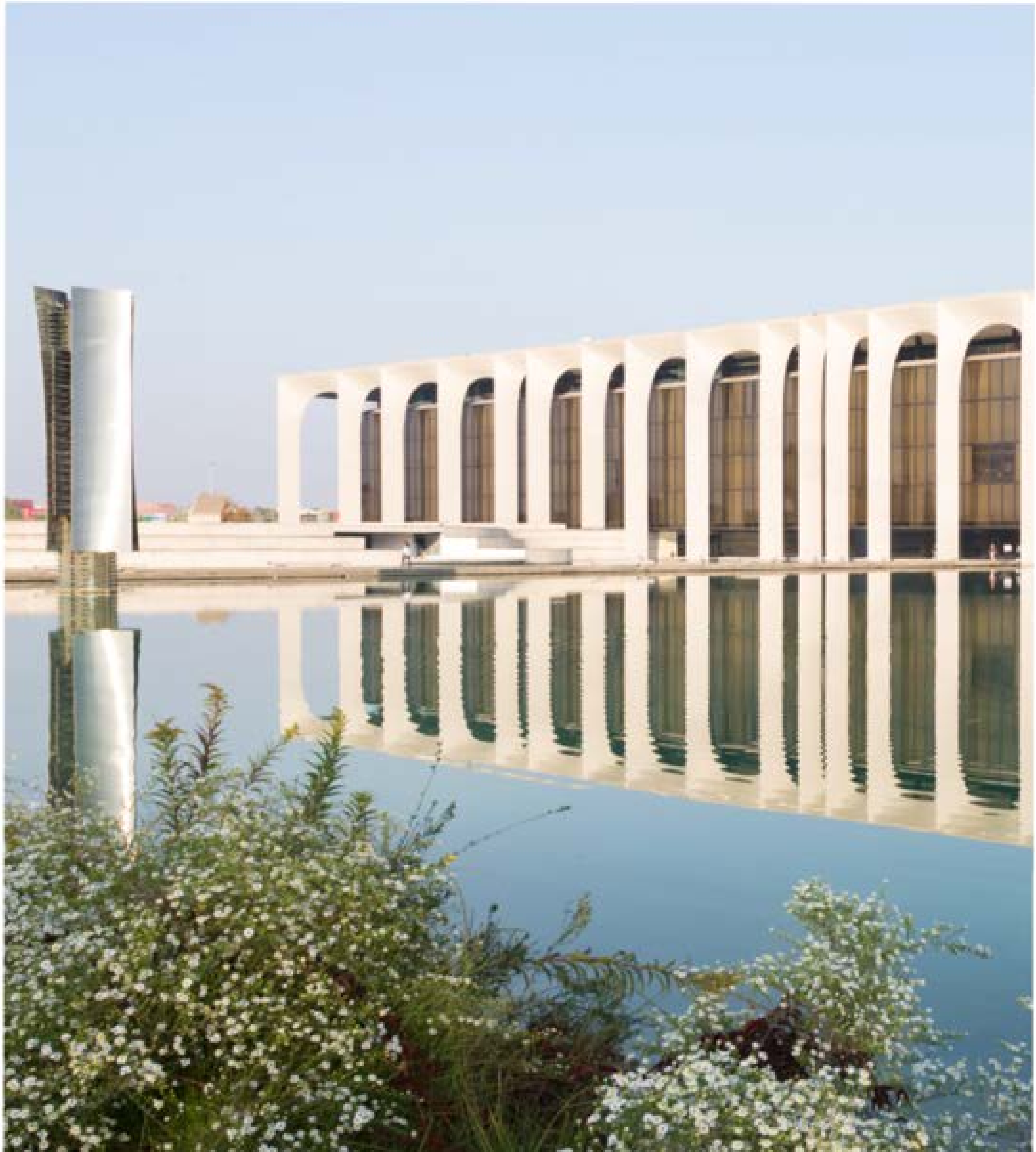
2023 ANNUAL FINANCIAL REPORT

GRUPPO MONDADORI



ARNOLDO MONDADORI EDITORE S.p.A.

Share Capital Euro 67,979,168.40

Registered Office in Milan
Administrative Offices in Segrate (Milan)

2023 ANNUAL
FINANCIAL
REPORT

Consolidated Financial Statements of the Mondadori Group and Financial Statements of Arnoldo Mondadori Editore S.p.A. as at 31 December 2023

CONTENTS

LETTER TO STAKEHOLDERS

In FY 2023, the Mondadori Group continued to reconfigure its business portfolio with a new phase of development of the core business, concentrated on **consolidating its presence in book publishing** and, in fashion, on strengthening its operations in the **promotion** and **distribution of third-party publishers**.

As evidence of the strategic repositioning implemented, the **Book** product now **accounts for 85% of consolidated revenues and more than 90% of gross operating profit**.

During the current year, in line with the vertical integration strategy implemented in the book chain, **we completed the acquisition of a 51% stake in Star Shop**, a company operating in distribution for third-party publishers in the comic book channel and the management of direct and franchised stores in the same segment.

The Mondadori Group has confirmed **its national leadership** in both Trade Books - thanks to the **consolidation** of the businesses it acquired and the **quality** of its **publishing plan** and in School textbooks publishing, due to the focus on the **more profitable segments** and its ability to **offer high-quality content**.

The Retail area **continued to pursue its renewal strategy, optimising and developing the network of bookshops** - now more than 500, considering both directly managed and franchised stores - which, thanks to their widespread presence across Italy, are able to effectively play their **role as cultural hubs and promoting entertainment and reading** while ensuring that the Group's publishing houses have **a suitable capacity to communicate their publishing offer to readers**.

The Mondadori Group has also consolidated its role as a **leading multimedia publisher on the national scene**: on the one hand the **Media** area has seen a downturn in revenues in the Print component - despite outperforming the reference market - on the other, it has successfully **made the most of the opportunities offered by the digital component, which is growing and in which it leads the high commercial value and audience segments**, thus achieving an important milestone in the transformation of its business model.

Thanks to the commitment, the professionalism and the determination with which we faced the year 2023, we have obtained **consolidated results that have exceeded the guidance communicated to the market**.

Despite the fact that once again in 2023 (and indeed the situation continues today) the macroeconomic context and the geopolitical scenario were marked by instability and **challenges**, as well as inflation, we were able to **significantly increase the Group's profitability**, achieving **operative excellence** and successfully integrating the most recently acquired business, crowning **three years of success** and **surpassing expectations**.

The results of the year just ended and the financial solidity that characterises our Group allowed us in 2023 to confirm the **policy of increasing the return offered to shareholders** through the distribution of **dividends** for a total of approximately **€ 31 million**, **up 9%** on the previous year and equivalent to a **payout of 50%** of the 2023 net profit.

The **resources** available to us, and which we continue to generate with our business, will allow us to continue to pursue **ambitious growth**, investment and development **targets in the next years**, while guaranteeing shareholders a suitable remuneration of their capital.

In 2023 we continued to enhance the **opportunities for dialogue** with internal and external stakeholders, with the aim of reinforcing the key issues and areas on which we wish to focus our efforts as a leading publisher in the Italian cultural landscape. We paid particular attention to issues related to **diversity and inclusion, sustainability** and the **well-being of our employees**.

Our aim is to be a company that allows everyone to **enhance their uniqueness**, appealing to the new generations: new competences and professional skills are crucial to our future.
In **2024** we will continue along this virtuous path , with the aim of embracing the transformations that have characterised the year just ended and **making the most of future opportunities and challenges**.

We have the determination, skills and tools **to face the coming years successfully**.

Marina Berlusconi
Chairman of the Mondadori Group

Antonio Porro
CEO of the Mondadori Group

COMPOSITION OF CORPORATE BODIES

CORPORATE OFFICES AND SUPERVISORY BODIES

Board of Directors*

CHAIRMAN
Marina Berlusconi

CEO
Antonio Porro

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

Board of Statutory Auditors*

CHAIRMAN
Sara Fornasiero

STANDING AUDITORS
Flavia Daunia Minutillo
Ezio Maria Simonelli

ALTERNATE AUDITORS

Mario Civetta
Annalisa Firmani
Emilio Gatto

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

*** Independent Director

MONDADORI GROUP STRUCTURE

ARNOLDO MONDADORI EDITORE S.P.A.

Trade Books

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

Education Books

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

Retail

- Mondadori Retail S.p.A. 100%

Media

- Mondadori Media S.p.A. 100%
  - AdKaora S.r.l. 100%
    - Hej! S.r.l. 100%
    - Digital Advertising & Engagement S.L. 100%
  - Direct Channel S.p.A. 100%
    - Mediamond S.p.A. 50%
    - Mondadori Seec (Beijing) Advertising Co.Ltd 50%
  - Mondadori Scienza S.p.A. 100%
  - Press-di S.r.l. 20%
  - Zenzero S.r.l. 73%
  - Webboh S.r.l. 100%
  - Power S.r.l. 100%
- Attica Publications S.A. 41.98%

Key terms: Subsidiary Companies | Associates

As at 31 December 2023

ORGANISATIONAL STRUCTURE OF THE MONDADORI GROUP

Marina Berlusconi*
Chairman

Antonio Porro*
Chief Executive Officer

Alessandro Franzosi*
Group Chief Financial Officer

Daniele Sacco
Head of Human Resources and Organization. Legal and Corporate Affairs

Federico Angrisano
Communication and Media Relations Director

Francesca Rigolio
Chief Diversity Officer

Enrico Selva Coddè
Vice Chairman and Chief Executive Officer of Mondadori Libri S.p.A.

Gian Luca Pulvirenti
Chief Executive Officer of Mondadori Scuola S.p.A.

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

Carlo Mandelli
Chief Executive Officer of the Magazine Area of Mondadori Media S.p.A. and Group Strategic Development Manager

Andrea Santagata
Chief Executive Officer of the Digital and MarTech Area of Mondadori Media S.p.A.** and Group Chief Innovation Officer

Situation as at 31 December 2023

* Members of the Board of Directors

** From June 2023

OVERVIEW OF GROUP ACTIVITIES

Mondadori is the **top Italian publisher**, leading the market of **trade books** and **school** textbooks market, where it operates through the Country's most prestigious publishing houses and publishing trademarks, and **one of the major players in the retail segment**, thanks to a widespread network of bookstores across the Country.

The Group is also the **leading multimedia publisher, with a strong presence in the digital and social media segments**, as well as a in the print magazine segment.

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.

RETAIL

Through its wholly-owned subsidiary **Mondadori Retail** S.p.A., the Group manages **the most extensive network of bookstores in Italy**, with an 12.8%[2] share in the books market at the end of 2023. With a widespread presence throughout the Country and a business proposition focused on books (which account for over 80% of revenue), the company operates in the physical channel with **over 500 directly-managed stores or franchised stores**, under the Mondadori Bookstore, Mondadori Megastore and Mondadori Point brands, on the web with the **e-commerce** site Mondadoristore.it; these formats are complemented by the bookclub formula.

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.

In that area, the Group boasts a **leadership position, with an adoption share of 32.0%** in 2023.

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 **28.7** million average unique users per month;
- in social media with a **fan base** at 30 June 2023 of **over 86** million and around 100 profiles.

CORPORATE & SHARED SERVICE

The Corporate & Shared Service Area includes - besides the top management organizations - Parent Company functions providing services that cut across the different companies and business areas of the Group.
The area therefore includes administration, planning and control, treasury and finance, IT, logistics, HR management and organization, legal and corporate affairs, management of Group purchasing, general services, communications and media relations.

Revenue comes mainly from consideration for services provided to subsidiaries and associates.

GROUP HISTORY MILESTONES

1907

LUCE

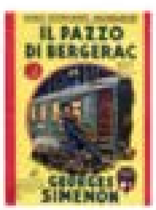
Arnoldo Mondadori establishes **Luce!**, the first magazine with which he started his publishing house in Ostiglia (Mantua)


Luce!

1920

GIALLI MONDADORI

1929
Launch of **Gialli Mondadori**, the first Italian series of crime novels.



1930

MEDUSA

1933
Mondadori created the **Medusa** series, open to the works of the great authors of contemporary foreign fiction.

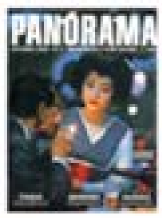
1938
The women's weekly magazine ***Grazia***

1960

OSCAR

1962
Panorama, the first Italian newsmagazine, hits the newsstands

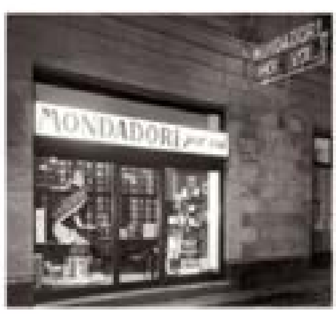
1965
The Italian book market is swept by the launch of the Mondadori **Oscar** series: the first budget price paperbacks sold also at newsstands.



1950

MONDADORI PER VOI

1954
Establishment of the Mondadori per Voi **chain of bookstores,** with the goal of re-launching domestic book circulation



1940

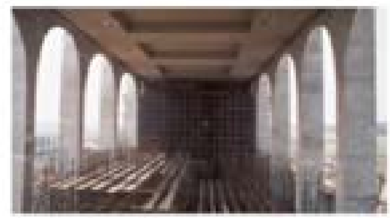
BIBLIOTECA MODERNA MONDADORI

1948
Mondadori publishes the **Biblioteca Moderna Mondadori,** the first series of quality books at budget prices designed to reach a large number of readers, mainly young people.

1970

NEW MONDADORI HQ IN SEGRATE

1975
The new Mondadori headquarters is inaugurated at Segrate (MI), designed by one of the most renowned architects of the 20th century, Oscar Niemeyer



1980

LISTING ON THE MILAN STOCK

1982
The Group is listed on the Milan Stock Exchange.

1988
Founding of Elemond, a publishing house that controls the well-known **Electa and Einaudi brands.**

1990

LAUNCH OF MITI

1991
Mondadori becomes part of the Fininvest Group.

1995
With the launch of ***Miti***, the first Italian series of budget paperbacks, Mondadori launches a new mass-market strategy to expand the book market in Italy.

1998
Development of the chain of bookstores through the acquisition of the Gulliver series and the opening of a chain of franchised Mondadori bookstores.

2010

ACQUISITION OF RCS LIBRI

2013
The Group renews the top management and reorganizes the operating units; a new development plan is defined, focused on core activities (trade and educational books, retail, magazines) and on digital.

2014
Establishment of **Mondadori Libri S.p.A.,** dedicated to the management of book activities.
Advertising sales on magazines, digital publications and radio stations are transferred to Mediamond, a 50-50 joint venture with Publitalia '80.

2015
The Group increases its stake in the Gruner+Jahr/Mondadori joint venture, publisher of Focus, to 100%; non-core assets are sold.

2016
The Mondadori Group acquires **RCS Libri,** consolidating its leadership in Trade books.
It accelerates growth in the digital area with the acquisition of **Banzai Media.**

2017
Piemme and Sperling & Kupfer are incorporated into Mondadori Libri S.p.A., which in turn absorbs the trade unit of Rizzoli Libri. The **Rizzoli Electa** brand is launched for the international expansion of illustrated books and the organization of international exhibitions. Creation of the **Children's Business Unit.**

2019
With the sale of the subsidiary Mondadori France and a number of non-core Italian titles. the process of repositioning of the Group's activities takes another step forward.

2000

100 YEARS OF BUSINESS

2002
Leonardo Mondadori passes away **Marina Berlusconi** is appointed Group Chairman

2003
Mondadori acquires 70% of **Piemme** and an investment in Attica Publishing, active in the Greek magazines sector.

2005
Mondadori lands in the radio market with R101.

2006
The Group acquires Emap France, France's third magazine publisher, and Mondadori France was born. Licensing activities develop linked to the individual brands. In particular *Grolla*, which in just a few years becomes a global network.

2007
Mondadori celebrates its **100th anniversary.**

Cento Anni Mondadori
La Casa in cui siamo cresciuti

2020

FOCUS ON THE CORE BUSINESSES

2020
Establishment of **Mondadori Media S.p.A.,** dedicated to the development of print and digital brands in a multichannel perspective. During the lockdown period following the outbreak of the COVID-19 pandemic, the Group ensures business continuity and protects the health of its people through a new organizational model.

2021
The Group appoints **Antonio Porro new Chief Executive Officer.**
A significant step forward in the strategic process of increasing focus on the core business of books through the acquisition of **D Scuola,** one of the leading players in school textbook publishing. This transaction will enable the Mondadori Group to become the leading player in the school textbook publishing area. In parallel , there is a gradual reduction in exposure to print magazines.

2022
The reconfiguration of the business portfolio continues, with a focus on book publishing: Mondadori buys 51% of **Star Comics**, the most important Italian comic publisher, and completes the acquisition of 50%of **De Agostini Libri**. The Group also starts a vertical integration process in the book market, acquiring 100% of **Libromania** and 50% of **AL) - Agenzia Libraria International**. The two transactions allow the group to develop the book promotion business and distribution for third-party publishers. At the same time, the reduction of the exposure in the periodicals sector continues with the sale of some titles (*Donna Moderna* and *Casa Facile*) and a 80% stake in Press-di Distribuzione Stampa e Multimedia. After more than 10 years, the Group goes back to a shareholder remuneration policy as it is able to rely on the financial and equity solidity achieved during the year. The **first Sustainability Plan** is approved, identifying the areas and actions aimed at assuring the continuous improvement of performance in social, governance and environmental terms.

2023

FOCUS ON BOOK PUBLISHING

The Mondadori Group continues with the reconfiguration of the business portfolio, with a focus on book publishing. On 13 January 2023, the acquisition of a further 25% of **A.L.I. is completed** S.r.l. **Agenzia Libraria International,** which operates in the distribution of books. The transaction leads the Mondadori Group to increase its shareholding to 75%. On 29 June, the contract is signed to acquire 51% of the share capital of **Star Shop Distribuzione S.r.l.,** operating in distribution for third-party publishers in the comics channel and in the management of direct and franchised sales outlets in the same segment. With this acquisition, the vertically integrated business model already implemented in the book segment is replicated in the comics sector.
On 23 March, the new **Mondadori Duomo** bookshop opens in Milan. It will become a cultural hub and a one-of-a-kind meeting point. On 10 January, 100% of the paper and digital publishing business of *Grazia and Icon* is sold to Reworld Media S.A., along with the related international licence network.

MONDADORI SHARE

Arnoldo Mondadori Editore S.p.A. ordinary shares have been listed on the Italian Stock Exchange since 1982 (ISIN Code: IT0001469383).

Mondadori shares are included in the indexes of the Italian Stock Exchange:

- general: FTSE Italia All Share, FTSE Italia Star(since December 2016) and FTSE Italia Mid Cap;
- industry specific: FTSE Italia Servizi al consumo and FTSE Italia Media.

In 2023, Mondadori's share traded at an average price of **€ 2.02** (equivalent to an average market capitalization of approximately **€ 527.1 million**), while the volume traded on the market came to approximately 246,300 average shares per day. In 2023, Mondadori shares traded on the market managed by Borsa Italiana S.p.A. therefore reached the average daily equivalent of over **€ 0.5 million** (a maximum of **€ 2.6 million** recorded on 4 July 2023).

On 30 December 2023, the last trading day of the year, Mondadori's share recorded a closing price of **€ 2.15**, with a **market capitalization of approximately € 560.8 million**.

The market highlights for 2023 are as follows:

Market data		
General data	ISIN	IT0001469383
	No. Shares*	261,458,340
	Free float	46.4%
Price (€, %)	Closing price on 30/12/2022 in euros	1.81
	Closing price on 30/12/2023 in euros	2.15
	Annual performance %	18.6%
	Average price in euros	2.02
	High in € (14/07/2023)	2.23
	Low in € (13/03/2023)	1.73
Volumes (thousands)	Average volume 2023	246.3
	Maximum volume (04/07/2023)	1,224.4
	Minimum Volume (17/04/2023)	44.8
Stock market capitalization (€ millions)	Average market capitalization	527.1
	Market capitalization at 30/12/2022	472.7
	Market capitalization at 30/12/2023	560.8

Source: FactSet
* Number of shares issued at 31 December 2023

MONDADORI SHARE PRICE PERFORMANCE IN 2023

Source: FactSet

FINANCIAL MARKETS

2023 was a positive year for the international financial markets, in particular during the last quarter of the year, despite the lacklustre performance of "growth" segments and the low level of liquidity that characterised in particular SMEs.

Starting from November, the improvement in investor trust deriving from the downsizing of expectations for further increases in official rates by the main central banks in the advanced economies has brought about a clear improvement in financial market conditions, through a decline in the yield on public securities and the consequent reduction in the volatility of share prices.

Starting from mid-October, Italy also showed an improvement in the main conditions on the financial markets: the slowing of the interest rate growth and a greater risk appetite of investors have on the one hand fostered a decline in long-term government bond yields and the sovereign risk premium (the spread on the yield between Italian government bonds and the corresponding German bonds has dropped significantly, by around 50 basis points), and on the other, a recovery of share prices and a limitation of volatility.

Starting from the first ten days of October, share prices in Italy and the Eurozone have grown respectively by 9.3% and 7.4%.

In this context, **Mondadori shares** rose by **approximately 19%** compared to the end of 2022. This **performance** was **very positive**, also in comparison with all benchmarks: the main Italian stock exchange index (FTSE Italia All Share) increased by **26.3%** , while the FTSE Italia STAR and the FTSE Italia Mid Cap respectively rose by **3.3% and 13.1%**.

In greater detail, the performance of Mondadori shares showed a significant increase during the central part of the year, in particular between March and July, during which it rose by approximately 17%.

MONDADORI SHARE PRICE PERFORMANCE AGAINST MAIN SE INDEXES IN 2023

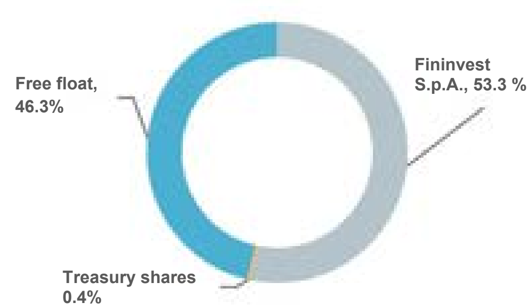
Source: FactSet

OWNERSHIP STRUCTURE

At 31 December 2023, the Company's share capital amounts to € 67,979,168.40, equal to 261,458,340 ordinary shares with a par value of € 0.26 each.

CORPORATE STRUCTURE

At the same date, to the knowledge of the Company, based on the disclosures received pursuant to Article 120 of the TUF and other available information, the Company ownership structure includes the following relevant investments (above 5% of the share capital).



INVESTOR RELATIONS ACTIVITIES

The Mondadori Group pursues a policy of communication vis-à-vis the financial market players, hinged on the disclosure of complete, true and correct news on corporate results, initiatives and strategies, in accordance with the rules set by CONSOB and Borsa Italiana and by confidentiality requirements that certain information may need, paying particular attention to ensure transparent and timely information to facilitate relations with the financial community, also through the adoption of specific procedures.

The Company's presence on the STAR segment of Borsa Italiana (transition completed in December 2016) continued to qualify Mondadori as one of the top-ranking companies listed on the Italian market, thanks also to a corporate governance aligned with the best international standards.

Top managers meet regularly with investors and financial analysts to discuss the Group's prospects, growth strategy and goals, as well as the risks and opportunities arising from the evolving competitive environment, and to shed light on its periodic results.

During 2023, with renewed impetus, particularly with international institutional investors, communication activities and the development of relations with shareholders, institutional investors and financial analysts continued, through numerous meetings organised in Europe's most important financial marketplaces (during which over 200 institutional investors were met), in order to guarantee the Mondadori Group increasing visibility and better consideration of its business, as well as to affirm the credibility of its management team and strategies amongst the financial community.

In 2023, the company also maintained coverage by financial brokers: at year end, 6 brokers guaranteed active coverage of the security.

The Group's economic-equity solidity and the demonstration of its capacity to grow, including through acquisitions, have allowed the Mondadori share to consolidate its positive reputation in the eyes of the financial community, as confirmed by the recommendations of financial analysts which, at 31 December 2023, are all positive (BUY/OUTPERFORM).

The following are all of the scheduled events for the current year regarding the disclosure of financial results.

2024 Financial Calendar	
24/04/2024	Shareholders' Meeting to approve the financial statements at 31 December 2023
14/05/2024	Approval of additional periodic financial reporting at 31 March 2024
31/07/2024	Approval of the half-year report at 30 June 2024
13/11/2024	Approval of additional periodic financial reporting at 30 September 2024

SUSTAINABILITY STRATEGY

The Mondadori Group has reached a level of readiness in the area of sustainability that has enabled it to shift from a timely reporting, in line with GRI Standards, to a **strategic approach that has defined ESG guidelines**, in line with the objectives launched at global level by the United Nations.

This allowed Mondadori in 2022 to lay out its **first Sustainability Plan** approved by the Board of Directors with the analytical, advisory and active support of the related Control, Risks and Sustainability Committee, within which **quantitative and qualitative targets** have been identified, along with short- and medium-term actions aimed at assuring the continuous improvement of social, governance and environmental performance.

During 2023, **constant monitoring** was carried out of the quantitative objectives set, which has made it possible, on the one hand, **to provide a timely image of the degree to which they have been achieved** and, on the other, to identify new action for the future that would allow the Plan to be continuously updated.

During the first half of the year, after a benchmark study, the mapping of the Group's reference stakeholders was updated and the analysis pursued to identify the most important, current and potential areas of impact generated by the Group on the economy, people and the environment.

This mapping was accompanied by moments of **listening to our stakeholders**, which saw the active involvement of **company management**, **employees** and equally relevant stakeholders, such as **teachers and customers of the bookstores, suppliers and analysts**.

The overall results of the analysis have led to the **identification of the material topics that are priorities for Mondadori**, on which the Group will continue to work determinedly and carefully, with a view to assuring ongoing improvement and in line with the strategic guidelines defined in the Plan.

In addition, in view of the implementation of the new CSRD (Corporate Sustainability Reporting Directive), the Group carried out a gap analysis on the reporting indicators and a first internal double materiality exercise to identify sustainability topics that can have a positive or negative impact on the company's development and performance.

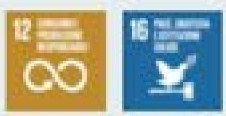
FOCUS ON THE PLAN

The Sustainability Plan is structured into three reference macro areas and eight strategic guidelines - as briefly shown below - with future targets linked to the Sustainable Development Goals SDGs) defined in the 2030 Agenda for Sustainable Development.

SOCIAL - Enhancing people, content and places for education and culture

1. To become a role model in the field of Diversity, Equity and Inclusion, enhancing and contributing to the well-being of our people, through welfare tools and skills development.
2. To promote culture and quality, equitable, and inclusive education that fosters pathways to lifelong learning.
3. To create, conceive and develop valuable content and accessible, ESG-friendly products.
4. To support cultural outposts for social development through the enhancement of bookstores, schools, museums, social channels, events and partnerships.

GOVERNANCE - Promoting sustainable business success



1. To pursue sustainable business success by promoting the integration of ESG issues in governance, business plans and the operating model, also by strengthening the mechanisms for listening to stakeholders to develop paths of ongoing improvement.
2. To maintain the highest standards for protecting and managing risks and opportunities along the value chain.

ENVIRONMENT - Disseminating environmental culture and mitigating impacts on ecosystems

1. To spread environmental culture, also through education aimed at the development of an increasingly sustainable lifestyle.
2. To mitigate environmental impacts along the product life cycle, by fostering the protection of biodiversity and reducing climate-changing emissions.

#NoiDellaMondadori
In this page, we describe some of the working teams we presented on the corporate social accounts in 2023, from left to right and top to bottom: the managers of the operations and initiatives of **De Agostini Libri**; the project group that won first place in the “Innovation” category of the **SAP Quality Awards 2023**; all the Store Managers of our book stores on a day’s meetings and training at Palazzo Mondadori.; colleagues form the **Human Resources Department** collecting the 2023 Universum Prizes, which include our Group amongst those most desired by the younger generation; the team of the digital company **Adkaora** during celebrations to mark 10 years of activity.

Directors' Report on Operations at 31 December 2023

Mondadori Group Highlights at 31 December 2023

(Euro/millions) **Income Statement**	**2023**	**2022**	***% Chg.***
Revenue	**904.7**	**903.0**	**0.2%**
Adjusted EBITDA*	**152.1**	**136.3**	**11.5%**
EBITDA	**148.9**	**130.7**	**13.9%**
EBIT	**84.2**	**72.7**	**15.8%**
Adjusted EBIT**	**102.0**	**90.2**	**13.1%**
Group's net profit	**62.4**	**52.1**	**19.9%**
Adjusted Net Profit***	**70.8**	**63.9**	**10.8%**
Business Areas			
Revenue	**904.7**	**903.0**	***0.2%***
Trade Books	374.3	338.9	*10.4%*
Education Books	237.5	237.3	*0.1%*
Retail	199.5	189.2	*5.4%*
Media	141	177.8	*(20.7%)*
Corporate & Shared Services	43.0	41.5	*3.4%*
Intercompany	(90.5)	(81.8)	*10.7%*
Adjusted EBITDA	**152.1**	**136.3**	***11.5%***
Trade Books	59.2	55.0	*7.5%*
Education Books	67.7	63.5	*6.7%*
Retail	14.0	9.1	*54.0%*
Media	16.4	14.1	*16.4%*
Corporate & Shared Services	(5.5)	(5.4)	*n.s.*
Intercompany	0.3	—	*n.s.*
Balance Sheet			
Group Equity	**288.1**	**259.6**	***11.0%***
Net Invested Capital	**447.4**	**438.2**	***2.1%***
Net Financial Position no IFRS 16	**86.1**	**106.1**	***(18.9%)***
Net Financial Position IFRS 16	**158.6**	**177.4**	***(10.6%)***
Operating and Financial Indicators			
Adj. EBITDA on Revenue (%)	**16.8%**	**15.1%**	
Net result on Revenue (%)	**6.9%**	**5.7%**	
ROE	**21.7%**	**20.1%**	
ROI	**18.8%**	**16.6%**	
EPS (Euro)	**0.24**	**0.20**	***20.0%***
DPS (Euro)	**0.12**	**0.11**	***9.1%***
Human resources			
End-of-year headcount	**1,945**	**1,900**	***2.4%***

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

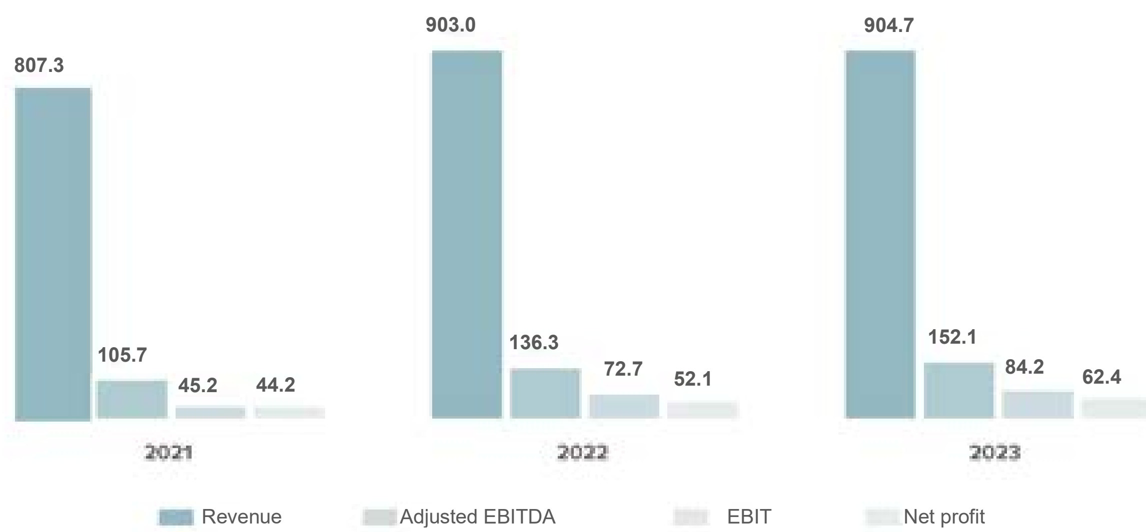
* Gross operating profit before income and expenses of a non-ordinary nature

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

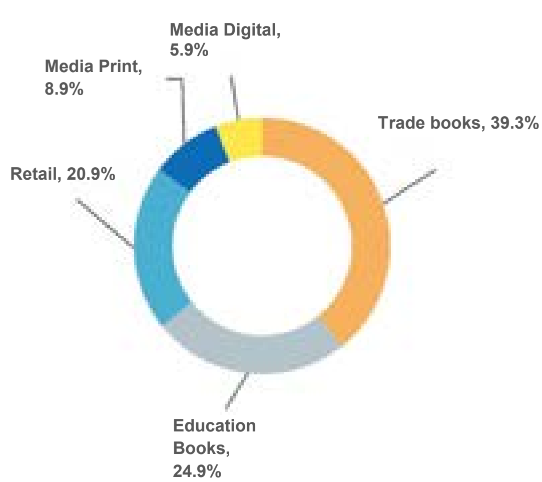
*** Adjusted Net Profit is calculated excluding non-ordinary income and expense, depreciation and amortisation deriving from the company purchase price allocation and the impairment of intangible assets net of the related tax effect. Any non-recurring tax expense/income is also excluded.

PERFORMANCE OF MAIN INCOME INDICATORS

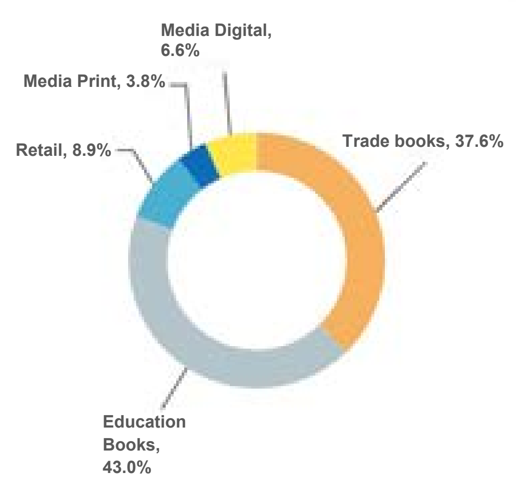
(Euro/million)[1]



REVENUE BY BUSINESS 2023



ADJ. EBITDA BY BUSINESS 2023



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[1] In order to provide a clear presentation, the Media Area is broken down into the two components Print and Digital.

Revenues by business, gross of Corporate and Intercompany revenues; Adjusted EBITDA gross of Corporate EBITDA.

FY **2023** saw the Group continue to pursue its **strategic path reconfiguring its portfolio of assets** with the start-up of a **new core business development phase** focused on **strengthening its presence in book publishing**.

During the year, in line with the combined vertical integration strategy implemented in the book chain and strengthening of publishing leadership, the Group announced the purchase of 51% of **Star Shop Distribuzione**, a company operating in the distribution of third-party publishers in the comic book channel and the management of direct and franchised stores in the same segment.

The Group's economic-financial profile in 2023 showed the growing weight of the **Book product, which went from 80% to 85% of consolidated revenues**, as evidence of the continuous strategic repositioning activity. Despite inflation, the Group also recorded a **significant increase in Group profitability** as a result of the achievement of **operative excellence** and the successful integration of the most recently acquired businesses, crowning three years of success and exceeding all expectations.

The Group recorded once again in FY 2023, and with regard to all the relevant metrics, **consolidated results higher than the guidance disclosed to the market, despite the fact that halfway through the year, they had been improved:**

- the Group's **revenues** revealed **slight growth** (approximately 0.2%), which is equal to 1.1% on a like-for-like basis, impacted, in particular, by the Trade Books and Retail areas;
- **Adjusted EBITDA**, of approximately **€ 152 million** showed an **increase** of approximately **€ 16 million**, namely **11% growth** (the guidance estimated a high single/low double-digit increase):
  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 estimated range;
- net profit is **€ 62.4 million, up 20%** (guidance: +20%) and is the confirmation of a **continuous improvement** that has allowed the Group to triple its net profit since 2019 (the year before the Covid-19 pandemic struck);
- in addition to the buoyant performance of operations, during the period the Group confirmed **solid, growing cash generation** with cash flow from ordinary operations of approximately **€ 69 million** (guidance: € 65-70 million), **up 15%** on the 2022 figure;

- the Net Financial Position (before IFRS 16) as at 31 December 2023 was approximately **€ 86 million**; considering the effects of IFRS 16, the NFP is € 158.6 million, showing a ratio of **NFP/Adjusted EBITDA** that comes to **1.0x**, exactly in line with the target disclosed and down from 1.3x at end 2022, confirming the Group's considerable capacity both to self-finance its development, also pursued by external lines and to guarantee the distribution of significant dividends to its shareholders.

2023 saw the confirmation of a **policy aimed at increasing shareholder remuneration** through the distribution of dividends for a total amount of approximately **€ 29 million**, equivalent to a **pay-out of 55%** the 2022 net profit and **up by approximately 30%** compared with the previous year; the Board of Directors proposed at the Shareholders' Meeting the payment to its shareholders of a total of approximately **€ 31 million (€ 12 cents per share)**, **an increase of 9%**. This amount corresponds to a **pay-out of 50%** the 2023 net profit and a **dividend yield of almost 6%** (at 31 December 2023).

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:

- starting **22 May 2024 (payment date)** with dividend no. 23 of € 6 cents on **20 May 2024 (ex-dividend date)** and record date, in accordance with Art. 83-terdecies of the TUF **of 21 May 2024**;

- starting **20 November 2024 (payment date)** with dividend no. 24 of € 6 cents on **18 November 2024 (ex-dividend date)** and record date, in accordance with Art. 83-terdecies of the TUF **of 19 November 2024**.

MARKET AND BUSINESS AREA HIGHLIGHTS OF THE GROUP

The **positive operating and financial results achieved by Mondadori** during the 2023 benefited from a positive trend in the book market, which **grew by 3.4%** in value.

As regards the Group's businesses, **Trade Books** recorded **growth in revenue of around 10%**, thanks mainly to the contribution from the consolidation of the companies acquired in the last 24 months as well as the high quality of the publishing plan, which enabled the Group to confirm its **leadership** in the domestic market, with a **market share** of **27.6%**.

The **Retail** area was also able to ride the strong growth trend of the book market and the Group's publishing performance: in 2023, thanks to the excellent performance of physical stores, the area recorded **growth in revenue of more than 5%**, to a large extent due to the **book market, whose sales increased by 6%** during the period and this made it possible to increase the **share of the Italian book market** held by the area to **12.8%** (up by 30 bps on 31 December 2022).

With regard to the **Education Books** area, confirming the quality of the publishing proposal, 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.

In FY 2023, the **Media** area witnessed a further downsizing of its print component - in particular business depending on advertising: the sale of the business linked to the Grazia and Icon brands fully materialised during FY 2023.

Consequently, the area has been confirmed as increasingly "**digital**" and **leads** the high commercial value and audience segments: in 2023 the Group's digital businesses - which recorded approximately **23% growth** at on-brand parity - accounted for **40% of the area's revenues** (from 27% in 2022), reaching an important milestone in the transformation of the business model.

2023 CONSOLIDATED FINANCIAL HIGHLIGHTS

(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	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%***
Depreciation and amortisation	42.4	4.7%	36.7	4.1%	*15.6%*
Impairments and write-downs	7.3	0.8%	7.2	0.8%	*1.4%*
Depreciation and amortisation 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 IFRS16	2.1	0.2%	0.5	0.1%	*350.0%*
Expense (income) from investments	(4.2)	(0.5%)	0.2	0.0%	*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's net profit	**62.4**	**6.9%**	**52.1**	**5.8%**	***19.9%***

Cost of personnel includes costs for collaborations and temporary employment.

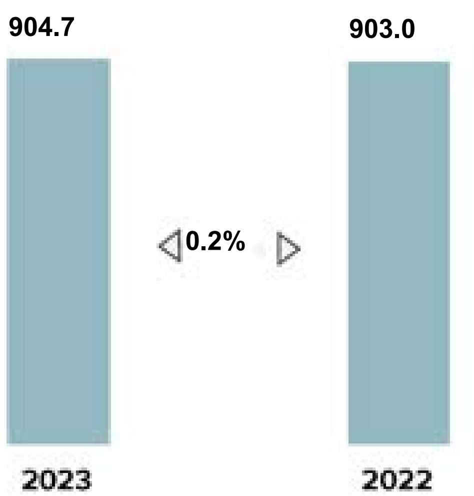
ALTERNATIVE PERFORMANCE MEASURES

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”.

As already specified, two additional information items have been included in this document: **adjusted EBIT** and **adjusted net profit**.

INCOME STATEMENT

REVENUE



In 2023, **consolidated revenues** totalled € 904.7 million, showing **slight growth** compared with the previous year (**+0.2%** versus € 903.0 million in 2022). Like-for-like, **organic revenue growth** came to **1.1%**.

In the **Trade Books area,** revenue **increased by 10.4%**, or by **1.6%** net of the consolidation 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 still in place.

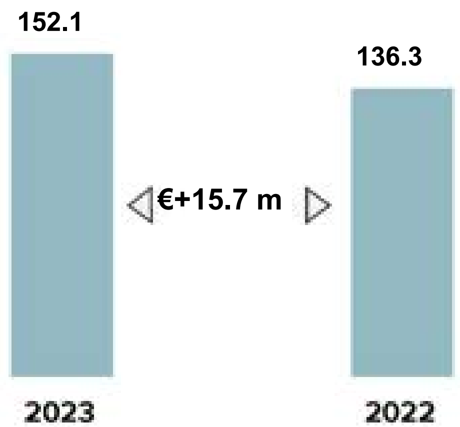
In the **Education Books** area, the school business recorded total **revenues of € 237.5 million**, unchanged from 2022 (€ 237.3 million) due to more significant growth in the secondary school segment, which accounts for more than 80% of the area’s revenues, which more than offset the downturn recorded in the less profitable segments of primary school and third party publishers distributed.

The **Retail** area grew by 5.4% on the prior year, **driven by the Book product**, whose sales **rose by almost 6.1%**, specifically due to the positive performance of directly-managed bookstores.

The **Media** area showed revenues down **20.7%**, mainly as a result of the changes in scope as a result of the disposal of print businesses in the last 18 months: net of such one-off-items, the decrease would have been around 3%, due to the reduction in circulation revenue. The revenues deriving from **digital** advertising - which now accounts for 40% of the segment’s total revenues -, by contrast, grew **by around 23%** compared with the previous year, in particular thanks to the positive performance of the MarTech segment.

REVENUE by Business Area (Euro/millions)	2023	2022	% Chg.
Trade Books	374.3	338.9	*10.4%*
Education Books	237.5	237.3	*0.1%*
Retail	199.5	189.2	*5.4%*
Media	141.0	177.8	*(20.7%)*
Corporate & Shared Services	43.0	41.5	*3.4%*
Total aggregated revenue	**995.2**	**984.8**	***1.1%***
Intercompany	(90.5)	(81.8)	*10.7%*
Total consolidated revenue	**904.7**	**903.0**	***0.2%***

EBITDA



Adjusted EBITDA in 2023 was **€ 152.1 million**, an **increase of almost € 16 million** on the € 136.3 million recorded in 2023 (+12%). If the results of the two years are then netted of reliefs and contributions respectively paid, the growth recorded by the **Group's EBITDA would exceed € 19 million**, approximately two thirds of which comes from the **operating performance** of the **original scope** (thanks in particular to the areas of Education Books and Retail) and the remainder from the change in scope, in particular the consolidation of the new companies acquired in the Trade Books area.

All business areas made a contribution to this positive performance and, in particular, the various business segments obtained the following results:

- the **Trade Books** area showed an adjusted EBITDA of € 59.2 million**:** net of the reliefs relating to museum activities (€ 6.4 million), which the Group benefited from in FY 2022, the **area grew by 22% (€ +10.5 million),** largely attributable to the contribution of the newly consolidated companies from 2023;

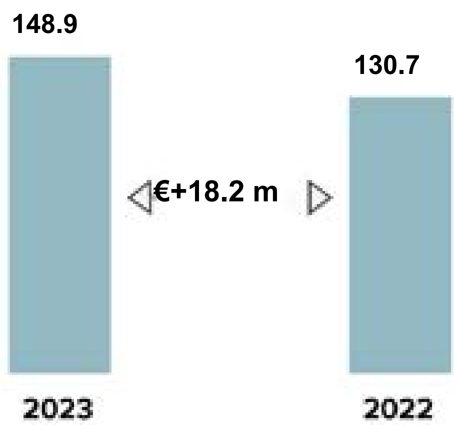
- the **Education Books** area showed, compared with the € 63.5 million recorded in FY 2022, **an increase of € 4.2 million** (**+6.7%**), due to a more favourable mix of revenues, which favoured the more profitable segments, coupled with a lesser incidence of industrial costs, in particular tied to the lower cost of purchasing paper, which had a positive effect compared with the previous year of around € 4 million, and of promotional costs, as well as the synergies deriving from the completion of the integration of D Scuola.

- the **Retail** area recorded a result of € **14.0 million**, **more than 50% higher** than 2022 (€ +**4.9** 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 resulting from the ongoing streamlining of the network of stores;

- the **Media** area recorded an **increase of € 2.3 million**, showing growth of approximately 16% over the previous year, attributable to both business segments. The area's **EBITDA margin** showed, despite the decline in revenues, **growth of almost 4 percentage points**, from 7.9% to 11.7%, also made possible by the recording of a contribution of € 2.8 million as a relief measure in favour of newspaper distribution;

- the **Corporate & Shared Services** area booked a negative margin of € 5.5 million, stable compared to € - 5.4 million in 2022.

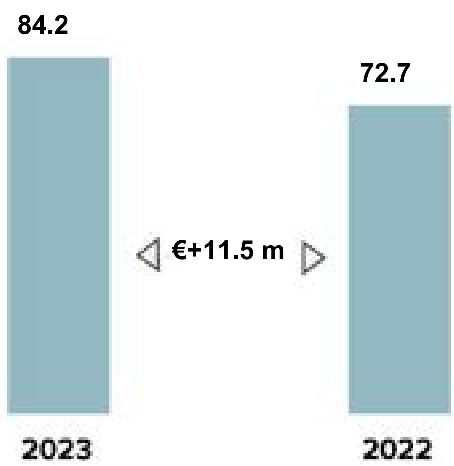
Adj. EBITDA by business area (Euro/millions)	2023	2022	Chg.
Trade Books	59.2	55.0	4.1
Education Books	67.7	63.5	4.2
Retail	14.0	9.1	4.9
Media	16.4	14.1	2.3
Corporate & Shared Services	(5.5)	(5.4)	(0.1)
Intercompany	0.3	0.0	0.3
Total ADJUSTED EBITDA	**152.1**	**136.3**	***15.7***



Group **EBITDA** in FY 2023 amounted to **€ 148.9 million**, compared to € 130.7 million at 31 December 2023, **an improvement of approximately € 18.2 million** attributable to the favourable trend in the operating components mentioned above and the recognition in 2023, 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)	2023	2022	Chg.
Trade Books	58.1	52.9	5.2
Education Books	66.4	62.0	4.4
Retail	13.8	8.2	5.7
Media	17.6	14.0	3.6
Corporate & Shared Services	(7.4)	(6.4)	(1.0)
Intercompany	0.3	0.1	0.2
Total EBITDA	**148.9**	**130.7**	***18.2***

EBIT



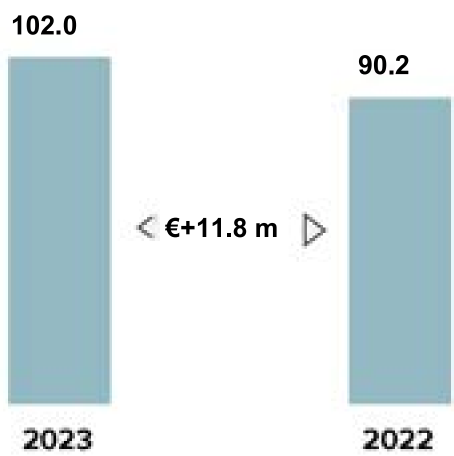
Thanks to the positive performance of all business areas, the Mondadori Group's **EBIT** in 2023, **positive for € 84.2 million**, showed an **improvement of € 11.5 million** compared to 2022, despite the booking of a total of approximately € 6.6 million in higher depreciation/amortisation resulting from the greater investments made during the year, the consolidation of new companies (€ +2.5 million) and the accounting effects of the PPA process (€ +2.3 million compared to 2022) relating to the M&A operations finalised in 2022 and 2023.

The negative impacts deriving from the write-downs booked in FY 2023 in the Media and Trade Books areas for a total of €7.3 million, as the result of the impairment process, are essentially in line with what was recorded for 2022; in FY 2023, the brand TV Sorrisi & Canzoni was written down due to the decision to reduce its residual useful life to 10 years, for € 6.3 million (€ 6.9 million in 2022) and the impairment of the goodwill relating to Piemme for € 0.9 million.

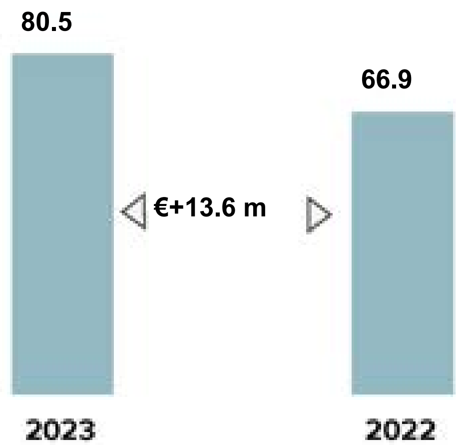
Neutralising the extraordinary items and the impacts of the PPA and impairment processes, the **Adjusted EBIT** would stand at **€ 102 million, up by approximately € 12 million (+13%)** compared to the previous year.

EBIT by Business Area (Euro/millions)	**2023**	**2022**	***Chg.***
Trade Books	47.8	49.0	*(1.2)*
Education Books	44.3	39.6	*4.7*
Retail	3.2	(0.9)	*4.2*
Media	5.7	0.9	*4.9*
Corporate & Shared Services	(17.2)	(15.9)	*(1.4)*
Intercompany	0.3	0.1	*0.2*
Total EBIT	**84.2**	**72.7**	***11.5***

ADJUSTED EBIT



CONSOLIDATED RESULT BEFORE TAX



Consolidated result before tax was positive at **€ 80.5 million**, an **improvement of about € 14 million** from € **66.9** million in 2023.

This performance was partly due to the **improvement by more than € 4 million in the result of associates**, deriving in particular from:

- the update of the fair value measurement of the equity investments in the companies A.L.I. and Adgage for an approximate total of €2 million,

- the booking of a capital gain - net of the negative result of the first 4 months - of € 0.4 million relative to the sale of the residual equity investment in SEE, the publishing company of *Il Giornale*, in April 2023, which the previous year had recorded a loss of around € 1.8 million and

- the absence of any write-downs of the equity investment held in Attica, which had impacted last year for € 1.7 million.

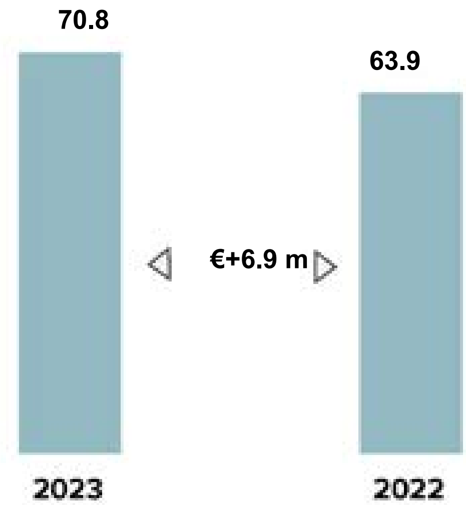
Financial expenses, on the other hand, recorded an overall **increase of more than € 2 million**, deriving for approximately €0.5 million from the higher cost of debt, despite a reduction in average exposure (whose "all-in cost" - i.e. cost including accessory expenses - came to 2.49% compared with 1.83% as at 31 December 2022) and for the remaining €1.6 million from greater expenses deriving from the comparison with FY 2022, which had benefited from the booking of non-recurring income - in the amount of approximately €1.4 million - linked to the early closure of the old rental contract of the Segrate headquarters.

NET PROFIT

At 31 December 2023, the Group's net profit, after minority interests, came to **€ 62.4 million**, **a significant improvement of approximately 20%, equal to € 10.3 million,** compared to the **€ 52.1** million recorded in 2022.

Tax costs in 2023 totalled € 17.9 million versus € 15.3 million at 31 December 2022 due to the higher pre-tax result.

ADJUSTED NET PROFIT



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).

FINANCIAL RESULTS

NET INVESTED CAPITAL

The **Group's Net Invested Capital at 31 December 2023** came to **€ 447.4 million,** up, by 2.1%, on the € 438.2 million at 31 December 2022, mainly due to the acquisitions completed between the two years.

The Group's **Net Working Capital** (of operating assets) amounted to € 13.6 million, down slightly versus € 14.2 million in the prior twelve months.

Net Fixed Assets came to € **502.2** million, up by 1.5% compared with the € 494.6 million at 31 December 2022, despite the decrease in the value of investments (€ - 16 million), mainly due to the consolidation of the companies recently acquired (whose business was also impacted by the value adjustments deriving from the PPA process), and the investments made in the Retail area to open new bookstores.

Excluding the effects of IFRS 16, Net Fixed Assets come to € 433.4 million, up on the € 426.2 million of 2022 due to the aforementioned effects.

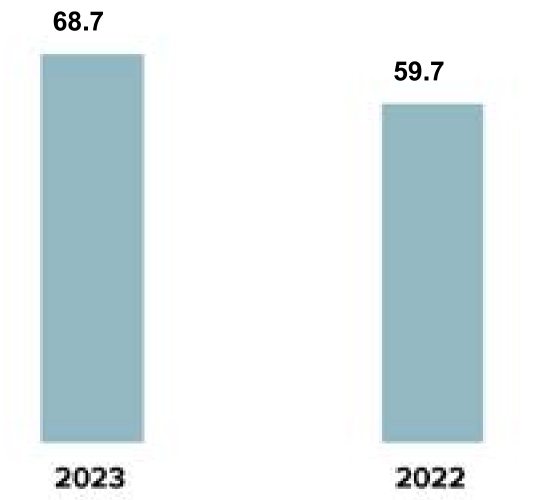
SOURCES

Consolidated equity at 31 December 2023 **increased by approximately € 28 million** versus the prior year, despite the distribution of approximately € 29 million in dividends, due to the **Group's positive net profit** recognised in 2023.

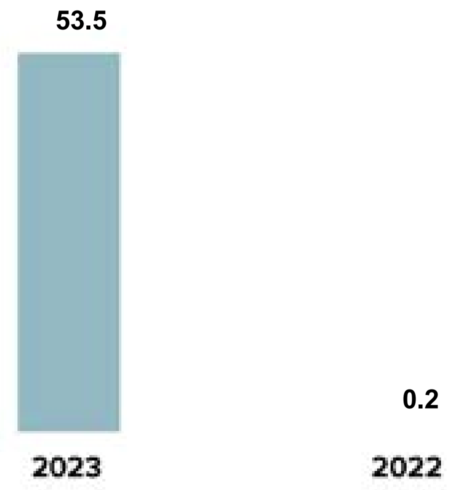
At 31 December 2023, the **Net Financial Position excluding IFRS 16** came to € -86.1 million (net debt), **improving by over € 20 million** compared to the € -106.1 million in 2022, due to the **significant cash generation of the business**, despite the cash-out relating to the afore-mentioned distribution of dividends.

The **IFRS 16 Net Financial Position** 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.

CASH FLOW FROM ORDINARY OPERATIONS



FREE CASH FLOW



Cash flow from ordinary operations (after cash-out for financial expense and tax) in 2023, amounted to **€ 68.7 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 business profitability, which more than offset the absorption deriving from 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.

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.

