the period	62.4	52.1	19.9%
Group equity	**288.1**	**259.6**	**11.0%**
Non-controlling interests' equity	0.8	1.3	(40.2)%
Equity	**288.8**	**260.8**	**10.7%**
Net financial position no IFRS 16	86.1	106.1	(18.9)%
Net financial position IFRS 16	72.5	71.3	1.7%
Net financial position	**158.6**	**177.4**	**(10.6)%**
Sources	**447.4**	**438.2**	**2.1%**

2. *Consolidated Income Statement*

(Euro/millions)	2023		2022		Chg. %
Revenue	**904.7**		**903.0**		***0.2%***
Industrial product cost	289.1	32.0%	295.8	32.8%	*(2.3)%*
Variable product costs	107.9	11.9%	111.8	12.4%	*(3.5)%*
Other variable costs	156.0	17.2%	165.2	18.3%	*(5.6)%*
Structural costs	62.4	6.9%	60.0	6.6%	*3.9%*
Extended labour cost	143.6	15.9%	142.3	15.8%	*1.0%*
Other expense (income)	(6.3)	(0.7)%	(8.4)	(0.9)%	*n.s.*
Adjusted EBITDA	**152.1**	**16.8%**	**136.3**	**15.1%**	***11.5%***
Restructuring costs	6.5	0.7%	3.7	0.4%	*72.9%*
Extraordinary expense (income)	(3.3)	(0.4)%	1.9	0.2%	*n.s.*
EBITDA	**148.9**	**16.5%**	**130.7**	**14.5%**	***13.9%***
Amortization and depreciation	42.4	4.7%	36.7	4.1%	*15.6%*
Amortization and depreciation IFRS 16	15.0	1.7%	14.1	1.6%	*6.1%*
EBIT	**84.2**	**9.3%**	**72.7**	**8.1%**	***15.8%***
Financial expense (income)	5.7	0.6%	5.2	0.6%	*10.2%*
Financial expense IFRS 16	2.1	0.2%	0.5	0.1%	*350.0%*
Associates	(4.2)	(0.5)%	0.2	— %	*n.s.*
EBT	**80.5**	**8.9%**	**66.9**	**7.4%**	***20.4%***
Tax expense (income)	17.9	2.0%	15.3	1.7%	*17.0%*
Minorities	0.2	— %	(0.5)	(0.1)%	*n.s.*
Group net result	**62.4**	**6.9%**	**52.1**	**5.8%**	***19.9%***

3. Consolidated income statement - fourth quarter

(Euro/millions)	Q4 2023		*Q4 2022*		Chg. %
Revenue	**224.8**		***224.8***		**— %**
Industrial product cost	80.3	35.7%	*84.8*	37.7%	(5.3)%
Variable product costs	28.8	12.8%	*29.7*	13.2%	(2.9)%
Other variable costs	39.3	17.5%	*36.0*	16.0%	9.0%
Structural costs	18.5	8.2%	*17.0*	7.6%	9.0%
Extended labour cost	38.2	17.0%	*36.9*	16.4%	3.6%
Other expense (income)	(3.1)	(1.4)%	*(0.4)*	(0.2)%	n.s.
Adjusted EBITDA	**22.8**	**10.1%**	***20.8***	**9.3%**	**9.3%**
Restructuring costs	5.2	2.3%	*2.7*	1.2%	91.6%
Extraordinary expence (income)	0.2	0.1%	*1.9*	0.8%	n.s.
EBITDA	**17.4**	**7.7%**	***16.3***	**7.2%**	**6.9%**
Amortization and depreciation	12.5	5.6%	*10.6*	4.7%	17.9%
Amortization and depreciation IFRS 16	3.8	1.7%	*3.7*	1.7%	3.4%
EBIT	**(6.3)**	**(2.8)%**	***(5.3)***	**(2.3)%**	**n.s.**
Financial expense (income)	1.1	0.5%	*2.4*	1.1%	(55.4)%
Financial expense IFRS 16	0.6	0.3%	*0.5*	0.2%	33.2%
Associates	(1.3)	(0.6)%	*0.8*	0.4%	n.s.
EBT	**(6.6)**	**(2.9)%**	***(8.9)***	**(4.0)%**	**n.s.**
Tax expense (income)	(2.6)	(1.2)%	*(2.3)*	(1.0)%	n.s.
Minorities	(0.1)	(0.1)%	(0.4)	(0.2)%	n.s.
Group net result	**(3.9)**	**(1.7)%**	**(6.2)**	**(2.8)%**	**n.s.**