Consequently, **Free Cash Flow at 31 December 2023 was positive for € 53.5 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 € 29 million**.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN FOURTH QUARTER 2023

(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	5.2	2.3%	2.7	1.2%	*91.6%*
Extraordinary expense (income)	0.2	0.1%	1.9	0.8%	*n.s.*
EBITDA	**17.4**	**7.7%**	**16.3**	**7.2%**	***6.9%***
Depreciation and amortisation	12.5	5.6%	10.6	4.7%	*17.9%*
Impairments and write-downs	7.3	3.2%	7.2	3.2%	*1.4%*
Depreciation and amortisation 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 IFRS16	0.6	0.3%	0.5	0.2%	*33.2%*
Expense (income) from investments	(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.*
Net result for the period (group and non-controlling interests)	**(4.0)**	**(1.8%)**	**(6.6)**	**(2.9%)**	***n.s.***
Minorities	(0.1)	(0.1%)	(0.4)	(0.2%)	*n.s.*
Group's net profit	**(3.9)**	**(1.7%)**	**(6.2)**	**(2.8%)**	***n.s.***

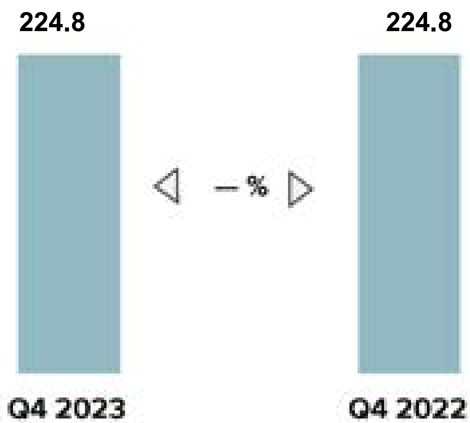
Cost of personnel includes costs for collaborations and temporary employment.

ALTERNATIVE PERFORMANCE MEASURES

This document, in addition to the conventional statements and financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures in order to provide a better understanding of the operating and financial performance of the Group, the definition of which is explained in the section “Glossary of terms and alternative performance measures used”.

INCOME STATEMENT

REVENUE



The **consolidated revenues** of the fourth quarter of 2023 came to € **224.8** million, in line with the same quarter of the previous year: like-for-like, **the organic performance of revenues recorded growth of 1.1%**.

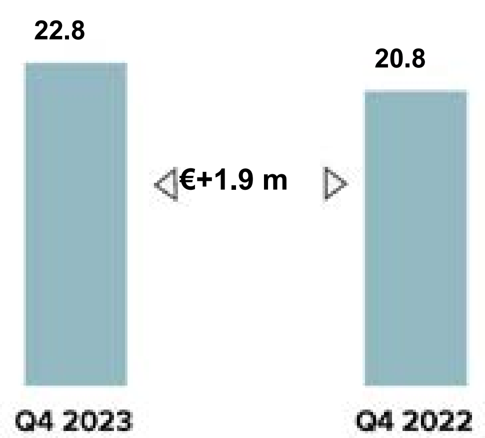
In the **Trade Books** area, revenues **increased by 2.5%**, mainly as a result of the 2023 consolidation of A.L.I., while the revenues recorded in the fourth quarter of the year by the school book publishing houses (**Education Books**) were down by approximately 7%, mainly due to the different timing - compared with the previous year - in receiving returns during the latter months of the year following delays in the logistics service; as already explained, the progressive revenues achieved during the year showed essential stability compared with last year.

The **Retail** area **grew by 4.5%** on the same quarter of the prior year, **driven by the book product**, which **rose by approximately 5%**.

The **Media** area recorded revenues down by approximately 7.1% mainly due to divestments: on a like-for-like basis, the quarter under review would have shown revenue growth of 6.7% despite the natural decline of the print business (in particular deriving from the significant reduction in joint sales), thanks to the performance of revenues deriving from **digital advertising income**, which, by contrast, **grew by almost 30%** on the same quarter of the previous year.

REVENUE by Business Area (Euro/millions)	Q4 2023	Q4 2022	*% Chg.*
Trade Books	112.0	109.3	*2.5%*
Education Books	22.0	23.6	*(6.8%)*
Retail	66.1	63.2	*4.5%*
Media	39.5	42.5	*(7.1%)*
Corporate & Shared Services	11.4	11.9	*(4.2%)*
Total aggregated revenue	**250.9**	**250.5**	***0.2%***
Intercompany	(26.1)	(25.7)	*1.7%*
Total consolidated revenue	**224.8**	**224.8**	***—%***

EBITDA



Adjusted EBITDA for the fourth quarter of 2023 was € **22.8** million, **an increase of almost € 2 million** on the € 20.8 million recorded for Q4 of 2022.

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

• the **Trade Books** area showed an adjusted EBITDA **increasing by around € 3 million**, to a large extent as a result of the consolidation of the newly acquired companies;

• the **Education Books** area showed a decline in margin due on the one hand to lower revenues and the other to the advance of some promotional and marketing costs;

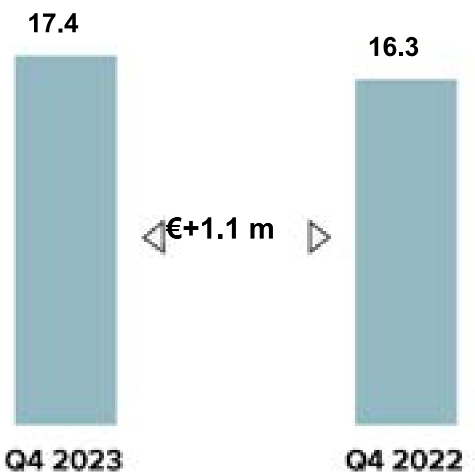
• the **Retail** area recorded a significant **improvement of € 0.7 million**, thanks to the growth in revenues, particularly from the Book product;

• the **Media** area recorded an **increase of € 1.4 million**, mainly due to the growth of business in the digital segment;

• the **Corporate & Shared Services** area recorded a negative margin of € 2.0 million, deteriorating from -1.4 million in the fourth quarter 2022, in particular due to the higher costs linked to IT projects and the lesser contribution to rental in relation to renovation works at the Segrate headquarters;

• the intercompany margin showed a declining trend as a result of the increase in the value of the products of the Group's publishing houses (stocked) at the Retail outlets, also due to the expansion of the scope of consolidation.

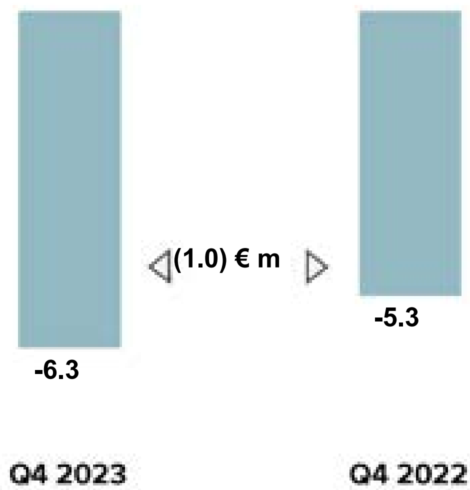
Adj. EBITDA by business area (Euro/millions)	Q4 2023	Q4 2022	Chg.
Trade Books	18.2	15.3	2.9
Education Books	(6.2)	(4.7)	(1.5)
Retail	5.7	5.0	0.7
Media	6.2	4.8	1.4
Corporate & Shared Services	(2.0)	(1.4)	(0.5)
Intercompany	0.8	1.9	(1.0)
Total ADJUSTED EBITDA	**22.8**	**20.8**	***1.9***



The quarter's **EBITDA** came to € 17.4 million (€ 16.3 million in Q4 2022), revealing that despite the greater non-recurring expenses incurred (for restructuring operations) and recorded in the Media and Corporate areas, there had been an **improvement** of € 1.1 million that reflects the positive operating trend described previously.

EBITDA by Business Area (Euro/millions)	Q4 2023	Q4 2022	Chg.
Trade Books	17.7	14.0	3.7
Education Books	(7.3)	(5.7)	(1.5)
Retail	5.5	4.4	1.1
Media	3.5	3.5	0.0
Corporate & Shared Services	(2.9)	(1.8)	(1.1)
Intercompany	0.8	1.9	(1.1)
Total EBITDA	**17.4**	**16.3**	***1.1***

EBIT



In the fourth quarter 2023, the Mondadori Group reported a negative **EBIT** of € 6.3 million, showing a **reduction of € 1.0 million** compared to the same period of the previous year. Despite the positive operating performance of all business areas that had led to an improvement in the profitability generated by the Group, the higher depreciation and amortisation recorded, in particular in the Trade Books area, as a result of the growing investments as well as the consolidation of the recently acquired companies and the PPA process related to them, resulted in this downturn compared to the previous year.

The negative impacts - already explained - deriving from the write-downs recorded in the last quarter of FY 2023 in the Media and Trade Books areas for a total of €7.3 million, as the result of the impairment process, are essentially in line with those recorded in the fourth quarter of 2022.

Neutralising extraordinary items, write-downs and the impact of the PPA process, **Adjusted EBIT** would stand at **€ 9.6 million**, **up by around € 1.3 million** (approximately +16%) compared to the fourth quarter of 2022.

EBIT by Business Area (Euro/millions)	**Q4 2023**	**Q4 2022**	***Chg.***
Trade Books	12.9	12.2	*0.8*
Education Books	(13.1)	(11.6)	*(1.5)*
Retail	2.7	1.7	*1.0*
Media	(4.3)	(5.2)	*0.9*
Corporate & Shared Services	(5.4)	(4.2)	*(1.1)*
Intercompany	0.8	1.9	*(1.1)*
Total EBIT	**(6.3)**	**(5.3)**	***(1.0)***

PERFORMANCE BY BUSINESS AREA

PERFORMANCE BY BUSINESS AREA

(Euro/millions)	Revenue		Adjusted EBITDA		EBITDA		Depreciation and amortisation, and write-downs		Operating income (loss)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Trade Books	374.3	338.9	59.2	55.0	58.1	52.9	(10.2)	(3.9)	47.8	49.0
Education Books	237.5	237.3	67.7	63.5	66.4	62.0	(22.1)	(22.5)	44.3	39.6
Retail	199.5	189.2	14.0	9.1	13.8	8.2	(10.6)	(9.1)	3.2	(0.9)
Media	141.0	177.8	16.4	14.1	17.6	14.0	(11.9)	(13.1)	5.7	0.9
Corporate & Shared Services	43.0	41.5	(5.5)	(5.4)	(7.4)	(6.4)	(9.9)	(9.5)	(17.2)	(15.9)
Intercompany	(90.5)	(81.8)	0.3	0.0	0.3	0.1	—	—	0.3	0.1
Consolidated total	**904.7**	**903.0**	**152.1**	**136.3**	**148.9**	**130.7**	**(64.7)**	**(58.0)**	**84.2**	**72.7**

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;

- the art and illustrated book publishing business, in which the Group operates with the brands **Electa** (specialised in visual arts, design and architecture) and **Abscondita**. 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 3.4%** (in terms of value) and a substantial stability in terms of volume[2]. The fourth quarter in particular showed a **growth in value of 5.7%** thanks to the excellent results recorded during the Christmas season. The genres of children's literature, Italian fiction and non-fiction made the largest contribution to this increase.

Breaking this trend down into the various segments making up the Trade publishing market, we can see that this positive performance is the result (i) of more marked growth in the Trade segment in the strictest sense (+5.0%) (ii) of a decline in the Comics segment (-11.7%, recorded in the bookshop and online channels only), mainly concentrated on a single publisher and after three years of extraordinary growth and (iii) a decline also seen in the Professional segment (-3.5%).

As regards the various product categories that mark the segment, **Hardcovers** – which represent the new publications for the year and account for approximately 84% of the market – grew by 4.1%, while **Paperbacks** (catalogue titles or "Tascabili") was substantially steady (+0.2%) compared to the previous year.

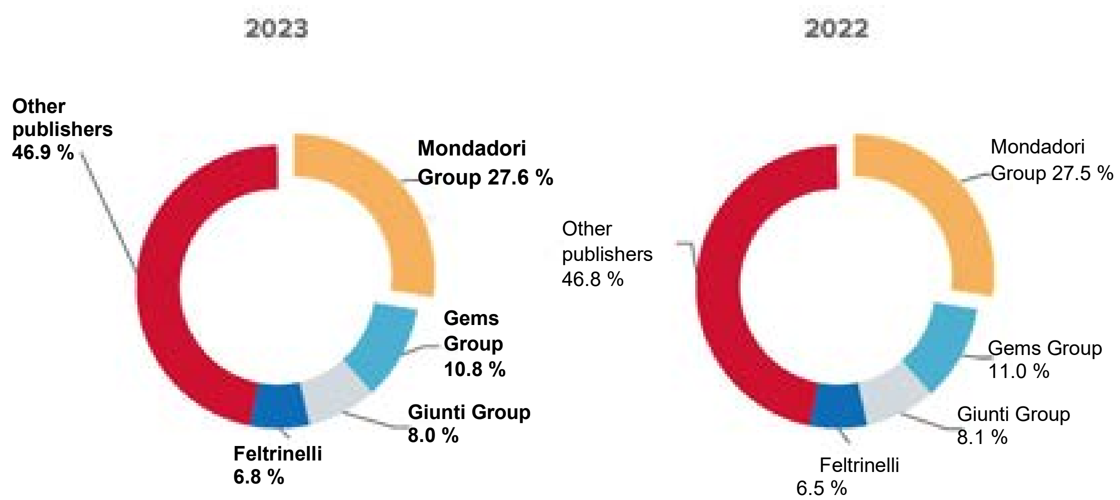
The dimension of the digital book market (e-books and audio-books) is estimated to be around € 109 million (6% of the market), **up 5%** on 2022 thanks to the sales of e-books, which grew by 2.5% and in particular audio-books, which enjoyed a double digit growth of 12%.

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). and "Le armi della luce" (The Armour of Light) by Ken Follett, published by Mondadori, and "La vita intima" by Niccolò Ammaniti, published by Einaudi.

[2] Source: GFK, December 2023

Thanks to this performance, the Mondadori Group consolidated its **national leadership** with a **market share of 27.6%** at the end of 2023.

TRADE MARKET SHARES



Source: GFK, December 2023 (in terms of value)

As proof of the quality of its publishing plan and the depth/range of its catalogue, during the year, the Mondadori Group was able to place 900 titles in the ranking of the top 2,500 books sold in terms of value (898 titles in December 2022) and **5 titles in the classification of the top bestsellers**[3], as shown in the table below.

More specifically, the top position with Prince Harry's biography "**Spare. Il minore" (Spare)** - published by Mondadori - and the third with "**Le armi della luce**" (**The Armour of Light**) - published by Mondadori - by Ken Follett, as shown in the table below.

[3] Source: GFK, December 2023 (ranking in terms of cover value)

#	Title	Author	Publisher
1	**Spare. Il minore (Spare)**	**Prince Harry**	**MONDADORI**
2	La portalettere	Francesca Giannone	NORD
3	**Le armi della luce (The Armour of Light)**	**Ken Follett**	**MONDADORI**
4	Il mondo al contrario	Roberto Vannacci	Indep. Publisher
5	**La vita intima**	**Niccolò Ammaniti**	**EINAUDI**
6	**Tre ciotole. Rituali per un anno di crisi**	**Michela Murgia**	**MONDADORI**
7	L'educazione delle farfalle	Donato Carrisi	LONGANESI
8	Dammi mille baci (A thousand boy kisses)	Tillie Cole	ALWAYS PUBLISHING
9	**Tutto è qui per te**	**Fabio Volo**	**MONDADORI**
10	Quando eravamo i padroni del mondo. Roma: l'impero infinito	Aldo Cazzullo	HARPERCOLLINS ITALIA

In FY 2023, the museum sector saw the concession for the management of the Roman archaeological area (the Colosseum Park) extended for the whole year, beyond the initial agreement for the first quarter. Also note that in December 2023, the further extension of this business to 30 April 2024 was announced.

Economic performance of the Trade Books Area

Trade Books (Euro/millions)	**2023**	**2022**	***% Chg.***
Revenue	374.3	338.9	*10.4%*
Adj. EBITDA	59.2	55.0	*7.5%*
EBITDA	58.1	52.9	*9.8%*
EBIT	47.8	49.0	*(2.4%)*
PPA effects	*3.3*	*0.9*	*266.7%*
EBIT excl. PPA	**51.1**	**49.9**	***2.5%***

Revenue

Revenue in 2023 amounted to **€ 374.3 million**, **up** by approximately **10%** versus the prior year, divided as follows:

- **+6.6% 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 1%** thanks to the good performance of the fourth quarter;
- **+16.2% of Electa** which recorded a recovery in museum activities linked to the concessions (the Colosseum) and a positive trend in new exhibitions and art publishing;
- **-2.3% of Rizzoli International Publications**. The decline was due to the negative effect of the EUR/USD exchange rate compared to the previous year, despite the year's good performance of catalogue titles and the New York bookstore;
- **+125.4% in third-party publishers distribution activities**, which benefited from the **contribution** made by the consolidation of A.L.I. from 1 January 2023 (whose revenues were recorded as a fee[4]).

[4] In accordance with IFRS15.

Trade Books Revenue (Euro/millions)	2023	2022	% Chg.
Publishing houses	273.2	256.3	6.6%
Electa/Abscondita (art, exhibitions and museums)	27.3	23.5	16.2%
Rizzoli International Publications	47.7	48.8	(2.3%)
Distribution and other services	28.4	12.6	(25.4%
Intercompany	*(2.2)*	*(2.2)*	*n.s.*
Total revenue	**374.4**	**339.0**	***10.4%***

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

Mondadori: in the Miscellaneous segment, Prince Harry's memoir *"Spare. Il Minore"* (Spare), which was the top selling title in the year, according to the GFK rankings, and "*Tutto è qui per te*" by Fabio Volo and the title *"Profondo come il mare e leggero come il cielo"* by Gianluca Gotto were successful. In Fiction, "*Tre ciotole*" by Michela Murgia and "*Le armi della luce*" (The Armour of Light) by Ken Follett.

- **Einaudi**: the titles "*La vita intima*" by Niccolo' Ammaniti in the top ten bestsellers, "*Soledad*" by Maurizio De Giovanni, "*Giù nella valle*" by Paolo Cognetti, "*Grande meraviglia*" by Viola Ardone, "*La banda dei carusi*" by Cristina Cassar Scalia, "*Il passeggero*" (The Passenger) by Cormac McCarthy. It is also worth mentioning the return of "*Le otto montagne*" by Paolo Cognetti and "*Accabadora*" by Michela Murgia in paperback.

- **Piemme**: in Non-Fiction, "*Nient'altro che la verità*" (Who Believes Is Not Alone: My Life Beside Benedict XVI) by Georg Gänswein, in Foreign Fiction "*Il giorno dell'innocenza*" (The Law of Innocence) by Michael Connelly 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 Colin Hoover, "*Holly*" by Stephen King and in Italian Fiction "*La vita è bella, nonostante*" by Sveva Casati Modignani.

- **Rizzoli**: in Italian Fiction "*Sorelle. Una storia di Sara*" by Maurizio De Giovanni, in Young Adult the titles of H. Jackson's Good Girl's trilogy, in Miscellaneous "*Che cosa vi siete persi*" by Gerry Scotti and in Non-Fiction "*La versione di Giorgia*" by Alessandro Sallusti and Giorgia Meloni.

We also note the publication of the paperback edition of *"Perfetti o felici"* by Stefania Andreoli.

- **Mondadori Electa**: In the Miscellaneous segment, "Il libro d'oro" and "*In cucina con la friggitrice ad aria*" by Benedetta Rossi and "*Kendal a spasso nel tempo*" by Alessandro Kendal.

- **DeAgostini Libri**: the most important release 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 2023.

Revenue from the sales of **e-books and audiobooks**, which accounted for approximately **6.8%** of total publishing revenue, was **up by 12.6%** versus the prior year (+11.8% like-for-like). Specifically:

- the number of **e-book** downloads rose by 0.8% vs 2022. The main titles sold in e-book format were "*Spare. Il minore*" (Spare) by Prince Harry (Mondadori), "*Le armi della luce*" (The Armour of Light) di Ken Follett (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 Michela Murgia (Einaudi). The e-book catalogue at 31 December 2023 counted almost 35,000 titles (like-for-like);

- the **audiobook** catalogue listening hours (like-for-like) grew by 45.7%. The most listened-to titles were "*La vita intima*" by Niccolo' Ammaniti, "*I pilastri della Terra*" (The Pillars of the Earth) and "*Le armi della luce*" (The Armour of Light) by Ken Follett.

In FY 2023, **<u>Electa</u>** recorded total revenues of € 27.3 million, up 16.2% on the € 23.5 million of the previous year, thanks to the continuation of its business linked to the Rome archaeological concession (the Colosseum Park and other Institutes), the growing organisation of exhibitions and the management of the related bookshops.

More specifically, the publishing house posted positive results in the <u>new exhibitions business</u> (+ €2.7 million), linked first and foremost to initiatives organised to celebrate the hundredth anniversary since Italo Calvino's birth:

- 12 October marked the Rome opening of *Favoloso Calvino* at the Scuderie del Quirinale *Il mondo come opera d'arte*, an exhibition organised with the Scuderie del Quirinale and in collaboration with Giovanna Calvino, Mondadori and Einaudi, which closed on 04 February 2024;

- on 15 October, at Palazzo Ducale, Genoa, the exhibition *Calvino cantafavole* was opened to the public. This was made possible thanks to the collaboration with Scuderie del Quirinale and the Regional Council of Liguria;

- in November, the Terme di Caracalla opened another commemorative event dedicated to the Liguria-born writer and his cities (Paris, Rome, Castiglione della Pescaia, New York and Sanremo).

The <u>publishing business</u> performed positively (+ €0.3 million), publishing 105 new titles (94 in 2022) that expanded the publishing house's catalogue.

In FY 2023, **<u>Rizzoli International Publications</u>** recorded consolidated revenues of around € **47.7** million, **down 2.3%** compared with 2022, entirely due to the euro/dollar exchange rate (-1.7 million): in dollars, the performance showed essential stability, despite the decline of approximately 10% recorded by the North American (USA and Canada) market, thanks to the positive performance recorded by the catalogue titles and calendar segment, in addition to the contribution made by the retail business in the New York store, which saw an increase in sales on 2022 of approximately 16.5%.

<u>Distribution activities and other services:</u>
Revenue from the distribution of books and other services on behalf of third-party publishers in 2023 amounted to **€ 28.3** million, an **increase of approximately 125%** over the € 12.6 million of the previous year, due to the contribution of A.L.I. (from 1 January 2023).

EBITDA

The **Adjusted EBITDA** of the Trade Books area for FY 2023 came to **€ 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 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 in FY 2023 compared to the previous year.

The **profitability** achieved by the Trade Books Area was approximately 15.8% in 2023, showing improvement on the same period in 2022, excluding the contribution of the reliefs (14.4%).

Reported EBITDA – amounting to **€ 58.1 million** - **improved by approximate 10%, or € 5.2 million** despite the absence of Electa relief, due to the dynamics described above and lesser non-ordinary items.

The **EBIT** for FY2023 came to **€ 47.8 million**, compared with the € 49.0 million in 2022, as a result of higher amortisation/depreciation of approximately €6.3 million, deriving mainly both from the consolidation of new companies (+€2.5 million) and the effects of the PPA process on new acquisitions (€ +2.1 million in 2023 vs 2022) as well as the write-down of goodwill in connection with Piemme (of € 0.9 million) following the impairment process.

Net of the accounting effects deriving from the Purchase Price Allocation process of the companies acquired in the last 24 months, the **EBIT** of the Trade area would have **increased by 2%** over the previous year.

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, both with its own brands and through the distribution of third-party publishers (mainly for the teaching of foreign languages).

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

The **total number of Italian students** in the primary and secondary school cycles in school year 2023/2024 **dropped by a total of approximately 1%**, more markedly in the primary segment (-1.9%), due to the demographic trend and decreasing birth rate in Italy[5].

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; overall, the market saw
percentages of adoption changes falling slightly in middle and secondary school (respectively to 33% and 38%), while in primary school, which is the segment characterised by the highest percentage, the changes came to 78%.

As shown in the table below, in the current year, the Mondadori Group's publishing houses in the segment of **School Textbooks** achieved a **market share** (adoption) of **32%**[6], **substantially stable** compared to the figure reported in the previous year, confirming its leadership in both primary and secondary school, 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.

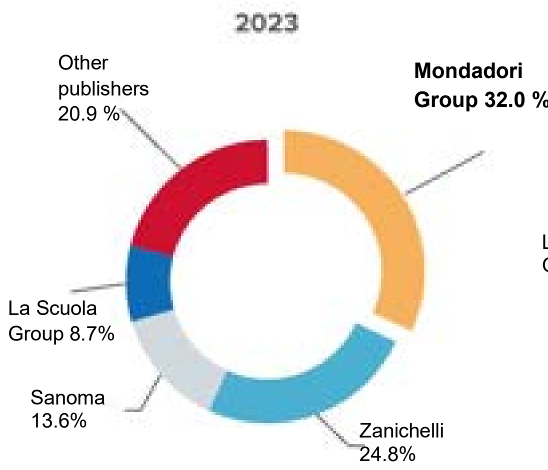
On a regulatory level, ceiling limits set to spending, which establish – by Ministry of Education and Merits decree – the maximum annual amounts for each level of education for the adoption of textbooks, have not been revised and therefore remain unchanged on 2012 (Law no. 221/2012), despite a cumulative inflation rate recorded during the period 2012-2023 in excess of 20%.

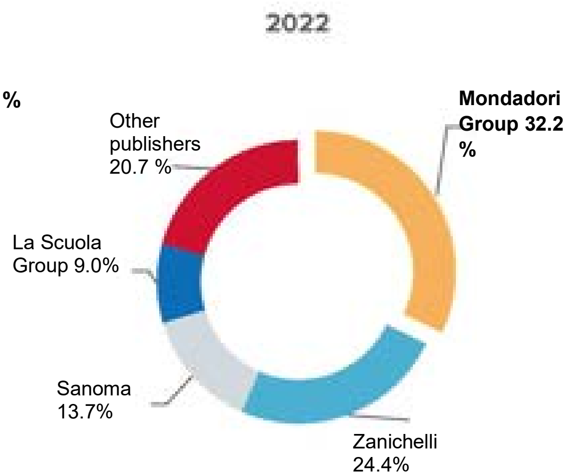
Changes in cover prices recorded on the market for school year 2023/2024 were +4.3% in primary school and ranged between 3% and 3.4% for secondary school.

5 Source: Ministry of Education and Merits, on number of enrolments

6 Source: AIE, 2023 (adopted first-year sections)

EDUCATION MARKET SHARES





The economic performance of the Education Books Area

Education Books (Euro/millions)	**2023**	**2022**	***% Chg.***
Revenue	237.5	237.3	*0.1%*
Adj. EBITDA	67.7	63.5	*6.7%*
EBITDA	66.4	62.0	*7.1%*
EBIT	44.3	39.6	*12.0%*
PPA effects	*3.4*	*3.3*	*3.0%*
EBIT excl. PPA	**47.7**	**42.9**	***11.3%***

Revenue

In FY 2023, the school business recorded total **revenues of € 237.5 million** (€ 237.3 million in 2022), **essentially stable (+0.1%)** compared with 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 5%,** with a trend offset by the decrease recorded by primary school (-6.5% compared to 2022).

As expected, a downturn of approximately 6% has been recorded in the distribution and sale of third party products by Rizzoli Education (dedicated to teaching foreign languages) and a decline in sales of non-adopted products: these include dictionaries, which recorded growth on last year, whilst university texts declined slightly, albeit less than the reference market trend.

Education Books: Breakdown Revenues by Segment (Euro/millions)	**2023**	**2022**	***% Chg.***
Primary school segment	15.8	16.9	*(6.5%)*
Secondary school segment	189.3	180.6	*4.8%*
Third-party publishers distributed	23.0	24.5	*(6.1%)*
Other	9.4	15.3	*(38.6%)*
Total revenue	**237.5**	**237.3**	***0.1%***

Education Books: Breakdown Revenues by Publishing House (Euro/millions)	**2023**	**2022**	***% Chg.***
Mondadori Education	83.7	81.6	*2.6%*
Rizzoli Education	77.6	78.7	*(1.4%)*
D Scuola	76.3	77.0	*(0.9%)*
Intercompany	(0.1)	0.0	*—%*
Total revenue	**237.5**	**237.3**	***0.1%***

In general, the Group's publishing houses recorded **growth in the ratio of sold/adopted** compared with the previous year **in middle schools**, whilst stability of the same parameter in secondary schools.

In all, for all three the group's publishing houses, sales of adoption books/courses in exclusively digital format, although showing slight growth, are confirmed as essentially irrelevant.

Looking at the individual legal entities, as shown in the table below, it is noted that:

- In 2023, **Mondadori Education** retained its high-ranking position in the school textbooks segment, firmly at **third place** for number of sections in terms of books adopted, with a market share showing slight improvement compared to the prior year (approximately 12%).
  The year ended with an **increase in revenues (2.5%)** (€ 83.7 million compared with € 81.6 million in 2022) due to slightly better adoption results in primary and middle schools.

  Specifically looking at the individual segments:
  - in primary schools, the Company recorded growth in the market share, due to the positive performance of adoptions of religious education texts;
  - also in middle schools, the publishing house recorded an increase in market share thanks to the different mix of adoptions (excellent results for new titles published for Geography and Artistic Education and Technology) and an improved ratio of sold/adopted; whilst

  in secondary schools, thanks to the different mix of adoptions – more changes in traditional secondary schools and fewer in technical and professional institutes – and the maintenance of the sales-adoption ratio, revenue is slightly up.

- In 2023, **Rizzoli Education** confirmed its **fifth place** in the school textbooks segment in terms of number of sections adopted, with a substantially steady 9.6% market share.
  • The year ends with a **slight downturn equal to 1.4%, in revenues** (€ 77.6 million compared with 78.7 million in 2022), largely due to the adoption performance of products of the third-party publisher distributed Oxford University Press, which offers texts for teaching English.

  Specifically looking at the individual segments:
  - in primary schools, the publishing house once again retained its position as one of the leaders, despite a worse performance by the textbooks of the third-party publishers distributed, which has been offset by the positive contribution of the entrance of the Religion segment under the Theorema brand, previously published by D Scuola.
  - in middle schools, the publishing house recorded a 1.5% increase in the number of sections adopted, going from a market share of 12.3% in 2022 to 12.6%, in particular concentrated on the catalogue;
  - in secondary schools, Rizzoli Education recorded a slight downturn to market share, both of its own products (-1% number of sections) and of the publisher distributed Oxford University Press (-3% number of sections).

- **D Scuola**, whose business mainly focusses on secondary schools and university education, was confirmed as the **fourth most important publisher** in the Italian school textbooks sector in 2023, with a market share of 10.3% in terms of number of adoptions.
  The year ended with a **slight decline in revenues (1.4%)** (€ 76.3 million compared with € 77.0 million in 2022), also due to the definitive exit in 2023 from the primary school segment.

The publishing offer for school year 2023/2024 was structured into 32 new titles, of which 9 in middle schools, 14 in secondary schools and 10 extracurricular titles, as well as a considerable range of digital teaching resources, tools and services.

Specifically looking at the individual segments:

- in middle schools, the publishing house reported a moderate decline in market share; while
- in secondary schools, the publishing house reported a stable market share;
- in the university segment, the company saw revenues stable as a result of the generalised market trend where the now massive use in certain subjects of self-produced resources and materials – in addition to widespread digital piracy and illegal photocopies – has led to a stasis in the sector. In 2023, 48 new titles or university editions were published, of which 8 with digital expansions; sales on the e-commerce channel are still slightly down after the important growth of 2020 and 2021.

- the foreign segment saw a downturn to revenues compared with the previous year, also linked to various distribution delays;
- the *Garzanti Linguistica* brand dictionaries – which starting from March 2023, have been distributed by the Company A.L.I. – have confirmed the revenues of teaching year 2022.

In 2023, **teacher training** activities continued. 139 free webinars were organised (for professional refresher courses, on disciplinary matters and for promotion) as well as on-line seminars, attended by around 115,000 teachers and involving authors of the publishing house and experts in the teaching industry. With paid-for training (tailored courses and packages of on-line courses for schools and on-line courses for teachers), approximately 15,000 teachers were involved.

EBITDA

Adjusted EBITDA in the Education Books area in 2023 stood at **€ 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 area's **profitability**, equal in 2023 to approximately **28.5%**, was higher than that recorded in 2022 (26.7%) as a result of the lesser incidence of industrial costs, in particular linked to the lesser purchase costs of paper, which had a positive effect compared with the previous year of approximately € 4 million, and promotional costs, thanks to the careful management of all discretionary costs.

Reported EBITDA – amounting to **€ 66.4 million** – also **grew** compared to 2022, by € **4.4 million**, with a trend consistent with the above-described managerial and operational dynamics, while **EBIT** came to **€ 44.3 million** compared to € 39.6 million in 2022, reporting an increase of around € 5 million in FY 2023: even excluding the accounting effects of the PPA process for D Scuola, EBIT (amounting to € 47.7 million) would **grow by 11.3%**.

RETAIL

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

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

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

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

There are **45 directly-managed stores**, which recorded

- a marked increase in turnover (+10.3% compared to the previous year);

- a simultaneous reduction of the average store surface area by 31% over the five-year period 2019-2023.

In this business segment, the network renewal and development continued through:

- transformation 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, with a clear focus on the book product.

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 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.

In addition, in 2023, the openings took place of the book stores of Vimodrone (Milan) at the start of January, Turin (To Dream – Urban District) and Terni (Cospea Village Shopping Centre) in April, Vittuone (Milan – Il Destriero Shopping Centre) in July, Milan Cascina Merlata in November and Corciano (Perugia – Quasar Village Shopping Centre) in December.

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, and was met with great success and appreciation by the public.

On first February 2024, in fact, the new Milan book store was opened in Via Marghera and other projects for new stores are being finalised during the first part of the year.

As concerns **franchisees**, mainly characterised by stores near small towns, the progressive **focus on the Bookstore format** continued, with medium-sized bookshops offering considerable turnover, through the opening of new book stores and the refitting of existing ones and the parallel closure of the smaller "Mondadori Point" brand and sales outlet. This business accelerated further during FY 2023 for a total of more than 50,000 square metres in total of the franchised book stores.

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.

Market performance

In Italy, in 2023, the book market **grew by 3.4%**[7] compared with 2022; in this context, we note **the growth of the physical channel (+4.3%)** and recovery of the **on-line channel** that saw a progressive recovery during the fourth quarter, closing the year **up by 2%**.

In 2023, Mondadori Retail recorded **growth of 5.6%, outperforming the reference market for the third year running;** thanks to this result, driven, on the whole, by excellent performance by physical stores, Mondadori Retail's **market share** came to **12.8%** (up +0.3% on 31 December 2022) and almost came to **20% of the physical market**.

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

Retail (Euro/millions)	**2023**	**2022**	***% Chg.***
Revenue	199.5	189.2	*5.4%*
Adj. EBITDA	14.0	9.1	*54.0%*
EBITDA	13.8	8.2	*69.3%*
EBIT	3.2	(0.9)	*n.s.*

Revenue

In the first nine months, the Retail area posted revenue of **€ 199.5 million**, **up by € 10.3 million** (**+5.4%**) versus the previous year, the highest value recorded since 2019, before the pandemic struck.
The ongoing development and renovation of existing stores and the focus on the core business of books have enabled the Mondadori network to consolidate its role in the market, as demonstrated by the **solid growth in revenue from the Book product** (€ +9.0 million, **+6.1%**), which is even higher than the pre-Covid result (+20% vs 2019).

The revenue trend by channel is as follows:

[7] Source: GFK, December 2023 (in terms of value)

Revenue (Euro/millions)	2023	2022	% Chg.
Directly-managed bookstores	75.3	68.3	*10.3%*
Franchised bookstores	97.1	92.9	*4.5%*
Online	14.3	13.8	*3.1%*
Store	**186.7**	**175.1**	***6.7%***
Bookclub and other	12.7	14.1	*(9.8%)*
Total revenue	**199.5**	**189.2**	***5.4%***

An analysis of the sales by channel reveals:

- additional **growth in revenues from directly-managed bookstores** (+10.3% on the previous year) and **franchisee bookstores** (+4.5% on 2022);
- a **slight increase in the on-line channel** (+3.1% compared to the previous year).

The negative trend of the Bookclub channel is mainly tied to the reduction of average members, although average turnover was essentially stable.

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 6.1%** on 2022, driven by the excellent performance of physical stores;
- the **Extra Book** turnover has shown a positive trend (+14.4% vs 2022), thanks to the growth in the Impulse sector (stationery and gifts).

EBITDA

The Retail area shows a positive **Adjusted EBITDA** of € **14.0** million, **up by more than 50%**compared to 2022 (€ **+4.9** million), confirming progression and a gradual improvement in performance seen for several years (in 2019, Adjusted EBITDA was € 5.0 million).

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 recorded a **major increase**, coming in at € 13.8 million, up € 5.7 million compared with the previous year, also as a result of lesser non-ordinary expenses (€ 0.2 million linked to costs for restoring stores vs € 0.6 million at 31 December 2022).

EBIT, € 3.2 million, improved significantly (€ **+4.2** million versus FY 2022).

It is important to note that the 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

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 the print segment with **13 magazines** and **8.8 million readers**[8], Mondadori's market share (in terms of circulation) stood at **20.3%**, up slightly – with a like-for-like portfolio of titles– versus December 2022 (19.8%), due to **improved performance** on that of the reference market;
- on the web with **12 brands** and approximately **28** million average unique users per month[9];
- in social media with a **fan base** at 31 December 2023 of **around 103** million and over **110 profiles**.

In the **digital** area, Mondadori Media retained its **leadership** in segments with high sales value and audience figures:

- in **food** with **GialloZafferano** which, after recording 18.1 million users in December and an aggregate fan base of 68.3 million (including international profiles), is confirmed as the most loved food media brand by the Italians and the 4th kitchen brand with most followers worldwide;
- in the **women's** segment with the innovative web magazine and social **The Wom**, which in December 2023, two years after launch, numbered 10.3 million one-time users and an aggregated fanbase of 9.9 million;

- **wellness** with **MyPersonalTrainer** with 11.5 million unique users and an aggregate fanbase of 4.4 million;

- **science&tech** with **Focus** with over 2.4 million unique users in December and a fanbase of 5.0 million;

- **parenting** with **NostroFiglio** with 2.4 million unique users and an aggregate fanbase of 1.3 million.

Relevant market performance

The relevant markets in FY 2023 performed as follows:

- the advertising market (excluding searches, social networks, classified and OTT) increased by an overall 1.9% versus the prior year; individual segments performed as follows: digital +2.4% (excluding Over The Top), TV +2.1%, newspapers -4.0%, radio +6.0% and magazines +0.8%[10];
- the magazines circulation market declined by 8.1%[11];

[8] Source: Audipress III, 2023
[9] Source: Comscore, December 2023
[10] Source: Nielsen, December 2023
[11] Internal source: Press-di, December 2023 in terms of value

• the add-ons market fell by approximately 26%[12].

Highlights of FY 2023

During 2023, 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.

In June 2023, 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 (Euro/millions)	**2023**	**2022**	***% Chg.***
Revenue	141.0	177.8	*(21%)*
Adj. EBITDA	16.4	14.1	*16%*
EBITDA	17.6	14.0	*26%*
EBIT	5.7	0.9	*561%*

In 2023, the Media area recorded revenue of € 141.0 million, a reduction of approximately 21% on the previous year. **On a like-for-like basis** (thus excluding the effect of the deconsolidation of the magazines sold at the beginning of 2023 and of Press-di's distribution activities), this reduction is smaller by around 3% thanks to the positive performance reported in the third quarter of the year (approximately +7%) and shows **different trends** in the two digital and print components.

Specifically, on a like-for-like basis:

- **digital activities**, which account for **approximately 40% of total revenue** of the area, showed **growth in advertising revenue of approximately 23%** in FY 2023, specifically deriving from the performance of the MarTech segment;
- **traditional businesses** in print are **down 14.8%**, in particular due to the reduction in joint sales recorded over the whole year, caused by the choice to reduce the releases of products with limited margins, like musical products and home video.

[12] Internal source: Press-di, December 2023 in terms of value

Media (Euro/millions)	2023	2022	2022 Like-for-like	% Chg.	Change % Like-for-like
Circulation	49.1	55.9	52.7	(12.2%)	(6.9%)
Add-on sales	12.7	22.0	21.9	(42.3%)	(42.1%)
Print Advertising	*9.9*	*20.7*	*11.3*	*(52.2%)*	*(12.4%)*
Digital Advertising	*56.2*	*47.4*	*45.7*	*18.6%*	*22.9%*
Total Advertising	66.1	68.1	57.0	(2.9%)	15.9%
Distribution/Other revenue	13.0	31.7	13.2	(59.0%)	(1.8%)
Total revenue	**141.0**	**177.6**	**145.0**	**(20.6%)**	**(2.7%)**

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

- **advertising** revenue – of € 66 million – are **up 16%**, despite the downturn recorded in print, due in particular to the phasing of the departure of the new advertising concession-holder for the brands TV Sorrisi & Canzoni and Chi, which has privileged the target of profitability over volumes. In the Digital area, the previously-mentioned **growth of the digital business** has been noted, which has benefited from the development of the **MarTech** segment, as well as the start-up of the new initiatives mentioned previously; it is noted that the revenues deriving from advertising in connection with the paper magazines now only account for 7% of the area's comprehensive revenues;
- **circulation** revenue (newsstands + subscriptions) **fell by 6.8%**. 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 5.9% compared to -8.1% for the market.
- The revenues deriving from **add-on products** (DVDs, CDs, miscellaneous objects and books) sold together with the Mondadori newspapers, again on a like-for-like portfolio, were **down by approximately 42%**, yet retained good profitability in line with the previous year.
- The other revenues, which includes those relating to the management of subscriptions and no-profit systems, recorded **essential stability** compared with the previous year.

EBITDA

Adjusted EBITDA for the Media area came to **€ 9.0 million**, showing **growth of approximately 16%** compared with the previous 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 is due to a rationalisation of the portfolio of business offering more stable profitability, to constant attention paid to the development and rationalisation of costs as well as to the booking of a tax credit to offer partial relief of the costs incurred by the publisher for newspaper distribution (€ 2.8 million);
- in the **digital** area, Adj. EBITDA increased by approximately € 1 million compared with the previous year, thanks to the higher revenues and the contribution of new initiatives, despite the deconsolidation of the result relative to the digital assets of the magazines that have been sold off.

Reported EBITDA amounted to **€ 17.6 million**, up from € 14.0 million in FY 2022, also due to the recognition of the net capital gain related to the sale of the titles *Grazia* and *Icon* (as well as of the related international network).

As a result, **EBIT** was a positive **€ 5.7 million** versus € 0.9 million at 31 December 2022, due to the improvement in operating and non-operating trends described above and the lower amortisation and depreciation and despite the recording of impairment for TV Sorrisi e Canzoni:

in FY 2023, in fact, the write-down of the brand, due to the decision to shorten the residual useful life to 10 years, was € 6.3 million, while in 2022, the write-down applied following impairment testing totalled € 6.9 million.

CORPORATE & SHARED SERVICES

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

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

Revenues, which in 2023 increased by approximately 3.4% on 2022, consisted mainly of the remuneration of services provided to subsidiaries and associates.

The area's **adjusted EBITDA** is negative for € 5.5 million and essentially stable compared with the € -5.4 million of FY 2022, thanks to the benefit deriving from the reduction of costs of utilities linked to the office management, which offset the lesser contribution to rental in connection with the works restructuring the Segrate headquarters, noted during the last quarter of the year.
If we also include non-ordinary items, **EBITDA** amounted to € -7.4 million, worse than the € -6.4 million of FY 2022, due to greater restructuring costs accrued in 2023, also to service the early retirement plan launched during the first few months of FY 2024.

The area's **EBIT**, which came to € -17.2 million (€ -15.9 million in 2022), reduced by € 1.4 million, not only due to the effects already mentioned, but also as a result of the greater amortisation/depreciation deriving from investments made in certain projects to renew the IT platforms.

Corporate & Shared Services (Euro/millions)	**2023**	**2022**	***Chg.***
Revenue	43.0	41.5	*1.4*
Adj. EBITDA	(5.5)	(5.4)	*(0.1)*
EBITDA	(7.4)	(6.4)	*(1.0)*
EBIT	(17.2)	(15.9)	*(1.4)*

STATEMENTS OF FINANCIAL POSITION

The Mondadori Group's **Net Financial Position** (excluding IFRS16) at 31 December 2023 showed a net debt of **€ 86.1 million, down € 20 million** on the € - 106.1 million at 31 December 2022, despite the cash-outs incurred to pay dividends to shareholders, thanks to the significant cash generation by the Group's businesses.

The **IFRS 16 Net Financial Position** came to € - 158.6 million, from € - 177.4 million recorded at 31 December 2022, including an IFRS 16 debt component of € - 72.5 million.

Note that the Net Financial Position at 31 December 2023 included a negative impact of the valuation of derivative instruments relating to interest rate risk hedging, amounting to around € 5 million compared to a benefit of approximately € 10.5 million at 31 December 2022.

Consequently, the actual **improvement** of the IFRS 16 Net Financial Position at 31 December 2023, would come in at over **€ 34 million**.

Net financial position (Euro/millions)	**31/12/2023**	**31/12/2022**
Cash and cash equivalents	49.7	34.9
Assets (liabilities) from derivative financial instruments	5.7	10.5
Other financial assets (liabilities)	(25.9)	(22.0)
Loans (short and medium/long term)	(115.7)	(130.4)
Held-for-sale financial assets (liabilities)	0.0	0.9
Net financial position excluding IFRS16	**(86.1)**	**(106.1)**
Financial payables IFRS 16	(72.5)	(71.3)
Total net financial position	**(158.6)**	**(177.4)**

The overall credit lines available to the Group at 31 December 2023 amounted to € 615.2 million, € 402.5 million of which committed.

The Group's short-term loans, amounting to € 212.7 million, € 10.0 million of which drawn down at 31 December 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 € 450.0 million (€ 402.5 million at 31 December 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	47.5[13]	—	47.5
RCF	125.0[14]	125.0	—
Acquisition Line C	230.0[15]	170.0	60.0
Total	**402.5**	**295.0**	**107.5**

An analysis of the Group's Cash Flow for the year ended 31 December 2023, compared to FY 2022, is provided below:

(Euro/millions)	31/12/2023	31/12/2022
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 IFRS16	(38.0)	(41.7)
Cash flow from operations	**90.7**	**85.5**
Financial income (expense) no IFRS16	(5.1)	(4.1)
Tax	(16.9)	(21.6)
Cash flow from ordinary operations	**68.7**	**59.7**
Restructuring	(4.8)	(8.8)
Share capital increase/dividends non-controlling interests and associates	0.8	(1.0)
Purchase/disposal	(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 paid	(28.7)	(22.2)
Tot. cash flow	**24.8**	**(11.5)**
Change in Valuation of Derivatives	(4.7)	10.5
Net financial position excluding IFRS16	**(86.1)**	**(106.1)**
IFRS 16 effects in the period	(1.2)	13.1
Final net financial position	**(158.6)**	**(177.4)**

Cash generation in 2023 is structured as follows:

- **Ordinary cash flow** was **positive for € 68.7 million**, **an increase of about 15%** on the figure recorded in FY 2022, due to:
  - on the one hand, the **improvement in the business's profitability** and the contribution made by the consolidated companies in 2023, which more than offset the negative dynamic of working capital partly brought about by the improved operations of the Book business and partly by the decline of the Media Print business (also for some government contribution receivables not collected at 31 December 2023);

[13] Maturities: 3 equal instalments of € 15.8 million, maturing on 31 December each year until 31 December 2026; the exposure is fully hedged at a fixed rate (-0.086%)
[14] Bullet loan, coming to maturity on 31 December 2026
[15] Final maturity on 31 December 2026, availability period extended until 31 July 2024; annual repayment in equal instalments equal to 1/3 of the drawn amount of the line as from 31 December 2024. The portion drawn down at 31 December 2023, relating to the loan for the acquisition of D Scuola, is € 60 million; the exposure is fully hedged at a fixed rate (-0.098%).

- on the other, the **lower tax payments** for approximately € 5 million, mainly deriving from realignments and tax redemption applied during previous years (in particular related to the acquisition of D Scuola);

- and to **lower cash-outs for investments** for approximately € 4 million.

Cash flow from non-ordinary operations came to a negative **€ 15.3 million** and included mainly cash-out for:

- **acquisitions, which, net of disposals, came to approximately € 5.4 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 that regulate the future purchase of the remaining 25%, net of the collection in the Media area related to the sold titles;
- restructuring costs of € 4.8 million.

Consequently, comprehensive **Free Cash Flow** generated by the Group came to **€ 53.5 million** at 31 December 2023, before the cash out linked to the payment of dividends of € 28.7 million in May 2023.

Below are the investments made by the Group in the two years, broken down by business area, illustrating the lower CAPEX incurred by the school textbook publishing houses (by around € 2 million) compared to the previous year and the Retail area that, in 2022, had been particularly impacted by the project to restructure the flagship store in piazza Duomo, Milan.

Capex by Sector of Activity	**31/12/2023 FY**	**31/12/2022 FY**
Trade Books	3.0	3.6
Education Books	19.1	21.3
Retail	9.5	11.2
Media	1.0	1.0
Corporate & Shared Services	5.4	4.5
Total	**38.0**	**41.7**

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

(Euro/millions)	31/12/2023	31/12/2022	% 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 from 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 IFRS16	**433.4**	**426.2**	***1.7%***
Assets from rights of use IFRS16	68.8	68.5	*0.5%*
Net fixed assets with rights of use IFRS16	**502.2**	**494.6**	***1.5%***
Provision 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 year	62.4	52.1	*19.9%*
Group shareholders' equity	**288.1**	**259.6**	***11.0%***
Minority shareholders' equity	0.8	1.3	*(40.2%)*
Equity	**288.8**	**260.8**	***10.7%***
Net financial position excluding IFRS16	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%***

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 31 December 2022, for the sake of proper comparison, were restated in accordance with IFRS 5, under “Assets (Liabilities) disposed of or being disposed of”.

The Group's **Net Invested Capital** at 31 December 2023 came to **€ 447.4 million** and increased by 2.1% compared to € 438.2 million at 31 December 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 **€ 13.6 million**, down versus € 14.2 million of the previous 12 months.

More specifically, the trend of key balance sheet figures versus 31 December 2022:

- **trade receivables** showed growth of more than 2% (€ 3 million), concentrated in the Trade Books area, as a result of the discontinuity deriving mainly from the consolidation of A.L.I., whose collections are deferred, offset by the positive performance of the Retail area, thanks to the opening of new stores, where collection condition are more favourable;

- **inventories** dropped by 0.9% (€ 1.5 million), due to the Trade Books area, despite the expansion of the scope;

- **trade payables** increased by 1.7%, or approximately € 4 million, due to changes in the scope of consolidation in the Trade Books area and greater purchases in the Retail area;

- **intangible assets** rose by approximately € 13 million versus December 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 2023 (specifically regarding the change in the residual life of the brand TV Sorrisi & Canzoni in the Media area and the start-up of Piemme in the Trade Books area) and the amortisation booked during the year;

- **tangible assets** increased by approximately € 11 million, mainly due to changes in scope made during the year and investments made for the opening of new stores in the Retail area, in particular Piazza Duomo, Milan;

- **right-of-use assets** were in line with the figure at December 2022;

- 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 the equity investments held in Mediamond S.p.A. (which took place in December and became effective on 1 January 2024) and Società Europea di Edizioni S.p.A., which took place in April;

- **provisions** (provisions for risks and post-employment benefits) were basically steady versus 31 December 2022.

Consolidated shareholders' equity at 31 December 2023 – of € **288.8 million** – **increases by around € 28 million** compared with the previous year, confirming the significant degree of capitalisation achieved by the Group, despite the distribution of approximately € 29 million of dividends and the reduction of the reserve that includes the measurement of derivatives for € 3.6 million, as a result of the **Group's positive net profit** booked during FY 2023 (€ 62.4 million).

PERSONNEL

HEADCOUNT

Group employees – on both permanent and fixed-term contracts – amounted to **1,945**, **up by 2.4%** versus 1,900 resources at 31 December 2022 (+45 units).

Neutralising the effects of all the changes in scope applied, namely the **acquisition of A.L.I., the disposals of titles and the digital acquisitions in the Media area**, the Group's workforce would show a like-for-like increase of 1.7%, concentrated in the Digital Media and Retail areas.

Employees at 31 December 2023:

Headcount	**31/12/2023**	**31/12/2022**	***% Chg.***
Arnoldo Mondadori Editore S.p.A.	257	248	*3.6%*
Italian subsidiaries	1,621	1,601	*1.2%*
Foreign subsidiaries	67	51	*31.4%*
Total	**1,945**	**1,900**	***2.4%***

Headcount by Business Area	**31 December 2023**	**31 December 2022**	***% Chg.***
Trade Books	593	545	*8.8%*
Education Books	291	297	*(2.0%)*
Retail	321	308	*4.2%*
Media	429	454	*(5.5%)*
Corporate & Shared Services	311	296	*5.1%*
Total	**1,945**	**1,900**	***2.4%***

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 0.9%, due mainly to the reopening of Electa Bookshops at exhibitions and museum sites.

The headcount in the **Retail** area increased by 4.2% due to the opening of some direct sales outlets, despite 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 (-5.5%) came to +3.0% 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 5.1%, showing an increase by 2.7% net of the addition of certain staff functions deriving from the integration of A.L.I.

The cost of personnel[16] in 2023 came to € 143.6 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%) compared to the previous year.

The percentage of this cost on consolidated revenue in 2023 was confirmed as equal to that of the previous year (15.9% at 31 December 2022).

€ millions	**2023**	**2022**	***% Chg.***
Cost of enlarged personnel (before restructuring)	**143.6**	142.3	*1.0%*

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

PERFORMANCE OF ARNOLDO MONDADORI EDITORE S.P.A.

(Euro/millions)	2023		2022		% Chg.
Revenue	**43.1**		**41.8**		***3.1%***
Industrial product cost	0.1	0.2%	0.1	0.2%	*—%*
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	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.***
Depreciation and amortisation	4.3	10.0%	3.9	9.3%	*10.3%*
Impairments and write-downs	—	— %	—	—%	*n.s.*
Depreciation and amortisation IFRS 16	5.6	13.0%	5.6	13.4%	*O/ —%*
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 IFRS16	0.8	1.9%	(0.6)	(1.4%)	*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 for the period	**62.4**	**144.8%**	**52.1**	**124.6%**	***19.8%***

The Parent Company's income statement at 31 December 2023 showed 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 for 2023 (€ -5.6 million) was essentially stable compared to the previous year.

Reported EBITDA for 2023 was € -7.5 million, worse than in 2022 (€ -6.7 million), mainly due to higher allocations related to restructuring costs (partly linked to the early retirement plan in place).

The amortisation/depreciation for FY 2023, of € 4.3 million, is slightly up on 2022 due to the IT investments made during the last 24 months.

FY 2023 includes net financial expense totalling € 5.0 million, up as a result of the average cost of debt for FY 2023, despite lower average exposure, as already indicated for the Group.

Financial expense from the application of IFRS 16 worsened compared to 2022, which had benefited from the recognition of non-recurring income of approximately € 1.4 million from the early termination of the old lease contract for the Segrate HQ (the new contract was signed in July 2022).

The positive contribution from the equity measurement of investments amounted to € 83 million, up by € 15.6 million from the prior year. Note that on 1 January 2023, the partial spin-off through the assignment of the equity investments held by Mondadori Libri S.p.A. in the Education business, in the favour of Mondadori Scuola S.p.A..

This growth was mainly the result of:

- increased write-back of the subsidiary Mondadori Media S.p.A.;
- the write-back of Mondadori Retail S.p.A. (whose results up to the previous year had determined a negative effect).

- an overall positive contribution of the subsidiaries Mondadori Libri S.p.A., also following the changes in scope and Mondadori Scuola S.p.A..

It is recalled that the result was also impacted by:

- the booking of a capital gain – net of the negative result of the first 4 months – of € 0.4 million relative to the sale of the residual equity investment in SEE, the publishing company of Il Giornale, in April 2023, which the previous year had recorded a loss of around € 1.8 million and

- the absence of any impairment of the equity investment held in Attica, which had impacted last year for € 1.7 million.

The **Company's net profit** was therefore **€ 62.4 million** (compared with € 52.1 million in 2022).

MAIN RISKS AND UNCERTAINTIES TO WHICH THE MONDADORI GROUP IS EXPOSED

The **Mondadori Group's internal control and risk management system**[17] is understood as the set of procedures, organisational structures and related activities aimed at identifying, measuring and managing the main risks and uncertainties to which it is exposed in achieving the corporate objectives.

The status of the risks is reviewed and updated annually. To this end, the **Risk Management Department** has been set up, whose global approach is aimed at all the main areas of risks and opportunities, focussing on the most significant in terms of possible effects on achieving the strategic objectives or the Group's net asset value.

The significance of the risks is determined on the basis of parameters of **probability of occurrence** and **impact**, the assessment of which was carried out by using the following qualitative-quantitative drivers: **economic**, considering the potential economic losses that the risks may generate, **reputational**, in view of potential effects on brand reputation, brand equity and in general stakeholder expectations and **operational**, assessing the impacts on operative processes with consequences on their efficiency and/or the achievement of business objectives and Group sustainability.

The classification constitutes a common language between the Business Units, in order to aggregate all risk factors at a corporate level.

A first macro classification of risks involves a distinction between:

- **external risks**, i.e. risks that are exogenous to the organisation, linked to the external environment or to the characteristics and evolutions of the sector in which the organisation operates;
- **internal risks**, directly linked to the Group's value chain, in particular: operational, strategic, financial and legal & compliance.

MAIN STEPS OF THE PROCESS

- Through the **conduct of interviews**, by means of a self-assessment process, the company management (i.e. the risk owner) identifies the risks relating to its Business Unit (the "BU") and assesses the effects on the potential achievement of corporate strategic objectives.

  Assessment is performed by defining the inherent risk, i.e. the entity of the risk in the lack of mitigation interventions and thereafter the residual risk, which measures the entity of the risk following actions taken to reduce the probability of the risk even occurring and/or to limit the possible damaging impacts.

- Preparation of the **Risk Reports for the individual BUs**, highlighting the top risks that have emerged and the overall assessment of the risk.
  The Reports are sent to the respective CEOs of the individual BUs involved in the final risk assessment.

- The next phase comprises the **consolidation of the results** in order to provide a single, shared vision of the Group's risks and the mitigation measures, either those in progress or proposed.

  In 2023, the analysis of risks relating to **sustainability topics** also continued, in line with the priorities defined by the European Securities and Markets Authority (ESMA) for the current reporting year.

[17] The process was implemented in 2008; the guidelines and overarching themes are based on the principles set out in Enterprise Risk Management (ERM), an international standard drawn up by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report).

• Finally, the preparation of the **Group Risk Report** is **shared** with the Group's CEO and thereafter with the Control, Risks and Sustainability Committee and the Board of Directors.

The actual existence and effectiveness of **mitigation actions**, as reported by the management during assessment, is then **verified by the Internal Audit Department**, which uses the risk mapping to prepare an audit plan.

RISK ASSESSMENT ACTIVITIES 2023

2023 risk assessment activities have been summarised in the tables below, indicating the main risks and mitigation measures undertaken.

SCENARIOS

• EXTERNAL CONTEXT

The current geopolitical context inevitably impacts the macroeconomic situation, influencing or modifying **consumer choices** and thereby affecting the options linked to the use of free time.

In a strictly national area, the **declining trend** in the number of students, as a result of reducing birth rates, may impact the welfare state and in general, economic growth.

The impact involved the Education BU in particular, for the effects of the progressive reduction of the school population and, accordingly the demand for educational products. It is believed that this trend will become consolidated in the medium term.

Main risks	Mitigation measures
Demographic decline (Education BU)	Pricing policies. Constant renewal of the publishing offer in order to continuous improve the ratio of sold and adopted.
Decline in consumption	Continuous strengthening of the identity of the publishing houses. Optimisation of assortment, with a focus on high rotation goods. Activation within the franchise stores of spaces/activities dedicated to specific areas (e.g. phygital space, cookery, etc.). Consolidation of the comic segment.

• SUPPLY CHAIN

With reference to the distribution process, in 2023, the Group suffered some inefficiencies by the logistics supplier and considered the possibility of rationalising the service in order to guarantee its continuity and effectiveness.

Another factor considered is linked to the concerning geopolitical and macroeconomic contexts that, although almost unchanged compared with the previous year, continued to impact the production chains in multiple points, both on the market demand side and the **supplies of raw materials and energy**.

This scenario is then added to by the problems linked to the **difficulty obtaining** the raw material **paper**, also due to the current process of reconverting production to paper for packaging, with a consequent reduction in the number of suppliers, a possible increase in the purchasing costs and interruptions/delays in receiving goods.

Main risks	Mitigation measures
Management of outsourced logistics activities (Education, Trade and Retail BUs)	Simplification of the process, excluding sub-supplies of the service. Acceptance of the transport service from the warehouses to the end customer Creation of a working party with the involvement of an external consultant in order to analyse and increase the efficiency of the entire logistics process and assess a different logistics model.
Increase in industrial costs and utilities	Constant market monitoring through scouting with suppliers. Three-year agreements with the most important suppliers in order to guarantee them stability in production, in exchange for economic benefits. Closure of the Segrate office one day a week. Use of low-impact lighting and heating technology, also in sales outlets.
High costs and difficulty in obtaining the raw materials.	Constant monitoring of the European market performance. Scouting outside the EU Adoption of specific purchasing policies for the ongoing supply of goods. Careful planning of the purchase of paper and definition of print runs.

• REGULATORY EVOLUTION

Starting 2024, the reformulation of the **Culture Bonus** envisages the assignment of the contribution on the basis of criteria (see ISEE and Merit) that significantly reduce the possible beneficiaries; the same can be said for the failure to extend the **contribution** intended for the extraordinary purchase of books by the **libraries**.

As regards the Education BU, the risks linked to regulatory changes can also be reflected in the **redefinition of ministerial programmes**, study subjects and the procedures for creating contents.

Main risks	Mitigation measures
Reformulation of the culture bonus and elimination of the library provision (Trade BU)	Continuous strengthening of the identity of the publishing houses and brands. Protection and growth of market shares.
Change in school rules and regulations.	Careful management of relations with the MIUR (Italian Ministry of Education and Merits) with a focus on new limits to spending for families, to date at a standstill since 2012.

• HUMAN CAPITAL AND TALENT MANAGEMENT

Under the scope of **human resources**, the Group has implemented a great many Diversity & Inclusion projects, with the aim of making the company ever more inclusive and attentive to optimising unique aspects.

Retention policies also continued, including through the optimisation, motivation and in general well-being of employees.

However, there is a risk that the presence of a more dynamic employment market, coupled with the continuous technological change and competitive scenario, may create difficulties, both in **sourcing** and potentially **losing** human resources with specific competences/know-how for the business development, in exchange for a greater attraction of competitors, particularly in the MarTech and Digital area.

Main risks	Mitigation measures
Attraction and retention of talent and human resources	Training and skill development programmes in support of upskilling requests in the various roles. Implementation of development and retention policies in the various business units. Welfare programmes.

• **TECHNOLOGICAL EVOLUTION**

The Mondadori Group keeps attention focussed closely on the impacts and risks connected with the **digital transformation** and the effects it may have within the whole of the corporate structure, both in terms of business continuity and privacy protection.

The current context, in fact, calls for growing attention to be paid to **cybersecurity**, which may expose the Group to reputational, economic and operational impacts, which can derive from cyber-attacks with the potential interruption of critical processes, the dissemination of editorial contents considered as sensitive, customer data loss and privacy breaches (e.g. GDPR, e-Privacy, etc.).

In addition, and again with reference to recent technological innovations, we have the matter of **artificial intelligence**, whose evolution has exceeded all expectations in recent months, creating risk and opportunity scenarios that are still difficult to estimate.

Main risks	Mitigation measures
Development of disruptive technologies and AI	Start-up of a study project dedicated to the developments of AI application in terms of risks and opportunities for the Group's business, through the creation of a specific team Start-up of a training path for the company population Close monitoring of contracts with authors Monitoring of opportunities in the application of AI and through the establishment of an incubator. Rethinking the web strategy in order to increase the loyalty of consumers not opting to use e-commerce services.
Cybersecurity	Investments in infrastructure and IT systems with the switch to cloud technology. Training and sensitisation of staff as to the importance of cyber security and practices to be adopted for the secure use of corporate tools. Careful protection and management of user passwords and accounts.

• M&As AND INTEGRATION

The Group's strategic objectives include the pursuit of the M&A Policy, which may expose it to difficulties in **integration**, both from an operative point of view, in terms of systems and working tools, and compliance, for the adoption of corporate policies and procedures.

However, attention remains high on preliminary assessments, in particular the analysis of potential misalignments in operative processes, in order to maximise the benefits deriving from the acquisitions.

As regards **interest rates**, although not having high exposure to the risk, the Group may, due to the current credit facilities approaching maturity, find itself needing to finance at less advantageous interest rates, as a result of their renewal.

Main risks	Mitigation measures
Volatility of interest rates	Constant monitoring of needs for finance, also according to new M&A acquisitions. Oversight of the management of working capital, also for individual BUs.
Acquisition and integration of new companies	Focus on the preliminary assessment of the impacts of M&As and subsequently on potential misalignments in the operative processes, in order to maximise the benefits deriving from the acquisitions.

- **RISK ASSESSMENT – ESG PROCESS INTEGRATION**

The completion and update of the catalogue of risks examined during the risk assessment process was carried out in light of the impacts linked to the material topics, according to the concept of **Double Materiality**[18] summarised hereto:

1. **From the outside in**: considering how external ESG factors can influence the financial and operative stability of an organisation; for example, how climate change can represent a material risk for a company where it causes damage and/or interrupts the supply chain.

2. **From the inside out**: in this sense, the double materiality indicates how the operations and policies of a company can impact the environment and the company; see, for example, the impact of greenhouse gas emissions, the use of resources, waste management and working conditions.

The ESG topics connected with the main risks indicated in the risk assessment, were as follows:

• **ENVIRONMENT**

- Product life cycle and the circular economy

- *Climate change*

• SOCIAL

- Education and the school world

- Enhancement, retaining and attraction of people

• GOVERNANCE

- Privacy and personal data protection

- Intellectual property and copyright protection

Transversal topics

- Responsible Supply Chain Management

- Strategic business innovation

18 In line with European Directive no. 2022/2464 (the "Corporate Sustainability Reporting Directive" or "CSRD") for the promotion and integration within business models.

SIGNIFICANT EVENTS IN FY 2023

Below are the main extraordinary transactions and the most important events that took place in FY 2023.

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

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

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

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

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

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 € 2.3 million, considering the price adjustment mechanisms based on the company’s net financial position at the closing date.

The disposal resulted in a net capital gain in the Mondadori Group’s income statement of € 0.4 million. Note that in FY 2022, the investment in question recorded charges of € 1.8 million in the consolidated financial statements.

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

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.

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 € 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 € 34.2 million, EBITDA of € 2 million and net profit of € 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 **06 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."

On **21 December 2023**, Arnoldo Mondadori Editore S.p.A. announced that it had signed the contract of sale of the entire stake in the advertising concession-holder Mediamond S.p.A., equal to 50% of the share capital and held by its subsidiary Direct Channel S.p.A., to Publitalia '80 S.p.A. The transaction took effect from 1 January 2024 and allowed Publitalia '80 S.p.A., which already holds 50% of Mediamond S.p.A., to increase its stake to 100%.

The transaction price was defined on the basis of the pro-rata value of equity as at 31/12/2023, equal to approximately € 1.7 million and corresponding to the book value of the interest, with consequent neutral accounting effects on the Mondadori Group's consolidated result.

In the context of the transaction – pursuant to the regulation approved with Consob Resolution no. 17221 of 12/03/2010, as amended – Publitalia '80 S.p.A. qualifies as a related party of Arnoldo Mondadori Editore S.p.A. since the former is a company subject to joint control with Arnoldo Mondadori Editore S.p.A.

Nevertheless, the transaction was of lesser importance since it does not exceed the thresholds identified pursuant to article 4, paragraph 1, letter a) of the aforementioned Consob Regulation.

The sale was consequently approved by the Board of Directors of Arnoldo Mondadori Editore S.p.A. following a motivated – non-binding – favourable opinion on the company's interest in executing the transaction and on the expediency and substantial fairness of the related conditions issued by the Related Party Committee, formed exclusively of independent directors.

Significant events after 31 December 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 as of the same date, from which date Mondadori has also fully consolidated the company.

As previously stated, the acquisition makes it possible to replicate in the comics segment the vertically-integrated business model with which the Mondadori Group already operates in the book segment.

Under the agreement, Sergio Cavallerin and Matteo Cavallerin - who founded and successfully managed the company - retain management responsibility and continue to hold the role of Executive Directors in the Company.

The provisional price, based on an Enterprise Value of € 9 million, covering 100% of the Company, is € 4.6 million, entirely paid in cash at closing, and will be subject to potential adjustment based on the effective net financial position at the closing date.

As previously stated, the agreement includes 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.

SHARE BUYBACK

At **31 December 2023**, Arnoldo Mondadori Editore S.p.A. held no. 1,277,802 treasury shares equal to **0.48% of the share capital**, of which no. 591,000 purchased in the 2023 in execution of the purchase programme to service the 2023-2025, 2022-2024, and 2021-2023 Performance Share Plans, the start of which was approved by the Board of Directors on 10 May 2023 (and concluded on 19 June 2023).

OTHER INFORMATION

In the reporting period, Arnoldo Mondadori Editore S.p.A. did not carry out any development activities. At closure or during the period, it did not hold any shares in parent companies, not even through trusts or trustees.

RELATED PARTY TRANSACTIONS

In compliance with the provisions set out in Article 5, paragraph 8, and Article 13, paragraph 3, of the “Regulation in the matter of transactions with related parties” issued by CONSOB through Resolution 17221 of 12 March 2010 and subsequent amendments (the “CONSOB Regulation”), the following is reported relating to the period of reference:

- no transactions of greater significance were concluded;
- no changes or developments relating to the transactions with related parties illustrated in the most recent Annual Report are reported that had a significant impact on the Company’s equity or performance in the year of reference.

Transactions with related parties were regulated under normal market conditions: those concluded with Mondadori Group companies are intercompany current account trade and financial transactions, managed by Arnoldo Mondadori Editore S.p.A., to which the various subsidiaries companies contributed based on their relevant debt and credit positions.

For further details, reference should be made to the Explanatory Notes to the Financial Statements of Arnoldo Mondadori Editore S.p.A. and to the Group’s Consolidated Financial Statements.

TAX CONSOLIDATION

In relation to the tax consolidation regime pursuant to Article 117 et seq. of Italian Presidential Decree 917/1986, Arnoldo Mondadori Editore S.p.A. renewed the option in 2022 also for its subsidiaries (Mondadori Group) to adhere to the tax consolidation regime with Fininvest S.p.A. as consolidating company for the 2022-2024 three-year period.

The consolidation agreement contains a protection clause according to which Arnoldo Mondadori Editore S.p.A. and its subsidiaries adhering to tax consolidation shall not be required to pay more income tax than the Group would have paid if Arnoldo Mondadori Editore S.p.A. and its subsidiaries had created its own tax consolidation agreement. Therefore, this protection clause is aimed at only accounting the tax amount that would have been paid by the subsidiaries excluded from the fiscal unit belonging to Fininvest S.p.A. as a result of the application of the so-called "demultiplier".

The agreement sets the priority for the Mondadori Group to offset current tax receivables against payables (i.e. referred to the same year in which tax payment is due) transferred by the adhering companies and, in the case of residual taxable income, to subsequently use prior-year tax losses within the limits set by current legislation. Pursuant to the currently applicable regulations on the matter, the agreement allows the transfer, within the consolidation scope, of tax benefits enjoyed by the adhering companies, which are transferred or made available to the fiscal unit against recognition of a compensation (paid at a rate corresponding to the ordinary IRES tax value) by the companies benefiting from it.

Any tax receivables or payables resulting from adherence to such tax consolidation agreement are posted as receivables or payables to holding companies, with the latter acting as "clearing house".

TAX TRANSPARENCY

With regard to the entry into force of Article 115 of Presidential Decree 917/1986 for the 2022-2024 three-year period, the “tax transparency" option was exercised by Direct Channel S.p.A. and Publitalia '80 S.p.A., as participating companies, and Mediamond S.p.A., as investee.

After exercising this option, Mediamond S.p.A.'s taxable income and tax losses are included pro-rata, because of the investment held, in the taxable income of Direct Channel S.p.A. (formerly Mondadori Pubblicità S.p.A.) and Publitalia '80 S.p.A..

On 1 January 2024, the equity investment held by Direct Channel S.p.A. in the associate Mediamond S.p.A. was sold, with the consequent interruption of tax transparency at 31 December 2023.

DIRECTION AND COORDINATION ACTIVITIES (ARTICLE 2497 ET SEQ. OF THE ITALIAN CIVIL CODE)

While Fininvest S.p.A. holds a controlling stake pursuant to Article 2359 of the Italian Civil Code, it does not exert any direction and coordination activity as defined in Article 2497 bis and ensuing articles of the Italian Civil Code on Arnoldo Mondadori Editore S.p.A.; it manages the investment held in Arnoldo Mondadori Editore S.p.A. merely from a financial standpoint.

With regard to the companies controlled by Arnoldo Mondadori Editore S.p.A., with reference to the requirements of law and taking into account that the Board of Directors determines, generally speaking, the strategic and organizational policies relating also to subsidiaries, management and coordination activities pursuant to Article 2497 et seq. of the Italian Civil Code are carried out in respect of the following subsidiaries pursuant to Article 2359 of the Italian Civil Code:

- D Scuola S.p.A.
- Giulio Einaudi editore S.p.A.
- Mondadori Retail S.p.A.
- Mondadori Education S.p.A.
- Electa S.p.A.
- Mondadori Media S.p.A.
- Mondadori Libri S.p.A.
- Direct Channel S.p.A.
- Mondadori Scienza S.p.A.
- AdKaora S.r.l.
- Hej! S.r.l.
- Rizzoli Education S.p.A.
- Mondadori Scuola S.p.A.
- Libromania S.r.l.
- Zenzero S.r.l.

The abovementioned companies consequently fulfilled their respective disclosure obligations pursuant to Article 2497-*bis* of the Italian Civil Code.

REGISTER OF PERSONAL DATA PROCESSING ACTIVITIES PURSUANT TO ARTICLE 30 OF REGULATION (EU) 2016/679

Arnoldo Mondadori Editore S.p.A. plays an active role in ensuring compliance of the Mondadori Group with the privacy regulations envisaged in Regulation (EU) 2016/679 (GDPR), and in applicable legislation. Specifically, Arnoldo Mondadori Editore S.p.A. constantly updates, pursuant to Article 30 of the above Regulations, a register of the personal data processing activities carried out as data controller or data processor.

Arnoldo Mondadori Editore S.p.A., pursuant to Article 37 of the Regulations, has a Data Protection Officer (DPO) in place; the Officer sees to regularly updating its privacy documentation and security measures, based on the principles of privacy by design and privacy by default.

TRANSACTIONS RELATING TO TREASURY SHARES

Renewal of the authorization to purchase and dispose of treasury shares

On 27 April 2023 and in consideration of the expiry of the previous shareholders' meeting authorisation of 28 April 2022 and with a view to continuing to assure the Board of Directors the faculty to take advantage of any investment or operating opportunities on treasury shares, the Shareholders' Meeting resolved, in accordance with Art. 2357 of the Italian Civil Code, and with a duration established as until approval of the financial statements at 31 December 2023, to authorise the purchase of treasury shares. The Shareholders' Meeting also authorised, in accordance with Art. 2357-ter of the Italian Civil Code and with reference to the reasons set out below, any disposals of the treasury shares acquired.

Here below are the main elements of the buyback plan authorized by the Shareholders' Meeting:

Motivations

- 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;

- to rely on investment or divestment opportunities, if considered strategic by the Company, also in relation to available liquidity;

- to dispose of treasury shares as part of share-based incentive plans pursuant to Article 114-bis of the TUF, and of plans for the free allocation of shares to employees or members of the governing or supervisory bodies of the Company or to Shareholders.

Duration

The authorization to purchase treasury shares is set to last until the approval of the financial statements for the year ending 31 December 2023 and, in any case, for a period not exceeding 18 months after that date, while the authorization to sell is granted to last for an unlimited period, given the absence of time limits pursuant to the 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 the acts of disposal of the shares.

During the reference year, the Company acquired a total of 591,000 treasury shares on the market, accounting for 0.22% of the share capital. The purchases were made in execution of the purchase programme pursuant to Art. 5 of Regulation (EU) No 596/2014, disclosed to the market on 10 May 2023 and exclusively aimed to service the three-year performance share plans established by the ordinary shareholders' meeting and in accordance with Art. 114-bis of the TUF.

During the same period, the 2020-2022 Performance Share Plan Beneficiaries were assigned a total of 461,189 shares already held in the portfolio as treasury shares.

Considering the 1,147,991 shares in the portfolio at the date of the shareholders' meeting (27 April 2023), the Company at the date of this report holds a total of 1,277,802 treasury shares (**0.48% of the share capital**).

Maximum number of purchasable treasury shares

The authorization refers to 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.

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

Purchases shall be made in compliance with Articles 132 of the TUF and 144-bis, paragraph 1 letter b) and d-ter) of the Issuer Regulation, and on regulated markets or multilateral trading systems, according to the operating criteria established in the organization and management regulations of the same markets, which do not allow the direct matching of buy orders against predetermined sell orders, and also in compliance with any other applicable law, including EU law.

Any purchases relating to the activities to support market liquidity will also be carried out in accordance with the conditions provided by the admitted market practices as per the combined provisions of Art. 180, subsection 1, letter C) of the TUF and Art. 13 of Regulation (EU) No. 596 of 16 April 2014 (the “Admitted 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 carried out, 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 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, as defined at the next point - such price shall be identified in accordance with the trading conditions set forth in Delegated Regulation (EU) no. 1052 of 8 March 2016 and, in particular:

- 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 as referred to in paragraph 1 above in compliance with the terms and conditions set out in the resolutions of the Shareholders' Meeting that establish the Plans and the related regulations.

Report on Corporate Governance and Ownership Structure (Article 123-bis Legislative Decree no. 58 of 24 February 1998)

The 2023 Report on Corporate Governance and Ownership Structure containing information on the adoption by Arnoldo Mondadori Editore S.p.A. of the Corporate Governance Code for Listed Companies (January 2020 edition) established by Borsa Italiana S.p.A., as well as further information pursuant to Article 123- bis, par. 1 and 2 of Legislative Decree no. 58 of 24 February 1998, is available – together with this Directors' Report on Operations on the www.gruppomondadori.it website under the Governance section, and through the authorised storage mechanism 1Info (www.1info.it).

Adhesion to the legislative simplification process adopted by CONSOB resolution No. 18079 of 20 January 2012. Disclosure pursuant to art. 70, par. 8, and art. 71, par. 1-bis, of CONSOB Regulation No. 11971/99 as subsequently amended

On and with effect from 13 November 2012, the Board of Directors of Arnoldo Mondadori Editore S.p.A., pursuant to Article 3 of CONSOB Resolution no. 18079 of 20 January 2012 and in relation to the provisions set out in Article 70, par. 8, and Article 71, par. 1-bis of CONSOB Regulation no. 11971/1999, resolved to avail itself of the faculty of waiving the obligation of disclosure envisaged by the aforementioned CONSOB Regulation on the occasion of significant transactions relative to mergers, spin-off and capital increases through contribution of assets in nature, acquisitions and transfers.

List of branch offices

The company does not have any secondary offices.

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 expense (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 Sundry 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 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 income and expense of non-ordinary nature, 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 income and expense of non-ordinary nature, 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).

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 the next year, 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 Starshop.

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, Mondadori 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, Mondadori 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 influencer marketing, Food and MarTech segments.

Income Statement

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

In light of the above and the reference context, for the **financial year 2024** it is reasonable to estimate:

- **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 without the contribution of any additional acquisitions during the three-year period, the Group estimates that it will be able to achieve **consolidated revenues in the region of € 1 billion** and a **proportional growth in margins** with consequent confirmation of **profitability** in the region of 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 annual **cash flow from ordinary operations** of no less than € **70 million**.

Shareholder Remuneration 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 the Group's 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 **Dividend Policy showing clear improvement on the previous version** and that provides for the distribution of **50% of the cash flow from ordinary operations per share** (from the previous 40%) or the **DPS of the previous year increased by 10% per annum**, 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.

For the Board of Directors

The Chairman
Marina Berlusconi

Our commitment to sustainability
The Group’s commitment to spreading culture and quality, fair, inclusive education continues through specific initiatives of our books, book stores and brands. On this page, from top-left: The Wom team during the prize-giving ceremony as “Best Web Article” at the **Diversity Media Awards**; the gala evening of the 14th edition of the **Nudge Global Impact Challenge**; Francesca Rigolio, the Group’s Chief Diversity Officer, during the webinar “Così come sono”; “Focus Live – Visioni”, the Focus Festival of Knowledge; the exhibition-event “**Design Re- Evolution**” conceived by the magazine Interni per il FuoriSalone 2023.

CONSOLIDATED NON-FINANCIAL STATEMENT

pursuant to Legislative Decree 254/2016

CONTENTS

METHODOLOGICAL NOTE

This document embodies the Consolidated Non-Financial Statement (hereinafter also the "Statement" or “NFS") pursuant to Legislative Decree 254/2016 (hereinafter also the "Decree"), in implementation of Directive 2014/95/EU, by the Group composed of Arnoldo Mondadori Editore S.p.A., with registered office in Segrate (Milan) and its fully-consolidated subsidiaries (hereinafter also the "Mondadori Group" or the "Group"), operating in Italy, in the United States of America and in Spain. The reporting period for the information and data provided in this NFS is 2023 (1 January - 31 December).

Consistent with one of the two options envisaged in Article 5 of Legislative Decree 254/2016, the NFS is included with specific wording within the Mondadori Group's Report on Operations for 2023. This NFS, prepared on an annual basis, is also published on the Group’s website, www.gruppomondadori.it, as part of the 2023 Annual Report and in the "Sustainability" section.

The NFS was drawn up insofar as needed to ensure an understanding of corporate activities, performance, results and the impacts it generates, by covering the topics deemed relevant and provided for in Articles 3 and 4 of Legislative Decree 254/2016, i.e. with regard to environmental, social, personnel-related aspects, respect for human rights, and the fight against corruption and bribery.

The reporting standards adopted by the Group to prepare its NFS are the GRI Sustainability Reporting Standards (GRI Standards). This report was prepared in accordance with GRI Standards: In accordance option. The GRI Content Index, detailing content reported in accordance with GRI, can be found in the annex to the document.

In line with the provisions of the GRI Standards, the Mondadori Group has drawn inspiration from the principles of sustainability context, completeness, balance, clarity, accuracy, timeliness, comparability and verifiability, to ensure the quality of information and the appropriateness of the presentation methods. The content reported on was selected based on the materiality analysis updated in 2023, which allowed for the identification of the material aspects representing the most significant impacts of the organisation on the economy, environment and people, also with reference to the protection of human rights.

The material aspects have also been submitted for stakeholder assessments, as required by GRI Standard guidelines. The results of the materiality analysis are presented in the section "Materiality analysis and stakeholder engagement".

In accordance with the requirements of the Decree, the reporting scope matches the scope of the consolidated financial statements, including all companies consolidated on a line-by-line basis in financial reporting (please refer to the section *"Structure of the Mondadori Group" on page 15*). Any exceptions to the reporting scope shown above are duly highlighted in the document; however, these limitations are not considered relevant for the understanding of the company’s business, performance, results and the impacts it generates.

As regards changes to scope, please note:

- on 30 June 2022, the Group had completed, through the subsidiary Mondadori Libri, the acquisition of 51% of Edizioni Star Comics S.r.l. (with effect for the line-by-line consolidation of the company starting 1 July 2022). The scope of the transaction also included the acquisition, finalised in January 2023, of 100% of **Grafiche Bovini** S.r.l., a company controlled by the same family of founders, specialised in printing activities exclusively of products published by Edizioni Star Comics, both included in the reporting scope for 2023.

- On 10 January 2023, Mondadori, 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.

- On 12 January 2023, Mondadori Media S.p.A. acquired a stake in the entire share capital of **Power S.r.l.**, a company operating in the talent management and promotion sector on the digital market.

• On 13 January 2023, the acquisition of a further 25% stake in **A.L.I. S.r.l.** - Agenzia Libraria International, operating in the distribution of books, was finalised through the subsidiary Mondadori Libri S.p.A. The transaction, as a result of which the Mondadori Group increased its shareholding in A.L.I. to 75%, is therefore consolidated on a line-by-line basis, starting January 2023. The Castello Group is the publishing house controlled 100% by A.L.I., with more than 50 years of history specialised in hobbies.

• On 31 January 2023, Mondadori Media S.p.A. acquired an investment in the entire share capital of **Webboh S.r.l**., a company operating on the web and social accounts, specialising in the production and publication of posts and editorial products, news and gossip of primary interest to the GEN Z digital generation.

• On 29 June 2023, the preliminary agreement was stipulated and the contract signed to acquire 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 was completed on 1 February 2024 and, therefore, the company will be consolidated on a line-by-line basis during the next report.

• on 4 July 2023, AdKaora, the digital agency of the Mondadori Group specialised in mobile advertising and proximity marketing, acquired the remaining 70% of the company **Digital Advertising & Engagement S.L.** (hereinafter "Adgage", with registered office in Madrid, specialised in mobile advertising and in-game advertising, of which it had taken over 30% in November 2021.

For comparative purposes and to highlight the trends in quantitative information, data pertaining to the current reporting year and, where possible, to the prior two years, are shown. More specifically, starting from the 2023 reporting year, information about the staff of the foreign companies within the Group's scope, operating in the United States of America and Spain, were included in "foreign consolidated companies".

In order to ensure the reliability of information reported, the use of estimates has been restricted as much as possible, and, where used, are based on the best available and appropriately reported methods.

The qualitative and quantitative information appearing in this document was collected, aggregated and disseminated at Group level; all the relevant company departments were involved in defining this information, and acted in concert with and coordinated by internal CSR officers. Shown below are the main calculation methods and assumptions used for the non-financial performance measures reported in this NFS, in addition to the information provided in the various sections:

• data relating to economic sanctions and contributions received from Public Administration are shown on a cash basis;

• in the breakdown of the workforce by grading, "executives" include editors-in-chief and deputy editors-in-chief of magazines; members of the Board of Directors are not included;

• where environmental data were unavailable, conservative estimates were used, resulting in the underestimation of the company's environmental performance. Data from the company Digital Advertising & Engagement are excluded from the reporting scope as they are not significant for understanding the overall impacts of the Group. In addition, the company was acquired in the second half of 2023.

This NFS was approved by the Board of Directors of Arnoldo Mondadori Editore S.p.A. on 14 March 2024.

This document was subject to limited review, in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised), by the Independent Auditors EY S.p.A.. The quantitative indicators not referring to any general or topic-specific disclosure of GRI Standards, reported on the pages indicated in the Content Index, are not included in the limited audit by EY S.p.A.

1. SUSTAINABILITY FOR THE MONDADORI GROUP

We are passionate publishers, advocating quality, equitable and inclusive education, providing opportunities for reading and growth, entertainment and enrichment.

Our mission is to foster the spread of culture and ideas through products, activities and services that meet the needs and tastes of the widest possible audience. In our vision, love for culture and editorial quality live together with the laws of the market, the propensity to sense and anticipate changes with respect and protection of the values that are the cornerstones of the role of a publisher in civil society.

We are aware that such a role requires a natural and ever-growing focus on defining strategies and pursuing clear sustainability objectives aimed at creating long-term value, benefiting and taking account of the interests of all our stakeholders.

1.1 SUSTAINABILITY PLAN

In light of the commitments made, in 2022, the first Three-Year Sustainability Plan was approved, within which strategic areas, quantitative and qualitative targets and short- and medium-term actions have been identified, aimed at assuring the continuous improvement of social, governance and environmental performance.

The definition and implementation of the Plan involved the company's management team and was consolidated by multiple stakeholder engagement activities. In particular, at the end of this path, the Group's approach to the future in the field of sustainability, was defined, and divided into three macro-areas of reference and eight strategic guidelines with objectives linked to the Sustainable Development Goals (SDGs) laid down in the context of the 2030 Agenda for Sustainable Development.

SOCIAL - Enhancing people, content and places for education and culture

GOVERNANCE - Promoting sustainable business success

ENVIRONMENT - Dissemination of an environmental culture and mitigation of impacts on ecosystems

Enhancing people, content and places for education and culture

1. To become a role model in the field of Diversity, Equity and Inclusion, enhancing and contributing to the well-being of our people, through welfare tools and skills development.

2. To promote culture and quality, equitable, and inclusive education that fosters pathways to lifelong learning.

3. To create, conceive and develop valuable content and accessible, ESG-friendly products.

4. To support cultural outposts for social development through the enhancement of bookstores, schools, museums, social channels, events and partnerships.

Promoting sustainable business success

1. To pursue sustainable business success by promoting the integration of ESG issues in governance, business plans and the operating model, also by strengthening the mechanisms for listening to stakeholders to develop paths of ongoing improvement.

2. To maintain the highest standards for protecting and managing risks and opportunities along the value chain.

Disseminating environmental culture and mitigating impacts on ecosystems

1. To spread environmental culture, also through education aimed at the development of an increasingly sustainable lifestyle.

2. To mitigate environmental impacts along the product life cycle, by fostering the protection of biodiversity and reducing climate-changing emissions.

With regard to the previously mentioned guidelines, clear objectives have been set for the three-year period.

In 2023, in accordance with the Plan, a great many activities detailed in the tables below, were completed.

With the aim of sharing the actions and targets on which the Mondadori Group will continue to work, the respective chapters report **the main targets defined for the three-year period 2024-2026.**

ENHANCING PEOPLE, CONTENT AND PLACES FOR EDUCATION AND CULTURE

SOCIAL	Preparation of the documentation for the Gender Equality Certification (UNI PDR 125/2022), with Audit scheduled for 2024.	2023
	Development and implementation of a training plan specifically for D&I with half-yearly seminars for all Mondadori Group people.	2023
	Review of internal procedures governing selection with the introduction of blind CVs (after the test phase). Formalised procedure.	2023
	Review of the internal procedures governing recruitment and career development, with particular attention to D&I matters.	2023
	Implementation of a training plan accessible to all Group personnel regarding sustainability issues.	2023
	Strengthening of ESG training for the Group's school publications and those for teachers.	2023
	A growing number of initiatives/services to promote reading.	2023

PROMOTING SUSTAINABLE BUSINESS SUCCESS

GOVERNANCE	Setting of quantitative and measurable ESG-related LTI objectives for top management in the 2023-2025 Performance Share Plan. Rolling plan.	2023
	Strengthening of the set of procedures and coverage of the areas of Privacy, Information Management and Cyber Security.	ongoing
	Strengthening of the programmes aiming to protect intellectual property/copyright.	ongoing

DISSEMINATION OF AN ENVIRONMENTAL CULTURE AND MITIGATION OF IMPACTS ON ECOSYSTEMS

ENVIRONMENT	Extension of the electricity supply from renewable sources to sites (Segrate) and stores (Mondadori Duomo and two stores in Turin).	2023
	Obtaining of LEED certification (gold) for Mondadori Duomo.	2023
	Development of the “Book environmental footprint” project: a Life-Cycle Assessment (LCA) for the measurement of environmental impacts and the definition of data-based objectives to reduce atmospheric emissions and assure continuous improvement throughout the value chain.	2023
	Maintenance of the commitment to purchase 100% of paper from certified PEFC/FSC sources for Mondadori Group products. Extension also to the newly acquired companies.	2023
	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.	2023

During the year, the Plan was updated, by means of benchmarking activities and constant dialogue with the owners of the targets defined with a view to assuring continuous improvement.

The Sustainability Plan was developed in line with the materiality analysis and stakeholder engagement processes carried out by the Group, the main elements of which are outlined in the following paragraphs. The Plan was approved by Top Management, the Control, Risk and Sustainability Committee and the Board of Directors.

1.2 MATERIALITY ANALYSIS AND STAKEHOLDER ENGAGEMENT

The Mondadori Group periodically carries out a materiality analysis process, in order to identify the elements of strategic interest in the field of sustainability and ensure the correct presentation and understanding of the Group's activities, its performance, results and the impacts generated.

Specifically, the year 2023 saw an update of the materiality analysis, which, in light of the evolution of guidelines on sustainability reporting, focussed on identifying the positive and negative impacts generated by the Group on the environment, economy and people, including human rights.

This is based on five phases, further detailed below:

a) mapping of relevant stakeholders;

b) identification of current and potential negative and positive impacts generated by the Group directly and through its value chain, in line with the reference industry trends and the priorities identified in the Sustainability Plan;

c) assessment of the impacts identified, through internal and external stakeholder engagement activities;

d) prioritisation of sustainability topics on the basis of impact assessments;

e) identification of material topics and their approval.

a) Mapping of relevant stakeholders

The main categories of internal and external stakeholders considered priority for the Group in terms of influence and interest are summarized in the chart below. This classification was updated in 2023 with the aim of making the panel of stakeholders with which Mondadori interfaces more representative, also in view of the evolutions of the business and editorial context over time.

The new mapping is also the result of a benchmark analysis with respect to the Group's peers and competitors and dialogue with the members of the Sustainability Committee. The categories have in some cases been modified in the definition or integrated with new reference stakeholders: the result was also submitted for validation by the Control, Risks and Sustainability Committee.

Well aware of the importance of establishing and maintaining a constant dialogue with its stakeholders, the Mondadori Group has opened up various channels of communication and engagement with them throughout the year, in order to understand and take their demands into consideration. The table below summarizes the main communication and engagement methods implemented by the Group for each category of stakeholder.

Stakeholder Category	Details of stakeholders by category	Summary of the communication and engagement methods
Shareholders and the Financial Community	Majority shareholders	• Shareholders' Meeting • Dialogue channels under the Investor Relations function • Meetings with institutional investors
	Non-controlling interests	
	Analysts/rating agencies	
	Banks	
	Investors	
Readers and customers	Readers	• Support channels and direct assistance through the retail network (stores and e-commerce) • Social channels
	Customers	
	Users / Social Media Users	
Institutions and Authority	Antitrust	• Ad hoc discussions on specific topics • Institutional round tables • Formal communications • Participation in tenders
	Trade associations	
	CONSOB	
	National/Community lawmaker	
	Superintendencies/Museums	
	Public Administration	
World of schools	Ministry of Education and Research	• Ad hoc discussions on specific topics • Institutional round tables • Formal communications • Faculty survey
	Teachers/educators	
Opinion leaders	Media	• Media relations activities • Social channels
	Influencers	
Content creators	Authors	• Media relations activities • Social channels
	Journalists	
Business Partners	Sales network (newsstands, book stores, franchisees, large retail, e-commerce)	• Franchisee conventions • Round tables
	Sales network (agents)	
	Third-party publishers	
	Advertising investors	
	Digital platforms	
Suppliers	Direct suppliers (press, paper)	• Periodic meetings
	Indirect suppliers of services and distribution	
Employees and collaborators	Employees	• Employee surveys
	Associates	
	Advisors	
Social parties	Trade unions	• Regular meetings with union representatives • Institutional round tables
	INPS, INAIL	
Third sector	NGOs	• Regular discussions on project development
	Non-profit organizations	
Local communities	Territorial context	• Regular discussions on project development

b) Identification of current and potential negative and positive impacts generated by the Group, in line with the reference industry trends and the priorities identified in the Sustainability Plan.

In order to identify the list of sustainability topics that represent the main impacts generated directly by the Group and through its value chain, first consideration was given to the topics and impacts that had emerged from the materiality analyses of prior years. The definitions associated with the topics, as well as the details of the positive and negative impacts generated and that characterise them were updated in light of the reference industry trends and priorities identified in the field of sustainability. The process was also developed through implementation of specific benchmark analyses in the area of sustainability and the direct engagement of the Sustainability Committee.

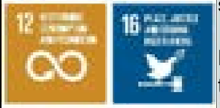
There has been an essential continuity in respect of the sustainability topics submitted for assessment; the main changes in fact refer to actual topic wording. More specifically, in 2023 the wording of a single topic was revised, previously called “Climate Change and Biodiversity” and now “Climate change”. More specifically, the impacts that the Group may have on biodiversity (with specific reference to the use of paper) have been included in the topic “Product life cycle and the circular economy”. It is also noted that the new topic “Personal well-being” has been integrated.

Below, therefore, is the list of topics considered, highlighting the potential and current positive and negative related impacts, and which have been assessed in the subsequent materiality analysis process.

Impact area/Sustainability topic of interest	**Correlation with macro-area of the Mondadori Sustainability Plan**	**Correlation with the main reference SDGs**	**Mapping of positive/negative impacts generated**	**Interventions in place on negative impacts**
Personal well-being	SOCIAL - Enhancing people, content and places for education and culture		Positive impact on employee well-being by means of: • adequate welfare policies; • well-being initiatives; • adoption of new working models that can respond to the needs of the digital transformation, also with agile logics based on collaboration and flexibility.	Not applicable
Product life cycle and the circular economy	ENVIRONMENT - Disseminating environmental culture and mitigating impacts on ecosystems		Negative impact on the environment and biodiversity in terms of: • reduction of natural resources available deriving from the consumption of paper, ink and materials for printing and packaging and the use of water resources within the Group's activities and along the supply chain; • production of waste throughout the value chain.	This impact is limited by: • sustainable procurement of paper materials: purchase of ≈100% of PEFC/FSC certified paper; • responsible management of returns/pulp; • management of water resources and waste connected with offices/headquarters; • management of the materials used with a view to the circular economy; • waste recovery operations for reuse.
Climate change	ENVIRONMENT - Disseminating environmental culture and mitigating impacts on ecosystems		Negative impact on climate change in terms of the contribution to the increase of greenhouse gas emissions into the atmosphere, deriving: • from energy consumption in the Group's offices and stores (within the organisation); • from energy consumption throughout the value chain • (e.g. production processes); • from product distribution and logistics.	With the aim of reducing the impact, the Group has defined: • continuous consumption monitoring actions; • initiatives to increase the efficiency of energy consumption; • the purchase of energy from renewable sources; • monitoring to reduce climate-altering gas emissions (direct and indirect emissions).

Diversity, equity and inclusion	SOCIAL - Enhancing people, content and places for education and culture		Positive impact on the Group's employees in relation to the creation of a fairer, more inclusive workplace, by means of: • the dissemination of an internal culture that fosters diversity, also as a lever for business development and innovation; • optimisation of personal talent and uniqueness. Positive impact on readers, customers, users, students, teachers and employees, increasing their awareness of D&I topics by means of: • production of specific editorial contents (also in textbooks); • promotion of internal and external initiatives and activities on values of diversity, equity and inclusion.	Not applicable
Business ethics and integrity	Cross-cutting		Positive impacts on all stakeholders deriving from the implementation of an extensive monitoring of topics of ethics and integrity, in addition to what is required by current regulations and policies linked to the economy and markets in which the Group operates.	Not applicable

Responsible Supply Chain Management	Cross-cutting		Potential negative impact on the environment and community deriving from the lack of ESG assessment criteria in the selection of suppliers and monitoring of the sustainability performance of the supply chain by the Group.	• Presence of a Code of Ethics. • Definition, development and implementation of a supplier Code of Conduct. • Collaborations for continuous improvement in ESG. • During assessment, the inclusion of ESG assessment criteria in supplier selection.
Strategic business innovation	Cross-cutting		Positive impact on readers and users in terms of access to quality contents and the development of knowledge, by means of the possibility of: • benefiting from innovative offers and valuable editorial contents that satisfy their need and in line with reference trends; • benefiting from the multichannel synergy of a quality contents offer that fosters the dissemination, development of knowledge and in-depth analysis of certain topics; • exploiting innovative products, also seeking to ensure environmentally-sustainable solutions.	Not applicable

Education and the school world	SOCIAL - Enhancing people, content and places for education and culture		Positive impact on students and families thanks to the promotion/offer of high quality, fair and inclusive education and quality training tools and initiatives that: • foster continuous learning; • fight school abandonment; • support students with Special Educational Needs (SENs); • guarantee teacher training; • promote civic education.	Not applicable
Privacy and personal data protection	GOVERNANCE - Promoting sustainable business success		Potential negative impact on confidentiality and the improper use of information of stakeholders, deriving from a lack of function of data protection mechanisms, also following cyber-attacks and security breaches. Positive impact on new generations, thanks to the: • creation of special initiatives linked to certain Group brands for the promotion of the correct use of digital data amongst the younger generations; • promotion and dissemination in schools of privacy and personal data protection topics, in view of the growing complexity linked to the use of social media and the on-line world.	• Procedures in line with the GDPR and Privacy Code. • Presence of mechanisms to protect data and sensitive data. • Adoption of an internal regulation for the use of information tools. • Activation of an employee training plan. • Continued strengthening of the set of procedures and coverage of the areas of Privacy, Information Management and Cyber Security.

Promotion of reading and socio-cultural growth	SOCIAL - Enhancing people, content and places for education and culture		Positive social impact on the community and new generations of readers/users through: • a continuous process of education to reading with promotion activities and initiatives and educational projects on the territory, in particular in the schools and book stores; • development of digital literacy skills. Positive social impact in terms of creating value for the community deriving from support offered to cultural measures on the territory through the optimisation of book stores, schools and museums with events and partnerships.	Not applicable
Sustainable development promotion	SOCIAL - Enhancing people, content and places for education and culture ENVIRONMENT - Dissemination of environmental culture and mitigation of impacts on ecosystems		Positive impact on readers and users through the definition of editorial contents and initiatives focussed on social and environmental topics and on the raising of awareness in line with the Sustainable Development Goals outlined by the 2030 Agenda. Positive impact on readers and students thanks to the spread and promotion of the contents of the 2030 Agenda in the whole of the school offer and development of good practices for ESG teaching, also through partnerships with local research entities, institutions and universities.	Not applicable

Accountability and accessibility of content	SOCIAL - Enhancing people, content and places for education and culture		Positive social impact on readers and users thanks to: • the dissemination of quality, reliable, accessible and inclusive contents (including for the more vulnerable categories); • the promotion of contents on multiple formats and platforms (e.g. audio and video, other).	Not applicable
Health and safety in the workplace	SOCIAL - Enhancing people, content and places for education and culture		Positive impact on the health of Group employees and collaborators, thanks to: • the implementation of personal health promotion campaigns, with the aim of making additional services available for people; • health and safety prevention and training initiatives. Potential negative impact on the health and well-being of Group employees and collaborators linked to possible injuries as a consequence of failure by the procedures and measures in place governing health and safety to actually operate.	• Implementation of measures in line with the regulatory references (Legislative Decrees no. 231/01 and 81/08); • Training for all staff involved by health and safety provisions; • Specific safety procedures; • Update of training and state/region agreement; • Safety training with external company; • Environmental control measures (e.g. fire-fighting system); • Integration of evacuation procedure in the access system (Segrate office); • In the case of events, involvement of the fire brigade; • Insurance; • Revision of activities with Group Facility Management.

Intellectual property and copyright protection	GOVERNANCE - Promoting sustainable business success		Potential negative impact on authors and contributors deriving from failure by the measure to protect intellectual property and editorial independence to function.	• Presence of measures to protect intellectual property and editorial independence. • Adoption of monitoring programmes to prevent on-line piracy and the unlawful use of information protected by copyright. • Signing of agreements with authors, envisaging specific declarations, guarantees and contractual waivers.
Enhancement and reputation of brands and publishing trademarks	GOVERNANCE - Promoting sustainable business success		Positive impact on readers and users thanks to the possibility of using contents and an editorial offering with a multi-product and multi-channel brand standpoint.	Not applicable
Enhancement and attraction of people	SOCIAL - Enhancing people, content and places for education and culture		Positive direct/indirect impact on employees, families and local communities through: • the generation of professional opportunities; • the development of employee skills through dedicated training plans; • the promotion of meritocratic working contexts able to optimise skills and gain loyalty.	Not applicable

c) Assessment of the impacts identified, through internal and external stakeholder engagement activities

In order to assess the impacts the Group generates towards the outside, specific internal and external stakeholder engagement activities were carried out.

These listening opportunities have seen the active involvement of company **management** (the Steering Committee and the Internal Sustainability Committee), employees and equally important interlocutors, including **teachers** and **customers** of our bookshops, **suppliers** and **financial analysts** and **investors** – identified according to criteria of strategic relevance for the Group both in business and sustainability.

The engagement occurred with the administration of an on-line questionnaire in December.

More than 4,900 completed versions were submitted, specifically approximately 1,970 by the teaching staff and more than 2,100 by customers and readers, thanks to the relationship the Group has developed over time with these categories in light of their crucial importance.

The stakeholders involved were asked to identify, in line with their own expectations and needs, which impacts generated by the Group they consider more or less relevant. Continuing on from the experience accrued in previous years, the participation of the Group's internal and external stakeholders was paramount in the process of updating the materiality analysis, as it made it possible to identify the topics of interest and to capture with greater clarity and depth the different perspectives and information needs that mark the stakeholders involved.

FOCUS

Financial analysts and investors – Suppliers – Customers – Teachers

The analysis process aimed at defining material topics, through the voting of impacts, was useful in obtaining the opinion of the stakeholders involved, also on other sustainability aspects linked to Mondadori. More specifically, the questionnaire also required stakeholders to share their knowledge of the Group’s initiatives and commitment and to identify the areas that should be considered as a priority in the strategy for the next 5 years.

The analysis carried out has revealed that suppliers and analysts are the categories most aware of the sustainability commitments that Mondadori has formalised and the initiatives implemented. 100% of investors and 85% of suppliers have in fact declared that they are aware of the Group’s Sustainability Plan. Whilst as regards elector customers and teachers, respectively 22% and 32% confirmed that they were aware of them.

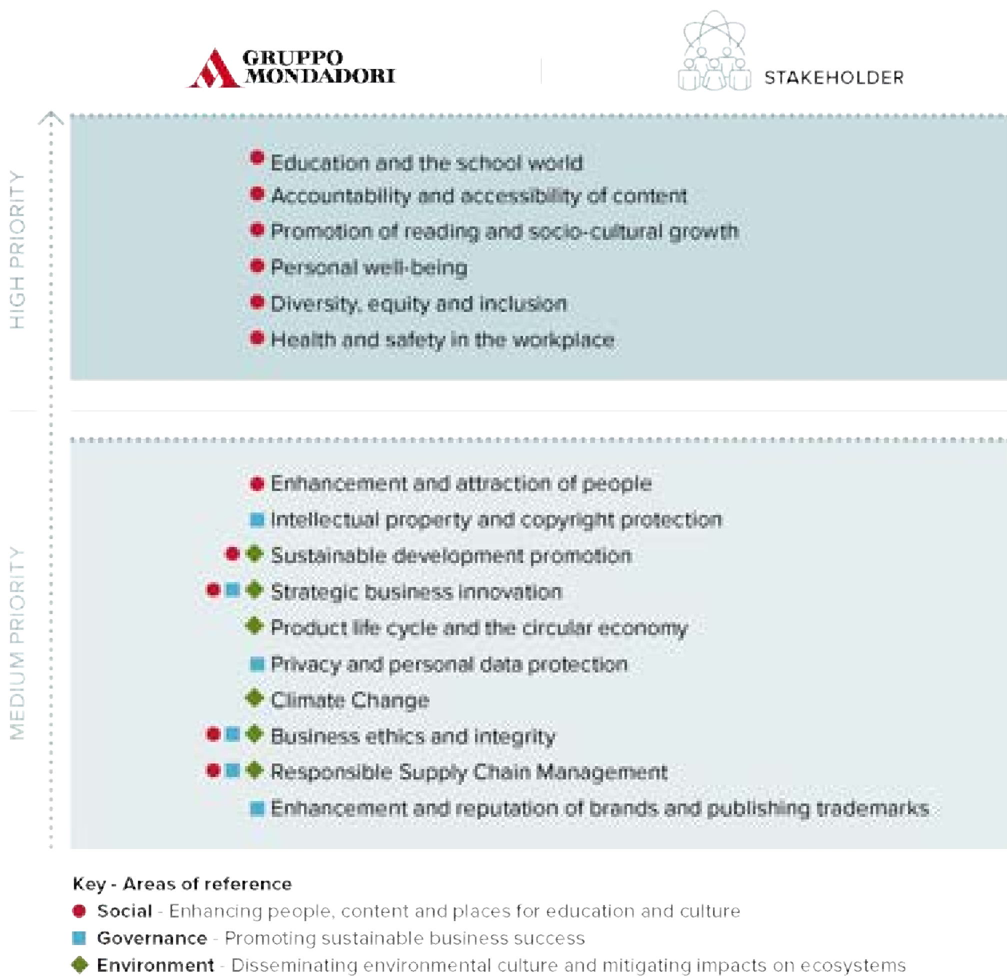
With reference to the question as to what should be the main sustainability areas on which the Mondadori Group should focus by way of priority, considering the next 3-5 years, all stakeholder categories voted that the “Promotion of reading and support of local cultural measures” should be highest priority, followed by “Recovery of materials as part of the circular economy”. In third place, for customers, readers and teachers, we then find the topic of “Diversity, equity and inclusion”, whilst analysts and suppliers believe the environment area with respect to “GHG emissions reduction” and “Reforestation of natural habitats” to be most important.

d) Prioritisation of sustainability topics on the basis of impact assessments.

The results of stakeholder engagement activities were obtained by averaging out the average calculated for each of the 5 stakeholder categories (teachers, customers and readers, employees and collaborators, suppliers and analysts). When the topic had more than one impact, the assessment considered was that of the impact with the highest assessment.

e) Identification of material topics and their approval

The result achieved allowed for the identification of the material sustainability areas for the Group and its stakeholders, continuing on from what had been done for the previous editions of the NFS, and presented below.



The results of the 2023 materiality analysis were submitted for review and validation by the Control, Risk and Sustainability Committee.

The list of material topics identified guided the identification of the content on which to base the non-financial reporting expressed by this document, consistent with the requirements of Legislative Decree 254/2016 and the GRI Standards.

2. GOVERNANCE
Promoting sustainable business success

The Mondadori Group's organizational and management model is designed to ensure the economic sustainability of the company and the creation of long-term value, highlighting the mission and values that guide the day-to-day management of the Group’s operations; this is witnessed by the Group’s compliance with the external codes and regulations that shape its governance and control system.

In this context, the Code of Ethics, the Organisation, Management and Control Model ex 231 and the whistleblowing system represent some of the main safeguards in place to maintain best practices in business ethics. Moreover, the Group acts in compliance with the relevant guidelines and national and international standards, including those concerning privacy and data security, for which specific training is provided to employees.

A specific Sustainability Policy has also been formalized, which refers to the values and mission of the Group, as well as the main commitments towards the stakeholders that the Group listens to and constantly involves in order to nurture continuous improvement processes. In this context, a Policy on Investor and Shareholder Engagement was formalized during 2021.

The Group system of policies and procedures is updated constantly to ensure its compliance with new regulations and alignment with best practices in terms of the relevant measures in place. This approach is also evidenced in the Plan objectives, where the main aspects linked to cyber security, intellectual property and the internal control system will continue to be monitored and overseen in the next few years.

The Mondadori Group’s approach to the future in the field of sustainability is laid out consistently with the two strategic guidelines defined in the Sustainability Plan (see paragraph 1.1) with the following future objectives connected with the Sustainable Development Goals (SDGs) laid down in the 2030 Agenda.

The objectives achieved or started in 2023 are described in the next few paragraphs.

FOCUS

Setting of quantitative and measurable ESG-related LTI objectives for top management in the 2023-2025 Performance Share Plan. Rolling plan.	2023
Strengthening of the set of procedures and coverage of the areas of Privacy, Information Management and Cyber Security.	2023
Strengthening of the programmes aiming to protect intellectual property/copyright.	2023

2024-2026 THREE-YEAR SUSTAINABILITY PLAN – objectives	
Development and implementation of a professional refresher plan for members of the Board of Directors and the Board of Statutory Auditors dedicated to specific ESG topics. At least one induction session per year.	2026
Update of the Group’s non-financial reporting procedure from a CSRD standpoint, with the formalisation of a stakeholder engagement policy.	2024

	Formalisation of an Anti-Corruption Policy.	2024
	Strengthening of the internal control and risk management system in ESG.	2024
	Strengthening of stakeholder engagement activities through the gradual expansion of engagement initiatives.	ongoing
	Strengthening of the set of procedures and coverage of the areas of Privacy, Information Management and Cyber Security.	ongoing
	Strengthening of the programmes aiming to protect intellectual property/copyright.	ongoing

2.1 GOVERNANCE SYSTEM

Arnoldo Mondadori Editore S.p.A. has adopted a corporate governance system organised according to the “traditional” administration and control model as per Articles 2380-bis *et seq.* of the Italian Civil Code, structured as a **Board of Directors**, a **Board of Statutory Auditors** - with supervisory and control duties over the compliance with regulatory and statutory provisions of the Group’s organisational and governance structure - and **Independent Auditors** tasked with auditing the accounts of the separate and consolidated financial statements and the condensed consolidated half-year financial statements.