4. Group cash flow

(Euro/millions)	LTM 2023	FY 2022
Initial NFP IFRS 16	**(177.4)**	**(179.1)**
Financial liabilities application of IFRS 16	(71.3)	(84.3)
Initial NFP No IFRS 16	**(106.1)**	**(94.8)**
Adjusted EBITDA (No IFRS 16)	135.4	120.9
NWC and provisions	(6.6)	6.3
CAPEX no IFRS 16	(38.0)	(41.7)
Cash flow from operations	**90.7**	**85.5**
Financial income (expense) no ifrs 16	(5.1)	(4.1)
Tax	(16.9)	(21.6)
Cash flow from ordinary operations	**68.7**	**59.7**
Restructuring costs	(4.8)	(8.8)
Share capital increase/dividents from associates	0.8	(1.0)
M&A	(5.4)	(42.6)
Other income and expenditure	(6.0)	(7.3)
Cash Flow from extraordinary operations	**(15.3)**	**(59.6)**
Free cash flow	**53.5**	**0.2**
Dividends	(28.7)	(22.2)
Tot. Cash Flow	**24.8**	**(11.5)**
Net financial position no IFRS 16	**(86.1)**	**(106.0)**
IFRS Effects in the period	(1.2)	13.1
Final net financial position	**(158.6)**	**(177.4)**

5. Arnoldo Mondadori Editore S.p.A. Statements of financial position

(Euro/millions)	2023	2022	Chg. %
Intangible assets	**6.0**	**5.6**	**7.1%**
Investment property	—	—	— %
Land and building	—	—	— %
Plant and equipment	0.7	0.8	(12.5)%
Other fixed assets	4.3	3.4	26.5%
Property, plant and equipment	**5.0**	**4.2**	**19.0%**
Rights-of Use-Assets	**23.5**	**27.3**	**(13.9)%**
Subsidiaries	676.9	661.8	2.3%
Investments in joint ventures and associates	7.3	7.0	4.3%
Other investments	0.1	1.1	(90.9)%
Total investments	**684.3**	**669.9**	**2.1%**
Non-current financial assets	6.2	11.0	(43.6)%
Deferred tax assets	1.4	1.3	7.7%
Other non-current assets	1.4	0.1	n.s.
Total non-current assets	**727.8**	**719.4**	**1.2%**
Tax receivables	11.7	8.8	33.0%
Other current assets	3.9	3.1	25.8%
Inventory	—	—	— %
Trade receivables	11.8	13.8	(14.5)%
Other current financial assets	25.2	24.5	2.9%
Cash and cash equivalents	39.1	25.3	54.5%
Total current assets	**91.8**	**75.4**	**21.8%**
Assets held for sale or transferred	—	—	— %
Total Assets	819.6	794.8	3.1%

5. Arnoldo Mondadori Editore S.p.A. Statements of financial position

(Euro/millions)	2023	2022	Chg. %
Share Capital	68.0	68.0	— %
Treasury shares	(2.4)	(2.0)	20.0%
Other reserves and profit/loss carried forward	160.1	141.5	13.1%
Profit (Loss) for the year	62.4	52.1	19.8%
Total Equity	**288.1**	**259.6**	**11.0%**
Provisions	4.1	3.9	5.1%
Post-employment benefits	1.8	1.8	— %
Non-current financial liabilities	69.8	104.5	(33.2)%
Financial liabilities IFRS 16	19.5	22.4	(12.9)%
Deferred tax liabilities	3.5	4.5	(22.2)%
Other non-current liabilities	—	—	— %
Total non-current liabilities	**98.7**	**137.1**	**(28.0)%**
Income tax payables	—	—	— %
Other current liabilities	12.5	10.0	25.0%
Trade payables	17.5	18.4	(4.9)%
Payables to banks and other financial liabilities	398.2	364.4	9.3%
Financial liabilities IFRS 16	4.6	5.3	(13.2)%
Total current liabilities	**432.8**	**398.1**	**8.7%**
Liabilities held for sale or transferred	**—**	—	— %
Total liabilities	**819.6**	**794.8**	**3.1%**