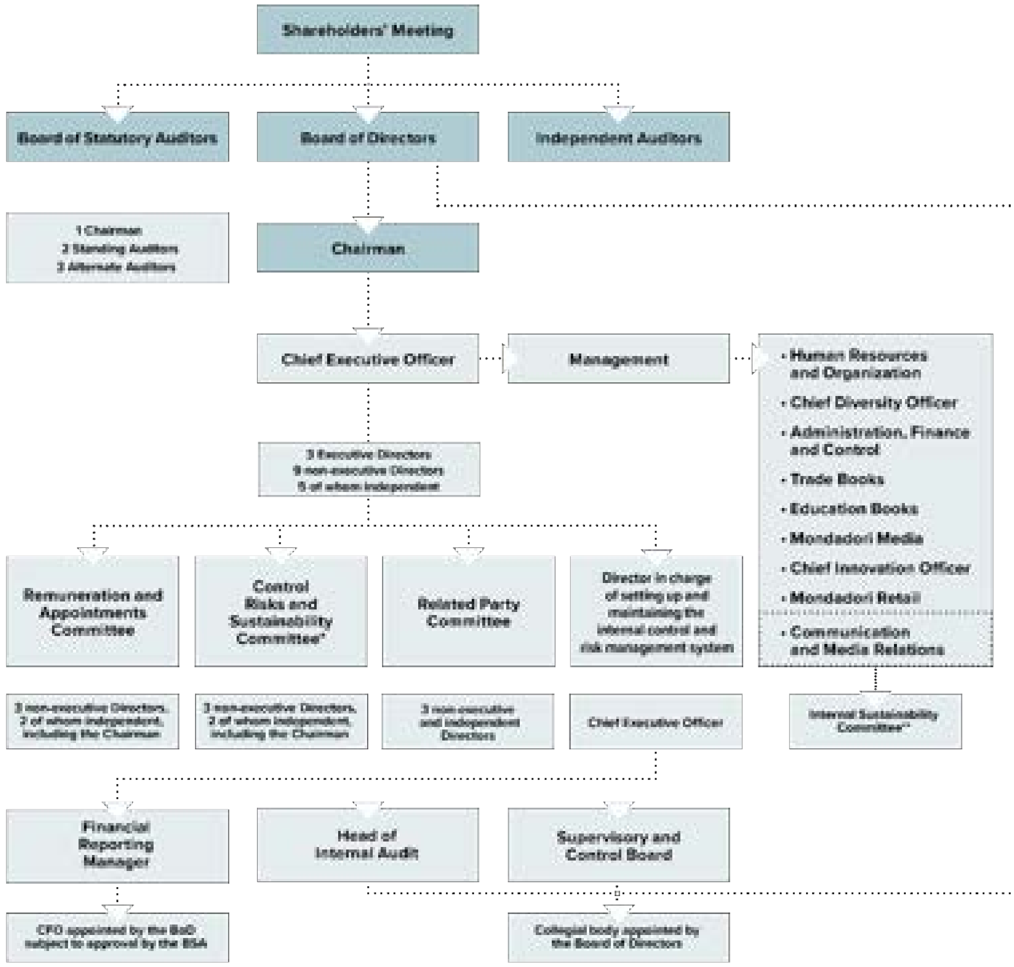
These bodies are appointed by the Ordinary Shareholders' Meeting. The Board of Directors is appointed through the list voting system, in a manner that enables the identification of directors and is also an expression of the wishes of the minority shareholders.

The Group also adheres to the Corporate Governance Code, promoted by Borsa Italiana S.p.A. as a reference framework for the definition of its governance system.

The **Board of Directors** plays a central role in the Group’s corporate governance system through the determination, in particular when approving medium-term plans, of the Company’s and Group’s strategic and organisational guidelines and objectives and is assigned, in accordance with the By-laws, all powers for the ordinary and extraordinary management of the Company, except for the powers and duties reserved by law to the competence of the Shareholders' Meeting.

In line with the recommendations of the specified Corporate Governance Code, the **Board of Directors** has three committees made up of non-executive directors of whom the majority are independent, including their respective Chairmen and, in particular, in addition to the Remuneration and Appointments Committee and the Related Parties Committee, the **Control, Risk and Sustainability Committee**, with an advisory role and one of making suggestions, also in respect of sustainability topics.

For the purposes of this NFS, a summary of the governance structure adopted by the Group is provided below, with specific reference to the structure and composition of the various bodies and/or subjects making up the comprehensive system.



2.1.1 Sustainability governance

Under the scope of the strategic guidance issued by the Board of Directors, the pursuit - through a progressive training process structured according to the phases and methods explained in this document - of sustainable success becomes particularly important and is configured by the creation of value in the long-term, to the benefit of shareholders and taking account of the interests of all stakeholders relevant to the Issuer.

Under the scope of Sustainability Governance, the **Control, Risks and Sustainability Committee** plays an investigative, consulting role and makes suggestions to the Board of Directors on sustainability-related assessments and decisions with particular regard to the approval of the NFS and the Sustainability Plan.

In order to allow for further consolidation and optimisation of the organisational structure relative to sustainability oversight, the Board of Directors has assigned a senior management figure - Antonio Porro - the responsibility for the Development and Management of activities relating to Sustainability Plan and related topics.

In the exercise of the appointment, reporting hierarchically directly to the Board of Directors, Antonio Porro reports back periodically to the Control, Risk and Sustainability Committee.

The **Internal Sustainability Committee** instead oversees - under the guidance of the senior manager appointed as responsible for Development and Management identified above - proposals relating to ESG areas and non-financial reporting activities, which the Group has been developing since 2017 based on materiality analysis processes aligned with the company's strategic approach, reporting to the Chief Executive Officer.

The Committee, chaired by the Communications Director, is made up of the corporate and business functions; it meets periodically to assess operational proposals in the field of sustainability, and reviews and validates the draft Consolidated Non-Financial Statement and is constantly updated on the Sustainability Plan.

The following table shows the composition of the Board of Directors of the parent company Arnoldo Mondadori Editore S.p.A. by gender and age bracket.

Specifically, at 31 December 2023, the composition by gender is broken down as 42% women and 58% men, and the composition by age is broken down as 8% between 30 and 50 years old, and 92% over 50 years old.

Composition by gender and age of the Board of Directors

Age	at 31 December 2023				at 31 December 2022				at 31 December 2021			
	Women	Men	Total (no.)	Total (%)	Women	Men	Total (no.)	Total (%)	Women	Men	Total (no.)	Total (%)
30-50 years old	1	—	**1**	**8%**	1	—	**1**	**8%**	1	—	**1**	**8%**
>50 years old	4	7	**11**	**92%**	4	7	**11**	**92%**	4	7	**11**	**92%**
Total (no.)	**5**	**7**	**12**	**100%**	**5**	**7**	**12**	**100%**	**5**	**7**	**12**	**100%**
Total (%)	**42%**	**58%**	**100%**		**42%**	**58%**	**100%**		**42%**	**58%**	**100%**	

Corporate Governance Report

Reference is made to the *Report on Corporate Governance and Ownership Structures* - made available at the same time as this document on the website www.gruppomondadori.it, in the "Governance" Section and on the authorised storage system *1info - Sdir & Storage* - for a detailed description of the governance structure, with particular reference to:

i) composition and internal competences, process of appointment and duties - also in respect of training and the definition of sustainability strategies - of the Board of Directors, the Control, Risk and Sustainability Committee and the other internal board Committees;

ii) organisational model, also in respect of criticality management;

iii) training and induction processes for the Board of Directors;

iv) self-assessment process of the Board of Directors.

Remuneration Report

In the *Report on Remuneration Policy and Compensation Paid*, Arnoldo Mondadori Editore S.p.A. describes the remuneration policies connected with the members of the most senior governance body and executive managers with strategic responsibilities, as well as the process by which they are processed. The document is available at the same time as this document on the website www.gruppomondadori.it, in the "Governance" Section and on the authorised storage mechanism 1info.

The Group has monitored the ratio of the remuneration of the highest paid individual and the annual median remuneration of all employees of the Group's Italian companies and Rizzoli International Publications[19]. This ratio is 34.45 in 2023, while in 2022 it was 34.03. The figure does not include the Spanish company Adgage.

The median value of employee remuneration has remained virtually unchanged compared with last year, while the compensation of the highest paid subject has increased by 1.1%. As a result, the ratio of the percentage increase of remuneration of the person receiving the highest remuneration and the median percentage increase of all employees tends to zero.

[19] The value of remuneration used for the calculation takes into account: the gross annual remuneration for FTEs, the variable amount linked to MBOs and LTIs disbursed and all other variables coming together to make up total remuneration.

2.2 GROUP ETHICS AND INTEGRITY

As mentioned in the introduction to this chapter, the Mondadori Group's organizational and management model is designed to ensure the economic sustainability of the company and the creation of long-term value, highlighting the mission and values that guide the day-to-day management of the Group's operations; this is witnessed by the Group's compliance with the external codes and regulations that shape its governance and control system.

In applying an Organizational, Management and Control Model (for the Parent Company and with appropriate versions for each of its Italian subsidiaries), the Mondadori Group has set itself the goal of adopting a set of protocols which, as a supplement to the system for assigning powers and responsibilities, together with the other organizational tools and internal controlling, form a fitting system able to prevent criminal and administrative offences and raise awareness among employees and associates of the rules of conduct to follow when performing their tasks. The Model and its Guidelines are constantly updated and meet the different needs of the companies that are part of the Group.

Both of these documents refer to a set of ethical standards, identified by legislation, regulations and codes of conduct, which the company incorporated into its own regulations in 2012 with the adoption of a new Code of Ethics that extends to all Group companies.
The corporate Code of Ethics sets out general ethical principles (respect for human rights and law, transparency, protection of intellectual property and the independence of information) and specific principles in relation to the different stakeholders, including customers, suppliers, employees, investors, communities, institutions and the environment.

The Code of Ethics, therefore, outlines the set of principles and rules of conduct to be followed by the directors, employees and associates of Group companies within the scope of their respective roles and duties. The Code of Ethics and its provisions are incorporated into the contractual obligations undertaken by the counterparties. Any infringement of the Code of Ethics, therefore, constitutes a breach of contract, entailing the consequences of law, including termination of the contract or engagement and claims for damages.

In this sense, compliance with the principles set out in the Code of Ethics is required not only of employees and associates, but is also incorporated into supply agreements, together with the obligation to comply with Community legislation and minimum working age laws.

As a sign of its growing commitment to sustainability, the Group has officially endorsed the more specific policies set out by industry associations, such as the Sodalitas Foundation's Charter for Equal Opportunities and the Valore D Manifesto, undertaking a commitment to promote talent regardless of gender.

Other steps have been taken over the years, such as the creation and constant updating of operational rules and procedures governing specific company operations, to make compliance with a changing legal framework part and parcel of daily work practices and to respond effectively to the new needs brought by the development of business.

In other cases, such as, for example, the issue of privacy in journalism, the Mondadori Group refers to external regulations and standards, in this specific case the Code of Ethics for the Processing of Personal Data in the Practice of Journalism, envisaged in Legislative Decree 196/2003 and incorporated into the Charter of Duties of Journalists.

With regard to environmental sustainability, since 2012 the Group has adopted an environmental policy designed to reduce the impact from its operations. Such policy has delivered tangible results in terms of major cuts in greenhouse gas emissions and, in primis, the growing use of certified paper for its products.

In 2017, guidelines for the publication of content and material on Group websites were set out and officially released in February 2018. The guidelines, together with training provided to journalists on copyright and the Web and on privacy in journalism, address issues connected with the handling of sensitive editorial content in newspapers and on online news channels, websites and social media accounts belonging to the Mondadori Group. For further details on the Group's policies on privacy and personal data protection, reference is made to the section "Privacy and personal data protection".

We also note the 2018 approval of the Group's Sustainability Policy, reflecting Mondadori's values and mission; it indicates six key commitments that are consistent with the Company's activities and its role in society:

- providing customers with the possibility of benefiting from innovative and quality products;
- actively promoting a culture that is accessible to everyone, aware that the right to quality education and information is a crucial element in the development and growth of the country;
- giving voice to different points of view, rewarding originality and the diversity of thought, and ensuring respect for freedom of expression in the process of developing publishing products;
- investing in the professional development of people, enhancing their talent and encouraging them to be creative and enterprising;
- creating a safe workplace for employees and associates that provides equal opportunities for personal and professional achievement and expression;
- respecting and protecting the surrounding environment through the responsible use of natural resources and main energy carriers, reduction of polluting and climate-changing emissions, careful waste management and customer and supplier awareness on environmental sustainability issues.

With the introduction in 2019 of the Whistleblowing system to make and manage reports of alleged or actual unlawful conduct relevant pursuant to Legislative Decree 231/2001, and alleged or actual violations of Models 231 and/or the Code of Ethics adopted by Group Companies, in full respect and protection of the reporter and the reported person, the related procedure was issued and the Model and Guidelines of the Parent Company and all companies were updated.

Note that in 2023, the Group adopted the new Whistleblowing Procedure, which introduces a more articulated system for reporting violations, as established by Italian Legislative Decree no. 24 of 2023.

In 2023, there were no reports made to the Board of Directors of any potential or actual negative impacts regarding the conduct of the organisation in its operations and business relations.

Supply chain

Responsible supply chain management is one aspect to which the Group pays close attention. Correct management in fact guarantees business continuity and fosters the involvement of suppliers aligned with the Mondadori approach and operations, both in terms of compliance with current regulations and sustainable development. Compliance with the principles set out in the Group's Code of Ethics is required not only of employees and associates, but is also incorporated into supply agreements, together with the obligation to comply with Community legislation and minimum working age laws.

The Code and its provisions are incorporated into the contractual obligations undertaken by the suppliers. Any infringement of such, therefore, constitutes a breach, entailing the consequences of law, including termination of the contract or engagement and claims for damages.

Within its Environmental Sustainability Policy, the Group:

- is committed to respecting and protecting the surrounding environment through the responsible use of natural resources and main energy carriers, reduction of polluting and climate-changing emissions, careful waste management and customer and supplier awareness on environmental sustainability issues;
- to influencing its suppliers through the use of environmental sustainability criteria within the selection and management process, so as to guide the chosen suppliers to act consistently with the Group's environmental policy;
- to spreading awareness of and communicating its environmental policy to its stakeholders, in particular to employees, customers and suppliers and to guaranteeing the update of the Group's strategy and objectives in connection with environmental and sustainability topics.

Within the supplier screening process, selection is based on multiple criteria, including, for example, the technical suitability of the products or services proposed, their quality, the economics of the offer and the sustainable commitment in social and environmental terms.
With specific reference to paper suppliers, a category that is particularly important for Mondadori due to the very nature of the business, their selection and assessment is based not only on economic factors but also on the presence of certifications in accordance with international PEFC/FSC standards aimed at safeguarding and ensuring the proper management of forest ecosystems.

The other main types of supply on the basis of the criteria of economics and strategic relevance for the Group are tied to printing and logistics.

In 2023, following a continuous improvement process, the scope of data relating to spending with local suppliers for the offices of ALI, Il Castello, Star Comics and Grafiche Bovini, has been expanded. It is noted that the figure is not available for the US office of Rizzoli International Publications, nor for the Spanish office of Adgage.

Compared with 2022, the categories of purchases have been extended, including all expenses relative to products and publishers, the procurement of paper, graphic works, professional services and provisions, telephone services, transport and deliveries, maintenance, energy and rental.

Considering these categories of expenses, in 2023, 89% of purchases in Italy can be attributed to Italian suppliers, while the remaining 11% comes from foreign purchases, even if operating in Europe.

Note that to calculate the proportion of spending with local suppliers, for the Mondadori Group offices in Italy, "local suppliers" were considered as such when they had their registered office in Italy.

In organisational terms, the supply chain is managed for matters relating to the purchase of paper, printing and logistics services by the dedicated structures within the Books division, whilst the Group Services Procurement and Real Estate Department within the HR and Organisation Department, manages procurement of the various goods for the whole Group.

Proportion of spending on local suppliers	**2023**	**2022**
Italy (000€)	469,828	110,677
of which with local suppliers (%)	89%	90%
of which with non-local suppliers (%)	11%	10%

Economic value generated and distributed

Mondadori undertakes to ensure a correct and transparent keeping of the accounts, aware of their importance in respect of all stakeholders. The Company has therefore decided to measure the economic value generated and distributed according to a reclassification of the income statement, monitoring financial solidity and the distribution of the value generated in respect of the main stakeholders, thereby contributing towards the development of the territory in which it operates (in both social and economic terms) and the value re-invested to foster business growth.

At 31 December 2023, the direct economic value generated and distributed came to approximately € 1,738,960.55 million, up by approximately 0.57% compared with 2022. More specifically, in 2023, the economic value distributed increased by approximately 0.40% compared with the previous year, whilst the economic value retained by Mondadori increased marginally, by approximately 4.06%.

	2023	2022	2021
Economic Value generated by the group	**910,185.81**	**903,701.14**	**795,918.96**
Economic Value distributed by the group	**828,774.74**	**825,468.35**	**733,915.45**
Payments to Suppliers	625,762.11	641,708.38	573,646.24
Employee Wages and Salaries	140,578.65	136,963.06	136,140.21
Payments to Financial Institutions	12,801.54	7,862.75	5,413.20
Payments to Shareholders	29,217.00	22,163.00	—
Payments to the PA	19,985.84	16,384.54	—
Gifts	429.61	386.62	416.77
Economic value retained by the Group	**81,411.06**	**78,232.79**	**62,003.51**

2.2.1 Combating corruption

Within the management and control system of the Mondadori Group, the Organizational, Management and Control Model and the rules of conduct of the Model - in the various versions prepared for each company and all constantly updated - represent a reasonably effective system for guaranteeing business integrity and the fight against corruption in all the businesses and areas of the Group.
The project on the adoption of an Anti-Corruption Policy and Compliance Programme, in compliance with current legislation, was entrusted to the Internal Audit and Internal Control Departments and will be completed by 2024.

In the three-year period 2021-2023, no cases of corruption or bribery involving employees or suppliers in Italy were found to have occurred, and no legal action was initiated or completed against the Group or its employees for alleged corruption. No reports within the whistleblowing system were made in 2023.

2.2.2 Market abuse

Following adaptations of the Procedure on inside information made in 2016 and 2019 in compliance with Regulation (EU) no. 596/2014 on Market Abuse Regulation, the Mondadori Group has strengthened its control over the way it oversees, manages and circulates corporate documents and information internally, the way it communicates inside information to the market and the public in accordance with the applicable provisions of law and regulations, and the audits on the register of persons with access to inside information.

The control system was complemented by the internal dealing procedure as regards the disclosure obligations towards CONSOB, the Company itself and the market of all the transactions of an amount equal to or higher than € 20,000 (including all subsequent transactions, carried out on financial instruments issued by the Company, regardless of the amount, once a total amount of € 20,000 has been reached in the course of a calendar year), as well as on derivatives and related financial instruments by members of Mondadori's governing or supervisory bodies, managers who have regular access to inside information and who are empowered to take decisions that may affect the outlook and prospects of the Mondadori Group and persons closely associated with them.

In 2020, the notion of Specific Relevant Information, intended as information that is only potentially considered as inside information, was integrated into the procedure, with the following creation of the Relevant Information List and definition of the relating management criteria. Roles and responsibilities relating to the inside information management process were reviewed, also assigning the role of FGIP (Inside Information Management Function) to the Group CFO. Training programs, under the responsibility of Mondadori, were also delivered to the owners of the process.

The year 2021 saw a further optimization of the methods for recording and tracing disclosure items related to delay of disclosure of inside information as per Article 17 of EU Regulation 596/2014.

In the three-year period 2021-2023, no legal actions were initiated against the Mondadori Group for anti-competitive behaviour, violations of antitrust regulations or monopoly practices.

2.2.3 Compliance

The Mondadori Group carries on business in compliance with all applicable laws and regulations. However, in the performance of its activities, contestable cases may arise for various reasons.

Specifically, typical of publishing activities are the risks associated with the libel offence, as these are risks inherent in the drafting of books and/or articles. Libel consists, in fact, in offending the reputation of others. The idea each one of us has of the events and circumstances of a particular case is subjective, so the concept of "offensive" may vary from person to person.

That said, the Mondadori Group performs stringent audits before publishing books and/or articles; nevertheless, disputes and libel suits are bound to materialize.

The monetary value of the significant sanctions (in excess of € 10,000) paid in 2023 for cases of non-compliance with the law and regulations comes to approximately € 92,000, of which approximately 10,000 relating to tax penalties. This value refers to a total of three sanctions, all in 2023.

In order to provide greater transparency to stakeholders, the Company set up a filing system for non-monetary penalties in 2012. Examples of non-monetary penalties include the publication of rulings.

Two cases of non-monetary sanction were reported in 2023.

2.2.4 Privacy and personal data protection

Privacy and personal data protection are fundamental elements for the Mondadori Group as a whole, in which each company is committed to ensuring that the collection and processing of personal data is performed in accordance with the principles and applicable laws.

In pursuing its business, the Mondadori Group can take pride in having a well-established system aimed at protecting personal data, which guarantees compliance with Regulation (EU) 2016/679 ("GDPR"), Legislative Decree 196/03 ("Privacy Code") as subsequently updated by Legislative Decree 101/2018, and with the indications and provisions issued by the Data Protection Authority.

Specifically, within the Group, personal data management policies are governed by a series of procedures in the areas of data retention, privacy by design and by default, data protection impact assessment, data breach, feedback to data subjects and the appointment of data processors pursuant to and for the purposes of Article 28 of the GDPR. The Group also has a Data Protection Officer in place.
The websites of each Mondadori Group company all have privacy and cookie policies available for consultation, which are kept constantly updated. The Group’s corporate website also features a section that illustrates the personal data management policies implemented by the entire Mondadori Group.

In 2023, the Group handled numerous requests for the exercise of rights by data subjects, including, in particular, requests for access to and the deletion of personal data. No personal data violations that could be considered data breaches were reported.

Complaints over privacy violations/losses or theft of customer data	2023	2022	2021
Substantiated complaints received regarding breaches of customer privacy (no.)	—	—	1
of which, from supervisory Bodies	—	—	—
of which, received from external parties	—	—	1
Losses or theft of customer data (no.)	—	—	—

2.2.5 Fiscal Policy

With regard to the domestic tax consolidation scheme, in 2022 the Mondadori Group renewed the agreement with Fininvest S.p.A. (the Consolidating Company) for three years (2022-2024). This agreement includes a protection clause according to which Arnoldo Mondadori Editore S.p.A. and its subsidiaries adhering to tax consolidation shall not be required to pay more income tax than the Group would have paid if Arnoldo Mondadori Editore S.p.A. and its subsidiaries had created its own tax consolidation agreement.

Income tax (both current and deferred) is calculated based on the applicable rates in each individual country in which the Group operates, according to a prudent interpretation of currently applicable tax laws.

Below is the data for the three-year period 2021-2023. More specifically, as regards the company Digital Advertising & Engagement S.L. (with registered office in Madrid), it includes the consolidated figures form July 2023, following the acquisition of the control percentage.

Tax	2023			2022		
(Euro/000)	Italy	USA	Spain	Italy	USA	Spain
Revenue from sales to third parties	856,635,000	46,908,900	1,193,490	855,328	47,675	
Revenue from intercompany transactions with other tax jurisdictions	1,269,880	221,040	1,471,600	761	739	
Pre-tax profit/loss	77,473,230	2,742,650	284,440	64,247	2,609	
Tangible assets other than cash and cash equivalents	33,353,770	1,371,000	4,800	22,791	1,343	
Corporate income tax paid on a cash basis	15,876,200	988,590	—	20,325	1,299	
Corporate income tax accrued on profit/loss	23,406,200	829,060	64,550	19,453	1,038	

2.2.6 Editorial independence

The Parent, Arnoldo Mondadori Editore S.p.A., is listed on the Milan Stock Exchange. The share capital at 31 December 2023, fully subscribed and paid up, amounted to € 67,979,168.40, divided into 261,458,340 ordinary shares with a par value of € 0.26 each.

The majority shareholder is the holding company Fininvest S.p.A., owned by the Berlusconi family.

Significant shareholders as at 31 December 2023

Shareholder	% ownership of share capital as at 31/12/2023
Fininvest S.p.A.	53.30%
Treasury shares	0.40%
Free float	46.30%

During the reporting period, the Mondadori Group received financial contributions from the public administration in Italy for a monetary value of approximately € 7 million, of which € 4.4 million to the benefit of Mondadori Media. Arnoldo Mondadori Editore S.p.A. instead received € 743 thousand, of which approximately € 442 thousand in the form of tax credits linked to "*caro energia*" (energy price increase) and the innovation fund. In 2023, the companies Mondadori Scienza and Star Comics respectively benefited from contributions of approximately € 526 thousand and € 485 thousand. Grafiche Bovini received contributions for approximately € 373 thousand, of which more than two thirds are linked to the tax credit for investments in instrumental assets 4.0. Mondadori Retail received approximately € 311 thousand, mainly relating to tax credits for energy-intensive enterprises.

The company ALI benefited from contributions for approximately € 165 thousand, of which almost € 131 thousand in the form of tax credit for investments in instrumental assets 4.0. Finally, Mondadori Libri, Mondadori Education and Rizzoli Education benefited respectively from approximately € 33 thousand, € 7 thousand and an additional € 7 thousand as tax credit for technological innovation.

For 2023, the contributions received by Rizzoli International Publications are zero, having received the last instalment on the COVID-19 subsidies from the US government in 2022. The figure is not available for the company Adgage.

A breakdown is provided below of the last two years by geographical area.

Contributions received from Public Administration (Euro)	2023	2022
Italy	7,022,487.15	9,037,851.65
USA Rizzoli International Publications[1]	—	114,511.40
Total (Italy and USA)	7,022,487.15	9,152,363.05

[1] Amounts expressed in Euro (€), converted from USD at the exchange rate at the end of the relevant reporting period

*With a view to improving the data reported, the figure on contributions received from the Public Administration in 2022 is restated following the inclusion of the values relative to the new companies that have joined the consolidation scope.

Lastly, the Mondadori Group did not make donations of any kind to political parties or politicians during the year under review.

2.2.7 Intellectual property and copyright protection

The Group's commitment to protecting the rights associated with intangible assets resulting from creativeness and inventiveness is enshrined in the Company's Code of Ethics, as the cornerstone of publishing activities. Copyright is governed by Law no. 633 of 22 April 1941.

The recent years, however, have seen a heated debate pitting traditional content producers against the new web players who use such content. Against this backdrop, the Group collaborates with national and international trade associations (FIEG - Federazione Italiana Editori Giornali, AIE - Associazione Italiana Editori, and EMMA - European Magazine Media Association) in order to effectively transpose the European Directive on Copyright in the Digital Single Market (Directive 2019/790) into the Italian system, where in Legislative Decree no. 177 of 08 November 2021 it has found its most effective application.

In 2023, in light of the continuous evolution of current regulatory obligations, the following activities have been implemented to strengthen the programmes aimed at protecting intellectual property and copyright:

- adjustment, where necessary, of the provisions of contracts to the adoption of the provisions introduced by Italian Legislative Decree no. 177 of 8 November 2021, incorporating the European Directive on copyright;

- adoption of monitoring programmes to prevent on-line piracy and the unlawful use of information protected by copyright.

Just like in 2023, these activities will also take place in 2024.

2.3 MAIN NON-FINANCIAL RISKS

In 2023, under the scope of Group Risk Assessment activities, the complete and systematic analysis of risks relating to social, environmental and governance topics of corporate business continued, also in line with the requirements of Italian Legislative Decree no. 254/16, in order to integrate the factors deriving from the ESG topics into the determination of the Group's risk profile.

These risks are therefore the result of an integration of the non-financial risks already covered by the Group Risk Assessment process and specific in-depth discussions. For further information on mitigation actions, reference should be made to the section "Internal control and risk management system" (see *2023 Annual Report*).

Below is a description of the **main risks** and the **main mitigation measures** linked to the above areas, in line with the Group's internal processes and **sustainability policies** aimed at achieving the ESG targets, also in light of the priorities defined by the ESMA for reporting year 2023.

2.3.1 Risks associated with environmental topics

In the current context, which sees increasing attention paid by the whole world to climate change, the climate change risk is a topic of great importance for both the Group's management and stakeholders.
In the publishing industry, the critical issues are mainly due to greenhouse gas emissions linked to very energy-intensive industries like that of paper, but the problems extend to the whole of the product production cycle and logistics; another critical aspect is the potential discontinuity in the availability of **paper**.

As concerns the environmental impact of **logistics**, the Group has been working for some time now on increasing the efficiency and planning all the activities carried out within the distribution chain as best possible, with the aim of minimising the environmental impacts associated with the goods transport and delivery processes.

The risk remains linked to the increase in **industrial costs and utilities**, also due to the continued problematic geopolitical situation currently in progress. A reduction in energy costs and utilities is, however, noted compared with last year. Possible slight improvements in the medium term are linked to the procurement sustainability policies the Group intends to pursue.

Main risks	Main mitigation measures
Management of outsourced logistics activities	The Group is taking action in the short-term with interventions aiming to simplify the chain through the elimination of certain sub-supply passages of the current service. A project is also being designed aiming to assess a different logistics model that can increase the efficiency throughout the distribution chain.
Risk of an increase in industrial costs and utilities	The Group applies its policy on agreements, valid for at least three years, with the main suppliers, to guarantee them stability in production in exchange for economic benefits for the company. It also continuously monitors the market through supplier scouting activities. Finally, close attention is paid to low-impact lighting and heating technology for both the office and sales outlets.
High costs and difficulty in obtaining the raw materials	The Group is also scouting out suppliers in non-EU countries. It also carefully plans purchases of raw materials and consequently defines print runs.

2.3.2 Risks associated with social topics and respect for human rights

The Mondadori Group is extremely sensitive to social matters and human rights, both in regard to freedom of expression, responsibility for and accessibility of contents and its involvement in education and therefore schools, where the role played by publishers is clear.

The company's success is closely tied to the human resources it considers to be its real asset. The risk is mainly due to the presence of a more dynamic employment market, which, coupled with technological changes and the competitive scenario, may cause key resources to leave, resulting in a **lack of technical and specialised know-how** and, more generally, greater difficulty in **retention policies**.
The Group's performance is therefore focussed on the capacity to attract, motivate and withhold its employees, through projects focussed on the continuous improvement of their working and personal lives, in order to better understand their needs and how to find solutions to existing problems.
There is no doubt as to the continuous activity carried out by the Group in terms of Diversity & Inclusion, aimed at starting and pursuing a whole range of concrete actions in order to pay ever closer attention to topics linked to gender equality, inclusion and plurality.

Action is also taken through the attention paid to the contents of books, above all in the Education area, of all brands and digital contents, with a view to optimising the multiple unique natures and needs of readers and followers.

Finally, it should be noted that all the Group's activities are impacted by the constant drive of technological change; in all cases, the risks linked to **digital disruption** and, in general, **new technologies**, must be balanced with the opportunities for innovation, adjusting to the company's strategic objectives.
There is no doubt as to the need to ensure structures with adequate know-how to assess any preclusions linked to new technologies, including Artificial Intelligence.

As regards topics linked to education and the world of school, the Education BU suffers the negative trend brought about by the **demographic decline**, destined to be consolidated in the medium term.
Close attention has also been paid to possible outcomes of the trials run regarding the **reform of technical-professional education** and the effects this will entail in redefining the ministerial programmes and, consequently, on the contents of school textbooks.

Main risks	Main mitigation measures
Attraction and retention of talent and human resources	The Group continues to improve the activities intended for the corporate population, in terms of career management support, retention and job rotation policies as well as through training and skill development programmes in support of upskilling requests in the various roles.
Development of new technologies and digital disruption	The Group has established a team within the Digital area dedicated exclusively to possible developments of AI. AI training paths have also been started for employees, run in collaboration with the HR Department.
Demographic decline (Education BU)	The Group has taken pricing measures to absorb part of the inflationary drive. It is also working on improving the ratio of sold/adopted in respect of a constant renewal of the offer.
Regulatory changes and school instructions (Education BU)	Relations with the MIUR are constantly monitored.

2.3.3 Risks connected to Governance

The Group has adopted governance that is aligned with the very best international standards, in order to act responsibly, constantly promoting ethical and transparent behaviour to strengthen the reputation in regard to stakeholders and increase their trust. It also acknowledges the Code of Corporate Governance of listed companies as a reference model for defining its organisational structure and operational practice in corporate governance matters.

In risk assessment, attention was particularly focussed on the **protection of intellectual property and copyright**, highlighting potential risks linked to the safeguarding of copyright, also in connection with new developments in the field of Artificial Intelligence (AI).
The matter of **cybersecurity** and **personal data protection** has also been addressed, indicating the reputational and economic risk related, for example, to potential cyber-attacks, breaches or unauthorised accesses that result in the dispersion or unauthorised dissemination of proprietary editorial contents and/or loss of customer data or other personal data breaches.

Main risks	Main mitigation measures
Development of new technologies and digital disruption	Establishment of a working party dedicated to studying the impacts of AI by way of protection of intellectual property and copyright. Constant collaboration with the Legal Department.
Cybersecurity system	The Group is also working on developing a training plan on cybersecurity topics intended for all employees and collaborators. Strengthening of resources dedicated to Group Information Technology and simultaneous switch to the cloud of the main platforms.

2.4 STRATEGIC BUSINESS INNOVATION

From a strategic point of view, the Group has all the managerial and financial resources required to continue along the path of strengthening its core businesses, and of rationalizing, if possible, non-strategic activities consistently and increasingly pursued in the last years, including through M&A operations.

Again in 2023, the Group continued to consolidate its leadership in the Books Area. With the acquisition of an additional 25% of A.L.I. S.r.l. - Agenzia Libraria International, Mondadori has taken a further step along the path of increasing focus on the books market, through a process of vertical integration that allows the Group to strengthen its position in the promotion and distribution of third-party publishers, with a view to continually improving the service level and expanding the customer portfolio.

In addition, in June 2023, the preliminary agreement was stipulated and the contract signed to acquire 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 company will therefore be consolidated on a line-by-line basis starting 2024. The acquisition allows the Group to replicate the vertically-integrated business model with which Mondadori already operates in the book segment, in the comics segment.

In January 2023, Mondadori Media S.p.A. acquired the equity investment of the entire share capital of **Power S.r.l.**, a company operating in the talent management and promotion segment on the digital market and the equity investment in the entire share capital of **Webboh S.r.l.**, a company operating on the web and social accounts, specialised in the production and publication of editorial posts and products, news and gossip, mainly of interest for the digital generation GEN Z.

2.4.1 Enhancement and reputation of brands and publishing trademarks

Our brands and publishing brands increasingly frequently highlight actions to support the **promotion and dissemination of sustainability topics**, also through the multi-channel and multi-product structuring of contents and the editorial offer and the continuous development of events for the social-cultural oversight of the territory.

Here, therefore, are the main initiatives that combine brand reputation and supportive purposes, promoted by the Group's brands in 2023:

- **"Incarta un libro, regala un futuro" (Wrap up a book, gift a future):** in December, for the third year running, Mondadori Store renewed its commitment alongside Oxfam to make a concrete contribution to inclusive education. Thanks to a small donation to the Oxfam volunteers present in the Mondadori book stores to gift wrap Christmas presents, it has been possible to support the initiative to guarantee equality and equal opportunities to access and enjoy success at school to the most fragile students, helping children and teenagers who are presently at risk of educational exclusion in Italy.

- After the success of the books "Cucina green" (2021) and "Cucina a colori" (2022), in October, Mondadori Store launched a new exclusive initiative pursued in collaboration with Mondadori Electa: **"Mari e monti in cucina"**. With 180 dishes divided by territory of origin, the recipe book, which is only available from our book stores, is a journey through the regions of Italy, on a discovery of the tastiest and most traditional recipes that optimise sustainability through the use of local ingredients and zero kilometre measures.

- Mondadori Store has also adhered to and supported the campaign "**Mare blu, Punti in più!" of the Lifegate Plasticless project**: the campaign promoted by Payback aiming to help reduce the pollution of seas through the collection of plastic waste in port water. Together with the initiative partners, including Mondadori Store, Payback has undertaken to adopt 5 Seabin devices that, in one year, will collect approximately 2.5 tonnes of waste, including plastic, equivalent to the weight of more than 160 thousand 0.5 litre bottles.

- Mondadori Retail has pursued and driven "**Percorsi**", the free training project dedicated to our network booksellers. Created in October 2021, it takes the form of a series of meetings with the aim of providing stimuli, tools and support to booksellers in managing a store, bringing about a reflection on the importance of their role in the relationship with the product and customer. The appointments for the second edition were dedicated to the following topics:

in-depth analyses of the junior publishing market, sales arguments and handling objections, visual merchandising and the management of social tools.

- **"Quanto sei ecosapiens?"**: in March ***Focus*** published a special dossier dedicated to sustainability, to help readers increase their ecological preparation. A real thirty-page manual created in collaboration with ASviS (Italian Association for Sustainable Development). In addition, in 2023 *Focus* curated the **exhibition "The Italian Spaceway"** produced by the Ministry for Foreign Affairs in collaboration with the organiser committee IAC 2024 Milan and opened to mark the celebration of National Space Day. The exhibition project describes the contribution made by Italian research and "Made in Italy" to the development of space technologies, with a particular focus on sustainability.

- **"Focus Live – Visioni"**: from 3 to 5 November 2023, the Leonardo da Vinci National Science and Technology Museum of Milan hosted the sixth edition of Focus Live, the festival of knowledge conceived and organised by the brand. In the new edition, 40 installations, five thematic areas – Technology, Sustainability, Science, Space and Health – and an extensive programme of meetings, talks, laboratories and shows, in the company of scientists, popularisers and creators of national and international fame.

- In April, to mark the occasion of the FuoriSalone 2023, the magazine *Interni* presented the **exhibition-event entitled "Design Re-Evolution": design come evoluzione, rivoluzione, contaminazione e sostenibilità"**. With more than 40 installations, the exhibition sought to propose a choral reflection on the evolutionary thought as a tool to activate synergies between the different knowledges and the revolution that research into materials is implemented in view of the development of a circular economy.

- In June, for the first time, ***Tv Sorrisi e Canzoni*** was **media partner of the Diversity Media Award**, the top European award that rewards people and media contents that, during the previous year, stood out for an optimising, inclusive representation of people by topics of gender and gender identity, sexual and emotional orientation, age and generations, disabilities, ethnic origin and physical appearance, on the various national media.

- **"The Wom Power"**: is the title of the first book that *The Wom* launched in January. A six-chapter manual, published by Mondadori Electa for those seeking to find their way, for those who fight prejudice and stereotypes each and every day, and for those striving to express themselves freely. In each chapter, a tale written by a content creator of #TheWomSquad: stories and testimonials that every day the brand shares with its community to optimise the uniqueness of each, starting out from the sharing of values, experiences, emotions and sensations of an ever increasing number of people.

3. SOCIAL
Enhancing people, content and places for education and culture

The enhancement and management of human capital are priority issues for the Mondadori Group, which promotes the development of its people in line with the company's prospects, encouraging their growth in terms of new skills, through the creation of quality training and professional development programs consistent with industry trends. In this context, the Group promotes the well-being and a work-life balance of its employees, also through specific initiatives linked to welfare, prevention and health (see the paragraph entitled “*Health and safety in the workplace*”) and parenting.

The company has always been committed to valuing diversity and equity as levers for the creation of a workplace that values uniqueness, including through an evolved inclusive leadership model.
This translates into multiple actions, conceived consistently with the objectives defined in the Sustainability Plan, for all Group employees and collaborators.

The dissemination of culture and ideas is a cornerstone of the Mondadori mission; it is not only the basis of the company's business activity, but also a distinctive feature of its strategic approach to Sustainability and the creation of its products for the public.

The Group is committed to ensuring that its editorial products - books, school books, magazines, websites and digital products - contain content that is accurate, meticulous, truthful and respectful of the tastes and sensitivity of the public, through ongoing editorial audits.

The Group's commitment to protecting the rights associated with intangible assets resulting from creativeness and inventiveness is enshrined in the Company's Code of Ethics, as the cornerstone of publishing activities. In the context of the school product range, this commitment becomes a true mission at the service of the younger generations.

Attention to the context, ability to adapt and responsiveness are the elements that have always marked the work of the Mondadori Group. Specifically, the company pays great attention to assessing the perspectives and opinions of teachers and students. It also operates in the educational world defined by national authorities in line with the best industry practices and with a view to developing quality products. Through innovative teaching contents and dedicated in-depth analyses, the Group is committed to promoting education for sustainable development with particular regard to the 2030 Agenda and environmental culture, in line with the objectives set in the Sustainability Plan.

This commitment is limited not only to schools: through books, magazines, digital brands, initiatives, bookshops and social channels, the Group pays attention to sustainability topics in its educational and information products, with the aim of fostering knowledge and debate on how to promote a more sustainable present and future.

The Mondadori Group’s approach to the future in the field of sustainability is laid out consistently with the four strategic guidelines defined in the Sustainability Plan (see paragraph 1.1) with the following future objectives connected with the Sustainable Development Goals (SDGs) laid down in the 2030 Agenda.

The objectives achieved or started in 2023 are described in the next few paragraphs.

FOCUS		
	Preparation of the documentation for the Gender Equality Certification (UNI PDR 125/2022), with Audit scheduled for 2024.	2023
	Development and implementation of a training plan specifically for D&I with half-yearly seminars for all Mondadori Group people.	2023
	Review of internal procedures governing selection with the introduction of blind CVs (after the test phase). Formalised procedure.	2023
	Review of the internal procedures governing recruitment and career development, with particular attention to D&I matters.	2023
	Implementation of a training plan accessible to all Group personnel regarding sustainability issues.	2023
	Strengthening of ESG training for the Group's school publications and those for teachers.	2023
	A growing number of initiatives and services to promote reading.	2023
	2024-2026 THREE-YEAR SUSTAINABILITY PLAN – objectives	
	Equal opportunities: increase in the number of women in managerial positions (% female managers).	2026
	Equal pay: reduction of the pay gap for managerial positions (managers and executives).	2026
	Gender equality certification UNI PDR 125/2022.	2026
	Completion of the "Care" project for all Group people and their families with specific initiatives.	2025
	Extension of training in digitalisation/new forms of work to all Group employees.	2024
	Extension to 100% of the school offer of contents/insights in Sustainability, 2030 Agenda for Sustainable Development, diversity, equity and inclusion and civic education.	2024
	Establishment of a new Group Charter of Values.	2024
	Maintenance of the range of initiatives and services to promote reading.	ongoing
	Maintenance of ESG training for the Group's school publications and those for teachers.	ongoing

3.1 Enhancement and management of human capital

The valuation and management of the human capital have for years been priorities for the Mondadori Group. The risk analysis on such topics also places emphasis on the need to evolve personnel in line with the Company's development prospects, encouraging their growth in terms of new skills. Therefore, alongside initiatives for improving the quality of working life and for promoting work-life balance opportunities, in 2023 the Group renewed commitment towards creating a training offer dedicated to digitisation and professional development consistent with the evolution of its business.

3.1.1 The people of the Mondadori Group

At 31 December 2023, the Mondadori Group had 1,945 employees in Italy, the United States of America and Spain, showing growth on 2022 in respect of the additional companies that joined the Group's consolidation scope during the year (Grafiche Bovini, ALI, Il Castello and Adgage for a total of 63 employees).

Below is a breakdown of all Mondadori Group employees by geographical area, divided up for the companies operating in Italy and abroad (Rizzoli International Publications in the USA and Adgage in Spain).

Mondadori Group employees (Italy and foreign consolidated), by geographical area (no.)

Geographic area	at 31 December 2023	at 31 December 2022	at 31 December 2021
Italy	1,878	1,849	1,763
Foreign Consolidated	67	51	47
Total	**1,945**	**1,900**	**1,810**

Specifically, at 31 December 2023, the Group's workforce is 62% women and 38% men, with most of the employees in the 30-50 age bracket and over 50.

Mondadori Group employees (Italy and foreign consolidated), by age bracket and gender (%)

Age group	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men	Total	of whom women	of whom men
<30 years old	6%	59%	41%	4%	65%	35%	3%	60%	40%
30-50	51%	65%	35%	55%	64%	36%	55%	65%	35%
>50 years old	43%	59%	41%	41%	61%	39%	42%	62%	38%
Total	**100%**	**62%**	**38%**	**100%**	**63%**	**37%**	**100%**	**64%**	**36%**

With regard to the businesses, the Books Area is the largest, with approximately 44% of the Group's employees. This is followed by Media (21%), Corporate (18%) and finally Retail (17%) in terms of workforce size.

Mondadori Group employees (Italy and foreign consolidated), by business

Business	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men	Total	of whom women	of whom men
Corporate	18%	56%	44%	15%	56%	44%	17%	59%	41%
Books	44%	68%	32%	44%	68%	32%	35%	70%	30%
Retail	17%	59%	41%	17%	58%	42%	18%	58%	42%
Media	21%	57%	43%	24%	61%	39%	30%	63%	37%

In keeping with previous years, also at 31 December 2023, the overwhelming majority of employees are under permanent, full-time contracts.

Mondadori Group employees in Italy, by contract type and gender (%)

Type of contract	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men	Total	of whom women	of whom men
Permanent	99%	62%	38%	99%	63%	37%	99.7%	64%	36%
Fixed-term	1%	78%	22%	1%	88%	12%	0.3%	100%	—%

Mondadori Group employees in Italy, by contract type and gender

Type of contract	at 31 December 2023		
	Total	of whom women	of whom men
Permanent	1,855	1,152	703
Fixed-term	23	18	5

Mondadori Group employees in foreign consolidated companies, by contract type and gender (%)

Type of contract[2]	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men	Total	of whom women	of whom men
Permanent	87%	50%	50%	82%	52%	48%	85%	52%	48%
Fixed-term	13%	56%	44%	18%	67%	33%	15%	57%	43%

[2] For 2023, consolidated data is given for Rizzoli International Publications and Adgage. For 2022 and 2021, data is limited to Rizzoli International Publications.

Type of contract	at 31 December 2023		
	Total	of whom women	of whom men
Permanent	58	29	29
Fixed-term	9	5	4

Mondadori Group employees in Italy, by contract type (full time/part time, %)

Type of contract	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men	Total	of whom women	of whom men
Full time	90%	60%	40%	89%	61%	39%	89%	61%	39%
Part time	10%	83%	17%	11%	85%	15%	11%	85%	15%

Type of contract	at 31 December 2023		
	Total	of which women	of which men
Full time	1,689	1,013	676
Part time	189	157	32

Mondadori Group employees in foreign consolidated companies, by contract type (full time/part time, %)

Type of contract	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men	Total	of whom women	of whom men
Full time	94%	54%	46%	94%	56%	44%	91%	58%	42%
Part time	6%	—%	100%	6%	33%	67%	9%	—%	100%

Type of contract	at 31 December 2023		
	Total	of which women	of which men
Full time	63	34	29
Part time	4	0	4

Mondadori Group employees in Italy, by professional grading and gender (%, Italy)

Professional grading	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	Total	of whom women	of whom men	Total	of whom women	of whom men	Total	of whom women	of whom men
Executives	5%	38%	62%	5%	36%	64%	5%	31%	69%
Middle Managers	14%	51%	49%	14%	51%	49%	14%	55%	45%
Office workers	75%	68%	32%	74%	68%	32%	71%	67%	33%
Journalists	4%	59%	41%	6%	66%	34%	9%	73%	27%
Manual workers	2%	25%	75%	1%	29%	71%	1%	29%	71%

Mondadori Group employees in Italy, by professional grading and age bracket (%, Italy)

Professional grading	at 31 December 2023 Total	Of which < 30	Of which 30-50	Of which > 50	at 31 December 2022 Total	Of which < 30	Of which 30-50	Of which > 50	at 31 December 2021 Total	Of which < 30	Of which 30-50	Of which > 50
Executives	5%	—%	31%	69%	5%	—%	36%	64%	5%	—%	40%	60%
Middle Managers	14%	1%	42%	57%	14%	—%	48%	52%	14%	—%	50%	50%
Office workers	75%	6%	57%	37%	74%	5%	60%	35%	71%	5%	61%	34%
Journalists	4%	—%	22%	78%	6%	—%	23%	77%	9%	—%	27%	73%
Manual workers	2%	28%	41%	31%	1%	—%	57%	43%	1%	—%	29%	71%

Mondadori Group employees in foreign consolidated companies, by professional grading and gender (%, foreign consolidated companies)[3]

Professional grading	at 31 December 2023 Total	of whom women	of whom men	at 31 December 2022 Total	of whom women	of whom men	at 31 December 2021 Total	of whom women	of whom men
Executives	22%	40%	60%	6%	33%	67%	6%	33%	67%
Middle Managers	20%	69%	31%	—%	—%	—%	—%	—%	—%
Office workers	58%	52%	48%	94%	56%	44%	94%	55%	45%
Journalists	—%	—%	—%	—%	—%	—%	—%	—%	—%
Manual workers	—%	—%	—%	—%	—%	—%	—%	—%	—%

[3] Following continuous improvement, the employees on the workforce at 31 December 2023 at Rizzoli International Publications can be reclassified from the previous categories of “Executives” and “Office workers” to the professional types consolidated by the Mondadori Group (Managers, Executives, Office workers, Journalists and Manual Workers). Therefore, these figures have been reported on a consolidated level with the Group’s foreign company operating in Spain. It should be noted that the comparison with previous years is made by referring only to the employees in force in 2022 and 2021 at Rizzoli International Publications, considering the previous professional types ("Executives" and "Office Workers").

Mondadori Group employees in foreign consolidated companies, by professional grading and age bracket (%, foreign consolidated companies)[4]

Professional grading	at 31 December 2023 Total	Of which < 30	Of which 30-50	Of which > 50	at 31 December 2022 Total	Of which < 30	Of which 30-50	Of which > 50	at 31 December 2021 Total	Of which < 30	Of which 30-50	Of which > 50
Executives	22%	—%	33%	67%	6%	—%	—%	100%	6%	—%	—%	100%
Middle Managers	20%	—%	38%	62%	—%	—%	—%	—%	—%	—%	—%	—%
Office workers	58%	23%	46%	31%	94%	17%	35%	50%	94%	14%	36%	50%
Journalists	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Manual workers	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%

[4] Following continuous improvement, the employees on the workforce at 31 December 2023 at Rizzoli International Publications can be reclassified from the previous categories of “Executives” and “Office workers” to the professional types consolidated by the Mondadori Group (Managers, Executives, Office workers, Journalists and Manual Workers). Therefore, these figures have been reported on a consolidated level with the Group’s foreign company operating in Spain. It should be noted that the comparison with previous years is made by referring only to the employees in force in 2022 and 2021 at Rizzoli International Publications, considering the previous professional types ("Executives" and "Office Workers").

Hires and terminations in Italy, by gender and age (no., %)

Hires and terminations in Italy, by gender and age (no., %)[5]		2023		2022		2021	
Gender	Age	Number	%	Number	%	Number	%
		HIRES					
Women	< 30 years old	42	25%	39	26%	22	30%
	between 30 and 50 years	68	40%	60	40%	21	29%
	> 50 years old	3	2%	10	7%	1	1%
Total women		**113**	**66%**	**109**	**73%**	**44**	**60%**
Men	< 30 years old	22	13%	12	8%	10	13%
	between 30 and 50 years	32	19%	23	15%	18	24%
	> 50 years old	3	2%	5	3%	2	3%
Total men		**57**	**34%**	**40**	**27%**	**30**	**40%**
Total hires		**170**		**149**		**74**	
Turnover rate (new employees)			**9%**		**8%**		**4%**
		TERMINATIONS (3)					
Women	< 30 years old	16	8%	16	7%	4	4%
	between 30 and 50 years	74	37%	53	23%	25	22%
	> 50 years old	50	25%	90	39%	27	24%
Total women		**140**	**70%**	**159**	**69%**	**56**	**50%**
Men	< 30 years old	8	4%	7	3%	4	4%
	between 30 and 50 years	25	13%	24	10%	25	22%
	> 50 years old	27	13%	39	17%	27	24%
Total men		**60**	**30%**	**70**	**31%**	**56**	**50%**
Total terminations		**200**		**229**		**112**	
Turnover rate (leaving employees)			**11%**		**12%**		**6%**

[5] The number of terminations does not include any employees seconded to other companies not part of the Group. As this is a secondment with a clearing entry for costs, these employees are not included in the total headcount at 31 December.

Note that the 2023 terminations also include exits due to the sale of the publishing titles Grazia and Icon to Reworld Media S.A.

Hires and terminations in foreign consolidated companies, by gender and age (no., %)

Hires and terminations in foreign consolidated companies, by gender and age (no., %)		2023		2022		2021	
Gender	**Age**	**Number**	**%**	**Number**	**%**	**Number**	**%**
		HIRES					
Women	< 30 years old	1	10%	5	63%	3	43%
	30-50 years old	4	40%	—	—%	1	14%
	> 50 years old	—	—%	—	—%	1	14%
Total women		**5**	**50%**	**5**	**63%**	**5**	**71%**
Men	< 30 years old	1	10%	1	13%	1	14%
	30-50 years old	2	20%	1	13%	1	14%
	> 50 years old	2	20%	1	13%	—	0%
Total men		**5**	**50%**	**3**	**38%**	**2**	**29%**
Total hires		**10**		**8**		**7**	
Turnover rate (new employees)			**14.93%**		**15.69%**		**14.89%**
		TERMINATIONS					
Women	< 30 years old	5	50%	2	50%	3	50%
	30-50 years old	1	10%	—	—%	1	17%
	> 50 years old	1	10%	—	—%	1	17%
Total women		**7**	**70%**	**2**	**50%**	**5**	**83%**
Men	< 30 years old	1	10%	—	—%	—	0%
	30-50 years old	1	10%	2	50%	1	17%
	> 50 years old	1	10%	—	—%	—	0%
Total men		**3**	**30%**	**2**	**50%**	**1**	**17%**
Total terminations		**10**		**4**		**6**	
Turnover rate (leaving employees)			**14.93%**		**7.84%**		**12.77%**

In addition to data relating to employees, the table below shows the average number of temporary staff in Italy during the year, broken down by business area. The number of temporary workers is subject to seasonality, particularly for bookstores in the pre-Christmas period during new openings and trade show events.

The U.S.-based illustrated books publisher, Rizzoli International Publications, does not employ temporary or seasonal workers as neither does the company Adgage in Spain nor indeed Grafiche Bovini in Italy for printing comics for the publisher Star Comics. This latter company has hired 3 external workers to manage goods movements in the warehouse. ALI has also hired a temporary resource to the company’s central offices.

External workers (temporary) in Italy, by business area (no.)

Temporary workers (no.) - Italy	2023	2022	2021
Headquarters	3	3	3
Books	5	6	18
Media	10	14	15
Retail	216	173	123
Total	**234**	**196**	**159**

3.1.2 Organizational developments and industrial relations

In 2023, in terms of industrial relations, the Group and the trade unions shared the opportunity of further pursuing the trialling of smart working, maximising the experience and thereby defining a hybrid model that envisages the use of remote working in addition rather than as a replacement to working on site.
Almost all workers whose work was considered compatible with the hybrid work methodology, chose to adhere to this model.

In 2023, change management activities continued to support those responsible in this substantial cultural and paradigmatic change in the way of working, with the aim of rolling out the new hybrid work model in all signatory Group companies, hinged on flexibility, autonomy, responsibility and collaboration.

To ensure the periodic monitoring of the successful adoption of smart working, once a month a set of reports was made available to the management team, setting out timely, progressive data, thereby also facilitating constant dialogue with the Trade Unions.

Amidst a context of complete consolidation of industrial relations, in July 2022, the parties agreed to extent the various institutes envisaged by the Group's supplementary agreement, along with the provisions relating to productivity prizes, for the whole of 2023, so as to guarantee application continuity.

In July and August, the Group Companies concerned, in agreement with the social parties, submitted a request to use the special redundancy scheme for business restructuring in view of the crisis (pursuant to art. 25-*bis*, paragraph 3, letter a)) and to benefit from early retirement (pursuant to art. 37 of Italian Law no. 416/1981) for both workers employed on the Graphics Publishing CBA and for journalists having the subjective benefits required. During the same period, this request was processed and accepted.
In December, the unitary trade union representative elections were held for the Segrate site, which saw good worker affluence.

All the employees in Italy are covered by collective bargaining agreements: the Graphics Publishing CBA (covering 76% of employees and including Industry managers), the Journalists CBA (4% of the corporate population) and the Trade CBA (applied to 20% of employees, including Trade managers).

As for Rizzoli International Publications, in the United States, sectoral trade union agreements are not as common as in Europe; the general protection provided by federal laws obviously applies to all workers. All Adgage employees are covered by collective bargaining agreements, in particular relative to the industry of communication and advertising services.
The minimum notice periods required by the applicable collective bargaining agreements (30 days for Graphics-Publishing and 70 days for Trade) were respected in all cases of the transfer of business units and/or organizational change, with negotiations launched several months in advance.