6. Arnoldo Mondadori Editore S.p.A. income statement

(Euro/millions)	2023		2022		*Chg. %*
Revenue	**43.1**		**41.8**		***3.1%***
Industrial product cost	0.1	—	0.1	—	*— %*
Variable product costs	0.1	0.2%	0.1	0.2%	*— %*
Other variable costs	0.1	0.2%	0.2	0.5%	*(50.0)%*
Structural costs	26.4	61.3%	25.6	61.2%	*3.1%*
Extended labour cost	22.1	51.3%	21.4	51.2%	*3.3%*
Other expense (income)	(0.1)	(0.2)%	0.1	0.2%	*n.s.*
Adjusted EBITDA	**(5.6)**	**(13.0)%**	**(5.7)**	**(13.6)%**	***n.s.***
Restructuring costs	1.5	3.5%	0.5	1.2%	*200.0%*
Extraordinary expense (income)	0.4	0.9%	0.5	1.2%	*(20.0)%*
EBITDA	**(7.5)**	**(17.4)%**	**(6.7)**	**(16.0)%**	***n.s.***
Amortization and depreciation	4.3	10.0%	3.9	9.3%	*10.3%*
Impairement and write-downs	—	— %	—	— %	*n.s.*
Amortization and depreciation IFRS 16	5.6	13.0%	5.6	13.4%	*— %*
EBIT	**(17.4)**	**(40.4)%**	**(16.2)**	**(38.8)%**	***n.s.***
Financial expense (income)	5.0	11.6%	3.3	7.9%	*51.5%*
Financial expense IFRS 16	0.8	1.9%	(0.6)	(1.4)%	*n.s.*
Financial expense (income) from securities valuation	—	— %	—	— %	*n.s.*
Expense (income) from investments	(83.0)	n.s.	(67.5)	n.s.	*n.s.*
EBT	**59.8**	**138.7%**	**48.6**	**116.3%**	***23.0%***
Tax expense (income)	(2.6)	(6.0)%	(3.5)	(8.4)%	*n.s.*
Net Result	**62.4**	**144.8%**	**52.1**	**124.6%**	***19.8%***

7. *Arnoldo Mondadori Editore S.p.A. statement of cash flows*

(Euro/millions)	2023	2022	Chg. %
Net profit	62.4	52.1	19.8%
Adjustments			
Depreciation and amortisation, and write-downs	9.9	9.5	4.2%
Income tax for the period	(2.6)	(3.5)	(25.7)%
Stock Options	0.7	0.5	40.0%
Provisions and post-employment benefits	0.3	(2.6)	n.s.
Gains (losses) from disposal of intangible assets, property plant and equipment and investments	(1.2)	—	n.s.
(Income)/expense from securities valuation	—	—	n.s.
(Income)/expense from measurement of investments at equity	(81.9)	(67.5)	21.3%
Net financial expense (income) on loans, leases and derivative transactions	8.9	4.2	111.9%
Other non-monetary adjustments to discontinued operations	—	—	— %
Cash flow generated from operations	**(3.5)**	**(7.4)**	**(52.7)%**
(Increase) decrease in trade receivables	1.9	(1.5)	n.s.
(Increase) decrease in inventory	—	—	— %
Increase (decrease) in trade payables	(1.8)	4.1	n.s.
(Payment) cash in from income tax	2.9	4.0	(27.5)%
Increase (decrease) in provisions and post-employment benefits	(0.1)	0.4	n.s.
Net change in other assets/liabilities	(2.9)	(2.0)	n.s.
Net change in discontinued operations	—	—	— %
Net change in contribution	—	—	— %
Cash flow generated from (absorbed by) operations	**(3.5)**	**(2.3)**	52.2%
Price collected (paid) net of cash transferred/acquired	—	—	— %
(Purchase) disposal of intangible assets	(3.0)	(1.8)	66.7%
(Purchase) disposal of property, plant and equipment	(1.5)	(1.7)	n.s.
(Purchase) disposal of investments	(4.2)	(124.0)	(96.6)%
(Purchase) disposal of discontinued operations	—	—	— %
Income from investments - dividends	69.6	60.3	15.4%
(Purchase) disposal of securities	—	—	n.s.
(Purchase) disposal from contribution	—	—	— %
Cash flow generated from (absorbed by) investing activities	**60.8**	**(67.3)**	**(190.3)%**
Increase (decrease) in payables to banks for loans	(15.8)	(35.8)	n.s.
Change in other financial assets - Intercompany	1.0	(0.9)	n.s.
Change in other financial liabilities - Intercompany	(78.9)	(27.5)	186.9%
(Purchase) disposal of treasury shares	(1.2)	(0.8)	50.0%
Net change in other financial assets/liabilities	82.7	110.6	(25.2)%
Dividends payment	(28.7)	(22.2)	n.s.
Cash in of net financial income (payment of net financial expense) on loans and transactions in derivatives	(2.7)	(1.5)	80.0%
Cash flow generated from (absorbed by) discontinued operations	—	—	— %
(Purchase) disposal from contribution	—	—	— %
Cash flow generated from (absorbed by) financing activities	**(43.6)**	**22.0**	**(298.2)%**
Increase (decrease) in cash and cash equivalents	**13.8**	**(47.6)**	**(129.0)%**
Increase (decrease) in cash from contribution	**—**	**—**	**— %**
Cash and cash equivalents at beginning of the period	**25.3**	**72.9**	**(65.3)%**
Cash and cash equivalents end of period	**39.1**	**25.3**	**54.5%**