3.1.3 Training and development

The media world is undergoing a period of major and now systemic transformation and needs to face up to an increasingly digital and social publishing context.

A publisher needs to pay increasing attention to a great many aspects: from the quality of contents to the evolution of reader and consumer habits and from protection of digital copyright to the development of ever more evolved platforms to share contents or manage analytics.
To support these rapid transformations and rise to the market challenges, clearly it is absolutely essential that the people are able and capable to adapt to external factors. In the era of the “skill economy”, workers’ current knowledge and their capacity to acquire ever more knowledge, are the most important asset of all and an essential prerequisite to business development.
For our Group, training has become a strategic factor by which to enable these transformations and the offer has become increasingly structured to allow for a permanent process of learning new technological, social and managerial skills.

The training programmes delivered in 2023 have been developed along the same lines as previous years, with the aim of **continuing the important process of digital upskilling** launched in 2020 following the delivery of the digital assessment, intended for the whole of the company population. An extensive, varied training programme has been created, aiming to consolidate the set of skills that for each professional family is deemed essential to operate and contribute towards the innovation of their Business Unit (BU).

In addition, and particularly for the Millennial and Gen Z generation, training is a very important factor in assessing new working opportunities. This is also why the training and professional growth process offered by the Group is increasingly structured and aimed at the specific needs for updating the various professional skills present, to become an element attracting young talent in an increasingly competitive employment market.

The 2023 training plan, which consisted of a total of over 70,000 hours of **specialized training**, focused on the implementation of specific training programmes, based on the following areas.

SPECIALIST TRAINING

This is structured along 3 lines:

1. **Skills for the digital transformation**. This area’s courses were aimed at developing the mindset and knowledge of essential new technologies to be able to innovate products and processes and, in particular, had the following objective:

- to optimise habits and attitudes to acquire an innovative approach to topics linked to the digital transformation;

- to discover more innovative technologies to be able to renew processes and products and increase the productivity and competitiveness of the various BUs;

- to acquire strategic skills for the creative management of problems linked to digitisation;

- to identify strategies to bring agile work methods into Mondadori.

More specifically, the courses of this thematic area include “An omnichannel approach in retail”, designed vertically for the specific needs of the Retail Business Unit. During the course, the topic of the evolution of the role of the physical store was discussed, and how it can be increasingly integrated in an omnichannel scenario. Solutions were sought to certain queries linked to the transformation of the reference market, namely: what is the modern role of physical points? What relationship is there between the sales outlet and the digital channels? How can the experience change within a sales outlet? What can the physical point teach the digital and vice versa in the experience of relations with customers?
The course aimed to have participants understand how to integrate the more traditional aspects of retail with the opportunities offered up by digitisation and how to transform the current customer experience into a fluid, effective omnichannel one.

2. **Data-driven enterprise**. This area had the following aim:

- to develop a culture of data and basic and specialised data analysis skills to ask the right questions to platforms and databases, to create added value and to make the best decisions, knowing how to communicate the meaning;

- to know how to answer promptly in competitive contexts where consumers are increasingly demanding, thanks to data-driven decision-making processes and the application of predictive techniques.

3. **Digital content creation & optimisation**. The courses of this area had the following aim:

- to develop the skills to design digital storytelling through the development of contents that capture the attention creating an involving narration that is able to stand out in internet searches;

- to learn the techniques to develop original, high quality, unique contents that are useful to users;

- to acquire the skills to manage digital marketing platforms and web analytics tools.

These courses include “Accessible publishing: how to produce contents compliant with the new international standards for accessibility” aimed at all those working in the publications of the Group’s publishing houses with the following aim:

- to spread awareness of the new international standards and ensure understanding and planning of actions in order to be in line with the European Accessibility Act by 2025;

- to provide full information about the basics of an accessible digital publishing ecosystem;

- to provide indications on how to establish a corporate strategy and what the roadmap should be to follow for the creation of accessible publications.

The courses offered also include **“You too help build Mondadori’s sustainability”**, a training programme open to all the population and dedicated to ESG topics, with a particular focus on our Group’s Sustainability Plan. The course is enriched with the testimonials of colleagues working constantly on updating and monitoring the objectives defined.
It had the following aims:

- to train and sensitise Mondadori people to sustainability topics, to make them key players in the path embarked on by our Group;

- to spread awareness of the Sustainability Plan objectives and the contents of the Group’s Non-Financial Statement;

- to lay the base for full awareness of the meaning and advantages of sustainable development.

MANAGERIAL TRAINING

In 2023, the Group further consolidated the new hybrid working solutions, characterised by widespread awareness and increasing accountability accepted by the people and a new leadership style with the hallmark of listening more, delegating, giving trust and working by objectives, with less control.

Early 2023 marked the conclusion of the **Manager Flex-Ability** path that had involved more than 200 Group managers. The initiative had aimed to create awareness as to the change management process launched by the company and involve managers, engaging them as change agents and positive role models for new behaviour. The leadership style best suited to the new model was defined together with the managers, taking a participatory and shared approach, describing the underlying behaviour to be adopted on an everyday basis to make it possible.

D&I TRAINING

The Group continued in 2023 the important cultural transformation process to make **Mondadori increasingly inclusive** and careful to enhance the unique aspects of each and every person.

The concept of inclusion includes the acknowledgement, understanding and optimisation of diversity as a resource, as well as its use in a positive manner, creating a fair, welcoming physical and social environment.

During the year, the new **Equality Policy** was defined, starting out from the assumption that inclusion is a key business lever helping make the company even more competitive.

The path has started to seek to translate the policy into procedures that can guarantee all our people an equal opportunity architecture that fosters their professional and personal growth. More specifically, the new policies were able to be tried out in the recruiting and talent management processes in order to guarantee equality and optimise uniqueness in these areas.

In addition, in terms of training, 2023 hosted two webinars for the whole Group, organised with a view to sensitising the company population to the cultural change in progress and spread awareness and knowledge of D&I topics.

Specifically, the two meetings were dedicated to the following subjects:

- *The value of generations in Mondadori*, with the aim of better structuring, with non-conventional points of view, the topic of the coexistence of different generations in the world of work and in the company.

- *Just as I am*, dedicated to the value of authenticity and psychological security in the world of work. An attempt was made to understand how to create a workplace in which people can express themselves to the full, with no fear of being judged for characteristics that have nothing to do with the quality of their professional contribution.

LANGUAGE COURSES

The managerial and specialist training is complemented by language training (around 2,000 hours) delivered both in the traditional one-to-one manner and in blended mode, i.e. through the use of digital platforms.
To complete individual linguistic training, interactive group workshops were developed on specific managerial skills like public speaking, business writing, effective delegation and collaboration, pitches and presentations.

This year, specific workshops have been developed for journalists, on topics linked to the specific aspects of their profession (*The Art of Interviewing, Storytelling on Social Media, Writing for Online Media, Elements of Online Journalism, Journey from Idea to new Item*).

HEALTH AND SAFETY TRAINING

Lastly, complementing the programs, **workplace safety training**, delivered both in the classroom and via e-learning. All contents of the courses delivered in this area are defined in advance with the support of certified companies having consolidated experience, with which specific paths are studied for the various Group contexts. Indeed, basic training is envisaged for employees working in the offices of the institutional sites and specific courses for those working in our book stores.
More specifically, in the stores, considering the direct contact with the customer, there must be a suitable number of fire-fighting and first aid officers, as well as multiple Officers trained and points of reference for safety and responsible for controls – carried out on a daily basis – in order to constantly guarantee the safety of our workplaces open to the public.

The following table shows the number of training hours delivered and the number of attendees in the three-year period 2021-2023 in Italy. In 2023, the total number of training hours increased compared with 2022 thanks to the participation in the New Skills Fund (FNC). Again in 2021, the exceptional nature of the hours delivered was linked to the access to important FNC resources, to which the Group had adhered significantly to cope with the uncertainties brought about by the pandemic.

For ALI, Il Castello, Rizzoli International Publications and Adgage, no training hours were delivered in 2023.

Hours of training delivered in Italy and attendees (total, no.)

HOURS OF TRAINING (no.)	2023	2022	2021	ATTENDEES (no.)	2023	2022	2021
Total	**77,902**	**42,441**	**144,931**	**Total**	**4,443**	**3,654**	**2,025**
of which, ad hoc training	**70,610**	**35,677**	**140,127**	**of which, ad hoc training**	**1,839**	**1,836**	**1,634**
Executives	3,619	1,717	3,651	Executives	103	95	73
Middle Managers	9,895	5,087	16,087	Middle Managers	264	251	225
Office workers	52,843	23,599	105,381	Office workers	1,378	1,385	1,180
Journalists	4,170	5,271	14,926	Journalists	90	104	154
Manual workers	83	3	82	Manual workers	4	1	2
% hours delivered to women	64%	63%	64%	% women	63%	64%	65%
% hours delivered to men	36%	37%	36%	% men	37%	36%	35%
of which, language training	**2,000**	**2,382**	**3,150**	**of which, language training**	**140**	**152**	**79**
Executives	457	479	1,813	Executives	28	28	47
Middle Managers	759	885	1,037	Middle Managers	53	62	23
Office workers	427	277	221	Office workers	23	17	7
Journalists	357	741	79	Journalists	36	45	2
Manual workers	—	—	—	Manual workers	—	—	—
% hours delivered to women	62%	63%	53%	% women	60%	59%	43%
% hours delivered to men	38%	37%	47%	% men	40%	41%	57%
of which, safety training	**5,292**	**4,383**	**1,654**	**of which, safety training**	**2,464**	**1,666**	**312**
Executives	43	70	54	Executives	58	39	13
Middle Managers	190	468	153	Middle Managers	227	232	29
Office workers	4,884	3,653	1,395	Office workers	2,120	1,294	262
Journalists	17	186	28	Journalists	44	99	4
Manual workers	158	6	24	Manual workers	15	2	4
% hours delivered to women	64%	64%	44%	% women	66%	65%	50%
% hours delivered to men	36%	36%	56%	% men	34%	35%	50%
Total hours of training delivered	**77,902**	**42,441**	**144,930**	**Total attendees**	**4,443**	**3,654**	**2,025**
Executives	4,119	2,266	5,519	Executives	189	162	133
Middle Managers	10,844	6,439	17,277	Middle Managers	544	545	277
Office workers	58,154	27,529	106,996	Office workers	3,521	2,696	1,449
Journalists	4,544	6,198	15,032	Journalists	170	248	160
Manual workers	241	9	106	Manual workers	19	3	6
% hours delivered to women	64%	63%	63%	% women	65%	64%	62%
% hours delivered to men	36%	37%	37%	% men	35%	36%	38%

In 2023 average training at the Group came to **40.05 hours *per capita***: specifically 41.20 hours *per capita* for women and 38.21 for men. As regards the individual professional categories, the hours *per capita* came in at 38.14 for managers, 41.39 for executives, 39.80 for office workers, 54.41 for journalists and 7.53 for manual workers.

On the other hand, with regard to training hours per capita in Italy, these stood at 41.48 hours per capita in 2023: specifically, 42.42 hours per capita for women and 39.93 for men. As regards the individual professional categories, *per capita* hours in Italy stood at 41.18 for managers, 41.87 for executives, 41.42 for office workers, 54.74 for journalists and 7.55 for manual workers.

Compared to 2022, training hours in absolute numbers for different occupational categories have increased significantly. This explains the observable increase in average hours per capita for managers, executives, office workers and manual workers. It should also be noted that the training hours for manual workers have increased as a result of the collection of the data on a timely basis from Star Comics and Grafiche Bovini.

Average hours of training delivered in Italy (per capita, no.)

Detail	2023	2022	2021
Total	**41.48**	**22.95**	**82.21**
Women	42.42	23.00	81.31
Men	39.93	22.87	83.80
Executives	41.18	22.00	57.48
Middle Managers	41.87	25.15	70.81
Office workers	41.42	20.15	85.26
Journalists	54.74	56.35	93.37
Manual workers	7.55	0.67	15.13

ASSESSMENT AND DEVELOPMENT PATHS

With regard to staff assessment and development, activities carried out in 2023 include:

- **Individual executive coaching courses**, lasting 6-8 months, to best support the Group's managers in their professional growth. In particular, these were concentrated in the Media Business Unit to help managers address the growing complexities in the context and management of teams brought about by the dimensional growth of their structures. The aim was the development of managerial skills considered essential in today's organizational contexts.

The specific development goals covered by the coaching program were defined with the manager, consistent with the mission of the role held and the manager's expectations for growth. This managerial development leverage introduced in 2021 and also continued in 2023 is just one of the responses to the needs that have emerged from the assessments carried out previously on all the management population, or as support during a career transition phase towards roles of greater responsibility.

- **Nudge Global Impact Challenge**:
  the Mondadori Group's participation continued in 2023 too, in this initiative organised by the Dutch company and involving more than 100 young talents from 35 different countries. Through an internal selection process, 4 under-33s were chosen from the Group as being passionate about topics relating to sustainability and the circular economy to take part in the challenge. They were involved in a path of 8 months - of coaching, workshops and seminars with high-profile speakers and trainers from around the world and from different areas - to allow attendees to broaden their horizons and enrich themselves through discussion and the exchange of views with highly diverse organizations.
  The goal of the initiative is to develop the leadership of young talents, so that they can have an impact on changing business models towards greater sustainability. The Nudge Global Impact Challenge is based on developing and implementing a corporate impact plan that will have an impact in terms of cultural and/or organizational change. Development of plans for the challenge is ongoing and will be submitted by September 2024.

In October 2023 Chiara Righetti, Executive Assistant and Project Coordinator of Mondadori Retail, was included amongst the six finalists for the **Nudge Global Impact Awards 2023 at Peace Palace in The Hague, the Netherlands**, being awarded the prize of best project able to create the greatest sustainable impact. Her project "*Idee in circolo*" aimed to bring the younger generations to approach reading and sustainability topics through a series of events devoted to them in our book stores, leveraging creativity and entertainment.

INTERNAL MOBILITY

Parallel to that, also in 2023 awareness continued to be raised of the know-how mapping campaign professional experience that each employee has gained in the Group or in other contexts and educational backgrounds. Specifically, during the onboarding process, new employees were sensitised so as to immediately foster the update of the staff information systems. The goal of the initiative, in fact, is to have a permanent tool for the search, management and development of talent in the Group, which will help manage internal mobility processes, design development paths, monitor any gaps and support line managers in enhancing the value of their assistants, as well as accompany the people of Mondadori in their professional growth. Each person has the ability to update their data in the Talent Management module of HR Portal - "Careers and Performance" section. Also in 2023, the data collected was used to carry out analysis and mapping of the population for purposes of internal mobility, reorganization, or training planning.

The company job system, i.e. the mapping of "professional families" and "roles" in the Mondadori Group and the "job profile" (intended as the set of responsibilities and consequent technical and soft skills necessary to "act"), finalised in 2022, was updated in 2023 each time changes occurred in the organisation or new professional figures were included with competences not previously present. Thus a maintenance process was defined and launched, which will allow the Group to always have a timely, updated mapping. During the year, the role job titles were implemented into the company HRIS portal, so as to start using the system in the management processes, thereby optimising activities.

WORKSHOP FOR TOP MANAGEMENT ON AI

Board Thinklab on emerging technologies involved the top management and aimed to provide a first strategic indication as to the use of certain emerging technologies, in particular generative AI. With the assistance of an expert in applied technologies and training and the contribution of important consultants and professors experts in robotics, innovation and innovative tech, the aim was to stimulate the board to start reflecting on the potential of these platforms to develop the Group's business, seeking to identify possible competitive advantages.

TRANSITION ASSISTANCE

Finally, as regards the **transition assistance programmes**, the Group has envisaged:

- **Outplacement**: support programme for those leaving the company thanks to collaboration with accredited third parties. This is a path that usually runs for 12 months, during which a team supports the outgoing worker in his search for new opportunities and professional placements.
  The team consists of a consultant with experience in the same sector of origin or functional area and a career consultant, who is an expert in the employment market: together, they strive to help the outgoing employee address the various aspects that feature in a career transition. The path is structured into moments of training and others where the employment market is analysed, as well as information about search activities, offering opportunities for active dialogue on the search and market feedback.
  When the path is started, competences are assessed to identify the individual characteristics, the baggage of knowledge and the hard and soft, technical and transversal managerial skills and competences that a person has acquired professionally and personally.

- **Training vouchers for professional requalification**: in defining the leaving incentive, a voucher may be included to be spent on training delivered by third parties outside the company, like business schools or universities. The value of the voucher is defined on the basis of the worker's specific needs and the comprehensive composition of the incentive at leaving. The HR Department offers support in choosing the type of training on the basis of an analysis of professional experience and expectations for the future career development and, after a careful assessment of what the market has to offer, suggests some possible choices.

- **Internal professional requalification training**: during the run-up to leaving, those concerned can independently choose, taking a self-development approach, from a wide range of courses available on the annual training plans, opting for courses that may be useful for reskilling in order to look for new opportunities on the employment market.

- **Early retirement plans:** early retirement plans in publishing houses consist of the possibility - through the use of tools made available by the law and in compliance with the directives given by legislation - to access pensions early, ahead of the ordinary pension requirement, for employees with 35 years of contributions paid.
  The early retirement plan involves trade union and ministerial agreements on the basis of the mapping of potentially entitled people and is of voluntary access, as the employee, where meeting the requirements, decides whether or not to effectively opt for early retirement.

3.1.4 Welfare and benefits

The company agreement covering employees under the graphics publishing collective labour contract signed in 2018 introduced effective work-life balance tools, such as smart working - which switched from the experimental stage in 2019 to the mainstream tool in the following years as well - and measures to support households, with the aim of providing more favourable conditions to combine work and family needs. Special attention was paid to maternity protection, with the reduction of working hours in the six months following return and the anticipation of full pay for periods with reduced remuneration. For new fathers, however, paid leave was increased to 10 days. In cases of serious illness too, the period of respite is suspended with a view to job retention.

The agreement also provides for the establishment of an annual variable performance bonus common to all Group companies, part of it made available through a corporate welfare system that provides employees with a series of services and initiatives to facilitate the well-being of workers and their family.

At 31 December 2022, 51% of employees of Italian companies were entitled to receive the performance bonus disbursed in June 2023. 47% of those entitled converted the bonus into welfare (this percentage also includes those who chose to convert part of the bonus) and 42% of the total performance bonus was thus converted into welfare.
Additional actions in support of income included the disbursement of an extraordinary economic contribution worth € 1 thousand to employees with a remuneration threshold of a gross € 35 thousand per year.

During the year, the main intervention measures envisaged in the Home-Work Travel Plan, were implemented (Law 77 of 17/07/2020) with the aim of reducing the environmental impact of vehicle traffic in urban and metropolitan areas. In December, the Area Mobility Manager of the Municipality of Segrate was presented with the Home-Work Travel Plan for 2024, which envisages additional mobility measures.

Personal well-being

In addition to adopting a hybrid work model that combines flexibility and productivity with welfare and income support measures, the Group fosters the well-being of its employees by also promoting a series of specific initiatives designed to take care of oneself and one's health.

Mondadori organised various initiatives and activities hinged around well-being in 2023. These included:

- check-up programme – for vascular, cardiology and metabolic syndrome prevention – conceived together with Health Point and as part of a partnership with Generali Welion;
- days dedicated to blood donation in collaboration with AVIS Milan;
- flu and pneumococcus vaccination campaign in the various companies;
- agreement with local structures for the administration of the new COVID vaccine.

3.1.5 Internal communications

Communication activities for employees and associates of the Mondadori Group are essential to involve all people in company life and strengthen their sense of belonging, as well as being functionally and operatively useful tools. These actions and initiatives fall within the competences of the Communication and Media Relations Department and, to a large extent, take place on the Mondadori communication ecosystem channels.

Under this scope, **Mondadori Network**, the service communication platform for employees and associates, plays a central role. Thanks to the functions offered by Google Sites and, more generally, by the Google tools used by the Group to manage working activities, the company intranet is also accessible from any device and at any time. It also integrates effortlessly with the tools of Google Suite, as well as with the other company platforms, collecting links and methods for accessing useful systems for working life and corporate communication channels.

To increase its accessibility and visibility, in 2023, Mondadori Network was set as the default home page on all company devices. In thus doing, the intranet can address the need to constantly keep abreast of things even more effectively, a need that has materialised with great strength following the introduction of hybrid working.

In 2023, more than 120 contents were published on the platform: from direct mails sent to employees, liaising with the various company departments, to news relating to services and opportunities made available to the Group. In addition, with a view to facilitating use of the contents by users, some sections were updated, including the *Mondadori People* page, which sets out all information on the initiatives and tools designed for employees and collaborators. The new page has included the "Sustainable mobility" column with the opportunities and services offered by the Group, the "Well-being" section for initiatives dedicated to health, well-being and prevention and access to the *My Welfare* platform to manage the result premium and corporate conventions. The new working method, which envisages days spent working on site and others from home, has once again stimulated the desire amongst Group employees and collaborators to take part in live initiatives during lunch breaks. Thus various events have been organised at Palazzo Niemeyer, such as, for example, a meeting dedicated to describing office renovation works and, during the Open Archives week, a trip to the Group's photographic archives managed by Mondadori Portfolio. The initiatives scheduled for 2023 include the summer evening for #NoiDellaMondadori, devoted to all Group employees and collaborators. The event was cancelled out of respect for the loss suffered by the Chairman's family.

To complete all contact points between the company and its people, we have internal digital signage, namely the programme of communications to be broadcast on the screen at the entrance to the headquarters.

Through the videowalls, every day employees and associates in the office are directly and promptly informed of all internal news and initiatives.

The Intranet and e-mails to all employees are the main tools used by the CEO too to share and comment on the Group's performance and financial results. This is not all: in a broader communication perspective, which transcends the distinction between external and internal communication, the use of the Group's social accounts in 2023 strengthened the narrative of the company and its results. In this sense, publication of posts on new appointments and initiatives dedicated specifically for employees and associates, such as the projects of the Diversity & Inclusion department, training activities and welfare opportunities, continued.

3.2 DIVERSITY, EQUITY AND INCLUSION

Publishing has traditionally been an industry in Italy with a heavy presence of women in the general workforce. This presence, however, is not always accompanied by true gender equality in top positions and remuneration. In May 2021, the Mondadori Group created the Diversity & Inclusion department, appointing a Chief Diversity Officer, with the aim of enhancing diversity within the company and significantly fostering inclusion processes. Within the department, diversity is conceived in its broadest sense. More specifically, in 2023, space was given over to not only the topics already discussed of gender and generational dialogue, but also those linked to emotional identity and mental health, always structured closely in connection with the workplace. Also in 2023, the department worked in synergy with all corporate departments, promoting dialogue with the various businesses to bring the various initiatives in progress or developed on these topics to the system.

The main goals of the function are divided into five main clusters listed below:

1. Implementation of the **system of indicators related to diversity and inclusion**, which, by monitoring gaps to be filled in a timely manner and their development trends, has made it possible to guide company priorities and verify the effectiveness of actions undertaken. More specifically, the top management long-term incentive plan now includes an ESG indicator to measure the spread of the inclusive culture in the company, the improvement of the gender balance between female and male managers and reduce the equal pay gap.

2. Continuation of the activities aiming to **promote the "cultural change"** through meetings aimed at the entire company population and specific training for certain segments of the population, to increase employees' awareness of the issues in question, as critical elements for the success of their business and personal growth.

   The main initiatives in this area were:

- **two new webinars** (in March and November) intended for all the company population to promote a path of dissemination of a corporate culture hinged on D&I. Meetings and dialogue that involved not only the Group's senior management but also important persons including the writers Gianrico and Giorgia Carofiglio on the topic of generational dialogue, writer Antonella Lattanzi on invisible diversity, Igor Suran, Executive Director of Parks Liberi e Uguali and psychologist Biancamaria Cavallini. The topics addressed during the meetings include gender and emotional identity, mental health, the joint presence of different generations in the company and the relationship of Gen Z and the world of work;

- The launch of ***Mondadori Care***, a company initiative that puts the concept of care in its broadest sense right at the heart, like self-care, care for one's children, parents and society. The *Parenting project* launches this plan of activities, aiming to assist a culture that stresses the social value and shared responsibility between parents, company and society. The project envisaged the launch of a **Manifesto**, an expression of the values in which the Group believes, also with a view to developing the company culture.

In addition, to offer new parents concrete support, Group people have been offered a parental kit, which includes all the tools and information useful to bets planning the time before, during and after leave, from when it is announced in the company to preparing for return. The parental kit tools are: a ***check-list*** with indications and practical hints on how to best organise these months; a ***parental book*** with regulatory details on maternity and paternity in Italy, as well as the Group's internal regulations; an individual ***counselling service*** for our people with children aged up to 3 years old and designed as an area for listening and reflection, where any doubts can be discussed regarding a return from leave, evolutions and any difficulties in parenting.

- The *Mondadori Care* initiatives also include the launch of a service developed together with the association ***Atelier della Mente***, which has sought to offer a concrete response to those called to take care of a relative suspected of cognitive decline, through a free series of personalised guidance interviews. The social topic of caregivers is increasingly widespread throughout the country, as has also become evident from certain research, which shows how in Italy, 1 in every 3 workers cares for an elderly or non-self-sufficient family member and that the vast majority of these (70%) are women aged between 45 and 55 years old (source: Istat data).

3. Participation in some important national **round tables** like that organised by the Ministry for Equal Opportunities and Family - under Meloni Government in collaboration with Valore D - involving some of the country's most important companies to share guidelines and best practices, which then resulted in operative suggestions for the institutions.
Internationally, participation in the permanent, independent Observatory on gender equality and women's empowerment launched by The European House-Ambrosetti in the G20 countries and in Spain, as a partnership with some major international companies, including the Mondadori Group.
In 2023, the study stressed the need for joint effort and constant long-term commitment to actually concretely help towards the empowerment of women and avoid taking steps back.

4. Continuation of the **collaboration with the Group brands and publishing houses** in the development of specific internal and external initiatives aimed at making a tangible impact on gender equality issues. These include the launch of the book *The Wom Power*, presented by *The Wom* in February 2023. The book seeks to be a guide to being oneself and uses agile, contemporary language to address the topic of uniqueness and diversity in a personal area, physically, emotionally, in regard to social and working relations.

5. **Monitoring of the national legislative framework** in order to implement all compliance actions in a timely manner, with particular regard to obtaining the Gender Equality Certification. In 2023, in fact, the Group started its preliminary activities to gain the certification according to the reference practices UNI 125:2022.

Ratio of basic salary of women to men by category[6]

Professional grading	2023	2022	2021
Executives	67%	63%	63%
Middle Managers	93%	92%	92%
Office workers	97%	96%	98%
Journalists	76%	78%	82%
Manual workers	81%	80%	90%

[6] The calculation of the basic salary ratio is based on the average annual gross salary. It is also noted that in order to calculate the ratio, the basic salary of employees classified professionally as “part-time” has been reproportioned so as to make it comparable with that of full-time employees. The values used to calculate the ratio do not take into account the remuneration of the Chief Executive Officer and the variable deriving from the LTI. Note that for 2022 and 2021, Abscondita S.r.l.'s employees were excluded from the calculation; in addition, in 2022 and 2021, the calculation was performed on the Italian offices while for 2023 it was also extended to include US employees of Rizzoli International Publications. Note that Adgage’s thirteen employees in Spain are excluded from the calculation.

Ratio of the remuneration of women to men by category[7]

Professional grading	2023	2022	2021
Executives	62%	61%	61%
Middle Managers	90%	89%	89%
Office workers	97%	95%	97%
Journalists	74%	76%	78%
Manual workers	81%	80%	89%

[7] It should be noted that the remuneration takes into account, in addition to the average gross annual salary, only any MBO bonuses paid for specific employee classifications as at 31 December. Additionally, in order to calculate the ratio, employees falling in the "part-time" professional category have been brought back to “full time”. Note that for 2022 and 2021, Abscondita S.r.l.'s employees were excluded from the calculation; in addition, in 2022 and 2021, the calculation was performed on the Italian offices while for 2023 it was also extended to include US employees of Rizzoli International Publications. Note that Adgage’s thirteen employees in Spain are excluded from the calculation.

Employees with disabilities (%)

Professional grading	at 31 December 2023			at 31 December 2022			at 31 December 2021		
	% of total employees with disabilities	of whom % women	of whom % men	% of total employees with disabilities	of whom % women	of whom % men	% of total employees with disabilities	of whom % women	of whom % men
Middle Managers	7%	80%	20%	6%	75%	25%	5%	75%	25%
Office workers	85%	46%	54%	87%	44%	56%*	85%	47%	53%
Journalists	—%	—%	—%	—%	—%	—%	1%	100%	—%
Manual workers	8%	50%	50%	7%	20%	80%	8%	33%	67%
	% of total employees	of whom % women	of whom % men	% of total employees	of whom % women	of whom % men	% of total employees	of whom % women	of whom % men
	4%	49%	51%	3%	46%	54%	4%	48%	52%

*As a result of a continuous improvement process, the percentage of male employees with disabilities has been restated for 2022.

Parental leave

Detail	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees entitled to parental leave (no.) [8]	1,205	740	1,945	1,198	702	1,900	1,152	658	1,810
Employees who took parental leave (no.)	50	2	52	51	6	57	27	2	29
Employees returning to work after parental leave (no.)	49	2	51	51	6	57	27	2	29
% returning after parental leave	98%	100%	98%	100%	100%	100%	100%	100%	100%

[8] For consistency with other workforce tables, data are shown at 31 December. As regards the employees that took parental leave, the total number includes those not appearing in end-of-year headcounts due to terminations/resignations.

Almost 3% of employees (almost exclusively by women, 96%) took **parental leave** (a right that extends to all the workforce, regardless of contract type). The data in the table refer to employees at the offices in Italy, the United States and Spain.

3.3 HEALTH AND SAFETY IN THE WORKPLACE

Ensuring safety in the workplace and safeguarding the health of all workers has always mean the main purpose of the Mondadori Group prevention and protection service.

To coordinate the planning and verify compliance with the law as decreed by Italian Legislative Decree no. 81/08 – the Consolidated Safety at Work Act – the Parent Company has, since 2016, autonomously set up its own Group Safety Coordination, an organisation appointed to provide clear guidelines to reference persons appointed in all offices and coordinate activities linked to safety at work.

Despite the end of the pandemic emergency, in 2023 attention remained constant to the progress of COVID-19 variants and potential action to be taken promptly to fight the spread of the virus. At the same time, the Group Safety Coordination continued to verify and plan compliance with current legislation governing safety at work.

As regards the new companies acquired, preventive (pre-closing) site inspections were carried out to check their compliance so as to share, liaising with the respective safety departments, the paths suitable to remedying any shortcomings noted and thus align the safety levels of the workplaces and health of new colleagues with those that our Group has always guaranteed.

3.3.1 Compliance with the Consolidated Law on Safety

In 2023, the Group Safety Coordination continued to guarantee:

- **regular meetings**: minutes were taken on all regular safety meetings, which involved both the more than 40 sales outlets managed directly by Mondadori Retail and the Group's institutional offices, involving the Employer's representatives of the respective affiliates, the Prevention and Protection Service Managers, the Prevention and Protection Service Operators and the Workers' Safety Representatives;

- **on-site workplace inspections**: in 2023 the competent medical officers carried out and took minutes of the workplace inspection of 14 company premises;

- **evacuation drills**: in addition to the testing of emergency plans in our stores, the safety officers of the Group sites coordinated annual evacuation drills. Feedback received on the drills was then used to identify and formalize the actions needed to improve emergency procedures.

The refresher courses for professionals from the prevention and protection service involved 383 workers including first aid and firefighters, workers' safety representatives, supervisors, health and safety managers, health and safety officers for a total of 3,004 hours delivered by teachers in the classroom; as for the refresher programs on the remaining mandatory safety training, e-learning courses were organized involving 2,061 workers for a total of 2,090 hours.

The Competent Medical Officers guaranteed the occupational medicine service at all company sites by visiting 488 workers subject to health surveillance for risks from the use of video terminals for over 20 hours per week.

3.3.2 Accidents in the workplace

Owing to the nature of the activities carried out at the premises (offices and bookstores), the risk profile for accidents in the workplace for the Group is low. The table below shows the accident rates for employees of Italian companies in the three-year period 2021-2023. During the period, no cases of occupational illness or deaths resulting from claims were reported: the relating rates are therefore equal to zero.

There were no injuries at neither Rizzoli International Publications in the United States of America nor Adgage in Spain, during the reporting year.

Following a continuous improvement process, in 2023, it was also possible to collect the data relative to injuries at work for workers (excluding employees) whose work, or workplace, is controlled by the organisation. More specifically, for the Segrate office, these are collaborators offering cleaning and maintenance services at the building.

As regards ALI and Star Comics, workers are included who deal with moving the goods and products in the warehouses. In 2023, in respect of approximately 14,000 hours worked by non-employees operating in the offices of Segrate, ALI and Star Comics, no injuries were recorded.

Employee accident rates	2023	2022	2021
Hours worked (no)[9]	2,221,689	1,807,907	1,172,171
Number of accidents in the workplace (no.)	7	3	—
of which with severe consequences (no.)[10]	—	—	—
Rate of accidents in the workplace[11]	0.63	0.33	—
Rate of accidents in the workplace with severe consequences[12]	—	—	—
Accidents from work-related travel (no.)	7	4	2

[9] Hours worked include overtime

[10] An accident with severe consequences is understood as an accident in the workplace that has caused an impairment which the employee cannot heal from, does not heal from, or is not likely to fully heal from within 180 days

[11] The rate of accidents in the workplace is calculated as follows: number of accidents in the workplace/hours worked * 200,000

[12] The rate of accidents in the workplace with severe consequences is calculated as follows: no. of accidents in the workplace with severe consequences/hours worked * 200,000

3.4 EDUCATION AND THE SCHOOL WORLD

Mondadori Education, **Rizzoli Education** and **D Scuola** are the Mondadori Group's three publishing houses operating in school and university education.
The topics of sustainability, civic education and, more generally, those relating to the **2030 Agenda** have been included in the ministerial programmes for some years now.

The three publishers, in different ways and with equally satisfactory methods, have given ample space to the educational coverage of these topics, with specific analyses: such topics are, in fact, well explained and covered daily in almost all the editorial news, as an element of contents and didactic analysis, but also with concrete initiatives and experiences. Sustainability, inclusion, gender equality, quality education, cultural impoverishment and school dropout, and the promotion of reading and content responsibility, were addressed from a variety of perspectives and contexts.

The integration of these topics and the inclusion in all the editorial production of recurring fact sheets on the topics of the **2030 Agenda** and relating to **civic education** reached 90% of production (see "Focus on the Plan").

In 2023, too, close attention has been paid to exploring the needs and expectations of the teachers, also in terms of environmental, social and governance, both through local **focus groups** and a survey carried out under the scope of **stakeholder engagement activities**.
The focus groups and local initiatives with teachers have become consolidated practice now, to monitor the expectations of the target and directly test specific areas of offer and identify opportunities to develop contents and services.

FOCUS

Teacher involvement

As part of stakeholder engagement activities, in 2023 the Group again went back to involving the category of teachers, who are seen as essential interlocutors for the company. An on-line questionnaire collected the opinions of approximately **2,000 teachers** in primary, middle and secondary schools throughout all regions of Italy.

From their perspective, the teachers assessed the most relevant impacts generated by the Group, assigning a score from 1 to 5. The analysis of the results obtained has made it possible to identify the sustainability topics considered as priority by the target: Education and the school world; Promotion of reading and socio-cultural growth; Responsibility and accessibility of contents; Health and safety in the workplace; Privacy and data protection.

The contributions collected, together with the results that have emerged from the survey also delivered to the other stakeholder categories involved, are essential for the Group in defining the areas to be overseen in order to build a more sustainable future for the company.

In 2023, the offer of the **Mondadori Education, Rizzoli Education** and **D Scuola** publishing houses has been enriched with an even vaster range intended for all teachers and students taking a sustainability and, more generally, ESG approach. Not only with new products designed according to the latest teaching and inclusion methods but also through a complete range of tools, solutions and assistance services: a teachers' guide, materials for integrated teaching, compensation tools, contents and texts dedicated to special educational needs, tools for verifications, programming and digital and inclusive lessons. In this context, great importance is assigned in the activities to engage the target and spread awareness, to the numerous on-line training cycles proposed throughout the school year on all subjects, to help teachers with their work.

The editorial teams of the three publishing houses attended a 40-hour training course on the topic of accessibility, a requirement called for by the European Accessibility Act for the whole of the digital book chain.

In a parallel fashion, auditing was carried out, internal dialogue and with external consultants (the Lia Foundation) to study new processes and flows in order to make digital products accessible according to the new standards of the European Accessibility Act (EAA).

The teacher training programme "*Formazione su misura*" run by Mondadori Education and Rizzoli Education has developed numerous courses to train teachers on the digital transition and the use of innovative teaching methods.

MONDADORI EDUCATION INITIATIVES

The **initiatives** promoted by the **Mondadori Education** publishing house include:

- two on-line teaching-educational courses on Devoto-Oli Junior (www.devoto-oli-junior.it) and Devoto-Oli (www.devoto-oli.it), respectively entitled **"Parole al futuro!"** and **"#leparolechesiamo, il futuro che costruiamo"** and intended for primary, middle and secondary schools. Both the proposals stem from the idea that words can be used to imagine, tell and build our future, a fair, sustainable and just future. On this journey, the **dictionary** is an **essential tool** as, by fostering the acquisition and use of appropriate language, it helps form **aware citizens** who can build the future they desire. The courses propose materials and stimuli to help students reflect on the 17 goals of the 2030 Agenda.

- the live streamed event **"Cambiamenti climatici: che eredità lasciamo ai nostri figli?".**

The topic, which is essential and extensively debated, has been addressed from original viewpoints, namely:

- the **delay** in identifying climate change as a **planetary problem**;

- the need to study the phenomenon taking an **interdisciplinary approach** starting from school classrooms;

- the possibility of today implementing **protection mechanisms** for **future generations**;

- the importance of using **shared language** to avoid any ambiguity.

• the continuation of the on-line column dedicated to **analysis of the 2030 Agenda topics**, particularly targeting teachers of scientific subjects in secondary schools, with in-depth discussions of topics that are consistent with the goals;

• the new video column for social networks, ***"Everyday Goals"***, with influencers Davide Patron and Elena Speedylanguages. Once a month, the Instagram channel proposes a teaching real with English expressions linked to the 2030 Agenda goals;

• **the on-line events and webinar programme is very intense and complete, dedicated to analysing the topics of inclusion and sustainability** and, more generally, the 2030 Agenda goals. The appointments proposed include the cycles of Science Lessons, Citizenship and Civic Education Lessons, Italian and Literature Lessons, as well as educational Robotics, Stem and Coding, with interventions and references to the dedicated website sections, which also feature contributions in English and French;

• the project **"*Educazione civica in pratica*"**, which for the third year running, pursues reflection with teachers on topics like gender equality, legality, the environment and the use of digital. In 2023, the topics of the environment, well-being, freedom and invention were addressed, not only through webinars dedicated to teachers but also with podcasts and materials ready for use by the students;

• the **linguistic support kits** designed to facilitate the transition from the mother tongue to Italian and to foster multicultural, inclusive teaching. The kits are useful tools for students, parents and teachers and include Ukrainian, Arabic, Rumanian, Chinese and Albanian;

• the running of **specific campaigns** to mark the international days dedicated to topics of inclusion, gender equality and environmental sustainability to provide new inputs for teachers as they broach classroom discussions of events like the International Holocaust Remembrance Day, the International Day for the Elimination of Violence Against Women or Earth Day. In addition, the **Special Days column** has been extended whereby, for a large selection of national, international and world days, materials are proposed to start dialogue on topics of social interest.

RIZZOLI EDUCATION INITIATIVES

Below are some of the **initiatives** promoted by the publishing house **Rizzoli Education**:

• consolidation of the strong **partnership with Erickson**, a leading publisher in the dissemination of topics related to inclusivity for primary and first-level secondary schools;

• **continuation of the "Obiettivo parità!" project** for primary school: a self-regulation code that guides authors and publishing house through the design and drafting of books thanks to guidelines and criteria – defined with gender pedagogists – for the anthological choices, language, illustrations and images, in order to create texts that are free from stereotypes;

• **continuation of the implementation in editorial production to topics of gender equality, inclusion, respect for diversity and disabilities, linked to the "Manifesto for gender equality and pluralism".** The initiatives proposed include "*Storie di ordinaria parità*", an important teacher training event linked to gender equality, launched on the International Day for the Elimination of Violence Against Women;

• development of materials and courses dedicated to the **topic RiGenerazione Scuola e sostenibilità**. RiGenerazione Scuola is the national plan of the Ministry of Education to assist schools with the ecological and cultural transition and to implement the 2030 Agenda goals. The main aim is to educate students on new life models that respect the environment and behaviour that is not damaging to nature and health. The initiatives promoted by the publishing house include the event "*Il futuro sarà sostenibile?*" dedicated to teachers of all school ages and organised to mark the 28th United Nations Climate Change Conference in Dubai (COP 28).

D SCUOLA INITIATIVES

The **initiatives** promoted by the **D Scuola** publishing house include, in particular:

• the publication of teaching materials intended exclusively for **supply teachers** who face complex communication needs according to the CAA (Alternative and Augmentative Communication) protocol;

• the project **"*Dai banchi di scuola alle professioni green del futuro*"**, a **cycle of webinars** – in collaboration with **A2A** – with 10 appointments for teachers and 2 for students with the aim of spreading awareness of the new green professions required by the world of work today and in the near future, to meet sustainability objectives;

• the **"*Sostenibilità: protagonisti del cambiamento*"** project, a **cycle of six free webinars** designed and organised in collaboration with **ASviS** (the Italian Association for Sustainable Development), designed to provide tools that allow teachers and younger generations to face up to the current challenges posed by an increasingly complex and interconnected world;

• the **"*La scuola è Educare al Futuro – Festival della formazione per i docenti di oggi e i cittadini di Domani*"** project: a month of on-line appointments to reflect on various topics with career guidance experts, including sustainability, STEM, inclusion and digital innovation and to provide the current generations with tools to address the challenges of today and tomorrow;

• **the "*Le 100 esperte STEM vanno a scuola*" project** designed in collaboration with **the Bracco Foundation and 100 experts**: four **webinars for teachers** and two **for classes** to discover the beauty and numerous opportunities in STEM and overcome gender stereotypes, encouraging students to take STEM courses, also thanks to the testimonials offered by the scientists involved;

• **the "*Social media e piattaforma digitali – nuovi spazi di apprendimento*" project** designed in collaboration with **TikTok**: three **meetings for teachers** with experts in sociology, neuroscience and pedagogic teaching, to study the impact of the use of social networks on the way students learn. A **teaching guide**, "*Social media per la didattica – Educare con le piattaforme digitali*" has also been produced and can be downloaded free of charge from the website;

• the **"*Ispirati per Ispirare*"** project, three **on-line appointments** – created in collaboration with Valore D and InspiringGirls – to offer teachers of all school levels tools and points for thought to help encourage girls and boys to follow their aspirations, so that everyone feels free to choose. In 2023, the editorial teams also worked on the topic of **Financial education**, in line with what is envisaged by the bill of law on competitiveness, which includes civic education teaching in this topic.

Again with a view to supporting understanding of the new social phenomena, we have dedicated part of teaching to the introduction of **artificial intelligence**, seeking to provide guidelines to help understand the phenomenon in schools and allow it to be discussed in a critical and constructive manner.

Digital offer

Mondadori Education and **Rizzoli Education** have considerably enriched the offer of the HUB Scuola, the platform dedicated to digital teaching, with new tools and at the same time have also invested in user support services. Specifically, the offering of lesson plans and digital lessons was completed, through the inclusion of numerous learning paths that integrate digital resources and materials from published textbooks.

The set of tools available to teachers and students for more effective learning-teaching has been perfected:

- **HUB Art:** a database containing more than 10,000 images of art in high definition with search and geolocalisation functions;

- **HUB Maps:** a digital atlas with hundreds of interactive maps and the possibility of comparing and updating them). Specific maps for geo-history and economic geography have been extended to the three levels of school and integrated;

- **HUB Library:** a digital library that allows for unprecedented thematic courses. It also offers Greek-Latin literature alongside Italian literature, history and human sciences databases;

- **HUB Music:** a tutor to learn to play. It is enriched by a tool for body percussion.

With the aim of promoting ever current and engaging teaching, contents have been constructed for **immersive teaching**, in particular for history-geography and sciences.

D Scuola has continued to work to increase the integration of paper and digital with the aim of involving students in increasingly interactive and collaborative learning paths.

In addition, the areas of contents and subject portals have been extended (Music Zone, Italian, Sciences, Mathematics, etc.) to support activities in class and at home.
The **Deaflix** platform brings together thousands of interactive digital paths for making-up poor grades, revising or consolidating the main subjects covered; in 2023, it was optimised in terms of usability and completeness of subject coverage. In order to flank the schools and teachers in the improvement process and in combating school abandonment and dispersion, D Scuola has developed inclusive, engaging proposals like the first edutainment experience with an interactive educational video game to overcome the most difficult aspects of Italian grammar.
In the **DLive** blog, the *Parole necessarie* and *Parole paritarie* columns work on the vocabulary of inclusion and living together, offering teaching proposals to help girls and boys develop a sense of inclusion and uniqueness and recognise the school as a place of personal growth.

In addition, **Civic Education**, now present in virtually all manuals, has been enriched, strengthening the dedicated web area and, thanks to the collaboration with De Agostini Libri, with targeted meetings and video interviews addressing the main points of the subject (bullying, legality, digital citizenship, amongst others).
Inclusion was another very important area of work for D Scuola: more specifically, an initiative has been launched for preventing economic violence, entitled “Libere di VIVERE” (Free to LIVE), which involved the publication of a training text for teachers and a series of webinars for the same target.

3.5 PROMOTION OF READING AND SOCIO-CULTURAL GROWTH

Closely linked to the products and services supplied, the spread of the culture and promotion of reading underlie the Mondadori Group’s mission. These objectives not only guide the company’s academic activity but also pervade the very logics of creating the offer. As a result, they give shape to a great many initiatives, either sector-specific or specific to the Group, which aim to bring a wider and wider audience closer to reading and information.

Ever since the first edition in 2015, the Company has taken part, with its chain of local bookstores and its publishing houses, in **#ioleggoperché**, the major national event for the promotion of reading organized by AIE (Italian Publishers' Association). In 2023, the eight edition achieved the following results: more than 582 thousand books donated (482 thousand by readers and 100 thousand by publishers), 3,609 bookshops adhering and 25,394 schools entered throughout Italian territory. Additionally, the Group regularly donates books to school and municipal libraries, located in prisons or welfare facilities.

In 2023, the **“*La Lettura al centro*” project**, initiated in 2020 from the synergy of Mondadori Education and the Children’s Business Unit, continued with the aim of putting reading right at the heart of everyday teaching. Intended for students of all ages, the project is based on the assumption that reading is a key moment in individual training and is characterised by specific initiatives, designed for each age bracket.

The initiatives provide teachers with ideas, materials and proposals of ways by which to encourage students to approach reading, getting them interested and engaged, and it is closely integrated into everyday teaching and the textbooks, because it proposes a close correlation between the volumes adopted and narrative.

The initiatives proposed under the scope of the project for the 2023-2024 school year include the "***Gli scrittori fanno scuola***" (The writers do school) offers primary and middle school students video meetings with the authors, thanks to the collaboration with Il Battello a Vapore and Mondadori – Libri per Ragazzi. The project envisages the development of reading material, established autonomously by the individual Institutes, on the thematic areas connected with one of the narrative texts proposed, which will need to be read in full by the class in order to access the meeting with the author.
At the end of the course, in fact, the classes can speak to the author of the book on which they carried out the work, through in-person or web-based encounters.

In 2023, the **Focus Junior, Focus and Focus Storia academies** started up once again, each year involving hundreds of classes and thousands of students.
The *Focus Junior* journalism academy, intended for first and middle school students – from which last year saw more than 500 classes taking part and more than 10,000 students – envisaged a cycle of three lessons dedicated to media education and environmental education. During the first two meetings, a simple, fun explanation was given as to how a magazine is produced, how an article is written and how to recognise fake news, whilst the third discussed climate change and the ecological transition. The aim of the Focus Junior Academy is to stimulate critical sense and supplement the knowledge of the younger generation on two topics that are today essential in the process of becoming aware citizens. The Academy has been organised in collaboration with the Italian Committee for the Investigation of Claims of the Pseudosciences (CICAP) and the Euro-Mediterranean Center on Climate Change (CMCC).

The initiative **"*Alunni in libreria*"** also continued, which, for more than twenty years, allows bookstores and schools to collaborate in bringing the younger generation closer to reading and gain the loyalty of teachers and families. Through the platform alunniinlibreria.it, the registered Mondadori bookstores can come into contact with the classes to organise meetings in the stores. The programme is intended for children from nursery, first and middle schools and aims to bring the younger generations closer to culture, simulating them to become tomorrow's readers and experience a book store as a place of emotions and discoveries.
Within "Alunni in libreria", the **"*Idee in circolo*"** was launched, the project that Chiara Righetti, Executive Assistant and Project Coordinator of Mondadori Retail, designed as part of the Nudge Global Impact Challenge programme with the aim of bringing the younger generations to approach reading and sustainability through a series of events dedicated to them in our bookstores, leveraging creativity and fun.

The Mondadori Store initiatives also include the **"*Scrittori in classe*" project**, which stems from the collaboration between Mondadori bookstores and the Group's publishing houses for children's texts (Mondadori, Rizzoli, Fabbri and Piemme), which propose a selection of authors for on-line or in-person meetings in first, middle and secondary schools. It is a training path that gives the students the chance to take part in an important moment of cultural enrichment and dialogue, with the aim of enhancing the importance of reading and critical analysis of the text and investigating the topics discussed by the book.

3.6 RESPONSIBILITY FOR CONTENT

The editorial work of the Mondadori Group is underpinned by the commitment to guarantee through its products - whether books, magazines, websites, applications or digital products - **high-quality content** that is accurate, meticulous, fair and respectful of the tastes and sensitivity of the various different audiences it targets.

The creation of contents for the **miscellaneous bookstore production** is guided by a universalist vocation: to offer the most extensive and varied range of items, ideas and expressions.
The publisher in this case acts as a vehicle for the authors, the only "owners" responsible for the work published.

They are given the widest possible freedom of expression, save, where necessary, for the need to intervene on contents that may become defamatory in nature.

Content auditing and conformity is, instead, paramount in school textbooks **production,** which must remain faithful to ministerial guidelines on curricula and didactics too.

Lastly, in the **magazine** and **digital communication** segment, content responsibility is ensured by the organisation structure of the editorial offices and the hierarchy of text approval, as well as by the Consolidated Act on Journalist Duties.

Interaction through **social networks** continued to develop quite significantly in terms of numbers of contacts and the endless possibilities for creating contents and events, often cross-media, wide-reaching and collaborative in nature.

At a corporate level, the Mondadori Group's digital communication strategy hinges on an integrated and consistent ecosystem that leverages on the potential of a range of physical and digital channels: the website and institutional social media, the corporate Intranet and videowalls in the locations, the multi-purpose area Agorà and media relations.
Each social channel has its own specific publishing plan with precise communication objectives, all sharing a precise visual identity:

- showing life inside the company and encouraging participation of the people who work there by involving them first-hand (Instagram, Facebook and LinkedIn);

- describing all the Mondadori Group news and, in particular, the activities of the books area in collaboration with the individual publishing houses (X, Instagram and Facebook);

- optimising the spontaneous relationship of employees with the work spaces and with the company, for example through user generated content on Palazzo Mondadori (Instagram and Facebook).

The Mondadori Group has a total of approximately 250 social networks (most of them linked to individual product brands) reaching a total of over 108 million followers.

3.7 EASE OF USE OF CONTENT

The Mondadori Group works every day to offer quality contents to an increasingly extensive and differentiated audience. It does so taking into account the new needs originating from society's changes, the evolution of technology and the disappearance of physical, language and cultural barriers that had previously been significant.
The wishes and expectations of readers, users and customers today play an increasingly important role in the publishing industry too: participatory consumption and immediate interaction with the end user have in fact revolutionised the way products are created and distributed.

Together with the complete resuming of in-presence initiatives, activities from remote positions have also been consolidated, both virtual and phygital, hybrid. This has made it possible for the various business areas to extend their audience and explore innovative ways and methods for interacting with users. Not only, therefore, live streaming events, but specific digital projects to increase the accessibility of the Group's content.

The Mondadori and Piemme publishing houses propose (with the series *Il Battello a Vapore*), through the **high readability books**, a project suitable not only for those with specific learning disorders but also for all children generally finding it difficult to approach and appreciate reading.
High readability books are intended for the age bracket of 6-10 years old
They are not texts with simplified contents but rather books for everyone, with graphic characteristics and layouts that foster readability and therefore make them accessible even to children with SLDs and SENs.

High readability books have the following graphic characteristics:

- use of the *leggimi* font, created in Italy in 2006 by the publisher Sinnos, with the collaboration of neuropsychiatrists, speech therapists and teachers, designed specifically for those with reading difficulties and dyslexia in particular;

• larger than normal interline and inter-letter spacing;

• spacing that marks the division of paragraphs or certain narrative sequences to facilitate understanding and set targets that the reader can achieve;

• text always left-aligned and words never divided into syllables;

• illustrations that do not interrupt the lines of text.

The Group also continues to produce its **accessible eBooks**, in line with the new regulations on the matter and in particular the European Accessibility act and certified by the LIA Foundation. Thanks to the new guidelines for the conversion of eBooks, starting from mid-2023, the Group has improved its use of HTML5 semantic tags and introduced ARIA roles to assure a better application of the ePub format, which has now reached version 3.3, on assistive technologies used by users with visual disabilities affecting their ability to read.
Again under the scope of EAA regulations, a test project continued with one of the key digital customers for the display and recognition of accessible contents in a user-friendly format. The project will continue for the whole of 2024.

To mark the International Book Fair of Turin 2023, the Digital Sales team of the Trade Books area represented the trade publishing by presenting various processes used to produce accessible eBooks as part of the meeting "*Editoria di varia, scolastica, universitaria: come diventare accessibili entro il 2025*".

4. ENVIRONMENT
Environmental culture and mitigating ecosystem impacts

The Mondadori Group pays particular attention to environmental topics, with a focus on the impacts linked to the life cycle of paper products, energy efficiency measures and the reduction of greenhouse gas emissions.

The environmental policy guides the Group activities from the choice to purchase certified paper to the efficient management of points of sale, also with a view to improving its ecological footprint.

The Group had already committed to replace the lighting systems of the Segrate building with a new LED light system, thereby achieving important energy savings. In addition, Mondadori has been involved in defining and developing initiatives aiming to reduce the indirect emissions through the purchase of certified renewable energy supplies.

As part of the product life cycle, in particular paper procurement, the Group opts for paper certified according to the two main schemes applied worldwide, PEFC and FSC, thus contributing to the protection of biodiversity.

Through rationalization of the orders, reorganization of the warehouses, and definition of more efficient logistic requests, the Group promotes the gradual reduction of products meant for waste and those unsold.

With the aim of identifying further improvements, for the first time in 2023, Mondadori developed a life cycle assessment (LCA) analysis of its main product, the book.

The Mondadori Group's approach to the future in the field of sustainability is laid out consistently with the two strategic guidelines defined in the Plan (see paragraph 1.1) with the following future objectives connected with the Sustainable Development Goals (SDGs) laid down in the 2030 Agenda.

The objectives achieved or started in 2023 are described in the next few paragraphs.