8. 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)	2023	2022
Gross Operating Profit - EBITDA (as shown in the financial statements)	**148,896**	**130,740**
Restructuring costs under "Cost of personnel" NOTE 32	6,450	3,730
Expenses related to acquisition and sale of companies and business units, sundry expenses (income) and cost of services NOTE 33 and NOTE 31	(3,261)	1,872
Adjusted Gross Operating Profit - Adjusted EBITDA (as shown in the Directors' Report on Operations)	**152,085**	**136,342**

With reference to adjusted EBITDA in 2022, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 3.7 million, included in "Cost of personnel" in the income statement;
- Expense of a non-ordinary nature for a total of € 1.9 million, included in Other expense (income) and Expense (income) from investments.

  With reference to adjusted EBITDA in 2023, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 6.4 million, included in "Cost of personnel" in the income statement;
- income of a non-ordinary nature for a total of € 3.3 million, included in the item Expenses related to acquisitions and sale of companies and business units, Sundry expenses (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 Profit adjusted: this is the net profit excluding non-ordinary income and expense, non-monetary costs deriving from the company purchase price allocation and write-downs of intangible assets net of the related tax effect and gross of any non-recurring tax expense/income.
Net invested capital: the algebraic sum of Fixed Capital, which includes non-current assets and non-current liabilities (net of non-current financial liabilities included in the Net Financial Position) and Net Working Capital, which includes current assets (net of 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).

9. Information pursuant to Schedule 7 of Annex 3a to CONSOB Regulation no. 11971/1999.

Remuneration plans based on financial instruments

Name or category	**Position** (to be shown only for persons appearing by name)	**BOX 1 (financial instruments other than stock options)** **Section 2** Newly-assigned instruments based on the decision of the body responsible for implementing the shareholders' resolution						
		Date of shareholders' resolution	**Type of financial instruments**	**Number of financial instruments assigned by the BoD (a)**	**Date of assignment (b)**	**Purchase price of instruments, if applicable**	**Market price at assignment (c)**	**Vesting period**
Antonio Porro	Chief Executive Officer of Arnoldo Mondadori Editore S.p.A.	27.04.2021	Shares Arnoldo Mondadori Editore S.p.A.	149,606	14.3.2024	N.S.	€ 2.16	1.1.2021 – 31.12.2023
Alessandro Edoardo Franzosi	CFO and Director of Arnoldo Mondadori Editore S.p.A.	27.04.2021	Shares Arnoldo Mondadori Editore S.p.A.	112,205	14.3.2024	N.S.	€ 2.16	1.1.2021 – 31.12.2023
Key management personnel of Arnoldo Mondadori Editore S.p.A.	Executives	27.04.2021	Shares Arnoldo Mondadori Editore S.p.A.	322,900	14.3.2024	N.S.	€ 2.16	1.1.2021 – 31.12.2023
Other employees of Arnoldo Mondadori Editore S.p.A. and its subsidiaries	Executives	27.04.2021	Shares Arnoldo Mondadori Editore S.p.A.	144,620	14.3.2024	N.S.	€ 2.16	1.1.2021 – 31.12.2023

(a) The number of shares refers to the allocations approved by the Board of Directors on 14 March 2024.
(b) The shares were granted by the Board of Directors meeting held on 14 March 2024, with effect from 15 May 2024; the Remuneration and Appointments Committee expressed its proposal on 29 February 2024.
(c) Price on 13 March 2024.