FOCUS		
	Extension of the electricity supply from renewable sources to sites (Segrate and Turin) and stores (Mondadori Duomo).	2023
	Obtaining of LEED certification (gold) for Mondadori Duomo.	2023
	Development of the "Book environmental footprint" project: a Life-Cycle Assessment (LCA) for the measurement of environmental impacts and the definition of data-based objectives to reduce atmospheric emissions and assure continuous improvement throughout the value chain.	2023

Fulfilment of ≈100% purchase of PEFC/FSC certified paper for Mondadori Group products. Extension also to the newly acquired companies.	2023
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.	2023

2024-2026 THREE-YEAR SUSTAINABILITY PLAN – objectives

Extension of the activation of the supply of electricity from renewable sources to the offices and DOSs on the territory, with the consequent reduction of Scope 2 emissions (consumption).	2026
Action intended to increase energy efficiency and consequently reduce consumptions through the completion of the Palazzo Niemeyer renovation project with complete replacement of all systems and plants (early 2025). Use of recycled materials for the new furnishings of Palazzo Niemeyer.	2025
Obtaining of LEED (Gold) and WELL certification for Palazzo Niemeyer.	2026
Continuation of the energy efficiency actions under the scope of the initiatives for the restructuring/opening of bookstores. LEED (Gold) certification for the Mondadori Flagship Store.	ongoing
Potential pilot initiatives/activities in the Trade and/or Education area, linked to the development of the LCA project aimed at reducing greenhouse gas emissions in specific areas of a book's life.	2026
Formalisation of a Code of Conduct governing responsible procurement throughout the supply chain.	2025
Fulfilment of ≈100% purchase of PEFC/FSC certified paper for Mondadori Group products.	ongoing
Maintenance of 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.	ongoing

4.1 MANAGEMENT OF ENVIRONMENTAL IMPACTS

The Group's commitment to the proper management of environmental impacts is linked to compliance with the relevant regulations and the mitigation of negative environmental externalities associated with its business activities, and is driven by the will to better address the growing needs of the company's many stakeholders.

Generally speaking, sustainability matters, and hence issues connected with environmental impacts, are referred to the internal Sustainability Committee (see section on "Sustainability governance"), which has drawn up an environmental policy, published on the Mondadori Group's corporate website (www.gruppomondadori.it/sostenibilita/cambiamenti-climatici).

The policy outlines the Group's commitment and targets for reducing its environmental footprint and provides the framework for the setting of Group strategy and target areas for environmental action.

The guidelines identified in the environmental policy steer the operational decisions and practices of the Group, from the purchase of paper to the management of stores, with each company unit responsible for applying the guidelines in its day-to-day operations.

2023 was a year characterised by the evolution of the various trends that had impacted the company's core business and the management of the related environmental impacts during the previous two year: more specifically, the increase of the costs of commodities (including paper, cardboard and plastic) and the global increase in energy prices.

In 2023, energy market tension gradually eased and the prices of gas and electricity declined although absolute price levels in any case remained at historically high values.

4.2 LIFE CYCLE OF PAPER PRODUCTS

As a publishing group, paper consumption and the management of the life cycle of paper products are major factors in the assessment of environmental impacts for Mondadori.

This section looks at the environmental impacts connected with the life cycle of paper products, from the use of paper as a raw material to the management of unsold copies of editorial products published and their pulping, including their logistical management and distribution.

The life cycle of paper products starts in paper mills, where paper is manufactured and sent to the printing companies that print the products. Printed paper products are stored in warehouses and dispatched, through a logistics network, for delivery to distributors and end consumers.

Once a book or magazine is in the hands of a reader, the life cycle of paper products can take one of three turns:

- the book or magazine remains in the reader's home and may be re-used (e.g., re-read, given as a gift, donated to schools and/or libraries);
- the book or magazine is collected for recycling, thus becoming valuable raw material that can be reused as pulp by paper mills;
- the book or magazine is collected as general waste.

4.2.1 The raw material: the paper used to print editorial products

In 2023, the total amount of paper purchased for the printing of editorial products in the scope of continuing operations (Italy and the United States) amounted to approximately 57,455 tonnes (+4% versus 2022). This year too, the Group has managed to further consolidate the commitment made in rationalising the use of paper in the printing of its products, a route that was first embarked on in 2014 with the first formalisation of the policy for the procurement of goods and services; it has also succeeded in having greater control over the supplier selection process, so as to make sure that their work is consistent with the sustainability principles of the Group. Supplier selection criteria require that paper is certified by the PEFC and FSC, the two main certification schemes adopted worldwide, in order to gradually increase the percentage of certified paper used over time.

Italy

The table shows paper consumption by type of paper (certified, traditional and recycled) for the 2021-2023 period. Compared with the previous year, 4% growth was seen in the total amount of certified paper purchased, determined by the inclusion of D Scuola and the part share of approximately 1,631 tonnes purchased by the new company in the scope, Grafiche Bovini.

Continuing on from the previous years, the percentage splits by paper type have stayed constant over the three years. In particular, in 2023 it is estimated that around 99.97% of the paper used was certified.

Total printing paper, by type, Italy

Type of paper	2023		2022		2021	
	t.	%	t.	%	t.	%
Certified	53,840	99.97%	51,567	99.97%	56,389	99.98%
Recycled	4	0.01%	9	0.02%	3	—%
Traditional	11	0.02%	5	0.01%	9	0.02%
Total	**53,855**	**100.00%**	**51,581**	**100.00%**	**56,401**	**100.00%**

USA

Rizzoli International Publications purchases its raw materials indirectly through printers, based primarily in China and, to a lesser degree, in Italy. Focus on the use of certified papers has increased since 2018, in line with the commitment already undertaken in this area by the Group.

Below are paper consumption estimates for 2021-2023 for Rizzoli International Publications.

Total printing paper – USA[13]

	2023	2022	2021
Printing paper (t.)	3,600	3,700	3,600

[13] Rizzoli International Publications' 2021, 2022 and 2023 paper consumption has been estimated on the basis of the copies produced and the average weight per copy, as detailed data on actual consumption of paper for printing are not available in the documents received from suppliers, nor was it possible to trace the cost of paper alone in the data appearing in the purchase invoices.

4.2.2 Logistics and the end of life of editorial products

The Mondadori Group's distribution logistics takes the form of a series of overlapping networks that cover the entire country and differ in terms of the type of product managed and transported. These can be divided into the following channels: magazines (newsstands, subscriptions), books (trade and educational), book clubs (Mondolibri products) and e-commerce.

Many of the logistics processes include both direct shipping to the destination points of the relating channel and the return shipping of unsold products. According to the channel, unsold products may go into storage, be processed for paper recycling or pulping (in the case of paper products), or be destroyed or disposed of.

The various distribution processes are described below for each channel, with details provided of the main associated environmental impacts. Specifically, in 2023, regarding the Italian scope, a total of almost 2,300 tonnes of renewable packaging materials (wood and cardboard) was consumed, while non-renewable packaging materials (polyethylene and polypropylene) amounted to 184 tonnes.

Data on material consumption used for shipping are unavailable for Rizzoli International Publications.

Magazines – Italy

The logistics of the Media area are entrusted to the company Press-di Distribuzione Stampa e Multimedia S.r.l., which until 2022 was a Group company and is currently held for 20%. Press-di manages the distribution on national territory of Mondadori magazines and newspapers of other publishers for the news-stands channel and subscribers. Press-di's logistics processes, including transport management, are all outsourced to select suppliers.

In 2023, the report refers only to the newspapers or books/news stand products and only includes the following full subsidiaries of the Group: Mondadori Media, Mondadori Scienza, Arnoldo Mondadori Editore and Mondadori Libri.

The total weight transported is recorded as approximately 7,836 tonnes, entirely by road (with, in addition, the use of naval transport in roll-on/roll-off mode for ferry trips to the islands), with a decline of almost 85% in volumes, essentially due to the different scope – as already mentioned – in addition to the decline of the newspaper market.

The magazines logistics process in Italy involves the following steps:

- **industrial film wrapping, if any:** in 2023, the film wrapping process involved approximately 8.92 million copies of Mondadori Media and Mondadori Scienza, for which 37 tonnes of film wrapping material and 7 tonnes of stretch film was used. The data refers only to the film wrapped copies of Mondadori Media and Mondadori Scienza;

- **shipment staging**: in 2023, the shipment staging process involved 11,855 equivalent pallets or approximately 82 tonnes of wood;

- **primary transport**: the transport service takes place from distribution logistics centres (Cinisello Balsamo (MI), and Rome) to local distributors (33 local distributors in 2023);

- **last mile (delivery to the point of sale)**: local distributors deliver copies to newsstands and carry out the “last mile” transport service to the point of sale.

- **unsold product**: local distributors have the task of collecting unsold products from newsstands and processing returned products for local pulping or redelivery by the national returns centre of Press-di for products to be disposed of through separate collection (e.g. CDs or DVDs to be destroyed) or selective recovery (e.g. books and/or series of books to be reused);

- **transport of returned products**: unsold products subject to return to the publisher are transported to the national returns centre of Bregnano (Como) through the Press-di primary transport network.

The table below shows consumption figures for materials used in the transport of magazines to newsstands. Note that 2023 data is limited to newspapers or books only intended as new stand products for Mondadori Media, Mondadori Scienza, Arnoldo Mondadori Editore and Mondadori Libri. This explains the very different quantities in the three-year period.

Consumption of materials for the transport of magazines to newsstands, by type

Raw material (t.)	Detail	2023	2022	2021
Wood	Pallets	82	523	557
Cardboard	Cardboard boxes and packaging materials	—	—	—
Polyethylene	Film	43	66	104
	Package filling	—	—	—
	Pallet covers	n.a.	n.a.	n.a.
Polypropylene	Tape	n.a.	n.a.	n.a.
	Strapping	n.a.	n.a.	n.a.
Expanded polystyrene foam	Filling of packages with polystyrene	—	—	—

The lower operating costs deriving from the progressive reduction in the number of transported pallets due to falling volumes correspond to a proportional reduction in emissions due to transportation. Added to that is the effect of the certified returns process, by which unsold copies of publications are sent for pulping by local distributors where not to be recovered. The process, by ensuring the processing of returns for statistical and accounting purposes for the publishers, does not require the need for the unsold copies to return physically to the warehouse, thereby reducing both costs and emissions.

Estimated CO_2 eq emissions resulting from the transport of magazines from distribution logistics centres to local distributors for the three-year period 2021-2023 are shown in the section "Reducing energy consumption and combating climate change", in the Scope 3 emissions detail.

With regard to the management of returns, Mondadori has a high local pulping rate: Press-di (in agreement with the Group and third-party publishers distributed) has, in fact, encourages the widespread take-up of certified returns processes by local distributors.

At the same time, however, the ongoing decline in newspaper and magazine readership, which has led to a general reduction in returns, has also affected the number of intermediaries – local distributors and newsstands – over the years, lowering both their total number of local distributors.

Today, the 33 local distributors used by Press-di guarantee certified returns.

Trade books

2023 continued as for previous years in regard to logistics, which concern the management of launches of new items and supplies of texts for a total of approximately 45 million copies distributed.

As regards returns received by the territory, the following volumes were recorded:

Return Trade Books (no.)[14]	2023	2022	2021
Copies	9,672,639	10,262,977	9,491,939
Packages	306,832	328,024	296,623
Shipments	32,796	38,569	33,189

[14] Figures on pallets and shipments are based on estimated number of copies

For the distribution of trade books, packaging created from corrugated cardboard was used, containing 90% recycled paper obtained from national pulping collections. This packaging can then, in turn, be 100% recycled.

In 2023 too, by way of material for packaging volumes for transport, a “bubble packaging” system was used, rather than polystyrene.

School textbooks publishing
In 2023, the business of school textbooks publishing of the Mondadori Group companies was concentrated on the logistics pole of Isola Rizza.

The logistics pole handled the volumes – approximately 16 million copies – of the three publishing houses:

• Mondadori Education

• Rizzoli Education

• D Scuola

The logistics of the product are linked to the specific school needs – promotion, adoption and sale of books – which are planned over various periods of the year:

• **promotion and adoption** (from January to May): the school textbooks are presented to the teachers through a network of promoters with the aim of obtaining adoption. Logistics therefore delivers the volumes from the central warehouse to the promoters, reaching just under 210 different destinations. Finally, the promoters proceed to deliver or dispatch test copies to the teaching staff. Mention should be made of the progressive introduction of digital sample books (connected with the development of multi-device digital school books), which will lead to a reduction in the production and shipment of print sample books;

• **sale of books** (from May to end October): the Group's publishing houses supply the retail distribution points for the sales campaign, reaching approximately 400 destinations. In addition, starting September when the schools reopen, the promoters are equipped with volumes and guides to be distributed to teachers as “trial versions”.

As well as making shipments to decentralized distribution centres, the central warehouse in Verona directly supplies a number of university and L2 (Italian as a foreign language) customers.

Although returns are less frequent for school textbooks, total returns in this segment came to approximately 1,200,000 copies in 2023, out of a total of around 16 million copies distributed.

Bookclub
For products distributed through the bookclub channel, logistics (warehousing and preparation of orders) and all business support processes are managed at the Verona logistics hub.

Orders are shipped by mail. The cardboard boxes used for shipments are the same type used for Trade Books. Materials returned by post are subject to recycling.

E-commerce
With regard to products sold on the website www.mondadoristore.it, B2C logistics activities include product management (for both Mondadori books and third-party publishers) at the Verona logistics centre (now Ceva Logistics); products are prepared according to customer orders and shipments are made by express courier directly to the end customer’s address. In this channel there are practically no returns.

The table below shows consumption figures for materials used in the transport of Trade Books, Retail and school textbooks. In 2023, the scope of the data was extended to also include the materials used by the ALI distribution company operating in Italy.

Consumption of materials for shipping trade, retail and school books[20], by type

Raw material (t.)	Detail	2023	2022	2021
Wood	Pallets	761	878	825
Cardboard	Cardboard boxes and packaging materials	1,428	1,273	1,114
Polyethylene	Film	41	26	42
	Package filling	37	29	33
	Pallet covers	6	5	5
Polypropylene	Tape	12	8	13
	Strapping	43	25	60
Expanded polystyrene foam	Filling of packages with polystyrene	—	—	—

In the strategic sustainability path, in 2022 the Group activated a **Life-Cycle Assessment project** of the book chain in collaboration with the Polytechnic University of Milan.

The study performed in 2023 had the following objectives:

to develop a model that can estimate, form an LCA perspective, the CO_2 emissions connected with the process of conceiving, producing, distributing, consuming (and disposing of) book, trade and educational products in the various formats (printed book, ebook and audio book);

• to simulate, in addition to the as-is process, other network structures, demand mixes, distribution structures and the related use mixes to assist management in choosing future configurations and management.

The project results will be disclosed during the 1st half of 2024.

[20] The consumption figure for Mondolibri is not available

4.2.3 Reducing energy consumption and combating climate change

The emission reporting process implemented in recent years by the Group has enabled the consolidation of calculation methods, and has acted as a baseline for raising internal awareness about possible policies for the reduction of greenhouse gases generated by its operations. In this regard, the Group has already launched a number of projects to reduce its emissions, both in 2023 and in the past, such as, for instance, the implementation of energy efficiency measures in buildings.

This section looks at the environmental impact of the Mondadori Group's operations on global warming. It shows and explains the data on direct and indirect greenhouse gas emissions produced by the Group along its entire value chain.

Total greenhouse gas emissions at Group level in 2023 amounted to approximately 26,478 tonnes of CO_2, considering Scope 1, Location Based Scope 2 e Scope 3. Starting from this reporting year, emissions linked to primary transport deriving from the distribution company ALI, operating in Italy, have also been included.

Total electricity consumption in 2023 (excluding Adgage) amounted to around 9,942 MWh (-5% versus 2022), while natural gas consumption amounted to 321,503 m3 (12,890 GJ, +19% versus 2022). In 2023, the Group acquired 4,088 MWh electricity certified as coming from renewable sources, consumed at the stores of Milan Duomo, Turin and the Palazzo Mondadori headquarters in Segrate. Renewable energy consumption by the Mondadori Group in 2023 increased, also thanks to the addition to the scope of ALI and Grafiche Bovini, companies that have photovoltaic plants installed. More specifically, at the latter, 197 MWh electricity was self-produced and internally consumed.

Therefore, at a consolidated level, the Mondadori Group has used 41% of electricity from renewable sources of all the electricity acquired and self-produced for internal consumption. Instead, as regards total energy consumed (including fossil fuels), the percentage stands at 26%.

Italy

Greenhouse gas emissions from Group operations in Italy and considered within the reporting scope of the GHG survey are classified as either direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions or other indirect (Scope 3) GHG emissions.

Greenhouse gas emissions (t.) - Italy	2023	2022	2021
Direct (Scope 1)	1,502	829	1,069
of which, emissions related to the company car fleet[15] - CO_2eq	455	279	350
of which, emissions related to F-gases[16] – CO_2	392	n.a.	n.a.
of which, emissions related to natural gases[16] – CO_2eq	655	550	719
Indirect (Scope 2)			
location-based – CO_2	3,000	3,250	3,304
market-based – CO_2	2,485	4,703	4,814
Other indirect emissions (Scope 3)	20,597	20,927	23,183
of which emissions related to paper production - CO_2[17]	19,388	19,601	21,996
of which, emissions related to business travel - CO_2eq [18]	801	461	254
of which, emissions related to primary transport - CO_2 eq[19]	408	866	933
Total emissions - CO_2eq [20]	**25,099**	**25,006**	**27,556**

[15] The Scope 1 emissions associated with the Group's car fleet make up approximately 30% of Scope 1 emissions. For 2021, they were estimated starting from the average contracted kilometres and CO2/km emissions of individual vehicles in the fleet, whilst for 2022 and 2023 the calculation was performed on the consumption data (l) of the car fleet. 70% of consumption (l) was attributed to company use. Source: “ABI Lab Guidelines on the application in the bank of GRI (Global Reporting Initiative) Standards on environmental matters - December 2022 version”. Data on fuel consumption does not include the quantities delivered for the companies Star Comics and Grafiche Bovini, whilst, compared with 2022, it also includes the data for D Scuola, DeA Libri, Libromania and ALI.

[16] With a view to ensuring continuous improvement, data has been collected in a timely manner on F-gases at Mondadori stores.

[17] Scope 3 emissions linked to paper production are shown in tonnes of CO_2, as the source used does not report the emission factors of other gases than CO_2.

[18] Data relating to business travel are disclosed through a specific report by the travel agency used by the Group and refers to the journeys travelled by employees by plane, train and rental car.

[19] As regards the data on emissions related to primary transport, note that this only includes emissions from the logistics transport of magazines for Mondadori Scienza, Mondadori Media and Mondadori Libri (managed by Press Di S.r.l.) and instead excludes that relating to the transport of books. The emissions deriving from the logistics transport carried out by A.L.I. S.r.l. on behalf of Star Comics and Il Castello, have also been considered. This latter data is obtained starting from the emissions estimated by the supplier Bartolini and refers to all emissions calculated using the “Tank to Wheel” methodology.

Total emissions are calculated taking account of Scope 2 - location based emissions, and are expressed in CO2 as the share attributable to other gases is not considered material. Scope 2 emissions are expressed in tons of CO2 , however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas (CO2eq) emissions as inferred from the relevant technical literature. Following a continuous improvement process, the total C02eq emissions for 2022 have been restated.

Emission factors used

Electricity (location-based)	2023 Source: Terna international comparisons on Enerdata data (2019 data)	315 gCO_{2e}/kWh
	2022 Source: Terna international comparisons on Enerdata data (2019 data)	315 gCO_{2e}/kWh
	2021 Source: Terna international comparisons on Enerdata data (2019 data)	315 gCO_{2e}/kWh
Electricity (market-based)	2023 Source: AIB, (2022) European Residual Mixes 2023	457 gCO_{2e}/kWh
	2022 Source: AIB, (2022) European Residual Mixes 2022	457 gCO_{2e}/kWh
	2021 Source: AIB, (2021) European Residual Mixes 2021	466 gCO_{2e}/kWh
Natural gas	2023 Source: DEFRA: 2023 UK Government GHG Conversion Factors for Company Reporting[21]	2.0384 kg di CO_2/m3
	2022 Source: DEFRA: 2022 UK Government GHG Conversion Factors for Company Reporting	2.016 kg di CO_2/m3
	2021 Source: NIR ISPRA	1.976 kg di CO_2/m3
Diesel for vehicles	2023 Source: DEFRA: 2023 UK Government GHG Conversion Factors for Company Reporting	2.51206 kg di CO_2/l 2.55784 kg di CO_2/l
	2022 Source: DEFRA: 2022 UK Government GHG Conversion Factors for Company Reporting	
Petrol for vehicles	2023 Source: DEFRA: 2023 UK Government GHG Conversion Factors for Company Reporting	2.09747 kg di CO_2/l 2.55784 kg di CO_2/l
	2022 Source: DEFRA: 2022 UK Government GHG Conversion Factors for Company Reporting	
F-gases R-410A	2023 Source: DEFRA: 2023 UK Government GHG Conversion Factors for Company Reporting	1.924 tCO_2/kg
Paper production	2023 Source: Key Statistics 2022 of the Confederation of European Paper Industries (CEPI)	0.36 t. CO_2/t. paper
	2022 Source: Key Statistics 2021 of the Confederation of European Paper Industries (CEPI)	0.38 t. CO_2/t. paper
	2021 Source: Key Statistics 2020 of the Confederation of European Paper Industries (CEPI)	0.39 t. CO_2/t. paper
Primary transport	2023 Source: DEFRA: 2023 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, 100% laden)	0.91 $kgCO_2eq$/km
	2022 Source: DEFRA: 2022 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, 100% laden)	0.96 $kgCO_2eq$/km
	2021 Source: DEFRA: 2021 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, 100% laden)	0.91 $kgCO_2eq$/km

The Group's direct emissions (Scope 1) are derived from:

- the consumption of natural gas for heating offices, stores and warehouses;
- the combustion of fuel used by the cars that make up the company's fleet.
- the emissions deriving from topping up F-gases in the Mondadori Group stores in Italy.

In 2023, top-ups of F-gases were required by the plants using it in a quantity of 392 tonnes CO_2eq. In addition, it is noted that the company vehicle fleet used 6.94 litres of HVO (Hydrotreated Vegetable Oil) biodiesel, thereby making for 1.69 tonnes CO_2eq of biogenic origin, i.e. which is carbon neutral and therefore not included in Scope 1 emissions.

[21]Considering the presence of international companies within the Mondadori Group, in this reporting period, to calculate the Scope 1 emissions, the coefficients of the UK Government GHG Conversion Factors for Company Reporting – DEFRA 2023, were used.

Natural gas consumption – Italy [21]	UoM	2023	2022	2021
Natural gas	m3	321,503	272,399	363,999
	GJ	12,890	10,832	12,842

[21] Natural gas consumption is converted into GJ using the conversion factors sourced from "DEFRA: Greenhouse gas reporting: conversion factors" published for the respective years (2023, 2022, 2021).

Vehicle fuel consumption – Italy	UoM	2023	2022	2021
Diesel	l	168,130	98,934	126,641
	GJ	6,359	3,778	4,868
Petrol	l	15,507	12,191	15,805
	GJ	528	418	543

In Italy, the Group's gas consumption has increased by 18.03% over 2022, following the joining of scope of ALI, Star Comics and Grafiche Bovini, insofar as regards energy consumption. However, it should be stressed that gas consumption at the Segrate office reduced by 7% in 2023 (specifically, by approximately 19,660 Sm3).

Energy indirect (Scope 2) GHG emissions derive from electricity consumption, which is sourced from the national electricity grid for the use of:

- lighting, air conditioning (heat pumps), and equipment (e.g. PCs, printers) in offices and stores;
- lighting and equipment in warehouses;
- recharging electrical vehicles (Segrate) and forklift trucks (warehouses).

Electricity consumption - Italy	UoM	2023	2022	2021
Total electricity purchased from the national grid	MWh	9,524	10,316	10,488
	GJ	34,288	37,139	37,756
Self-produced electricity	MWh	327	0	0
	GJ	1.176	0	0

For 2023, the figure for self-generated electricity refers to renewable energy production at the ALI and Grafiche Bovini sites. Since the latter companies only entered the scope for this reporting year, a figure for comparative years over the three-year period is not available.

The electricity consumption trend in Italy has settled at stable values in the three-year period 2021-2023, confirming the commitment to reduce started in 2019 with interventions and action taken to save energy (see the paragraph entitled "*Initiatives to reduce the environmental impact*").

The Group's other indirect emissions (Scope 3) derive from:

- paper production (see section " The raw material: the paper used to print editorial products");
- business travel by employees;
- delivery of magazines to local distributors.

Emissions from the paper production cycle are the prevailing part.

For 2023, these emissions amounted to approximately 20,684 tonnes of CO_2, slightly down (-2%) on last year. Added to these emissions are those associated with business travel by company personnel, mainly for the purposes of: meeting customers, travel for events, meetings with suppliers, meetings at other company sites, and participation in trade fairs.

For 2023, these emissions total 801 tonnes CO_2 (+74% compared with 2022, following the inclusion of data for DeA in the scope).

The following table shows the breakdown of business travel-related emissions by means of transport.

Emissions by means of transport	2023	2022
Train	27%	26%
Plane	72%	74%
Road	1%	—%

Employee travel for business travel was primarily by air as seen in the table above.

Other relevant Scope 3 issues are attributed to magazine logistics.

Over the course of the year, these emissions have decreased considerably, amounting to around 408 tonnes of CO_2 eq in 2023 (933 tonnes of CO_2 eq in 2021 and 866 tonnes of CO_2 eq in 2022). For 2023, the figure includes emissions deriving from A.L.I. logistics on behalf of Star Comics and Il Castello, whilst it is limited to deliveries of publications for Mondadori Scienza, Mondadori Libri and Mondadori Media in respect of Press-di.

USA

Data relating to greenhouse gas emissions from operations run by Rizzoli International Publications refer to energy indirect (Scope 2) emissions and other indirect (Scope 3) emissions linked to paper production.

Greenhouse gas emissions (t.) – United States	2023	2022	2021
Energy indirect (Scope 2) [22]) – CO2			
location-based	82	99	102
market-based	82	99	102
Other indirect emissions (Scope 3) [23] - CO_2	1,296	1,406	1,404
Total location-based emissions - CO 2	**1,378**	**1,505**	**1,506**

[22] Scope 2 emissions are shown in tonnes of CO_2; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO_2 equivalent), as inferred from the relating technical literature.

[23] Scope 3 emissions linked exclusively to paper production are shown in tonnes of CO_2, as the source used does not report the emission factors of other gases than CO_2.

For the United States of America, data is not presently available on emissions deriving from business travel (Scope 3). As far as refrigerant gases are concerned, no data is available to date on refills during the year. With reference to the Group's stores in the US, note that these only consume electricity.

Gas consumption of the central office of Rizzoli International Publications is instead handled by the administration of the property's owner and, therefore, is not available for calculating direct (Scope 1) GHG emissions.

Emission factors used

Electricity (location-based and market-based)	2023 Source: Terna international comparisons on Enerdata data (2020 data)	374 gCO_2/kWh
	2022 Source: Terna international comparisons on Enerdata data (2020 data)	374 gCO_2/kWh
	2021 Source: Terna international comparisons on Enerdata data (2019 data)	374 gCO_2/kWh
Paper production	2023 Source: Key Statistics 2022 of the Confederation of European Paper Industries (CEPI)	0.36 t. CO2/t. paper
	2022 Source: Key Statistics 2021 of the Confederation of European Paper Industries (CEPI)	0.38 t. CO2/t. paper
	2021 Source: Key Statistics 2020 of the Confederation of European Paper Industries (CEPI)	0.39 t. CO2/t. paper

In 2023, total emissions by Rizzoli International Publications were 1,378 t. CO_2 from electricity consumption and paper production, slightly decreasing by 5% compared to the previous year.

ELECTRICITY CONSUMPTION - UNITED STATES[24]	UoM	2023	2022	2021
Total electricity purchased from the national grid	MWh	220	264	272
	GJ	794	950	979

[24] For 2021, the data relating to energy consumption at the Rizzoli International Publications HQ have been estimated on the basis of the consumption in 2020, given the absence of significant changes relating to business activities and/or actual changes in trends in energy consumption. With a view to ongoing improvement, the methodology for estimating energy consumption for Rizzoli International Publications relating to the bookstore, adopting for 2021 the cost data in $/kWh made available by the Bureau of Labor Statistics for New York, was appropriately reviewed.

Water withdrawals

The Mondadori Group commitment is to promote and guarantee responsible use of water as a resource. This is why, from 2022 the decision has been made to report the water withdrawal data of Italian offices but only where such data can be properly obtained.

As regards the information given in the table below, it is stressed that fresh water is procured by means of third party water resources. In order to determine the areas subject to water stress, the tool Aqueduct has been used, developed by the World Resources Institute, which provides information on areas subject to extreme water scarcity, comparing the best information available on water, hygiene-sanitary services, population and biodiversity on a national basis and of the basin. The sites are split into five categories: extreme scarcity, scarcity, stress, sufficient and abundant. The Group offices considered as situated in water stress areas are those whose risk level is of "extreme scarcity" and “scarcity”. This was what was found: for 2023 the Rome offices and for 2022 the Florence offices (office closed in 2022) and those of Rome.

Compared with the previous year, water withdrawals of third parties by the Mondadori Group in Italy increased 14% in 2023. This increase is due to both an increase in consumptions at the Mondadori Group offices and the prompt collection of data for the offices of Grafiche Bovini and Star Comics (in absolute value, for approximately 1 megalitre).

Water withdrawals by source and water stress areas - Italy[25]	UoM	2023	2022
Areas not subject to water stress			
Underground water	Mega litres	1,759.4	1,806.6
Third party water resources	Mega litres	17.6	14.9
Areas subject to water stress			
Third party water resources	Mega litres	0.2	0.3

[25] The data on water withdrawals in 2023 does not include the offices of ALI and Il Castello. For 2023, following a continuous improvement process, it was possible to report on water withdrawals for the offices of Star Comics and Grafiche Bovini. For 2022, the data on water withdrawal considers the quantities of water withdrawn at the offices of Segrate, Florence and Rome.

4.3 INITIATIVES TO REDUCE THE ENVIRONMENTAL IMPACT

January 2023 marked the start of the restructuring and **renovation of Palazzo Mondadori**, our Group's headquarters in Segrate (Milan). It is an ambitious project that seeks to optimise and "regenerate" our offices in respect of the distinctive, original nature of the work by Oscar Niemeyer, the historic heritage and iconic symbol of our Group.

Two key words guided the design of this new project, **identity and consistency**, in order to create a completely renewed space that combines our history with the future that awaits us: **a new, more innovative, more functional and more sustainable contemporary office**. The Group has chosen to **create spaces** where opportunities for meetings and an exchange of dialogue and internal synergies are encouraged: places also designed to satisfy the needs for a coexistence of presence and flexibility that have emerged in these recent years of great discontinuity.

The project has been developed in phases, meaning that in 2023 two of the five floors of the building were emptied and the colleagues working there moved to other offices. Works are scheduled for completion by December 2024.

The aim of the project, which is pursued in collaboration with Generali Assicurazioni (the owner of the site), will, over the next few years, result in a modern, renewed space that can ensure work takes place in the best possible environment.

4.3.1 Energy saving initiatives implemented in 2023

In 2023 too, as we left the pandemic behind us, that had called for urgent interventions and emergency management measures, the attention to energy saving remained high, with initiatives involving mainly the Segrate headquarters. The initiatives shown below are those planned in 2022 and partly implemented in 2023, the benefits of which will be fully felt in 2024.
Others are currently in the pipeline or being assessed and planned. It should be pointed out that the start of the building restoration, which particularly involves the owner redoing the plants, has put a great deal of the developments planned previously, on hold.

Paper and toners
Among the measures taken to reduce the environmental impacts of Group offices, efforts have been made in recent years to raise awareness of the responsible use of toners and paper for printing in offices. The Group has specifically managed to keep consumption of printing paper at the same levels as last year, despite the partial return to working on-site and to reduce the quantity of toner consumed compared with the previous reporting period.

Toner and printing paper consumption (offices) Raw materials (t.)	2023	2022	2021
Paper for printouts	20	21	20
Toners for office printouts	0.32	0.78	0.89*

*With a view to improving the data reported, the data on toner consumption for 2021 has been restated in light of the inclusion in the total calculation of the printing islands present in the Group's office.

Data on toner and paper consumption for printing in offices does not include the new companies, which joined the scope in 2022 and 2023.

Segrate head office

The restructuring works on the building involved interventions to improve efficiency or replacements of structural plant components. This is why energy improvement works were definitively suspended in 2023 on existing plants that are now gradually being decommissioned.

The main interventions:

- **the new heating/cooling system** will be new generation with low operating temperatures, which make it possible to use geothermal energy (groundwater) powered heat pumps;

- **the lighting** will be all LED with a sectioning programme and presence sensors;

- **the water system** for the toilets will be entirely redone and sustainable, also thanks to the use of rainwater and groundwater for flush water.

In 2024, the building will therefore be gradually equipped with new, flexible systems that can manage the thermo-hygrometric and
technical lighting systems, guaranteeing segmentation of areas used, also according to occupancy.

Energy is now supplied from certified renewable sources. Also the choice of materials, furnishings and services (cleaning with Ecolabel certificates) was focussed on sustainable site management.

Upon completion of the restructuring work, CO_2 emissions into the environment will be entirely eliminated.

Other offices

A request has also been made for all the Group's institutional sites, for energy to be supplied from renewable sources, so as to pursue this virtuous path in a structured fashion during the three-year period 2024-2026.

Group stores and bookstores

In 2023, as part of the action taken to increase energy efficiency in Retail, the following activities continued:

- **remote control of the air conditioning systems**, using smart technology to control temperatures, times and anomalies in the plants;

- **replacement of all high-consuming/energy-intensive technical lighting systems** with new generation LED technology versions.

In addition, the new Mondadori Duomo flagship store has been opened, having obtained LEED certification at Gold level for Interior Design & Construction (ID+C), a voluntary certification that promotes an approach based on building sustainability during the entire life cycle. Indeed, close attention was paid in the design of the new store, to improving energy performance and the quality of internal spaces, the quality of lighting and air, water management and ensuring that the materials used were low environmental impact, as well as the quality of the customer's experience when visiting the bookstore.

As regards the Group stores and bookstores, in 2023 the alignment of the air conditioning plants continued, on the basis of the guidelines given by the Ministerial Decree (Ministry of the Ecological Transition) no. 383 of 6 October 2022.

As regards new stores, wherever possible the space design aims to minimise electricity consumption, for example through the installation of false ceilings to reduce and limit the cubic metres of air to be heated or cooled within the building.

These targeted interventions come in addition to the optimisation actions already mentioned and allow for a further reduction in consumptions.

Finally, in continuity with previous years, energy supply contracts have also been downsized according to effective consumption, so as to reduce the fixed costs linked to the installed power.

4.3.2 Waste

The commitment to reducing the environmental impact also applies to waste produced.

Given the specific business of the Mondadori Group, only a small part of special waste produced falls in the "hazardous" class.

Segrate, the only site at the moment where the amounts of waste disposed of can be accurately measured, 2023 saw a decrease compared with the previous year in the production of non-hazardous waste linked to the emptying of the floors involved in the Segrate building restoration project. The percentage of hazardous waste increased (43%) in 2023, in addition to the Segrate office, already reported in previous years, the scope was also extended to include Star Comics, Grafiche Bovini and the Group's other offices. For the latter, an estimation method was used that, thanks to the daily measurement of the sacks of paper, plastic and unsorted waste in November 2023 at the Rome offices, made it possible to also estimate the data for the other offices of Milan and Turin. Therefore, we can see an overall increase between 2023 and 2022 of waste production, of more than 770 tonnes, of which 99% is non-hazardous. Given the specific business of the Mondadori Group, a part of waste produced by special products falls in the "hazardous" class. More specifically, in 2023, the latter increased by approximately 8 tonnes of ink and miscellaneous solvent waste, following the timely collection of data for the Grafiche Bovini office. The report does not include the offices in the United States of America and Spain.

Waste generated - Italy[26]	2023		2022		2021	
	t.	%	t.	%	t.	%
Hazardous	8.86	0.91%	0.20	0.10%	0.36	0.31%
Non-hazardous	964.17	99.09%	199.76	99.90%	116.10	99.69%
Total	**973.03**		**199.96**		**116.46**	

[26] The data on waste produced in 2023 does not include the offices of ALI and Il Castello. Data for 2022 and 2021 relates to the Segrate office only.

4.3.3 Emissions deriving from the company car fleet

The Mondadori Group has been committed for some years now to reducing emissions from business travel related to its Italian operations. In 2023, the Group's vehicle fleet in Italy remained essentially stable in its total number (from 129 in 2022 to 127 in 2023), increasing slightly in terms of average emissions, particularly as regards vehicle class D and the reduction of vehicles in classes A and B.

Note that 2023 also includes data relative to the vehicles at De Agostini.

With regard to the breakdown of vehicles in "emission classes", as determined by the ADEME eco-label (Agence de l'Environnement et de la Maîtrise de l'Energie, a French agency specialized in the identification and spread of energy, environmental protection, and sustainable development information), in 2023, 27% of the car fleet consisted of class A and B vehicles (a reduction on 40% recorded in 2022).

Mondadori car fleet Type (no.)	2023	2022	2021
Owned cars	—	—	—
Long-term car rental	127	129	104
of which CLASS A - less than or equal to 100 gCO_2/km	12	16	17
of which CLASS B - from 101 to 120 gCO_2/km	23	33	32
of which CLASS C - from 121 to 140 gCO_2 /km	49	41	29
of which CLASS D - from 141 to 160 gCO_2 /km	37	33	20
of which CLASS E - from 161 to 200 gCO_2 /km	5	5	5
of which CLASS F - from 201 to 250 gCO_2 /km	—	—	1
of which CLASS G - more than 250 gCO 2/km	1	1	—
Total	**127**	**129**	**104**

Also in 2023, employees and associates were offered various opportunities and solutions linked to the mobility plan, taking a green approach, conceived to support both work and private lives. These include not only the company transport service that connects the office of Segrate with the railway stations of Segrate, Milan Lambrate and Milan Rogoredo, and Milan Linate airport, but also the various conventions stipulated for car sharing, discounted subscriptions for urban mobility and rail travel and the rental of e-bikes and e-scooters.

4.4 EU TAXONOMY

Regulation (EU) 2020/852 (hereinafter also the "Regulation") has established the criteria for determining whether an economic activity can be considered environmentally sustainable, in order to identify the degree of environmental sustainability of investments, in the broader context of the decisions for promoting sustainable finance.

In line with the provisions of the Regulation, any company subject to the obligation of publishing non-financial information pursuant to Article 19-bis or Article art 29-bis of Directive 2013/34/EU shall include in the NFS information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable pursuant to Articles 3 and 9 of the Regulation. Specifically, non-financial companies, such as the Mondadori Group, are required to report:

1. the share of their turnover coming from products or services associated with economic activities that are considered environmentally sustainable in accordance with Articles 3 and 9 of the Regulation;

2. the share of their capital expenditure and the share of their operating expense related to assets or processes associated with economic activities considered environmentally sustainable in accordance with Articles 3 and 9 of the Regulation.

The Mondadori Group has examined the list of economic activities included in the reference documentation. More specifically, in 2023, following the amendment to the Delegated Regulation (EU) 2021/2139 published on 21 November 2023, the analysis also considered the four new environmental objectives published. Today, therefore, information is required on all six environmental objectives defined by Article 9 of the Regulation. This analysis process was carried out by comparing the Group's economic activities with those defined by the relevant technical documentation available to date, not only by comparing the respective ATECO/NACE codes, but also and above all by assessing their substantial correlation.

At the date of publication of this document, based on the Group's interpretation, the publishing activities that typify its operations are not included among those identified to date by the relevant legislation for the environmental objectives referred to above, and therefore cannot be considered eligible or aligned. In light of this interpretation, pursuant to the requirements of the Regulations, the Group has calculated the proportion of turnover, capital expenditure and operating expense related to economic activities currently considered to be eligible or aligned with the environmental objectives, finding a 0% eligible and aligned value. In addition, the assessment also considered the Group’s investments, which, to date, net of certain residual OpEx and CapEx, are not included in categories 7.3 to 7.6 (installation, maintenance and repair of: energy efficiency devices, charging stations for electric vehicles in buildings, measurement devices, the regulation and control of the energy performance of buildings, technologies for renewable energies) as envisaged by the Regulation and accordingly do not come under the scope of eligible (and therefore aligned) categories.

The publication of the relevant technical rules for the additional environmental objectives defined in Article 9 of the Regulations, as well as further developments in the interpretation of the Regulations, could lead to changes in the assessments and calculation process of these KPIs for the next reporting years.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources(7)	Circular economy(8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources(13)	Circular economy(14)	Pollution (15)	Biodiversity and	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		Eur	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A	N/A			N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	**0%**						Y	Y	Y	Y	Y	Y	Y	N/A		
Of which enabling		0	0%	**0%**						Y	Y	Y	Y	Y	Y	Y	N/A	**E**	
Of which transitional		**0**	**0%**																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
N/A	N/A			N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%													N/A		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0%	0%															
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		904.737.000	100%																
TOTAL		**904.737.000**	**100%**																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources(7)	Circular economy(8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources(13)	Circular economy(14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		Eur	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	Y/ N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A	N/A	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	**0%**						Y	Y	Y	Y	Y	Y	Y	N/A		
Of which enabling		0	0%	**0%**						Y	Y	Y	Y	Y	Y	Y	N/A	**E**	
Of which transitional		**0**	**0%**	**0%**													N/A		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
N/A	N/A	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	**0%**													N/A		
A. CapEx of Taxonomy- eligible activities (A.1+A.2)		0	0%	**0%**													N/A		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non- eligible activities	54.158.050	100%
TOTAL	**54.158.050**	**100%**

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (g)									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources(7)	Circular economy(8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources(13)	Circular economy(14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		EUR	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A	N/A	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	**0%**						Y	Y	Y	Y	Y	Y	Y	N/A		
Of which enabling		0	0%	**0%**						Y	Y	Y	Y	Y	Y	Y	N/A	**E**	
Of which transitional		0	0%	**0%**													N/A		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
N/A	N/A	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	%	%	%	%	%								N/A		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		0	0%	0%	%	%	%	%	%								N/A		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non- eligible activities	20.383.977	100%
TOTAL	**20.383.977**	**100%**

CORRELATION OF MATERIAL TOPICS AND GRI

Material topic	Scope Legislative Decree 254/2016	GRI aspects	Specific GRI indicators
Business ethics and integrity	Combating corruption and bribery	Anti-corruption	GRI 205-3
	Social	Anti-competitive behaviour	GRI 206-1
		Tax	GRI 207-1/4
		Economic performance	GRI 201-4
Product life cycle and the circular economy	Environment	Materials	GRI 301-1 GRI 301-2
		Water and effluents	GRI 303-3
		Waste	GRI 306-1 GRI 306-2 GRI 306-3
Climate change	Environment	Energy	GRI 302-1
		Emissions	GRI 305-1 GRI 305-2 GRI 305-3
Diversity, equity and inclusion	Staff / Respect for human rights	Diversity and equal opportunities	GRI 405-1 GRI 405-2
Education and the school world	Social	Disclosure of content (M)	M4
Accountability and accessibility of content	Respect for human rights	Cultural rights (M)	N/A
	Social	Content creation (M)	M2
Strategic business innovation	Social	Non GRI Topic	N/A
Privacy and data protection	Social	Customer privacy	GRI 418-1
	Respect for human rights	Privacy protection (M)	N/A
Promotion of reading and socio-cultural growth	Social	Interaction with the public (M)	M6
		Media literacy (M)	M7

Health and safety in the workplace	Staff / Respect for human rights	Occupational Health and Safety	GRI 403-1/7 GRI 403-9
Intellectual property and copyright protection	Social	Freedom of expression (M)	N/A
	Respect for human rights	Public policy	GRI 415-1
		Cultural rights (M)	N/A
Enhancement and attraction of people	Personnel	Employment	GRI 401-1 GRI 401-3
		Labour/management relations	GRI 402-1
		Formazione e istruzione	GRI 404-1 GRI 404-2
Personal well-being	Personnel	Non GRI Topic	N/A
Responsible Supply Chain Management	Social	Procurement practices	GRI 204-1
Enhancement and reputation of brands and publishing trademarks	Social	Non GRI Topic	N/A
Sustainable development promotion	Social	Non GRI Topic	N/A

(M): material topics under GRI G4 Sector Disclosures – Media

GRI CONTENT INDEX

Declaration of use	**The Mondadori Group has prepared this Non-Financial Statement in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023**
GRI 1 used	**GRI 1: Reporting standards 2021**
Relevant GRI sector standards	**N/A**

GRI STANDARD	INFORMATION	SECTION REFERENCE	OMISSION: OMITTED REQUIREMENTS	OMISSION: REASON	OMISSION: EXPLANATION	GRI SECTOR STANDARD REF. NO
General disclosures						
GRI 2: General Disclosure 2021	2-1 Organizational details	Methodological note / Overview of Group Activities (2023 Annual Report)				
	2-2 Entities included in the organization's sustainability reporting	Methodological note				
	2-3 Reporting period, frequency and Contact person	Methodological note				
	2-4 Restatements of information	Methodological note				
	2-5 External assurance	Methodological note / Report of the Independent Auditors				

	2-6 Activities, value chain and other business relationships	Overview of Group Activities (2023 Annual Report) Methodological note 3.1.1 The people of the Mondadori Group 3.1.2 Organizational developments and industrial relations 4.2 Life cycle of paper products				
	2-7 Employees	3.1.1 The people of the Mondadori Group				
	2-8 Workers who are not employees	3.1.1 The people of the Mondadori Group				
	2-9 Governance structure and composition	2.1 Governance system The additional information requested is published in the document entitled "2023 Corporate Governance Report", in paragraph 4. Board of Directors and in paragraph 6. Internal Board Committees				
	2-10 Nomination and selection of the highest governance body	The information requested is published in the document entitled "2023 Corporate Governance Report", in paragraph 4. Board of Directors				

	2-11 Chairman of the highest governance body	The information requested is published in the document entitled “2023 Corporate Governance Report”, in paragraph 4.5 Role of the Chairman of the Board of Directors				
	2-12 Role of the highest governance body in overseeing the management of impacts	2.1.1Sustainability governance The additional information requested is published in the document entitled “2023 Corporate Governance Report”, in paragraph 4.1 Role of the Board of Directors				
	2-13 Delegation of responsibility for managing impacts	The information requested is published in the document entitled “2023 Corporate Governance Report”, in paragraph 4.1. Role of the Board of Directors and paragraph 9.2 Control and Risks Committee				
	2-14 Role of the highest governance body in sustainability reporting	[illegible] 2.1.1 Sustainability governance The additional information requested is published in the document entitled “2023 Corporate Governance Report”, in paragraph 4.1 Role of the Board of Directors				

	2-15 Conflicts of interest	The information requested is published in the document entitled “2023 Corporate Governance Report”, in paragraph 9. Internal Control and Risk Management System - Control and Risk Committee				
	2-16 Communication of critical	2.1.1 Sustainability governance				
	2-17 Collective knowledge of the highest governance body	2. Governance - Promoting sustainable business success				
	2-18 Evaluation of the performance of the highest governance body	The information requested is published in the document entitled “Report on Remuneration Policy and Compensation Paid (2023)”, in paragraph 6. Policies on fixed and variable components of remuneration				
	2-19 Remuneration policies	The information requested is published in the document entitled “Report on Remuneration Policy and Compensation Paid (2023)”, in paragraph 6. Policies on fixed and variable components of remuneration				

	2-20 Process to determine remuneration	The information requested is published in the document entitled "Report on Remuneration Policy and Compensation Paid (2023)", in paragraph 6. Policies on fixed and variable components of remuneration				
	2-21 Annual total compensation ratio	2.1.1 Sustainability governance				
	2-22 Statement on sustainable development strategy	Letter to Stakeholders (2023 Annual Report)				
	2-23 Policy commitments	1.Sustainability for the Mondadori Group 2.2 Group ethics and integrity 3.2 Diversity, equity and inclusion				
	2-24 Embedding policy commitments	2.3 Main non-financial risks				
	2-25 Processes to remediate negative impacts	1.2 Materiality analysis and stakeholder engagement Internal Control and Risk Management System (2023 Annual Report) Correlation of material topics and GRI				
	2-26 Mechanisms for seeking advice and raising concerns	Internal Control and Risk Management System (2023 Annual Report)2.2 Group ethics and integrity				

	2-27 Compliance with laws and regulations	2.2.3 Compliance				
	2-28 Membership of associations	2.2.7 Intellectual property and copyright protection				
	2-29 Approach to stakeholder engagement	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI				
	2-30 Collective bargaining agreements	3.1.2 Organizational developments and industrial relations				
Material topics						
GRI 3: Material topics 2021	3-1 Process to determine material topics	1.2 Materiality analysis and stakeholder engagement				
	3-2 List of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI				
Economic performance						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI				
GRI 201 - Economic performance 2016	201-4 Financial assistance received from government	2.2.6 Editorial independence				
Procurement practices						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.2 Group ethics and integrity				

GRI 204 - Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.2 Group ethics and integrity				
Anti-corruption						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.2.1 Combating corruption				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	2.2.1 Combating corruption				
Anti-competitive behaviour						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.2.2 Market abuse				
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, antitrust and monopoly practices	2.2.2 Market abuse				
Tax						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.2.5 Fiscal Policy				

GRI 207: Tax 2019	207-1 Approach to tax	2.2.5 Fiscal Policy				
	207-2 Tax governance, control and risk management	2.2.5 Fiscal Policy				
	207-3 Stakeholder engagement and management of concerns related to tax	1.2 Materiality analysis and stakeholder engagement 2.2.5 Fiscal Policy				
	207-4 Country-by-country reporting	2.2.5 Fiscal Policy				
Materials						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	4.2.2 Logistics and the end of life of editorial products 4.3.1 Energy saving initiatives implemented in 2023				
	301-2 Recycled input materials used	4.2.2 Logistics and the end of life of editorial products 4.3.1 Energy saving initiatives implemented in 2023				
Energy						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.2.3 Reducing energy consumption and combating climate change				
Water and effluents						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 4.3.1 Energy saving initiatives implemented in 2023 4.2.3 Reducing energy consumption and combating climate change				
GRI 303: Water and effluents 2018	303-3 Water withdrawal	4.2.3 Reducing energy consumption and combating climate change				
Emissions						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.2.3 Reducing energy consumption and combating climate change				
	305-2 Indirect (Scope 2) GHG emissions	4.2.3 Reducing energy consumption and combating climate change				
	305-3 Other indirect (Scope 3) GHG emissions	4.2.3 Reducing energy consumption and combating climate change	Scope 3 emissions include, for Italy, emissions from paper consumption, business travel and shipments of our magazines to local distributors and distribution of A.L.I.; for the United States, they include emissions from paper consumption.	Data unavailability	Some Scope 3 categories are not available for all Group companies	
Waste						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts 4.3.2.Waste				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	2.3 Main non-financial risks 4.1 Management of environmental impacts 4.3.2 Waste				
	306- 2 Management of significant waste-related impacts	2.3 Main non-financial risks 4.1 Management of environmental impacts 4.3.2 Waste				
	306-3 Waste generated	4.3.2 Waste				
Employment						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 3.1 Enhancement and management of human capital 3.1.1 The people of the Mondadori Group				
GRI 401: Employment 2016	401-1 New hires and turnover	3.1.1 The people of the Mondadori Group				
	401-3 Parental Leave	3.2 Diversity, equity and inclusion				

Industrial relations						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 3.Social - Enhancing people, content and places for education and culture 3.1.2 Organizational developments and industrial relations				
GRI 402: Labour/management relations 2016	402-1 Minimum notice periods regarding operational changes	3.1.2 Organizational developments and industrial relations				
Health and safety in the workplace						
GRI 3: Material topics 2021	3-3 Management of material topics	Methodological note 1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 3.Social - Enhancing people, content and places for education and culture 3.3 Health and safety in the workplace				

GRI 403: Health and safety in the workplace (2018)	403-1 Occupational Health and Safety Management	3.3 Health and safety in the workplace				
	403-2 Hazard identification, risk assessment, and accident investigation	3.3 Health and safety in the workplace				
	403-3 Occupational health services	3.3 Health and safety in the workplace				
	403-4 Worker participation, consultation and communication on health and safety in the workplace	3.3 Health and safety in the workplace				
	403-5 Worker training on health and safety in the workplace	3.3 Health and safety in the workplace				
	403-6 Promoting of worker health	3.3 Health and safety in the workplace				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.3 Health and safety in the workplace				
	403-9 Accidents in the workplace	3.3.2 Accidents in the workplace				
Training and education						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 3.Social - Enhancing people, content and places for education and culture				
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	3.1.3 Training and development				
	404-2 Programs for upgrading employee skills and transition assistance programs	3.1.3 Training and development				
Diversity and equal opportunities						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 3.2 Diversity, equity and inclusion				
GRI 405: Diversity and equal opportunities 2016	405- 1 Diversity of governance bodies and employees	3.2 Diversity, equity and inclusion2.1.1 Sustainability governance				
	405- 2 Ratio of basic salary and pay of women to men	3.2 Diversity, equity and inclusion				
Public policy						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.2.6 Editorial independence				
GRI 415: 2016 Public policy	415-1 Political contributions	2.2.6 Editorial independence				
Customer privacy						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3.2 Risks associated with social topics and respect for human rights 2.2.4 Privacy and personal data protection				
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data	2.2.4 Privacy and personal data protection				
Content creation*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3.2 Risks associated with social topics and respect for human rights 3.6 Responsibility for content				

M2	Methodology for assessing and monitoring adherence to content creation values	3.6 Responsibility for content				
Content distribution*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3.2 Risks associated with social topics and respect for human rights 3.4 Education and the school world 3.5 Promotion of reading and socio-cultural growth 3.6 Responsibility for content 3.7 Ease of use of content				

M4	Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision making) and results obtained	3.4 Education and the school world 3.5 Promotion of reading and socio-cultural growth 3.6 Responsibility for content 3.7 Ease of use of content				
Interaction with the public*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3.2 Risks associated with social topics and respect for human rights				
M6	Methods to interact with audiences and results	3.5 Promotion of reading and socio-cultural growth				
Media literacy*						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3.2 Risks associated with social topics and respect for human rights 3.5 Promotion of reading and socio-cultural growth				
M7	Actions taken to empower audiences through media literacy skills development and results obtained	3.5 Promotion of reading and socio-cultural growth				
Freedom of expression*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3.2 Risks associated with social topics and respect for human rights 2.2.7 Intellectual property and copyright protection				
Cultural rights*						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.2 Group ethics and integrity 2.3.2 Risks associated with social topics and respect for human rights 2.2.7 Intellectual property and copyright protection				
Privacy protection*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.2 Group ethics and integrity 2.3.2 Risks associated with social topics and respect for human rights 2.2.4 Privacy and personal data protection				
Non-GRI material topics						
Strategic business innovation	3-3 Management of material topics	1.2Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3 Main non-financial risks 2.4 Strategic business innovation				

Enhancement and reputation of brands and publishing trademarks	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement Correlation of material topics and GRI 2.3 Main non-financial risks 2.4.1. Enhancement and reputation of brands and publishing trademarks				
Personal well-being	3-3 Management of material topics	3.1.4 Welfare and benefits				
Sustainable development promotion	3-3 Management of material topics	1.1 Sustainability Plan				

*GRI G4 Media Sector Disclosure

For the Board of Directors
The Chairman
Marina Berlusconi

Meeting readers, customers and followers

Again in 2023, the Group's events and initiatives enjoyed significant public participation. On this page, from top left: the presence of the Group's publishing houses at the 35th edition of the **Turin Book Fair**; the 2nd edition of the **MyPersonalTrainer Days** initiative organised in Milan and dedicated to fitness and well-being; the opening event of the **Duomo Mondadori Store**, a new, one-of-a-kind, cultural and meeting hub in an iconic location in the city of Milan; the **Open Archives** initiative organised by Mondadori Portfolio at the Group's photographic archives in Palazzo Niemeyer, Segrate; the participation of some of our publishing houses at **Lucca Comics & Games**, the major Italian trade fair dedicated to comics.

Mondadori Group Consolidated Financial Statements at 31 December 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets (Euro/thousands)	Notes	31/12/2023	31/12/2022
Intangible assets	12	**385,116**	**372,297**
Land and building		—	—
Plant and equipment		10,982	3,280
Other fixed assets		23,748	20,854
Property, plant and equipment	13	**34,730**	**24,134**
Assets from rights of use	14	**68,762**	**68,453**
Equity-accounted investees		13,340	28,450
Other investments		260	1,298
Total investments	15	**13,600**	**29,748**
Non-current financial assets	28	**8,688**	**13,410**
Deferred tax assets	16	**65,788**	**67,878**
Other non-current assets	17	**1,726**	**168**
Total non-current assets		**578,410**	**576,088**
Tax receivables	18	**15,541**	**9,049**
Other current assets	19	**74,195**	**72,213**
Inventory	20	**149,940**	**151,353**
Trade receivables	21	**164,438**	**161,230**
Other current financial assets	28	**2,111**	**614**
Cash and cash equivalents	28	**49,724**	**34,941**
Total current assets		**455,949**	**429,400**
Discontinued or discontinuing operations		1,685	1,159
Total Assets		**1,036,044**	**1,006,647**

Liabilities (Euro/thousands)	Notes	31/12/2023	31/12/2022
Share Capital		67,979	67,979
Treasury shares		(2,371)	(2,024)
Other reserves and profit/loss carried forward		160,064	141,540
Profit (Loss) for the year		62,411	52,067
Group equity	22	**288,083**	**259,562**
Share capital and reserves attributable to non-controlling interests	23	755	1,263
Total Equity		**288,838**	**260,826**
Provisions	24	40,839	41,922
Post-employment benefits	25	29,191	28,350
Non-current financial liabilities	28	95,638	119,250
Financial liabilities IFRS 16	28	59,275	58,096
Deferred tax liabilities	16	42,365	42,255
Other non-current liabilities		—	—
Total non-current liabilities		**267,308**	**289,873**
Income tax payables	18	12,972	10,671
Other current liabilities	26	145,651	142,049
Trade payables	27	257,069	252,689
Payables to banks and other financial liabilities	28	50,998	36,717
Financial liabilities IFRS 16	28	13,208	13,166
Total current liabilities		**479,898**	**455,292**
Liabilities disposed or being disposed of		—	655
Total liabilities		**1,036,044**	**1,006,647**

CONSOLIDATED INCOME STATEMENT

(Euro/thousands)	Notes	2023	2022
Revenues from sales and services	29	**904,737**	**903,003**
Decrease (increase) in inventory	20	2,760	(18,663)
Cost of raw and ancillary materials, consumables and goods	30	164,887	173,248
Cost of services	31	458,824	484,601
Cost of personnel	32	140,579	136,963
Sundry expense (income)	33	(11,208)	(3,874)
EBITDA		**148,895**	**130,727**
Amortisation and impairment loss on intangible assets	12	42,735	39,331
Depreciation and impairment loss on property, plant and equipment	13	7,011	4,599
Amortization/depreciation and impairment loss of assets from rights of	14	14,966	14,106
EBIT		**84,183**	**72,691**
Financial expense (income)	34	7,838	5,635
Expense (income) from investments	35	(4,155)	199
Result before tax		**80,500**	**66,856**
Income tax	36	17,924	15,313
Result from continuing operations		**62,576**	**51,543**
Result from discontinued or discontinuing operations		—	—
Net profit		**62,576**	**51,543**
Attributable to:			
- Non-controlling interests		**165**	**(524)**
- Parent Company shareholders		**62,411**	**52,067**
Earnings per share of continuing operations (expressed in Euro units)	37	0.24	0.20
Diluted earnings per share of continuing operations (expressed in Euro units)	37	0.24	0.20
Net earnings per share (in Euro units)	37	0.24	0.20
Diluted net profit per share (in Euro units)	37	0.24	0.20

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/thousands)	2023	2022
Net profit	**62,576**	**51,543**
Items reclassifiable to income statement		
Profit and loss deriving from the conversion of currency denominated financial statements of foreign companies	(764)	1,388
Other profit (loss) from equity-accounted investees	(249)	387
Effective part of profit/(loss) on cash flow hedge instruments	(4,721)	10,531
Profit and loss deriving from held-for-sale assets (fair value)		
Tax effect on other profit (loss) reclassifiable to income statement	1,133	(2,527)
Items reclassified to income statement		
Effective part of profit/(loss) on cash flow hedge instruments	—	324
Profit and loss deriving from held-for-sale assets (fair value)	—	—
Tax effect on other profit (loss) reclassifiable to income statement	—	(78)
Items not reclassifiable to income statement		
Actuarial profit (loss)	(366)	509
Tax effect on other profit (loss) not reclassifiable to income statement	83	(127)
Total other profit (loss) net of tax effect	**(4,884)**	**10,407**
Total net profit (loss)	**57,692**	**61,950**
Attributable to:		
- Non-controlling interests	**147**	**(524)**
- Parent Company shareholders	**57,545**	**62,474**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31 December 2022 AND 2023

Euro/thousands	Notes	Share Capital	Treasury shares	Performance share reserve	Reserve for cash flow hedge	Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the period	Total Group equity	Minority shareholders' equity	Total
Total at 31/12/2021		**67,979**	**(1,803)**	**1,277**	**822**	**—**	**365**	**317**	**106,405**	**44,206**	**219,567**	**13**	**219,581**
- Allocation of result		—	—	—	—	—	—	—	44,206	(44,206)	—	—	—
- Dividends paid		—	—	—	—	—	—	—	(22,161)	—	(22,161)	(2)	(22,163)
- Change in consolidation scope		—	—	—	—	—	—	—	—	—	—	2,339	2,339
- Transactions on treasury shares		—	(221)	—	—	—	—	—	(535)	—	(756)	—	(756)
- Performance shares		—	—	454	—	—	—	—	427	—	881	—	881
- Other changes		—	—	—	—	—	—	—	(443)	—	(443)	(563)	(1,006)
- Comprehensive profit (loss)		—	—	—	8,250	—	1,374	382	401	52,067	62,474	(524)	61,950
Balance at 31 December 2022	**22-23**	**67,979**	**(2,024)**	**1,731**	**9,072**	**—**	**1,739**	**699**	**128,300**	**52,067**	**259,562**	**1,263**	**260,826**

Euro/thousands	Notes	Share Capital	Treasury shares	Performance share reserve	Reserve for cash flow hedge	Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the period	Total Group equity	Minority shareholders' equity	Total
Balance at 31 December 2022		**67,979**	**(2,024)**	**1,731**	**9,072**	**—**	**1,739**	**699**	**128,300**	**52,067**	**259,562**	**1,263**	**260,826**
- Allocation of result		—	—	—	—	—	—	—	52,067	(52,067)	—	—	—
- Dividends paid		—	—	—	—	—	—	—	(28,685)	—	(28,685)	(3)	(28,688)
- Change in consolidation scope		—	—	—	—	—	—	79	(79)	—	—	—	—
- Transactions on treasury shares		—	(347)	—	—	—	—	—	(813)	—	(1,160)	—	(1,160)
- Performance shares		—	—	600	—	—	—	—	591	—	1,191	—	1,191
- Other changes		—	—	—	—	—	—	—	(370)	—	(370)	(652)	(1,022)
- Comprehensive profit (loss)		—	—	—	(3,588)	—	(851)	(265)	(163)	62,411	57,545	147	57,692
Balance at 31 December 2023	**22-23**	**67,979**	**(2,371)**	**2,331**	**5,484**	**—**	**888**	**513**	**150,848**	**62,411**	**288,083**	**755**	**288,838**

For the Board of Directors
The Chairman
Marina Berlusconi

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro/thousands	Notes	31/12/2023	31/12/2022
Net profit		62,411	52,067
Adjustments			
Depreciation and amortisation, and write-downs	12 13 14	64,712	58,036
Income taxes for the period	36	17,924	15,313
Performance Shares	32	1,191	881
Provisions (utilization) and post-employment benefits		(4,677)	(6,473)
Capital loss (gain) from the disposal of intangible assets, property, plant and equipment, investments		(1,158)	(38)
Capital loss (gain) from the measurement of financial assets		—	—
(Income) expense of equity-accounted investees	35	(2,964)	199
Net financial expense on loans, leases and derivative transactions	34	10,578	5,262
Other non-monetary adjustments to assets held for sale		(7,129)	(5,645)
Cash flow generated from operations		**140,888**	**119,602**
(Increase) decrease in trade receivables		(17,512)	14,214
(Increase) decrease in inventory		19,593	(18,866)
Increase (decrease) in trade payables		1,254	20,841
Income tax payments		(22,057)	(21,907)
Advances and post-employment benefits		(2,619)	(4,361)
Net change in other assets/liabilities		1,661	(7,631)
Cash flow generated from (absorbed by) assets held for sale		374	(1,868)
Cash flow generated from (absorbed by) operations		**121,582**	**100,024**
Price collected (paid) net of cash transferred/acquired		8,528	(25,238)
(Purchase) disposal of intangible assets		(28,453)	(24,814)
(Purchase) disposal of property, plant and equipment		(12,008)	(9,295)
(Purchase) disposal of investments		1,380	(10,073)
(Purchase) disposal of financial assets		702	(2,167)
Cash flow generated from (absorbed by) assets held for sale		(1,685)	88
Cash flow generated from (absorbed by) investing activities		**(31,536)**	**(71,499)**
Net change in financial liabilities		(24,662)	(44,503)
Payment of net financial expense on loans and transactions with derivatives		(2,713)	(1,477)
Net refund leases		(16,718	(15,432)
Interest on leases		(2,138)	(475)
(Purchase) disposal of treasury shares	22	(347)	(221)
Dividends distributed	22	(28,685)	(22,161)
Cash flow generated from (absorbed by) assets held for sale		—	(29)
Cash flow generated from (absorbed by) financing activities		**(75,263)**	**(84,298)**
Increase (decrease) in cash and cash equivalents		**14,783**	**(55,773)**
Cash and cash equivalents at beginning of the period	**28**	**34,941**	**90,714**
Cash and cash equivalents end of period	**28**	**49,724**	**34,941**

For the Board of Directors
The Chairman
Marina Berlusconi

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION PURSUANT TO CONSOB REGULATION no. 15519 OF 27 JULY 2006

Assets (Euro/thousands)	**Notes**	**31/12/2023**	**of which related parties (Note 40)**	**31/12/2022**	**of which related parties (Note 40)**
Intangible assets	12	**385,116**	**—**	**372,297**	**—**
Land and building		—	—	—	—
Plant and equipment		10,982	—	3,280	—
Other fixed assets		23,748	—	20,854	—
Property, plant and equipment	13	**34,730**	**—**	**24,134**	**—**
Assets from rights of use	14	**68,762**	**—**	**68,453**	**—**
Equity-accounted investees		13,340	—	28,450	—
Other investments		260	—	1,298	—
Total investments	15	**13,600**	**—**	**29,748**	**—**
Non-current financial assets	28	8,688	2,950	13,410	2,950
Deferred tax assets	16	65,788	10,674	67,878	11,018
Other non-current assets	17	1,726	—	168	—
Total non-current assets		**578,410**	**13,624**	**576,088**	**13,968**
Tax receivables	18	15,541	3,458	9,049	159
Other current assets	19	74,195	126	72,213	308
Inventory	20	149,940	—	151,353	—
Trade receivables	21	164,438	10,246	161,230	26,555
Other current financial assets	28	2,111	—	614	—
Cash and cash equivalents	28	49,724	—	34,941	—
Total current assets		**455,949**	**13,830**	**429,400**	**27,022**
Discontinued or discontinuing operations		1,685	—	1,159	—
Total Assets		**1,036,044**	**27,454**	**1,006,648**	**40,990**

Liabilities (Euro/thousands)	Notes	31/12/2023	of which related parties (Note 40)	31/12/2022	of which related parties (Note 40)
Share Capital		67,979		67,979	
Treasury shares		(2,371)	—	(2,024)	—
Other reserves and profit/loss carried		160,064	—	141,540	—
Profit (Loss) for the year		62,411	—	52,067	—
Group equity	22	**288,083**	—	**259,562**	**—**
Share capital and reserves attributable to non-controlling interests	23	755	—	1,263	—
Total Equity		**288,838**	—	**260,826**	**—**
Provisions	24	40,839	—	41,922	—
Post-employment benefits	25	29,191	—	28,350	—
Non-current financial liabilities	28	95,638	—	119,250	—
Financial liabilities IFRS 16	28	59,275	—	58,096	—
Deferred tax liabilities	16	42,365	—	42,255	—
Other non-current liabilities		—	—	—	—
Total non-current liabilities		**267,308**	—	**289,873**	**—**
Income tax payables	18	12,972	—	10,671	10,061
Other current liabilities	26	145,651	67	142,049	354
Trade payables	27	257,069	3,348	252,689	6,366
Payables to banks and other financial liabilities	28	50,998	—	36,717	461
Financial liabilities IFRS 16	28	13,208	—	13,166	—
Total current liabilities		**479,898**	**3,415**	**455,292**	**17,242**
Liabilities disposed or being disposed of		—	0	655	—
Total liabilities		**1,036,044**	**3,415**	**1,006,647**	**17,242**

CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(Euro/thousands)	Notes	2023	of which related parties (note 40)	of which non-recurring (income) expense (note 39)	2022	of which related parties (note 40)	of which non-recurring (income) expense (note 39)
Revenues from sales and services	**29**	**904,737**	**37,200**	**—**	**903,003**	**66,772**	**—**
Decrease (increase) in inventory	20	2,760	—	—	(18,663)	—	—
Cost of raw and ancillary materials, consumables and goods	30	164,887	71	—	173,248	1,125	—
Cost of services	31	458,824	9,333	—	484,601	16,737	—
Cost of personnel	32	140,579	(119)	—	136,963	(114)	—
Sundry expense (income)	33	(11,208)	58	(3,629)	(3,874)	473	(1,915)
EBITDA		**148,895**	**27,857**	**3,629**	**130,727**	**48,551**	**1,915**
Amortisation and impairment loss on intangible assets	12	42,735	—	—	39,331	—	—
Depreciation and impairment loss on property, plant and equipment	13	7,011	—	—	4,599	—	—
value of assets for rights	14	14,966	—	—	14,106	—	—
EBIT		**84,183**	**27,857**	**3,629**	**72,691**	**48,551**	**1,915**
Financial expense (income)	34	7,838	(47)	—	5,635	(50)	—
Expense (income) from other investments	35	(4,155)	—	(2,431)	199	—	(281)
Result before tax		**80,500**	**27,904**	**6,060**	**66,856**	**48,601**	**2,196**
Income tax	36	17,924	(1,849)	(740)	15,313	(3,698)	(816)
Result from continuing operations		**62,576**	**29,753**	**6,800**	**51,543**	**52,299**	**3,012**
Result from discontinued or discontinuing operations		—	—	—	—	—	—
Net profit		**62,576**	**29,753**	**6,800**	**51,543**	**52,299**	**3,012**
Attributable to:							
- Non-controlling interests		165	—	—	(524)	—	—
- Parent Company shareholders		62,411	29,753	6,800	52,067	52,299	3,012

EXPLANATORY NOTES

1. General information

The core business of Arnoldo Mondadori Editore S.p.A. and of its directly or indirectly owned companies (hereinafter referred to as the “Mondadori Group” or the “Group”) is the publishing of books and magazines.

The Group also carries out retailing activities through directly-owned and franchised stores located across Italy.

Mondadori’s business areas offer products and services that harness cutting-edge digital technology, thus expanding the sales portfolio.

Arnoldo Mondadori Editore S.p.A., with registered office in Via Gian Battista Vico 42, Milan (Italy), and headquarters in Strada privata Mondadori, Segrate/Milan, is listed on the STAR segment of the Electronic Stock Market (MTA) of Borsa Italiana S.p.A..

The publication of the consolidated financial statements of the Mondadori Group for the period ended 31 December 2023 was authorized by the Board of Directors’ resolution of 14 March 2024.

2. FORM AND CONTENT

The Group's consolidated financial statements at 31 December 2023 were drawn up on a going concern basis; the Directors assessed the Group's ability to fulfil future commitments and believe there are no significant uncertainties, as defined by IAS 1.25, concerning its ability to continue operations in the foreseeable future.

The risks and uncertainties the Group is exposed to from the business carried on and the risk mitigation measures adopted are explained in the appropriate section of the Report on Operations.

The financial statements were prepared in accordance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the EU, and with the International Financial Reporting Interpretations Committee (SIC/IFRIC).

The financial statements were drawn up in accordance with the accounting standards used for the preparation of the consolidated financial statements at 31 December 2022, considering the amendments and the new standards effective as from 1 January 2023, as per Note 6.23.

The following criteria were adopted in the drafting of these financial statements:

- in the consolidated statements of financial position, current and non-current assets and current and non-current liabilities are shown separately;
- in the consolidated income statement, the analysis of costs is performed on the basis of the nature of costs, since the Group deems this method more representative than a presentation by function;
- the consolidated comprehensive income statement contains revenue and cost items that are not recognized under income (loss) for the year as required or allowed by the IAS/IFRS accounting standards;
- the statement of cash flows was prepared using the indirect method.

Regarding the requirements of CONSOB Resolution no. 15519 of 27 July 2006, specific supplementary tables were prepared to highlight significant transactions with “Related parties” and “Non-recurring transactions”.

The amounts shown in the tables and in these notes are expressed in Euro thousands unless otherwise stated.

3. CONSOLIDATION PRINCIPLES AND SCOPE

The financial statements of the consolidated companies were drawn up on the same balance sheet date of Arnoldo Mondadori Editore S.p.A., according to the IAS/IFRS standards.

In cases where the balance sheet date does not match the Parent Company’s, adjustments are made to recognize the effects of any significant transactions or events that have occurred between that date and the Parent Company’s date.

The Mondadori Group consolidated financial statements include:

- the financial statements of the Parent Company and the financial statements of Italian and foreign companies directly or indirectly owned by Arnoldo Mondadori Editore S.p.A., according to the provisions set out in IFRS 10. In these cases, the financial statements are consolidated on a line-by-line basis;

- the financial statements of Italian and foreign companies in which Arnoldo Mondadori Editore S.p.A. has joint control, either directly or indirectly, pursuant to IFRS 11. In these cases, investments are recognized in compliance at equity;

- the financial statements of Italian and foreign companies in which Arnoldo Mondadori Editore S.p.A. has a direct or indirect investment in an associate pursuant to IFRS 11. In these cases, in compliance with the same standard, investments are measured at equity.

The application of the abovementioned consolidation policies led to the following adjustments:

- the book value of investments in companies included in the consolidation scope is written off against the related equity at the date control is acquired;

- the difference between the cost incurred for the acquisition of the investment and the relevant share of equity is recognized on the date of purchase and allocated to the specific asset and liability items at fair value. Any positive difference is recognized under goodwill; any negative difference is recognized in the income statement;

- consolidated equity amounts, reserves and the financial result attributable to minorities are recognized under items in consolidated equity and income statement;

- in preparing the consolidated financial statements, receivables and payables, revenue and expense resulting from transactions between companies included in the consolidation area are written off as are any unrealized gains or losses on intercompany transactions.

During 2023, the Mondadori Group completed the following acquisition:

• the acquisition of 25% of A.L.I.-Agenzia Libraria Internazionale S.r.l., which, in addition to the 50% already held, made it possible to obtain control:

• of 100% of Webboh S.r.l.;

• of 70% of Digital Advertising & Engagement S.A., of which it already held 30%;

• of 100% of Grafiche Bovini S.r.l.;

• of 100% of Power S.r.l.

All these companies have been consolidated on a line-by-line basis starting from the date on which Mondadori took over control.

For further information on transactions recognised in accordance with IFRS 3, see Note 8.

Further changes in the scope of consolidation are shown below:

• sale to Reworld Media S.A. of the paper and digital publishing activities of the magazines Grazia and Icon as well as the related international licence network, on 10 January 2023.
The transaction was completed through the conferral of the business unit relative to the activities sold to Reworld Media Italia S.r.l., thereafter sold to Reworld Media S.A.. The transaction resulted in a gain of € 3,629 thousand;

• the sale of the entire share held in Società Europea di Edizioni S.p.A., publisher of the daily newspaper Il Giornale, equal to 18.455%, for a price of € 2,316 thousand, not subject to any adjustment. The transaction, which took effect on 20 April 2023, resulted in a net gain of € 416 thousand.

Below are the companies included in the scope of the Group consolidated financial statements and relating consolidation method:

Company Name	Registered office	Business	Curren cy	Share capital expressed in foreign currency	Group shareholding in % 31/12/2023	Group shareholding in % 31/12/2022
Companies consolidated on a line-by-line basis						
Arnoldo Mondadori Editore S.p.A.	Milan	Publishing	Euro	67,979,168.40		
Italian subsidiaries						
Abscondita S.r.l.	Milan	Publishing	Euro	12,750	100	80
AdKaora S.r.l.	Milan	Trade	Euro	15,000	100	100
A.L.I. - Agenzia Libraria International S.r.l.	Cornaredo	Services	Euro	156,000	75	
De Agostini Libri S.r.l.	Novara	Publishing	Euro	100,000	50	50
Direct Channel S.p.A.	Milan	Services	Euro	3,120,000	100	100
D Scuola S.p.A.	Milan	Publishing	Euro	5,000,000	100	100
Edizioni Star Comics S.r.l.	Perugia	Publishing	Euro	1,000,000	51	51
Electa S.p.A.	Milan	Publishing	Euro	1,593,735	100	100
Giulio Einaudi Editore S.p.A.	Turin	Publishing	Euro	23,920,000	100	100
Grafiche Bovini S.r.l.	Perugia	Stampa	Euro	70,000	100	
Hej! S.r.l.	Milan	Publishing	Euro	17,867	100	100
Il Castello S.r.l.	Cornaredo	Publishing	Euro	10,000	75	

Company Name	Registered office	Business	Currency	Share capital expressed in foreign currency	Group shareholding in % 31/12/2023	Group shareholding in % 31/12/2022
Libromania S.r.l.	Novara	Publishing	Euro	20,000	100	100
Mondadori Education S.p.A.	Milan	Publishing	Euro	10,608,000	100	100
Mondadori Libri S.p.A.	Milan	Publishing	Euro	30,050,000	100	100
Mondadori Media S.p.A.	Milan	Publishing	Euro	1,000,000	100	100
Mondadori Retail S.p.A.	Milan	Trade	Euro	2,000,000	100	100
Mondadori Scienza S.p.A.	Milan	Publishing	Euro	2,600,000	100	100
Mondadori Scuola S.p.A.	Milan	Publishing	Euro	50,000	100	100
Power S.r.l.	Milan	Publishing	Euro	10,000	100	
Reworld Media Italia S.r.l.	Milan	Publishing	Euro	10,000		100
Rizzoli Education S.p.A.	Milan	Publishing	Euro	42,405,000	100	100
Zenzero S.r.l.	Milan	Publishing	Euro	27,778	73	72
Webboh S.r.l.	Milan	Publishing	Euro	10,000	100	
Foreign subsidiaries						
Rizzoli International Publications Inc.	New York	Publishing	USD	26,900,000	100	100
Rizzoli International Bookstore Inc.	New York	Trade	USD	3,499,000	100	100
Digital Advertising & Engagement S.A	Madrid	Tech advertising	Euro	6,135	100	
Companies measured at equity						
A.L.I.-Agenzia Libraria Internazionale S.r.l.	Cornaredo	Services	Euro	156,000		50
Digital Advertising & Engagement S.A	Madrid	Tech advertising	Euro	6,135		30
Edizioni EL S.r.l.	Trieste	Publishing	Euro	620,000	50	50
Attica Publications Group	Athens	Publishing	Euro	4,590,000	42	42
Il Castello S.r.l.	Cornaredo	Publishing	Euro	10,000		50
Mach 2 Libri S.p.A. in liquidation	Peschiera	Trade	Euro	646,250		45
Mediamond S.p.A.	Milan	Advert. agency	Euro	2,400,000	50	50
Mondadori Seec Advertising Co. Ltd	Beijing	Publishing	Cny	40,000,000	50	50
Press-Di Distr. Stampa e Mult. S.r.l.	Milan	Services	Euro	200,000	20	20
Companies measured at fair value						
Consorzio Edicola Italiana	Milan	Services	Euro	60,000	17	17
Consuledit S.c.a.r.l. in liquidation	Milan	Services	Euro	20,000	10	10
Immobiliare Editori Giornali S.r.l.	Rome	Real Estate	Euro	830,462	8	8
Società Editrice Il Mulino S.p.A.	Bologna	Publishing	Euro	2,350,000	8	8
Società Europea di Edizioni S.p.A.	Milan	Publishing	Euro	2,528,875		18

4. TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

All amounts in the Mondadori Group consolidated financial statements are in Euro, which is the Group's functional and presentation currency.
When the financial statements of companies are denominated in a different currency, they are translated into the entity's presentation currency as follows:

- assets and liabilities are translated at the exchange rate ruling at closing;

- income statement items are translated at the average exchange rate for the year.

Currency exchange rate differences that arise from these translations are recognized in a specific reserve under equity.

5. Segment information

The information required by IFRS 8 is supplied taking into account the Group's organisational structure, divided into business units in terms of products sold and services rendered and, consistently with the corporate reporting, is used by the Top Management in the definition of corporate strategies and plans, as well as in the valuation of investment opportunities and allocation of resources.

The business areas identified are as follows: Trade Books, Education Books, Retail, Media and Corporate & Shared Services.

Compared to the published representation as at 31 December 2022, the Books area was broken down into Trade Books and Education Books.

5. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

As envisaged by the amendment to IAS 1, below are the accounting standards for the 2023 Consolidated financial statements.

6.1 Intangible assets

When it is probable that costs will generate future economic benefits, intangible assets include the cost, including ancillary expense, of the purchase of assets or resources, without any physical form, used in the production of goods or in the supply of services, to rent to third parties or for administrative purposes, on condition that the cost is quantifiable in a reliable manner and that the goods are clearly identifiable and controlled by the company that owns them.

Costs incurred after the initial purchase are included in the increase of the cost of intangible assets in direct relation to the extent to which those costs are able to generate future economic benefits.

Subsequent to initial recognition, intangible assets are measured at cost, net of accumulated amortization and any accumulated impairment loss.

Intangible assets purchased separately and those purchased as part of business combinations that took place before the first-time adoption of IAS/IFRS are initially recognized at cost, while those purchased as part of business combination transactions concluded after the first-time adoption of IAS/IFRS are initially recognized at fair value.

On the other hand, any costs for the production and launch of trademarks and titles are charged to the income statement for the year.

Intangible assets with finite useful life

The cost of intangible assets with finite useful life is systematically amortized over the useful life of the asset from the moment the asset is available for use. The amortization criteria depend on how the relating future economic benefits contribute to the Company's result.

The amortization rates reflecting the useful lives attributed to intangible assets with finite useful life are as follows:

Intangible assets with a finite useful life	Useful life
Trademarks and titles	Term of licence/10-20 years
Goods under concession or license	Term of the concession and license
Software and development costs for textbook publishing	Straight line over 3-5 years
Patents and rights	Straight line over 3-5 years
Other intangible assets	Straight line over 3-4-5 years

Intangible assets with finite useful life are subject to an impairment test whenever there is an indication of a possible impairment. The period and method of amortization applied are reviewed at the end of each year or more frequently, if necessary.

Changes in the expected useful life or in the way future economic benefits linked to intangible assets are expected to be earned by the Group are recognized by modifying the period or method of amortization, and are treated as adjustments to accounting estimates.

Intangible assets with indefinite useful life

Intangible assets are considered to have indefinite useful life when, on the basis of a thorough analysis of the relevant factors, there is no foreseeable limit to the length of time the assets may generate income for the Mondadori Group.

The intangible assets identified by the Mondadori Group as having indefinite useful life are shown in the table below:

Intangible assets with indefinite useful life
Trademarks
Series
Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's purchased share in the fair value of the assets and liabilities acquired, as identifiable at the time of purchase.
Goodwill and other intangible assets with indefinite useful life are not subject to amortization but to an impairment test of their book value. This test concerns the value of the individual assets or of the cash generating unit and is carried out whenever it is believed that the value has decreased, and in any case at least once a year.

In cases where goodwill is attributed to a cash generating unit (or to a group of units) whose assets are partly disposed of, goodwill associated with the asset disposed of is reviewed in order to determine any capital gains or losses resulting from the transaction. In these circumstances, goodwill disposed of is measured on the basis of the value of the assets disposed of, compared with the asset still included in the cash generating unit in question.

6.2 Property, plant and equipment

Any costs attributable to the purchase of property, plant and equipment are recognized as assets, on condition that the relevant costs can be reliably calculated and any relating future economic benefits accrue to the entity.

Assets booked to property, plant and equipment are recognized based on the purchase method, including any ancillary expense, and are stated net of depreciation and any impairment loss.

Costs incurred after the initial purchase are recognized as an increase in cost in direct relation to the extent that these costs can improve the asset's yield.

Assets booked to property, plant and equipment purchased as part of acquisitions and business combinations are initially recognized at fair value as determined at the time of purchase and, subsequently, at historical cost.

Assets booked to property, plant and equipment, with the exception of land, are depreciated on a straight-line basis during the useful life of the asset from the moment the assets are available for use.

If the assets include more than one significant component and the components have different useful lives, each individual component is depreciated separately.

The depreciation rates that generally reflect the useful lives attributed to Group property, plant and equipment are shown in the table below:

Property, plant and equipment	**Depreciation rate**
Instrumental buildings	3%
Plant	10% - 25%
Machinery	15.5%
Equipment	12.5% - 25%
Electronic office machinery	30%
Office furniture, facilities and fittings	12%
Motor and transport vehicles	20% - 30%
Other tangible assets	20%

The residual value of assets, useful lives and depreciation criteria applied are reviewed on an annual basis and adjusted, if necessary, at year end.

Leasehold improvements are recognized as fixed assets and depreciated over the lower of the residual useful life of the asset and the residual term of the lease contract.

6.3 Finance lease assets

IFRS 16 sets out the principles for recognizing, measuring, presenting and disclosing lease contracts and requires lessees to account for all lease contracts in the financial statements.

Application of this standard results in the initial recognition in the statement of financial position of (i) an asset, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, which will be amortized/depreciated over the shorter of the technical economic life and the remaining term of the contract, and (ii) a financial liability, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, unpaid at the transition date.

The payable will then be reduced as lease payments are made. The lease payment is no longer recorded in EBITDA, recording instead (i) the amortization/depreciation of the right of use and (ii) the financial expense on the payable entered.

Lessees must also remeasure the lease liability on occurrence of certain events (for example: a change in the terms of the lease or a change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee generally recognizes the amount of the remeasurement of the liability as an adjustment to the asset's right of use.

In the adoption of IFRS 16, the Group made use of the exemptions granted by section IFRS 16.5 (a) relating to short-term leases, and by IFRS 16.5 (b) relating to lease contracts whose underlying asset is a low-value asset. For such contracts, the introduction of IFRS 16 implies the recognition of the financial liability from the lease and the relating right of use, but lease payments will be recognized in the income statement on a straight-line basis for the duration of the respective contracts.

6.4 Impairment

The value of intangible assets, and property, plant and equipment and rights of use is subject to an impairment test whenever it is believed there are indications of an impairment.

Impairment tests are carried out at least once a year on goodwill, other intangible assets with indefinite useful life and on other assets that are not available for use, and are performed by comparing the book value with whichever is higher between the fair value less costs to sell and the value in use of the asset.

If no binding sales agreement or active market for an asset exist, the fair value is calculated on the basis of the best information available on the amount the entity would obtain at closing from the disposal of an asset in a free transaction between informed and willing parties, having deducted the costs of disposal.

The value in use of an asset is determined by discounting the cash flows expected from its use, subjecting forecasts of the relevant financial income on reasonable and sustainable assumptions used by the Directors to best represent the economic conditions foreseen for the remainder of the life of the asset, giving more weight to external indicators.

Discounting rates reflect current market estimates of the time value of money and the specific risks connected to the asset.

The valuation is carried out by individual asset or by the smallest Cash Generating Unit that generates cash flows from asset use.

Should the recoverable value resulting from the impairment test be lower than cost, the loss is recognized as a reduction in the value of the asset and recognized as a cost item in the income statement.

If during subsequent financial years, when the impairment test is repeated, the reasons for the write-down no longer apply, the value of the asset, excluding goodwill, is written back to take account of the new recoverable value, which should never exceed the value that would have been stated had no impairment been recognized.

6.5 Investments

Investments in those companies in which the Group exercises control, pursuant to IFRS 10, are consolidated on a line-by-line basis.

The definition by IFRS 10 holds that an investor controls an investee if it has all three of the following:

- power over the investee, that is to say, the investor has existing rights that give it the ability to direct the relevant activities;

- exposure, or rights, to variable returns from its involvement in the investee;

- the ability to use its power over the investee to affect the amount of the investor's variable returns.

Changes determined by acquisitions or disposals in the stakes held in a subsidiary, without this leading to a loss of control, are treated as transactions with shareholders. The difference between the fair value of the consideration paid or received for such transactions and the adjustment made to the minority interests is recognized directly in the parent company's equity.

Investments in companies in which strategic financial and managerial decisions on the economic activities require the unanimous consent of all of the parties that share control, pursuant to IFRS 11, are qualified as a joint operation or a joint venture, based on the evaluation of their own rights and of their own obligations.

Investments in those companies in which the Group does not exercise control, but has a notable influence on the company's financial and strategic decisions, pursuant to IFRS 11, are consolidated at equity.

Investments in joint ventures and associates are initially recognized at cost and subsequently adjusted as a result of any changes in the interest the Group holds in the relevant equity.

The Group's share of any income and loss of such companies is recognized in the income statement.
The book value of investments in joint ventures and associates include any higher cost paid attributable to goodwill, subject to impairment testing at least once a year.

Investments in the companies in which the Group does not have control nor does it exercise a notable influence on the financial and strategic decisions of the company, pursuant to IFRS 9, are booked at their fair value.

The value of investments is subject to an impairment test whenever there are indications of a possible impairment loss.
If the impairment test indicates an impairment loss, the investment is written down; if in subsequent years the reasons for the write-down no longer apply, the value of the investment is written-back to the extent of its historical cost.
Write-downs and write-backs are recorded in the income statement.

Information required by IFRS 12 is given on all the investments.

6.6 Inventory

Inventory is measured at the lower of the cost and the net realizable value.

Inventory cost includes purchase costs, processing costs and other costs involved in bringing an item to its current location and condition, without taking financial expense into consideration.

The calculation of cost of inventory is based on the weighted average cost of raw materials, consumables and finished products purchased for sale. The FIFO method is used for finished products.

The valuation of work in progress and semi-finished goods and contract work in progress is based on the cost of the materials and other direct costs incurred, taking account of the progress of the production process.

The presumed net value for raw and ancillary materials and consumables corresponds to the cost of their replacement, while for semi-finished and finished goods it corresponds to the standard estimated sales price net of estimated cost to completion and sales cost, respectively.

6.7. Financial assets

Financial assets are initially recognized at cost, increased by ancillary purchase expense, corresponding to the fair value of the price paid. Purchases and sales of financial assets are recognized as of the trading date, which corresponds to the date on which the Group agrees to purchase the assets in question. After initial recognition, financial assets are posted according to the relevant classification, as outlined below:

Loans and receivables

This item includes financial assets that do not have fixed or determinable payments and are not listed on an active market.

These assets are recognized at amortized cost, under IFRS 9, using the discounting method. Income and loss is recognized in the income statement when loans and receivables are written off or in case of impairment loss, as well as through amortization.

The Group includes trade receivables, both financial and other receivables into this category. These are due within twelve months and are therefore recorded at their estimated realizable value.
This class also includes "Cash and cash equivalents".

6.8 Trade and other receivables

Trade and other receivables are recorded at the fair value of the price collected during the transaction. Receivables are recognized at current values when the relevant financial impact linked to the expected collection time span is significant and the collection date can be reliably estimated.
Receivables are recognized in the financial statements at their estimated realizable value, taking account of expected losses.

6.9 Cash and cash equivalents

“Cash and cash equivalents” includes cash on hand and financial investments falling due within three months and which entail only a minimal risk of change in their face value.
They are recorded at fair value.

6.10 Financial liabilities

Financial liabilities include financial payables, derivative instruments, payables associated with finance leases and trade payables.

All financial liabilities other than derivative financial instruments, under IFRS 9, are recognized at fair value, increased by any transaction costs, and are subsequently measured at amortized cost using the interest rate method.

Financial liabilities hedged by derivative instruments against the risk of changes in value (fair value hedges), are measured at fair value, in accordance with IAS 39 - Hedge accounting, as an exception to the provisions of IFRS 9: profit and loss resulting from subsequent variations in fair value is recognized in the income statement. Any changes linked to the effective hedge portion are offset by adjusting the value of the relevant derivative instruments.

Financial liabilities hedged by derivative instruments against the risk of changes in cash flow (cash flow hedges), are measured at amortized cost in compliance with IAS 39 - Hedge accounting.

The Group recognises financial liabilities related to put options granted to minority shareholders at the fair value of the option exercise price. At the balance sheet date, minority interest is reclassified as a liability as if the acquisition of the minority interest had been carried out on that date. Change in the fair value of the liabilities is recorded in equity.

6.11 Derecognition of financial assets and liabilities

A financial asset or, where applicable, part of a financial asset or parts of a group of similar financial assets, is derecognised when:

- the right to receive cash flows from the asset has been extinguished;

- the Group still has the right to receive cash flows from the asset but has taken on a contractual obligation to transfer the entire cash flow promptly to a third party;

- the Group has transferred the right to receive cash flows from an asset and has transferred substantially all the risks and benefits deriving from ownership of the financial asset or has transferred control of the financial asset.

A financial liability is derecognised when the underlying obligation has been discharged, cancelled or expired.

6.12 Impairment of financial assets

At each balance sheet date, the Group carries out an impairment test in order to determine whether a financial asset or group of financial assets has suffered impairment.

Financial assets recognized at amortized cost

If there is objective evidence of an impairment in loans and receivables, the loss amount is recognized in the income statement and is calculated as the difference between the asset's book value and the current value of the estimated cash flows discounted based on the interest rate used initially for the asset.

If, in a subsequent year, the impairment amount decreases and such reduction can be objectively attributed to an event that has occurred after the recognition of impairment, the previously recognized impairment is written back to the amount the asset would have had, taking amortization into account, at the date of the write-back.

6.13 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value at the date they are stipulated. When a hedge operation is entered into, the Group designates and formally documents the hedge relationship for hedge accounting purposes and its objectives for risk and strategy management purposes.

The documentation includes the identification of the hedging instrument, the object or transaction subject to hedge, the nature of the risk and the criteria adopted by the Group to evaluate hedging effectiveness in compensating exposure to fair value fluctuations of the object hedged or cash flows correlated to the risk hedged.

It is assumed that such hedges are highly effective to offset the exposure of the object hedged against fair value fluctuations or cash flows associated with the risk hedged. The valuation of the effectiveness of such hedges is carried out on an ongoing basis over the years of application.

Transactions that satisfy hedge accounting criteria are accounted for as follows:

Cash flow hedge

If a derivative financial instrument is designated as a hedging instrument against exposure to cash flow variations of an asset or liability included in the financial statements or of a highly probable transaction, the effective portion of profit or loss deriving from fair value adjustment of the derivative instrument is recognized in a special reserve under equity. The accumulated income or loss is written off from the equity reserve and recognized in the income statement, when the results of the transaction subject to hedge are recognized in the income statement.

Income and loss associated with the ineffective part of a hedge is recognized in the income statement. When a hedging instrument is terminated, but the transaction subject to hedge has not been carried out yet, the accumulated income and loss is kept in the reserve under equity and will be reclassified in the income statement upon completion of the transaction. Should the transaction subject to hedge be considered as no longer probable, any unrealized income and loss posted under the relevant equity reserve is recognized in the income statement.

When hedge accounting is not applicable, income and loss deriving from the fair value measurement of the derivative financial instrument is recognized in the income statement.

6.14 Provisions

Provisions established to cover liabilities that have been clearly identified, are certain or probable but whose amount or date of occurrence cannot be foreseen at the reporting date, are recognized when a legal or implicit obligation can be assumed which refers to past events and when it is also assumed that such obligation implies expenses that can be reliably measured.

Provisions are measured at fair value based on each individual liability item. When the financial impact associated with the assumed time span for the outlay is relevant and the payment dates can be reliably foreseen, provisions include said financial component, which is recognized in financial income (expense) in the income statement.

6.15 Post-employment benefits

• Benefits to employees upon termination of the relevant labour contract are broken down according to their economic nature as follows:

• defined contribution plans, represented by the sums accrued as of 1 January 2007 for Group companies with more than 50 employees;

• defined benefit plans, represented by the provision for post-employment benefits for companies with less than 50 employees and the provision for post-employment benefits accrued until 31 December 2006 for the other Group companies.

In the defined contribution plans, the entity's legal or implicit obligation is limited to the amount of contributions to pay; hence, the actuarial and investment risks fall upon the employee. In the defined benefit plans, the entity's obligation consists in granting and ensuring the agreed benefits to employees; hence, the actuarial and investment risks fall upon the entity.

Post-employment benefits for companies with more than 50 employees are calculated by applying actuarial criteria to the provision for post-employment benefits accrued until the date of the financial statements, taking into account both demographic assumptions, including mortality rates and employee turnover, and financial assumptions, relating to discounts reflecting the time value of money and the inflation rate.

Post-employment benefits for companies with less than 50 employees are calculated by applying the same actuarial criteria, taking account of current and future salary levels.

The amount recognized as a liability for defined benefit plans is represented by the current liability value at closing, net of the current value of plan assets, if any.

This liability item is recognized in the income statement and includes the following components:

• social security costs relating to current labour, when fulfilling the relevant requirements;

• cost of interest.

The amounts accrued in favour of employees during the year are recognized under "Cost of personnel", while the relevant financial component, which represents the cost the company would have to incur if it were to seek a loan on the market for the same amount, is recognized under "Financial income (expense)".

Actuarial income and loss is recognized in a specific item under equity and in the comprehensive income statement.

The supplementary indemnity for agents is also determined on an actuarial basis. The amounts accrued in favour of agents during the year, which become payable upon termination of the labour contract only under certain conditions, are recognized under "Sundry expense (income)".

6.16 Equity compensation plans

The Group grants additional benefits to a number of board members and managers whose functions are strategically relevant for the achievement of results, through equity-settled compensation plans (Performance Share Plan).

In the case of share-based payments transactions settled with equity instruments of the Parent Company, the fair value at the granting date, calculated according to a binomial model, is recorded under cost of personnel, with a corresponding increase in Equity under "Reserve for Performance shares", over the period during which the employees obtain the unconditional right to the incentives.

Subsequently, the amount recognized as a cost is adjusted to reflect the actual number of shares for which the service condition and the non-market condition have been met, so that the final amount recorded as a cost is based on the number of incentives that will definitely vest.

Service or performance conditions are not taken into account when defining the fair value of the plan at the granting date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Market conditions are reflected in the fair value at granting date.

Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognized for rights that do not ultimately vest because the performance and/or service conditions have not been met.

6.17 Recognition of revenue and costs

Revenue from the sale of goods is recorded net of trade discounts, allowances and returns, when the right to payment and the operating benefits resulting from the sale become unconditional and the obligation is met.

As principal, the Group recognizes revenue from the sale of its own books and magazines, as well as revenue from related advertising space, on the basis of the retail price; as agent, it recognizes revenue from the sale of books and magazines owned by distributed third publishers, as well as revenue from related advertising space, on the basis of the retail price net of related costs, showing the intermediation margin only.

Revenue from services is recognized based on the relevant state of completion.

Revenue from interest is recognized on an accrual basis by applying the interest method; royalties are recognized on an accrual basis and subject to the conditions of the relevant agreements; dividends are recognized when the shareholder is acknowledged the right to payment.

Any revenue from barter transactions is recognized at fair value when the barter deal involves dissimilar services. Dissimilar services comprise barter deals for goods and advertising, when they refer to different communications means or product positioning.

Costs are recognised based on similar criteria as revenue and, in any case, on an accrual basis.

6.18 Current, pre-paid and deferred tax

Current tax is calculated on the basis of a taxable income estimate and in accordance with the laws applicable in the individual countries in which any of the Group companies has its registered offices.

Deferred and pre-paid tax is calculated on all the temporary differences between recognized assets and liabilities and the relevant book values booked in the financial statements for tax purposes, with the exception of the following:

• temporary taxable differences deriving from the initial recognition of goodwill;

• temporary differences resulting from the initial recognition of an asset or a liability in a transaction which does not imply a business combination and which does not have any impact either on the result or the taxable income on the transaction date;

• temporary differences relating to the value of the shareholding held in subsidiary, associates and jointly-controlled companies when:

• the Group is in a position to control the timing for the reversal of temporary taxable differences and it is probable that such differences will not reverse in the foreseeable future;

• it is not probable that deductible temporary differences will reverse in the foreseeable future and that taxable income is available to cover such temporary differences.

The value of prepaid tax amounts is reviewed at the balance sheet date and is reduced if it is no longer probable that sufficient taxable income will be available in the future to cover all or part of these assets.

Deferred and prepaid tax is calculated on the basis of the tax rates that are expected to apply in the period in which assets are realized and liabilities are settled, considering the then applicable tax rates or the tax rates essentially used at the balance sheet date.

Deferred and prepaid tax amounts relating to items directly recognized under equity are recognized directly under equity.

6.19 Transactions denominated in foreign currencies

Revenue and costs deriving from transactions denominated in foreign currencies are posted in the relevant currency at the exchange rate applied on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate ruling at closing and any exchange differences are recognized in the income statement, except for the differences deriving from loans denominated in foreign currency taken out to pay for the acquisition of an investment in a foreign company. In the latter case, such differences are recognized under equity until disposal.

Non-monetary items measured at historical cost in a foreign currency are converted using the exchange rates applied on the relevant transaction date. Non-monetary items recognized at fair value in a foreign currency are converted using the exchange rates applied on the fair value calculation date.

6.20 Grants and contributions

Grants and contributions are recognized if there is a reasonable certainty that they will be received and if all the conditions referring to them are satisfied. When grants refer to cost items, they are recognized as revenue and systematically distributed over the years so as to reflect the cost proportion they are intended to offset.

When grants refer to assets, the relevant fair value is deferred in long-term liabilities and is recognised in equal amounts in the income statement over the useful life of the asset.

With regard to any State aid and/or "de minimis" aid received, reference is additionally made to the content contained and published in the National State Aid Register.

6.21 Earnings per share

Earnings per share refer to the Group’s net profit divided by the weighted average number of outstanding shares in the reporting period.

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding shares is adjusted on the assumption of converting shares with a dilution effect.

6.22 Discontinued assets and liabilities (discontinued operations)

Non-current assets and groups of assets and liabilities whose book value is mainly expected to be recovered through disposal instead of continuous use are recognized separately from other assets and liabilities in the statement of financial position. Such assets and liabilities, when their sale is highly likely, are classified as “held-for-sale assets” and are measured at the lower between their book value and fair value less probable costs of disposal. Income and loss, net of the related tax effect, resulting from the valuation or disposal of such assets or liabilities, is recognized in a separate item in the income statement.

6.23 Accounting standards and interpretations adopted by the European Union with effect from 1 January 2023 and applied by the Mondadori Group

The following is a list of new standards, interpretations and amendments with mandatory application from 1 January 2023 that, based on the assessments performed, did not have impacts on the financial statements as at 31 December 2023:

• amendments to IFRS 17 Insurance Contracts;

• Definition of a Accounting Estimates - Amendments to IAS 8;

• Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;

• Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12;

• International Tax Reform - Pillar Two Model Rules - Amendments of IAS 12.

On 1 January 2024, the Pillar/Globe rules came into force under Italian Legislative Decree no. 209/2023 implementing Directive no. 2523/2022/EU.

Very briefly, the Pillar 2 rules state that Group entities (wherever they may be located) shall be subject to effective income tax at a rate of at least 15%, to be determined on the basis of a careful calculation based on the accounting and tax data of such entities, aggregated by country. Where the tax level in a given country is below 15%, a top-up tax will be applied to bring the amount up to 15%.

As required by accounting standard IAS 12 (in particular by the “Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules”), with the support of the parent company FININVEST, the Mondadori Group has carried out a first, preliminary analysis in order to identify the scope of application and potential impact of this new legislation on the jurisdictions of its consolidation scope, also using the transitional safe harbours (“TSH”) applicable in the three years 2024-2026 (the “transitional period”), as envisaged by the OECD Guidelines.

These rules state that no top-up tax shall be due if one of the following tests is passed (to be carried out relative to each jurisdiction):

• *De minimis test*: passed where the revenues of the jurisdiction are less than € 10 million and the aggregated pre-tax profit is less than one million euros;

• *Simplified effective tax rate test*: passed where the effective tax level is at least 15% (for 2024), as determined on the basis of the ratio of the aggregated values of pre-tax profit/loss (denominator) and the income tax (numerator). In this regard, the figure of the numerator is the value of the current and deferred income (with some specific adjustments) noted in the reporting packages of the subsidiaries of a certain jurisdiction;

• *Routine profit test*: passed if the aggregated value of the "substance-based income exclusion" (or "SBIE") envisaged by the Pillar 2 rules exceeds the aggregated amount of the pre-tax profit/loss. As envisaged by the OECD Guidelines, if for one jurisdiction, there is a pre-tax loss, the test is considered passed.

If none of the tests are passed for a specific jurisdiction, the Group shall calculate the effective tax level on the basis of the entire set of Pillar 2 rules, or making specific "adjustments" to the accounting and tax data of the entities located in such jurisdiction, also in order to determine – where such effective tax level is below 15% – the minimum amount of tax due.

On the basis of the current data – for FININVEST S.p.A. and its subsidiaries – the company FININVEST S.p.A. takes on the role of "Ultimate Parent Entity" (or "UPE") and Arnoldo Mondadori Editore S.p.A. takes on the role of "Partially-Owned Parent Entity" or "POPE").

Given its role as POPE and the circumstance that the impacts of the Pillar 2 regulations should be assessed at a jurisdiction level (taking into account all the FININVEST Group companies, even those with no relationship with Arnoldo Mondadori Editore S.p.A.), the Mondadori Group has notified the relevant data for the Group companies, to the parent company FININVEST, which as Group UPE (i.e. the only entity to have all the data available as necessary for a complete Pillar 2 analysis), will carry out the calculations and verifications necessary to confirm whether or not the requirements are met to apply the TSHs and assess any impacts of the Pillar 2 regulations on a Group level.

The United States of America are the only jurisdiction in which FININVEST Group entities are located, held exclusively by Arnoldo Mondadori Editore S.p.A.. For this jurisdiction, therefore, Arnoldo Mondadori Editore S.p.A. has the data necessary to perform a first, preliminary assessment of the effects of Pillar 2. On the basis of the data present in the CbCR for tax period 2022 (which is, at the date of this document, the latest documentation), the company believes that there should be no exposure to top-up tax in such jurisdiction.

The above analyses are based on a first analysis of the regulations that the Group is still currently assessing and implementing) and on data relating to FY 2022. Consequently, the results of such preliminary analysis may differ from the effective results recorded at the first actual application of Pillar 2 regulations.

6.24 Accounting standards, amendments and interpretations not yet endorsed by the European Union

The following new accounting standards, amendments and interpretations were issued at the date of this document and have not yet entered into force and have not been adopted in advance by the Group:

• Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

• Amendments to IAS 1: Classification of Liabilities as Current or Non-current

• Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

• Amendments to IFRS 16: Lease Liability in a Sale and Leaseback;

• Amendments to IAS 1: Classification of Liabilities as Current or Non-current;

• Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

7. USE OF ESTIMATES

The drafting of these consolidated financial statements and the notes required the use of estimates and assumptions by the Directors, which have an impact on the value of assets and liabilities and on the disclosures relating to potential assets and liabilities at closing, based on the application of the IAS/IFRS accounting standards.

Estimates are based on the current status of information available, are reviewed periodically, and the effects are reflected in the income statement.

The most significant estimates refer to:

Goodwill, intangible assets with indefinite useful life and other non-current assets

The value of goodwill of intangible assets with indefinite useful life and other non-current assets with finite useful life (for the latter, in the presence of indications of impairment loss) is assessed by comparing the book value of the individual assets or the smallest Cash Generating Unit that generates its own cash flows with their recoverable value, represented by the higher of fair value, less costs to sell, and value in use. This process includes, among others, the application of methods such as discounted cash flow, with the relevant assumptions.

Depreciation and amortisation

The useful life of tangible and intangible assets is determined by the Directors when the asset is purchased. The Group regularly assesses any changes in technology, market conditions and expectations of future events that could have an impact on the useful life and duration of amortization/depreciation.

Write-down of advances to authors

The Group estimates the amount of the advances paid to authors to be written down, as they are considered non-recoverable, based on analyses carried out both for published literary works and those to be published.

Write-down of inventory

The Group estimates the amount of inventory to subject to impairment loss based on specific analyses ascertaining finished product marketability and the relevant turnover rates, and, for orders in progress, the Group considers the relevant risk of failed completion.

Provision for bad debts

The recoverability of receivables is measured by taking account of the risk of non-payment, ageing and losses on receivables expected to arise on the receivables.

Returns to receive

In the publishing sector, it is an accepted practice for unsold books and magazines to be returned to the publisher under pre-established conditions.

Therefore, at the end of each reporting period the Group measures the quantities that are expected to be returned in the following years: this estimate is based on historical statistics and takes account also of the level of circulation and any other elements that may affect the quantities of books and magazines returned.

Provision for risks

Allocations made for costs for legal, tax and arbitration disputes are based on complex estimates that take account of the likelihood of losing the disputes.

Post-employment benefits

Allocations made in favour of employees and agents are based on actuarial assumptions: any changes in the underlying assumptions may have significant effects on the provisions.

Income tax

Income tax (both current and deferred) is calculated based on the applicable rates in each individual country in which the Group operates, according to a prudent interpretation of currently applicable tax laws. The estimate is correlated in particular to the recoverability of prepaid tax assets.

8. BUSINESS COMBINATIONS AND ACQUISITIONS

Acquisition of control over A.L.I. S.r.l. - Agenzia Libraria International

The transaction

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 involved in a business combination due to the obtaining of control and consequently subject to line-by-line consolidation as of January 2023 – took place in execution of the agreements defined on 11 May 2022 upon acquisition of an initial 50% stake.

The consideration for the purchase of the 25% amounted to approximately € 9,870 thousand, determined on the basis of the average 2021-2022 EBITDA and A.L.I.'s positive net financial position as at 31 December 2022.

The defined agreements gave the Mondadori Group the right to acquire (and the faculty to send to minority shareholders) the remaining 25% at a price to be determined on the basis of an average 2023-2024 EBITDA, through the exercise of options starting 30 July 2025.

Cost of acquisition

The cost of the acquisition was € 19,181 thousand, net of the ancillary costs incurred for the transaction of € 392 thousand:

Acquisition of A.L.I. Agenzia Libraria International S.r.l. (Euro/thousands)		
Cost of acquisition of 50% of A.L.I. Agenzia Libraria International S.r.l.		**19,181**
Cash used for acquisition:		
payments made	(*)	(20,620)
deferred payments		(9,311)
Net Financial Position of A.L.I. Agenzia Libraria International S.r.l.		12,688
Net cash flows absorbed by acquisition		**(17,243)**

(*) the amount also includes what was paid in 2022 for the purchase of the 50% share already held by the Group, equal to € 10,750 thousand.

The financial outlay for the transaction at the date of this Annual Report amounts to € 20,620 thousand; financial payables include the expected amounts to be paid in 2025, totalling € 9,311 thousand.

No shares or similar instruments were issued, nor derivatives as acquisition cost items.

Fair value calculation of assets acquired and liabilities assumed

Here below are the details of the fair value of assets acquired and liabilities assumed and relating fair value adjustments recognized on purchase price allocation:

Amounts in Euro thousands	Notes	Current amounts at acquisition date	Purchase price allocation	Fair value
Goodwill		—	2,609	2,609
Trademarks		—	3,428	3,428
Other intangible assets		106	14,437	14,543
Intangible assets	I	**106**	**20,474**	**20,580**
Land and building		—	—	—
Plant and equipment		2,548	—	2,548
Other fixed assets		939	—	939
Property, plant and equipment		**3,487**	**—**	**3,487**
Rights-of Use-Assets		**5,085**	**—**	**5,085**
Investments		**33**	**—**	**33**
Deferred tax assets	**II**	**576**	**—**	**576**
Total non-current assets		**9,287**	**20,474**	**29,761**
Tax receivables		1,864	—	1,864
Other current assets		336	—	336
Inventory		2,124	—	2,124
Trade receivables		17,803	—	17,803
Other current financial assets		250	—	250
Cash and cash equivalents		18,964	—	18,964
Total current assets		**41,341**	**—**	**41,341**
Assets held for sale		130	—	130
Total assets		**50,758**	**20,474**	**71,232**
Provisions		—	—	—
Post-employment benefits		587	—	587
Non-current financial liabilities		797	—	797
Deferred tax liabilities	II	22	4,984	5,006
Non-current financial liabilities IFRS 16		4,423	—	4,423
Total non-current liabilities		**5,829**	**4,984**	**10,813**
Income tax payables		181	—	181
Other current liabilities		990	—	990
Trade payables		25,014	—	25,014
Payables to banks and other financial liabilities		598	—	598
Financial liabilities IFRS 16		708	—	708
Total current liabilities		**27,491**	**—**	**27,491**
Liabilities held for sale		—	—	—
Total liabilities		**33,320**	**4,984**	**38,304**
Net acquired assets		17,438	15,490	32,928
Fair value of the interest in the 50% already held		(13,747)	—	(13,747)
Price paid for the remaining 50%		(19,181)	—	(19,181)
Difference to allocate		**(15,490)**	**15,490**	**—**

The fair value of assets acquired and liabilities assumed was calculated as follows:

I - Intangible assets

The fair value of “Brands” is represented by the value assigned to the A.L.I. brand with which the Company operates in the book distribution industry, whose residual useful life has been defined as ten years, and the value assigned to the Il Castello brand, with which the Company carries out its publishing business, whose useful life has been classified as indefinite.

The fair value of the item "Other intangible assets" is represented by the value attributed to the commercial relations, whose useful life has been defined as ten years.

Goodwill was determined as the residual value of the difference between the cost of the transaction and equity acquired, after representing all assets and liabilities from the transaction at fair value.

The values assigned by the Directors to the trademarks, commercial relations and, to a residual extent, goodwill, have been determined with the support of an independent professional.

II - Pre-paid tax assets and deferred tax liabilities

The determination of the fair value of assets acquired and liabilities assumed resulted in the recognition of temporary differences between their fair value and the corresponding tax value.
Tax liabilities were therefore recognised from the recognition of the fair value of the marks and business relations.

Other Information

The operating and financial effects of the acquisition of A.L.I. Agenzia Libraria International S.r.l., under IFRS 3, reflected in the consolidated financial statements of the Mondadori Group from the acquisition date, concurrent to the acquisition of control over the acquired company.

In accordance with IFRS 3, a final accounting of the acquisition was made.

Acquisition of 100% of Grafiche Bovini S.r.l.

The transaction

On 20 January 2023, Mondadori Libri S.p.A. acquired a stake in the entire share capital of Grafiche Bovini S.r.l., a company operating in the printing of publishing products of Editoriale Star Comics S.r.l..

The consideration for the transaction was € 2,814 thousand; no revision or addition to the price is provided for in the share purchase agreement.

Cost of acquisition

The cost of the acquisition was € 2,814 thousand, net of the costs incurred for the transaction of € 82 thousand.

Acquisition of Grafiche Bovini S.r.l. (Euro/thousands)	
Acquisition cost of Grafiche Bovini S.r.l.	**2,814**
Cash used for acquisition:	
payments made	(2,814)
Net Financial Position of Grafiche Bovini S.r.l.	713
Net cash flows absorbed by acquisition	**(2,101)**

The financial outlay of the transaction as at the date of this Annual Report was € 2,814 thousand.

No shares or similar instruments were issued, nor derivatives as acquisition cost items.

Fair value calculation of assets acquired and liabilities assumed

Here below are the details of the fair value of assets acquired and liabilities assumed and relating fair value adjustments recognized on purchase price allocation:

Amounts in Euro thousands	Notes	Current amounts at acquisition date	Purchase price allocation	Fair value
Goodwill		—	—	—
Trademarks		—	—	—
Other intangible assets		31	—	31
Intangible assets		**31**	**—**	**31**
Investment property		—	—	—
Land and building		—	—	—
Plant and equipment		2,123	349	2,472
Other fixed assets		67	—	67
Property, plant and equipment	**I**	**2,190**	**349**	**2,539**
Assets from rights of use		**—**	**—**	**—**
Other non-current assets		**549**	**—**	**549**
Deferred tax assets		**24**	**—**	**24**
Total non-current assets		**2,794**	**349**	**3,143**
Tax receivables		285	—	285
Other current assets		31	—	31
Inventory		391	—	391
Trade receivables		3,105	—	3,105
Other current financial assets		—	—	—
Cash and cash equivalents		724	—	724
Total current assets		**4,536**	**—**	**4,536**
Discontinued or discontinuing operations		—	—	—
Total assets		**7,330**	**349**	**7,679**
Provisions		—	—	—
Post-employment benefits		330	—	330
Non-current financial liabilities		1,578	—	1,578
Financial liabilities IFRS 16		—	—	—
Deferred tax liabilities	II	31	97	128
Total non-current liabilities		**1,939**	**97**	**2,036**
Income tax payables		143	—	143
Other current liabilities		863	—	863
Trade payables		1,812	—	1,812
Payables to banks and other financial liabilities		11	—	11
Financial liabilities IFRS 16		—	—	—
Total current liabilities		**2,829**	**—**	**2,829**
Liabilities disposed or being disposed of		—	—	—
Total liabilities		**4,768**	**97**	**4,865**
Net acquired assets		2,562	252	2,814
Price paid		(2,814)	—	(2,814)
Difference to allocate		**(252)**	**252**	**—**

The fair value of assets acquired and liabilities assumed was calculated as follows:

I - Property, plant and equipment

The fair value of “Plant and equipment” is the value assigned to a rotary press.

This value, attributed by the Directors to the rotary press, has been determined with the support of an independent professional.

II - Pre-paid tax assets and deferred tax liabilities

The determination of the fair value of assets acquired and liabilities assumed resulted in the recognition of temporary differences between their fair value and the corresponding tax value.
Tax liabilities were therefore recognized from the recognition of the fair value of plant and equipment.

Other Information

The operating and financial effects of the acquisition of Grafiche Bovini S.r.l., under IFRS 3, reflected in the consolidated financial statements of the Mondadori Group from the acquisition date, concurrent to the acquisition of control over the acquired company.

In accordance with IFRS 3, a final accounting of the acquisition was made.

Acquisition of 100% of Webboh S.r.l.

The transaction

On 31 January 2023, Mondadori Media S.p.A. acquired an investment in the entire share capital of Webboh S.r.l., a company operating on the web and social accounts, specialising in the production and publication of posts and editorial products, news and gossip of primary interest to the GEN Z digital generation.

The consideration for the transaction was € 2,577 thousand, including the earn-out recognised upon the achievement of targets set for FY 2022; the share purchase agreement also provides for two other earn-outs upon the achievement of targets for 2023 and 2024, to be determined on the basis of the financial statements of the respective years.

Cost of acquisition

The cost of the acquisition was € 2,577 thousand, net of the costs incurred for the transaction of € 62 thousand.

Acquisition of Webboh S.r.l.	
(Euro/thousands)	
Acquisition cost of Webboh S.r.l.	**2,577**
Cash used for acquisition:	
payments made	(1,127)
deferred payments	(1,450)
Net Financial Position of Webboh S.r.l.	82
Net cash flows absorbed by acquisition	**(2,495)**

The financial outlay for the transaction at the date of this Annual Report amounts to € 1,127 thousand; in respect of the earn-outs envisaged by the share contract of sale, financial payables include the expected amounts to be paid in 2024 and 2025, totalling € 1,450 thousand.

No shares or similar instruments were issued, nor derivatives as acquisition cost items.

Fair value calculation of assets acquired and liabilities assumed

Here below are the details of the fair value of assets acquired and liabilities assumed and relating fair value adjustments recognized on purchase price allocation:

Amounts in Euro thousands	Notes	Current amounts at acquisition date	Purchase price allocation	Fair value
Goodwill		—	1,652	1,652
Trademarks		2	1,156	1,158
Other intangible assets		—	—	—
Intangible assets	**I**	**2**	**2,808**	**2,810**
Investment property		**—**	**—**	**—**
Land and building		—	—	—
Plant and equipment		—	—	—
Other fixed assets		—	—	—
Property, plant and equipment		**—**	**—**	**—**
Assets from rights of use		**—**	**—**	**—**
Other non-current assets		**—**	**—**	**—**
Deferred tax assets		**4**	**—**	**4**
Total non-current assets		**6**	**2,808**	**2,814**
Tax receivables		—	—	—
Other current assets		—	—	—
Inventory		—	—	—
Trade receivables		64	—	64
Other current financial assets		48	—	48
Cash and cash equivalents		33	—	33
Total current assets		**145**	**—**	**145**
Discontinued or discontinuing operations		—	—	—
Total assets		**151**	**2,808**	**2,959**
Provisions		—	—	—
Post-employment benefits		—	—	—
Non-current financial liabilities		—	—	—
Financial liabilities IFRS 16		—	—	—
Deferred tax liabilities	II	—	322	322
Total non-current liabilities		**—**	**322**	**322**
Income tax payables		26	—	26
Other current liabilities		8	—	8
Trade payables		26	—	26
Payables to banks and other financial liabilities		—	—	—
Financial liabilities IFRS 16		—	—	—
Total current liabilities		**60**	**—**	**60**
Liabilities disposed or being disposed of		—	—	—
Total liabilities		**60**	**322**	**382**
Net acquired assets		91	2,486	2,577
Price paid		(2,577)	—	(2,577)
Difference to allocate		**(2,486)**	**2,486**	**—**

The fair value of assets acquired and liabilities assumed was calculated as follows:

I - Intangible assets

A higher value has been allocated to the company brand, whose useful life has been defined as five years.

Goodwill was determined as the residual value of the difference between the cost of the transaction and equity acquired, after representing all assets and liabilities from the transaction at fair value.

Values assigned by the Directors to the brand and goodwill were determined with the support of an independent professional.

II - Pre-paid tax assets and deferred tax liabilities

The determination of the fair value of assets acquired and liabilities assumed resulted in the recognition of temporary differences between their fair value and the corresponding tax value.
Tax liabilities were therefore recognized from the recognition of the fair value of the trademark.

Other Information

The operating and financial effects of the acquisition of Webboh S.r.l., under IFRS 3, reflected in the consolidated financial statements of the Mondadori Group from the acquisition date, concurrent to the acquisition of control over the acquired company.

In accordance with IFRS 3, a final accounting of the acquisition was made.

Acquisition of control over Digital Advertising & Engagement S.A.

The transaction

On 4 July 2023, the Mondadori Group, through the subsidiary Adkaora S.r.l., acquired 70% of the equity investment in the share capital of Digital Advertising & Engagement S.A., which operates in the tech advertising sector on the Spanish market, taking the share held to 100%.

The consideration for the purchase of 70% was € 862 thousand. The share purchase agreement also provides for two other earn-outs upon the achievement of targets for 2023 and 2024, to be determined on the basis of the financial statements of the respective years.

Cost of acquisition

The cost of the acquisition was € 3,074 thousand, net of the costs incurred for the transaction of € 66 thousand.

Acquisition Digital Advertising & Engagement S.A. (Euro/thousands)		
Cost of the acquisition of 70% over Digital Advertising & Engagement S.A.		**3,074**
Cash used for acquisition:		
payments made	(*)	(1,293)
deferred payments		(2,213)
Net Financial Position of Digital Advertising & Engagement S.A.		516
Net cash flows absorbed by acquisition		**(2,990)**

(*) the amount also includes what was paid in 2022 for the purchase of the 30% share already held by the Group, equal to € 431 thousand.

The financial outlay of the transaction as at the date of this Annual Report was € 1,293 thousand.

No shares or similar instruments were issued, nor derivatives as acquisition cost items.

Fair value calculation of assets acquired and liabilities assumed

Here below are the details of the fair value of assets acquired and liabilities assumed and relating fair value adjustments recognized on purchase price allocation:

Amounts in Euro thousands	Notes	Current amounts at acquisition date	Purchase price allocation	Fair value
Goodwill		—	2,643	2,643
Trademarks		—	1,624	1,624
Other intangible assets		—	—	—
Intangible assets	I	**—**	**4,267**	**4,267**
Land and building		—	—	—
Plant and equipment		3	—	3
Other fixed assets		—	—	—
Property, plant and equipment		**3**	**—**	**3**
Other non-current assets		**2**	**—**	**2**
Investments		**—**	**—**	**—**
Deferred tax assets	II	**—**	**—**	**—**
Total non-current assets		**5**	**4,267**	**4,272**
Tax receivables		81	—	81
Other current assets		2	—	2
Inventory		—	—	—
Trade receivables		955	—	955
Other current financial assets		—	—	—
Cash and cash equivalents		514	—	514
Total current assets		**1,551**	**—**	**1,551**
Assets held for sale		—	—	—
Total assets		**1,556**	**4,267**	**5,823**
Provisions		—	—	—
Post-employment benefits		—	—	—
Non-current financial liabilities		—	—	—
Deferred tax liabilities	II	—	453	453
Non-current financial liabilities IFRS 16		—	—	—
Total non-current liabilities		**—**	**453**	**453**
Income tax payables		40	—	40
Other current liabilities		48	—	48
Trade payables		1,157	—	1,157
Payables to banks and other financial liabilities		—	—	—
Financial liabilities IFRS 16		—	—	—
Total current liabilities		**1,245**	**—**	**1,245**
Liabilities held for sale		—	—	—
Total liabilities		**1,245**	**453**	**1,698**
Net acquired assets		311	3,814	4,125
Fair value of the interest in the 30% already held		(1,051)	—	(1,051)
Price paid for the remaining 70%		(3,074)	—	(3,074)
Difference to allocate		**(3,814)**	**3,814**	**—**

The fair value of assets acquired and liabilities assumed was calculated as follows:

I - Intangible assets

A higher value has been allocated to the company brand, whose residual useful life has been defined as five years.

Goodwill was determined as the residual value of the difference between the cost of the transaction and equity acquired, after representing all assets and liabilities from the transaction at fair value.

Values assigned by the Directors to the brand and goodwill were determined with the support of an independent professional.

II - Pre-paid tax assets and deferred tax liabilities

The determination of the fair value of assets acquired and liabilities assumed resulted in the recognition of temporary differences between their fair value and the corresponding tax value.
Tax liabilities were therefore recognized from the recognition of the fair value of the trademark.

Other Information

The operating and financial effects of the acquisition of Digital Advertising & Engagement S.A., under IFRS 3, reflected in the consolidated financial statements of the Mondadori Group from the acquisition date, concurrent to the acquisition of control over the acquired company.

Acquisition of 100% of Power S.r.l.

The transaction

On 12 January 2023, Mondadori Media S.p.A. acquired a stake in the entire share capital of Power S.r.l., a company operating in the talent management and promotion sector on the digital market.

The price of the transaction amounts to € 770 thousand and corresponds to the value of net assets at current values of the business acquired, which was conferred to the newly-established company Power S.r.l.; the accessory costs incurred for the transaction were € 79 thousand.

The net financial position of Power S.r.l., at the acquisition date, comes to € 10 thousand; therefore, the cash flows absorbed by the transaction were € 760 thousand.

The operating and financial effects of the acquisition, under IFRS 3, reflected in the consolidated financial statements of the Mondadori Group from the acquisition date, concurrent to the acquisition of control over Power S.r.l.

The contract for the purchase and sale of the shares does not envisage any price revisions or supplements.

No shares or similar instruments were issued, nor derivatives as acquisition cost items.

In accordance with IFRS 3, a final accounting of the acquisition was made.

Business combinations are recognised using the purchase cost method pursuant to IFRS 3.

Goodwill has been posted at the date on which control was acquired over a business and is the surplus of the amount:

• of the price paid;

• of the amount of any minority share in the acquired company, measured proportionally to the minority share in the identifiable net assets of the acquired company stated at the related fair value;

• and in the event of a merger by phases of the fair value at the date on which control is acquired over the equity investment already held in the company acquired;

and the fair value of the identifiable net assets acquired measured at the date on which control is acquired.

Amongst others, IFRS 3 envisages the posting to profit or loss of the accessory costs connected with the business combination and, in the event of a business combination carried out in multiple phases, the buyer shall remeasure the value of the equity investment it held previously in the acquired company at fair value of the net assets at the date on which control is acquired, noting the difference as profit and loss.

The Group has the possibility of recognising provisional values that will be later subject to adjustments in the financial year of reference within twelve months thereafter, so as to take account of any new information about facts and circumstances existing at the acquisition date, that, if made available earlier, would have had an impact on the value of the assets and liabilities recognised on that same date.

9. NON-RECURRING INCOME AND EXPENSE

As required by CONSOB resolution no. 15519 of 27 July 2006, any income and expense deriving from non-recurring transactions are recognized in the income statement.

Transactions and events are considered non-recurring when, by nature, they do not occur repeatedly during normal business operations.

The relevant effects were outlined in a separate table in these “Explanatory notes to the financial statements”.

10. IFRS 5

On 21 December 2023, Arnoldo Mondadori Editore S.p.A. announced that it had signed the contract of sale of the entire stake in the advertising concession-holder Mediamond S.p.A., equal to 50% of the share capital and held by its subsidiary Direct Channel S.p.A., to Publitalia ‘80 S.p.A., with effect from 1 January 2024.

The transaction price was defined on the basis of the pro-rata value of equity as at 31 December 2023, equal to approximately € 1.7 million and corresponding to the book value of the interest.

The Directors considered that all the requirements of international accounting standards for representing transactions as discontinued operations had been met; therefore the value of the equity investment in Mediamond S.p.A., of € 1,685 thousand, has been reclassified to “Discontinued or discontinuing operations”.

11. IMPAIRMENT PROCESS

When preparing the consolidated financial statements at 31 December 2023, despite the fact that the indirect impacts on the businesses in which the Mondadori Group operates, determined by the continued delicate international geopolitical context have reduced compared with last year, as a result of the reduction in the prices of paper, the cost of gas and electricity and, therefore, of transport and industrial processes, close attention has been paid to observing any indicators of impairment.

This analysis has revealed a significant appreciation of the Mondadori share, which at 30 December 2023 recorded a price of € 2.15 (€ 1.81 at 30 December 2022), generating an increase in stock market capitalisation to € 560.8 million (€ 473 million at 30 December 2022), well above the € 288.8 million of recorded shareholders' equity.

Pursuant to IAS 36, assets with indefinite useful life and goodwill are not subject to amortisation, but to an impairment test of the book value at least once a year or whenever there are indications of impairment.
Assets with finite useful life are subject to amortisation, according to the economic life of each asset, and upon closing assets items are subject to impairment test to verify whether any impairment loss has occurred. An impairment test is only performed if these indicators are present.

The impairment testing process includes, among others:

- the identification of individual assets or the smallest Cash Generating Unit that generates independent cash flows;

- assessment of the carrying amount of the CGUs by determining their recoverable value, equal to the higher of fair value, less costs to sell, and value in use determined on the basis of the cash flow projections deriving from the most recent financial plans approved by the Board of Directors.

Identification of Cash Generating Units

CGUs have been identified as assets that generate independent cash flows from their ongoing use, consistent with the Group's organizational and business structure.

Taking account of the above, the table below provides details of the assets subject to impairment testing and the related amounts recorded at 31 December 2023 in the balance sheet assets, as well as their relating CGUs. These amounts are shown net of amortization and impairment losses recorded during the year.

Cash Generating Unit (Euro/thousands)	Titles	Trademarks and series	Others	Goodwill	Total
CGU titles former SBE	29,663				29,663
CGU title former Elemond	594				594
CGU former Gruner+Jahr Mondadori		1,651			1,651
Digital CGU				23,865	23,865
Hej! CGU				6,178	6,178
Webboh CGU				1,652	1,652
Digital Advertising & Engagement CGU				2,654	2,654
Rizzoli Trade CGU		4,005		1,634	5,639
Einaudi CGU		2,991		286	3,277
Sperling & Kupfer CGU		1,847		731	2,578
Piemme CGU		8,287		2,131	10,418
Star Comics CGU		12,500		4,405	16,905
A.L.I. CGU		847		2,609	3,456
Education CGU		52,483		114,004	166,487
Other CGUs				3,260	3,260
Investments			3,829		3,829
Total assets subject to impairment test	**30,257**	**84,611**	**3,829**	**163,409**	**282,106**

Cash Generating Unit titles former Silvio Berlusconi Editore (SBE)

The value of the titles, each of which represents a CGU, refers to the acquisition of Silvio Berlusconi Editore, completed in 1994.
The magazines included in the financial statements are TV Sorrisi e Canzoni, Chi and Telepiù, all of which qualify as having finite useful life; the residual useful life of TV Sorrisi e Canzoni has been reduced to ten years.

Cash Generating Unit title former Elemond

The value recorded in the financial statements is represented by Interni, a title with finite useful life, resulting from the acquisition of the Elemond Group, which took place in several tranches between 1989 and 1994.

Cash Generating Unit former Gruner+Jahr Mondadori

The value recorded in the financial statements is represented by Focus, a brand with finite useful life, resulting from the acquisition in 2015 of the control over the entire capital of Gruner+Jahr Mondadori S.p.A. (now Mondadori Scienza S.p.A).

Digital Cash Generating Unit

The value recorded as goodwill derives from the acquisition of 100% of Banzai Media Holding S.p.A. in 2016.

Hej! Cash Generating Unit

The goodwill posted derives from the acquisition of 100% of Hej! S.r.l., a company specializing in AI solutions to companies to create customer relationships, marketing plans and media campaigns.

Webboh Cash Generating Unit

The goodwill derives from the acquisition of 100% of Webboh S.r.l., a company specialised in the production of editorial posts and products, news and gossip published on the web.

Digital Advertising & Engagement Cash Generating Unit

The goodwill derives from the acquisition of 100% of Digital Advertising & Engagement S.A., a company specialised in tech advertising on the Spanish market.

Rizzoli Trade Cash Generating Unit

The CGU includes the BUR trademark and goodwill determined on conclusion of the purchase price allocation process carried out with regard to the acquisition of Rizzoli Libri S.p.A. in 2016. The assets identified in the purchase price allocation have been qualified as having indefinite useful life.

Einaudi Cash Generating Unit

This CGU includes the publishing series of Casa Editrice Einaudi, acquired in several tranches between 1989 and 1994 and, to a residual extent, goodwill. These assets qualify as having indefinite useful life.

Sperling & Kupfer Cash Generating Unit

This CGU includes the values attributed to the Sperling & Kupfer publishing series, and, residually, to goodwill. These assets qualify as having indefinite useful life.

Piemme Cash Generating Unit

This CGU includes Casa Editrice Edizioni Piemme publishing trademarks, acquired in more than one tranche between 2003 and 2012, qualified as assets with an indefinite useful life, and residual goodwill.

Star Comics Cash Generating Unit

In July 2022, the Mondadori Group acquired 51% of the share capital of Edizioni Star Comics S.r.l., a company specialising in the publication of comic books.
On conclusion of the purchase price allocation process, the higher price paid was allocated to trademarks, proprietary software and, residually, to goodwill. These assets qualified as having indefinite useful life.

Education Cash Generating Unit

This Education CGU group includes series and publishing lines referring to the production of textbooks for the different levels and grades of the Italian school system. These include the amounts deriving from various acquisitions completed over time: the acquisition of a number of publishing trademarks from the Elemond Group between 1989 and 1994, the acquisition of the Le Monnier Group between 1999 and 2001, and the acquisition of Texto, a textbook publisher under the Piemme Scuola trademark, in 2004. Goodwill deriving from the abovementioned transactions and from other acquisitions completed in 1992 (Juvenilia), between 1999 and 2002 (Poseidonia), in 1999 (Mursia) and in 2008 (Edizioni Electa Bruno Mondadori) add up to the above amounts.

The Education CGU group also includes the amounts attributed to the trademarks of Rizzoli Education acquired in 2016 and the values assigned to the trademarks and goodwill of D Scuola S.p.A., acquired in 2021.

A.L.I. Cash Generating Unit

In January 2023, the Mondadori Group acquired 25% of A.L.I. Agenzia Libraria International S.r.l., taking the shared held in the company specialised in the distribution of books throughout national territory, as well as in hobby publishing, through the subsidiary Il Castello S.r.l., to 75%.

The publishing brand Il Castello has been tested for impairment, along with goodwill, both classified as having an indefinite useful life.

Other Cash Generating Units

This group of CGUs mainly includes goodwill relating to:

• bookclub, amounting to € 2,500 thousand;

• Skira Rizzoli, amounting to € 428 thousand;

• Abscondita S.r.l., amounting to € 254 thousand;

Cash Generating Unit Investments

This CGU mainly includes the goodwill identified during the acquisition of the equity investment in the Attica Publications S.A. Group.

Assessment of the recoverable value

The carrying amount of the CGUs is assessed by determining their recoverable value, which is the higher of value in use and fair value, less costs to sell.

With regard to the CGUs measured through value in use, the impairment test was based on the projection of cash flows deriving from the Medium-Term Plan, drawn up for the years 2024-2026, in relation to which the Board of Directors reviewed the guidelines and approved the contents on 15 February 2024.

The table shows the criteria used in the valuation of the recoverable value of the various CGUs, as well as the main elements for assessing their recoverable value.

Cash Generating Unit	Criterion used	Economics	Growth rate on terminal value	Discounting rate
CGU titles former SBE	Value in use / Fair value	EBITDA 2024-2026 Revenue 2024-2026	g = -3% g = -5%	8.43%
CGU titles former Elemond	Fair value	Revenue 2024-2026	g = -3%	8.43%
CGU former Gruner+Jahr Mondadori	Fair value	Revenue 2024-2026	g = -3%	8.43%
Digital CGU	Value in use	EBITDA 2024-2026	g = 0%	8.43%
Hej! CGU	Value in use	Cash flow 2024-2026	g = 2%	8.43%
Webboh CGU	Value in use	Cash flow 2024-2026	g = 2%	8.43%
Digital Advertising & Engagement CGU	Value in use	Cash flow 2024-2026	g = 2%	8.43%
Rizzoli Trade CGU	Value in use	EBITDA 2024-2026	g = 0%	8.36%
Einaudi CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
Sperling & Kupfer CGU	Value in use	EBITDA 2024-2026	g = 0%	8.36%
Piemme CGU	Value in use	EBITDA 2024-2026	g = 0%	8.36%
Star Comics CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
A.L.I. CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
Education CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
Other CGUs	Value in use	EBITDA 2024-2026	g = 0%	8.36%
Investments	Value in use	EBITDA 2024-2028	g = 0%; g = 2%	8.69%

Specifically, when performing the impairment test:

- with regard to the titles former SBE, titles former Elemond and former Gruner+Jahr Mondadori CGUs, respectively for the magazines Chi, Interni and Focus, fair value was determined by applying the royalty method, based on estimated revenue in the medium-term forecast scenarios. Royalty rates between 3% and 5% were used; the estimated growth rate (g) for the period following the explicit years of the Medium-Term Plan is -3% and -5% relative to the magazine Chi;

- the value in use of Tv Sorrisi e Canzoni, included in the ex SBE magazines CGU, was determined on the basis of the income statement of the magazine, including structural and maintenance costs, which are deemed to be representative of the related cash flows. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is -3%;

- as regards the Digital CGU, the value in use was determined on the basis of the income statements of the various digital brands, which are deemed to be representative of the related cash flows. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the Hej!, Webboh and Digital Advertising & Engagement CGUs, the entire legal entity was considered as cash generating unit for the purpose of the impairment test. The value in use was determined on the basis of the cash flows of the company. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 2%;

- with regard to the Einaudi, Education (Mondadori Education, Rizzoli Education and D Scuola), Starcomics and A.L.I. CGUs, for the purposes of the impairment test, all the legal entities were considered as cash generating units. The value in use was determined on the basis of the cash flows of the respective companies. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

• with regard to the Rizzoli Trade, Sperling & Kupfer and Piemme CGUs, the assets of which fall under Mondadori Libri S.p.A., the value in use was determined on the basis of the income statements of the CGUs in question, including the structural and maintenance costs of the trademarks/series in question. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

• with regard to the other CGUs, the recoverable value was determined on the basis of value in use, taking account of the income statements, including structural and maintenance costs of the assets subject to impairment. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

With respect to investments, for the Attica Publications S.A. Group the value in use was determined on the basis of cash flow projections drawn from the long-term plans.

In addition to assessing the recoverability of the above CGUs, an analysis was also made of the Group's assets as a whole. The results of the analysis showed no impairment.

Determination of the discount rate

The discount rate was defined in terms of weighted average cost of capital (WACC) for the individual Cash Generating Unit taken into account and shown net of tax, consistently with the flows used.

WACC is an adjusted risk rate, measured on the basis of the cost that the company must bear to collect resources from lending entities, internal and external, to finance any specific investment. WACC expresses an opportunity cost of capital and is calculated as the weighted average of the cost of the risk capital and the cost of the debt capital.

The individual parameters used in the determination of WACC are the following:

• cost of equity (ke) is quantified based on the model of CAPM (Capital Asset Pricing Model) as requested in IAS 36, as the sum of: (i) the return on risk-free investments, (ii) a risk premium determined on the basis of the systematic riskiness of the investment being valued and (iii) an additional premium correlated to the dimensional risk. In particular:

- the risk-free rate was determined taking account of the yield to maturity for the securities of the Countries to which the Cash Generating Units are referred, taking account of the annual average;

- the risk premium was determined through the product resulting from the beta coefficient and the difference between the market performance (mp) and risk-free rate (equity risk premium), determined taking account of a sufficiently large time horizon. Specifically, the beta coefficient was calculated by considering the normalized average of market unlevered betas of a panel of comparable companies, distinguishing the book publishing business from the magazine publishing business, in order to intercept the different systematic risk. With regard to the equity risk premium, reference was made to the equity risk component for AAA Countries (4.57%) and the country risk premium component (1.41% for Italy and 2.11% for Greece); both figures were drawn from the estimates published by Damodaran in January 2024;

• the calculation of the Cost of Debt (kd) is based on the analysis of the specific financial structure of the Group;

• the weight attributed to equity and non-controlling interests' equity was calculated based on the normalized average of a panel of comparable companies.

Results of the impairment test

The results of the impairment test required the write down of:

• the magazine TV Sorrisi e Canzoni, for a total of € 6.3 million;

• the goodwill relative to Piemme for € 0.9 million.

Sensitivity to changes in the assumptions

For the amounts relating to the CGUs indicating no impairment loss, sensitivity analyses were carried out to corroborate the results of the test, increasing the discount rate by 0.5%, reducing the cash flows by 5% and the growth rate “g” by 1%.

The analysis confirmed that the results obtained are reasonable, without revealing any significant differences, and, consequently, confirmed the recoverability of the book values recognised in these financial statements, while stressing the need, however, to oversee the performance of each CGU in order to verify the consistency of final and forecast trends, taking account of the current market context.

12. INTANGIBLE ASSETS

"Intangible assets", amounting to € 385,116 thousand, increased by € 12,819 thousand versus 31 December 2022, due mainly to the acquisitions referred to in Note 8.

Intangible assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Intangible assets with finite useful life	138,700	132,681
Intangible assets with indefinite useful life	246,416	239,616
Total intangible assets	**385,116**	**372,297**

“Intangible assets with finite useful life", amounting to € 138,700 thousand, up versus € 132,681 thousand at 31 December 2022, includes, inter alia, the values of magazines, trademarks and websites and digital platforms relating to the Media Area.

In “Cost of development" and "Other assets, assets in progress and advances", the most significant amounts are represented by costs incurred in the school textbooks segment for the creation of new publishing projects.

Intangible assets with a finite useful life (Euro/thousands)	Titles	Trademarks	Customer lists	Software, licenses, patents and rights	Development costs	Other assets, assets in progress	Total
Historic cost at 31 December 2021	90,365	28,367	611	64,394	102,460	12,775	298,972
Investments	—	—	1,250	15,969	12,850	10,451	40,520
Disposals	—	—	—	(222)	(159)	—	(381)
Change in scope	—	1,431	—	494	851	60	2,836
Other changes	—	(24)	—	(953)	(41,132)	(5,972)	(48,081)
Historic cost at 31 December 2022	90,365	29,774	1,861	79,682	74,870	17,314	293,866
Accumulated amortisation and impairment losses at 31/12/2021	41,671	15,510	153	25,282	84,070	3,096	169,782
Depreciation and amortisation	2,910	1,390	387	9,028	17,734	463	31,912
Write-downs (write-backs)	6,730	489	—	—	156	—	7,375
Disposals	—	—	—	(222)	(159)	—	(381)
Change in scope	—	—	—	381	180	17	578
Other changes	—	(19)	—	(1,617)	(46,559)	114	(48,081)
Accumulated amortisation and impairment losses at 31/12/2022	51,311	17,370	540	32,852	55,422	3,690	161,185
Net value at 31/12/2021	48,694	12,857	458	39,112	18,390	9,679	129,190
Net value at 31/12/2022	**39,054**	**12,404**	**1,321**	**46,830**	**19,448**	**13,624**	**132,681**

Investments for FY 2023 came to € 47,629 thousand, mainly represented by:

- the value assigned to the business relations of A.L.I. Agenzia Libraria International S.r.l., of € 14,437 thousand, after the Purchase Price Allocation process;

- the value assigned to trademarks of A.L.I. Agenzia Libraria International S.r.l., Webboh S.r.l. and Digital Advertising & Engagement S.A., of € 5,361 thousand, after the Purchase Price Allocation process;

- the costs for the creation of new publications in the educational area (€ 8,710 thousand reported under "Development costs" and € 8,640 thousand under "Assets in progress");

- the costs for the development of software for the new copyright management system, the new software for planning and control, and the transition to cloud technology for the Group's SAP system and IT infrastructure, for € 3,206 thousand.

Disposals are represented by the trademark Grazia Cina, sold off together with the magazines Grazia and Icon.

As a result of the impairment test, it was necessary to adjust the value of the magazine TV, Sorrisi & Canzoni, recording an impairment loss of € 6,256 thousand; the write-downs of development costs are related to certain school textbook titles that will not be published.

Intangible assets with finite useful life (Euro/thousands)	**Titles**	**Trademarks**	**Customer lists**	**Software, licenses, patents and rights**	**Development costs**	**Other assets, assets in progress and**	**Total**
Historic cost at 31 December 2022	90,365	29,774	1,861	79,682	74,870	17,314	293,866
Investments	—	5,363	14,437	3,163	10,411	14,256	47,629
Disposals	—	(520)	—	—	—	—	(520)
Change in scope	—	228	—	909	—	302	1,439
Other changes	—	—	—	3,638	6,940	(10,632)	(53)
Historic cost at 31 December 2023	90,365	34,845	16,298	87,392	92,221	21,241	342,361
Accumulated amortisation and impairment losses at 31/12/2022	51,311	17,370	540	32,852	55,422	3,690	161,185
Depreciation and amortisation	2,542	1,753	1,909	10,829	17,792	613	35,438
Write-downs (write-backs)	6,256	—	—	—	106	—	6,362
Disposals	—	(156)	—	—	—	—	(156)
Change in scope	—	228	—	773	—	—	1,000
Other changes	—	—	—	44	(151)	(62)	(169)
Accumulated amortisation and impairment losses at 31/12/2023	60,109	19,194	2,449	44,499	73,169	4,240	203,661
Net value at 31/12/2022	39,054	12,404	1,321	46,830	19,448	13,624	132,681
Net value at 31/12/2023	**30,256**	**15,651**	**13,849**	**42,893**	**19,052**	**17,000**	**138,700**

“Intangible assets with indefinite useful life" amounted to € 246,416 thousand, an increase of € 6,800 thousand, and included the value of trademarks and publishing series in the Books Area and goodwill.

Intangible assets with indefinite useful life (Euro/thousands)	**Trademarks and series**	**Goodwill**	**Total**
Historic cost at 31 December 2021	70,632	161,910	232,542
Investments	12,500	4,346	16,846
Disposals	—	—	—
Change in scope	49	84	133
Other changes	(20)	26	6
Historic cost at 31 December 2022	83,161	166,366	249,527
Impairment loss at 31/12/2021	994	8,894	9,888
Write-downs (write-backs)	18	25	43
Other changes/disposals	(20)	—	(20)
Impairment loss at 31/12/2022	992	8,919	9,911
Net value at 31/12/2021	69,638	153,016	222,654
Net value at 31/12/2022	**82,169**	**157,447**	**239,616**

At the end of the purchase price allocation process of the business combinations, the editorial trademark Il Castello was assigned a value of € 847 thousand; after having expressed at fair value the value of all assets and liabilities acquired, to a residual extent, goodwill was assigned the comprehensive value of € 6,905 thousand.

Upon completion of the impairment test, the value of goodwill relative to Piemme needed to be adjusted, recording an impairment loss of € 935 thousand.

Other changes in the item "Goodwill" show the effect of the change in the euro-dollar exchange rate, relating to Rizzoli International Publications Inc..

Intangible assets with indefinite useful life (Euro/thousands)	**Trademarks and series**	**Goodwill**	**Total**
Historic cost at 31 December 2022	83,161	166,366	249,527
Investments	847	6,903	7,750
Disposals	—	—	—
Change in scope	—	—	—
Other changes	—	(15)	(15)
Historic cost at 31 December 2023	84,008	173,254	257,262
Impairment loss at 31/12/2022	992	8,919	9,911
Write-downs (write-backs)	—	935	935
Other changes/disposals	—	—	—
Impairment loss at 31/12/2023	992	9,854	10,846
Net value at 31/12/2022	82,169	157,447	239,616
Net value at 31/12/2023	**83,016**	**163,400**	**246,416**

Amortisation, write-downs and write-backs of intangible assets

Amortisation and write-downs in 2023 amounted to € 42,734 thousand, up from € 39,330 thousand in 2022, due to higher amortisation resulting from investments in software, required to integrate the new companies that joined the Group, and from the acquisitions completed in 2023.

Amortisation and impairment loss on intangible assets (Euro/thousands)	**2023**	**2022**
Titles	2,542	2,910
Trademarks	1,753	1,390
Customer lists	1,909	387
Software, licenses, patents and rights	10,829	9,028
Development costs	17,792	17,734
Other intangible assets	613	463
Total amortization of intangible assets	**35,438**	**31,912**
Write-downs of intangible assets	7,297	7,418
Write-backs of intangible assets		—
Total write-downs (write-backs) of intangible assets	**7,297**	**7,418**
Total amortization and impairment loss on intangible assets	**42,735**	**39,330**

The availability and use of intangible assets recognized in these financial statements are not subject to any lien or restriction.

13. PROPERTY, PLANT AND EQUIPMENT

The net value of "Property, plant and equipment" as at 31 December 2023 amounted to € 34,730 thousand; the increase compared to 31 December 2022 of € 10,597 thousand, of which € 4,926 thousand was due to changes in the scope of consolidation.

The table below shows a breakdown of "Property, plant and equipment" in 2022 and 2023:

Property, plant and equipment (Euro/thousands)	**Instrumental buildings**	**Plant and equipment**	**Other tangible assets**	**Total**
Historic cost at 31 December 2021	117	21,362	61,031	82,510
Investments	—	1,123	11,378	12,501
Disposals	(117)	(420)	(1,468)	(2,005)
Change in scope	—	348	1,777	2,125
Other changes	—	13	(1,520)	(1,507)
Historic cost at 31 December 2022	—	22,426	71,198	93,624
Accumulated amortisation and impairment losses at 31/12/2021	117	18,661	49,139	67,917
Depreciation and amortisation	—	734	3,545	4,279
Write-downs (write-backs)	—	72	248	320
Disposals	(117)	(420)	(1,447)	(1,984)
Change in scope	—	100	366	466
Other changes	—	—	(1,507)	(1,507)
Accumulated amortisation and impairment losses at 31/12/2022	—	19,147	50,344	69,491
Net value at 31/12/2021	—	2,701	11,892	14,593
Net value at 31/12/2022	**—**	**3,279**	**20,854**	**24,133**

Investments for 2023 came to € 11,197 thousand, mainly represented by:

- the costs incurred by Mondadori Retail S.p.A. (€ 8,030 thousand) for furniture and interventions on leased buildings relative to the opening of new book stores or the restyling of existing sales outlets;

- the purchase of personal computers, the modernisation of local networks and making the company networks secure for € 463 thousand;

- interventions under the scope of the requalification of the office of Palazzo Niemeyer in Segrate for € 1,583 thousand, recorded under fixed assets under construction.

Property, plant and equipment (Euro/thousands)	**Instrumental buildings**	**Plant and equipment**	**Other tangible assets**	**Total**
Historic cost at 31 December 2022	—	22,426	71,198	93,624
Investments	—	2,160	9,037	11,19
Disposals	—	(3,892)	(7,491)	(11,383
Change in scope	—	9,825	2,543	12,368
Other changes	—	2,680	(2,975)	(295)
Historic cost at 31 December 2023	—	33,200	72,312	105,512
Accumulated amortisation and impairment losses at 31/12/2022	—	19,147	50,344	69,491
Depreciation and amortisation	—	2,132	4,833	6,965
Write-downs (write-backs)	—	27	19	46
Disposals	—	(3,886)	(7,442)	(11,328
Change in scope	—	4,806	1,533	6,339
Other changes	—	(9)	(723)	(731)
Accumulated amortisation and impairment losses at 31/12/2023	—	22,218	48,563	70,781
Net value at 31/12/2022	—	3,279	20,854	24,133
Net value at 31/12/2023	**—**	**10,982**	**23,748**	**34,730**

“Other fixed assets” is broken down as follows:

Other fixed assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Industrial and commercial equipment	367	97
Electronic office machinery	4,101	3,960
Office furniture, facilities and fittings	5,255	3,539
Motor and transport vehicles	196	6
Leasehold improvements	10,247	5,342
Other tangible assets and fixed assets in progress	3,583	7,910
Total other fixed assets	**23,749**	**20,854**

Depreciation of property, plant and machinery

Depreciation, amortisation and write-downs for the year totalled € 7,011 thousand, up from € 4,599 thousand in 2022, mainly due to the investments made by Mondadori Retail S.p.A. in opening new stores, which recognised depreciation of € 3,155 thousand (€ 1,395 thousand in 2022) and the contribution of the companies acquired in 2023 for € 1,197 thousand.

Depreciation and impairment loss on property, plant and equipment (Euro/thousands)	**2023**	**2022**
Buildings	—	—
Plant and equipment	2,132	734
Equipment	144	63
Electronic office machinery	1,815	1,531
Furniture and furnishings	915	730
Motor and transport vehicles	105	9
Leasehold improvements	1,845	1,208
Other tangible assets	9	4
Total depreciation of property, plant and equipment	**6,965**	**4,279**
Write-downs of tangible assets	46	320
Write-backs of tangible assets	—	—
Total write-downs (write-backs) of property, plant and equipment	**46**	**320**
Total depreciation and impairment loss on tangible assets	**7,011**	**4,599**

14. ASSETS FROM RIGHTS OF USE

Assets from right of use, recorded in accordance with IFRS 16, amounted to € 68,762 thousand, increasing by € 310 thousand versus 31 December 2022.

The most relevant changes were:

• the contribution of new acquisitions for € 5,085 thousand, stated under "Other changes";

• new lease contracts or renewals of existing contracts, stipulated by Mondadori Retail S.p.A. for a value of € 10,863 thousand and closure of contracts, again in the Retail area, for a residual amount of € 5,004 thousand;

• amortisation of € 14,966 thousand.

Assets from rights of use (Euro/thousands)	**Rights of use buildings**	**Rights of use motor vehicles**	**Rights of use hardware**	**Rights of use in progress**	**Total**
Historic cost at 31 December 2021	112,044	1,427	1,306	2,132	116,909
Investments	39,543	384	—	—	39,927
Disposals	(5,398)	—	—	—	(5,398)
Other changes	(48,874)	—	—	(2,132)	(51,006)
Historic cost at 31 December 2022	97,315	1,81	1,306	—	100,432
Amortisation fund at 31 December 2021	34,801	849	535	—	36,185
Depreciation and amortisation	13,406	443	257	—	14,106
Disposals	(4,094)	—	—	—	(4,094)
Other changes	(14,218)	(1)	—	—	(14,219)
Amortisation fund at 31 December 2022	29,895	1,291	792	—	31,978
Net value at 31/12/2021	77,244	579	771	2,132	80,725
Net value at 31/12/2022	**67,419**	**520**	**514**	**—**	**68,453**

Assets from rights of use (Euro/thousands)	Rights of use buildings	Rights of use motor vehicles	Rights of use hardware	Rights of use in progress	Total
Historic cost at 31 December 2022	97,315	1,811	1,306	—	100,432
Investments	15,326	553	29	—	15,908
Disposals	(15,576)	—	—	—	(15,576)
Other changes	5,447	—	—	—	5,447
Historic cost at 31 December 2023	102,512	2,364	1,335	—	106,211
Amortisation fund at 31 December 2022	29,897	1,290	792	—	31,979
Depreciation and amortisation	14,301	403	262	—	14,966
Disposals	(10,033)	—	—	—	(10,033)
Other changes	537	—	—	—	537
Amortisation fund at 31 December 2023	34,702	1,693	1,054	—	37,449
Net value at 31/12/2022	67,420	520	514	—	68,454
Net value at 31/12/2023	**67,810**	**671**	**281**	**—**	**68,762**

15. INVESTMENTS

“Equity-accounted investees" and "Investments in other companies" amounting to € 13,600 thousand, down by € 16,148 thousand, mainly as a result of the line-by-line consolidation of A.L.I.-Agenzia Libraria Internazionale S.r.l., and Digital Advertising & Engagement S.A., of which Mondadori acquired control in 2023, instead of consolidation according to the equity method, as was the case in 2022.

Investments (Euro/thousands)	31/12/2023	31/12/2022
Equity-accounted investees	13,340	28,450
Investments in other companies	260	1,298
Total investments	**13,600**	**29,748**

“Equity-accounted investees", amounting to € 13,340 thousand, decreased by € 15,110 thousand as a result of the transactions that involved A.L.I.-Agenzia Libraria Internazionale S.r.l. and Digital Advertising & Engagement S.A., and the classification amongst assets held for sale of Mediamond S.p.A., sold with effect from 1 January 2024.

In 2023 the Group received dividends amounting to € 2,153 thousand, distributed by Edizioni EL S.r.l. (€ 1,106 thousand), Mediamond S.p.A. (€ 1,000 thousand) and Digital Advertising & Engagement S.A. (€ 47 thousand).

Equity-accounted investees - Details (Euro/thousands)	31/12/2023	31/12/2022
Investments in joint ventures:		
- Edizioni EL S.r.l.	4,114	4,157
- Attica Publications Group	7,287	6,968
- Mediamond S.p.A.	0	2,390
- Mondadori Seec Advertising Co. Ltd	1,242	1,425
- A.L.I.-Agenzia Libraria Internazionale S.r.l.	0	12,477
Total investments in joint ventures	**12,643**	**27,387**
Investments in associates:		
- Digital Advertising S.r.l.	0	471
- Press-Di Distribuzione Stampa Multimedia S.r.l.	664	592
- Editrice AAM Terranuova S.r.l.	33	0
Total investments in associates	**697**	**1,063**
Total equity-accounted investees	**13,340**	**28,450**

The value of "Investments in other companies", amounting to € 260 thousand, decreased by € 1,038 thousand due to the sale of the share held in Società Europea di Edizioni S.p.A..

Investments in other companies - Details (Euro/thousands)	31/12/2023	31/12/2022
Investments in other companies:		
- Società Europea di Edizioni S.p.A.	—	1,038
- Società Editrice Il Mulino S.p.A.	197	197
- Consuledit S.r.l.	1	1
- Immobiliare Editori Giornali S.r.l.	52	52
- Consorzio Edicola Italiana	10	10
Total investments in other companies	**260**	**1,298**

The results achieved by the associates in 2023 were positive for a total of € 949 thousand, to which the income from the fair value measurement of the stake already held in A.L.I.-Agenzia Libraria Internazionale S.r.l. and Digital Advertising & Engagement S.A. is added, at the date control was acquired (€ 1,300 thousand and € 715 thousand respectively), and the capital gain realised on the sale of Società Europea di Edizioni S.p.A. (€ 1,191 thousand).

16. Pre-paid tax assets and deferred tax liabilities

“Deferred tax assets", amounting to € 65,788 thousand, and "Deferred tax liabilities", amounting to € 42,365 thousand, respectively decreased by € 2,090 thousand and increased by € 110 thousand.

(Euro/thousands)	31/12/2023	31/12/2022
IRES on tax losses	286	1,754
Pre-paid IRES	60,065	60,781
Pre-paid IRAP	5,437	5,343
Total deferred tax assets	**65,788**	**67,878**
Deferred IRES	36,983	37,068
Deferred IRAP	5,382	5,187
Total deferred tax liabilities	**42,365**	**42,255**

The decrease in the value of “Deferred tax assets" was due to:

• the consumption of previous tax losses, which led to the use of the relative prepaid tax assets provision for € 1,468 thousand;

• the development of taxed provisions and other temporary differences, which resulted in a total reduction of € 1,251 thousand;

• the change in the scope of consolidation, which generated an increase of € 629 thousand;

The Directors believe that the amounts recognised are fully recoverable, considering:

• the possibility of a pre-deduction of up to 80% of the Group's prior-years’ tax losses from taxable income, in accordance with the agreement governing relations with the consolidating entity Fininvest S.p.A.;

• the right to carry forward tax losses without time restrictions;

• the performance estimates contained in the 2024-2026 Medium-Term Plan, which was approved by the Board of Directors on 15 February 2024.

Components that led to the recognition of pre-paid tax

(Euro/thousands)	31/12/2023			31/12/2022		
	Total	Current tax rate	Prepaid tax assets	Total	Current tax rate	Prepaid tax assets
Difference between book value and tax value of intangible assets	7,846	(*)	1,883	11,084	(*)	2,659
Difference between book value and tax value of investment property and investments in property, plant and equipment	1,675	(*)	402	1,495	(*)	359
Provision for bad debts	14,889	(*)	3,598	17,327	(*)	4,184
Write-down of inventory	34,128	(*)	8,225	33,807	(*)	8,149
Write-down of advances to authors	56,488	(*)	13,569	54,043	(*)	12,983
Provisions	41,232	(*)	9,896	43,428	(*)	10,423
Post-employment benefits	558	(*)	134	803	(*)	193
Elimination of intercompany income	7,013	(*)	1,683	7,325	(*)	1,758
Returns to receive	36,957	(*)	8,870	32,215	(*)	7,732
Amendment rights to existing tax consolidation	43,038	(*)	10,329	45,904	(*)	11,018
Other temporary differences	5,990	(*)	1,476	5,362	(*)	1,323
Total for IRES purposes	**249,814**		**60,065**	**252,793**		**60,781**
Difference between book value and tax value of intangible assets	6,527	(*)	254	10,450	(*)	407
Difference between book value and tax value of investment property and property plant and equipment	287	(*)	11	302	(*)	12
Write-down of inventory	30,645	(*)	1,195	30,239	(*)	1,179
Write-down of advances to authors	55,115	(*)	2,149	52,422	(*)	2,045
Provisions	1,672	(*)	65	2,243	(*)	87
Post-employment benefits	137	(*)	5	1,123	(*)	44
Elimination of intercompany income	6,974	(*)	272	7,282	(*)	284
Returns to receive	36,957	(*)	1,441	32,215	(*)	1,257
Other temporary differences	1,098	(*)	45	715	(*)	28
Total for IRAP purposes	**139,412**		**5,437**	**136,991**		**5,343**

(*) With regard to income tax, each Group company applied the tax rate applicable in the country of residence. As for IRAP, each Group company applied the tax rate in force, taking account of the distribution of the tax base by region.

The increase in the value of "Deferred tax liabilities" is mainly determined by:

• of the change in scope, which resulted in an increase of € 5,324 thousand;

• the reduction of the cash flow hedge reserve, which led to use of deferred tax for € 1,133 thousand;

• of the amortisation of differences arising from acquisitions, allocated to assets with a finite useful life, at the end of the Purchase Price Allocation process.

Components that led to the recognition of deferred tax

(Euro/thousands)	31/12/2023			31/12/2022		
	Total	**Current tax rate**	**Deferred tax**	**Total**	**Current tax rate**	**Deferred tax**
Difference between book value and tax value of intangible assets	137,355	(*)	32,902	132,604	(*)	31,825
Difference between book value and tax value of investment property and investments in plant and equipment	—	(*)	63	—	(*)	—
Post-employment benefits	2,003	(*)	481	2,599	(*)	624
Other temporary differences	14,737	(*)	3,537	19,248	(*)	4,619
Total for IRES purposes	**154,095**		**36,983**	**154,451**		**37,068**
Difference between book value and tax value of intangible assets	137,755	(*)	5,363	132,936	(*)	5,184
Difference between book value and tax value of investment property and investments in property, plant and equipment	238	(*)	19	66	(*)	3
Total for IRAP purposes	**137,993**		**5,382**	**133,002**		**5,187**

(*) It should be noted that, with reference to income taxes, each Group company applied the tax rate applicable in the country of residence. As for IRAP, each Group company applied the tax rate in force, taking account of the distribution of the tax base by region.

17. Other non-current assets

The balance of “Other non-current assets”, amounting to € 1,727 thousand, shows an increase of € 1,559 thousand, mainly due to the effect of the medium/long-term share of the receivable accrued on the sale of Società Europea di Edizioni S.p.A. (1,302 thousand euro).

Other non-current assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Guarantee deposits	152	168
Others	1,575	—
Total other non-current assets	**1,727**	**168**

18. Tax receivables and payables

At 31 December 2023, "Tax receivables" amounted to € 15,541 thousand, up by € 6,492 thousand versus the prior year, due mainly to the effect of the higher VAT credit, due to the greater purchase volumes and the extension of the consolidation scope (€ +1,954 thousand).

“Receivables from the tax authorities for direct tax to recover and advances on disputes”, amounting to € 3,429 thousand, includes mainly:

• receivables recognized as a result of the deductibility of IRAP from the IRES taxable base for € 784 thousand;

• receivables for contributions in operating account acknowledged to the Group companies in connection with the purchase of paper for printing newspapers, the costs incurred for their distribution, gas and electricity consumption and investments in technological innovation;

• receivables for tax disputes for a total of € 8,903 thousand, fully written down.

Tax receivables (Euro/thousands)	**31/12/2023**	**31/12/2022**
Receivables from the tax authorities for IRAP	1,226	1,087
Receivables from the tax authorities for IRES	421	220
Receivables from Fininvest for IRES	1,119	1,379
Receivables from the tax authorities for VAT	9,346	5,338
Receivables from the tax authorities for direct tax to recover and advances on disputes	3,429	1,025
Total tax assets	**15,541**	**9,049**

“Income tax payables", amounting to € 12,972 thousand, rose by € 2,301 thousand due to the better economic results achieved.

Income tax payables (Euro/thousands)	**31/12/2023**	**31/12/2022**
Payables due to the Inland Revenue for IRAP	451	521
Payables to the tax authorities for IRES	469	750
Payables to Fininvest for IRES	12,052	9,400
Total income tax payables	**12,972**	**10,671**

19. Other current assets

“Other current assets”, of € 74,195 thousand, are up by € 1,982 thousand, mainly due to the increase in advance payments made to authors, net of the appropriate write-downs applied. The amount of advances, of € 123,315 thousand, reduces by € 382 thousand, the value of the provision for the write-down of advances to authors, of € 65,606 thousand, drops by € 1,538 thousand; both changes are largely due to the Trade Books area.

“Accrued income and deferred expenses” includes the costs related to the organisation of exhibitions for 2024 and advances paid by Edizioni Star Comics S.r.l. for the acquisition of comic book rights.

The value of “Other receivables”, amounting to € 1,529 thousand, includes receivables arising from the sale of magazines and Società Europea di Edizioni S.p.A..

Other current assets (Euro/thousands)	31/12/2023	31/12/2022
Receivables due from agents	214	174
Receivables from authors	123,315	123,697
Provision for advances to authors	(65,606)	(67,144)
Receivables from suppliers and associates	6,955	6,274
Accrued income and deferred expenses	7,395	7,225
Other receivables from associates and affiliates	393	2
Other receivables	1,529	1,985
Total other current assets	**74,195**	**72,213**

20. INVENTORY

The value of "Inventory", equal to € 149,940 thousand, decreased compared to the previous year by € 1,413 thousand, despite the contribution made by the companies acquired in 2023, amounting to € 2,615 thousand; the most significant reduction was concentrated in the Trade Books area (€ -5,487 thousand).

Inventory (Euro/thousands)	31/12/2023	31/12/2022
Raw and ancillary materials and consumables	16,272	14,716
Write-down of raw and ancillary materials and consumables	(1,069)	(926)
Total raw and ancillary materials and consumables	**15,203**	**13,790**
Work in progress and semi-finished goods	11,562	12,298
Write-down of work in progress and semi-finished goods	(1,154)	(1,627)
Total work in progress and semi-finished goods	**10,408**	**10,671**
Finished products and goods	205,867	200,688
Write-down of finished products and goods	(81,538)	(73,796)
Total finished products and goods	**124,329**	**126,892**
Total inventory	**149,940**	**151,353**

The value of “Raw and ancillary materials and consumables”, of € 15,203 thousand, increases by € 1,413 thousand, as a result of the greater volumes of paper acquired by the Education Books area (€ 1,410 thousand), to follow up on the desire to bring part of new production for 2024 forward, and by the Trade Books area (€ 553 thousand); the Media area reduced its stocks by € 549 thousand, in consideration of the decline in the dissemination of paper products.

The value of “Work in progress and semi-finished goods” of € 10,408 thousand, reduces by € 262 thousand compared with the value at 31 December 2022, as a result of the downturn recorded in the Media area, also due to the fewer initiatives of products sold jointly to the magazines, partly offset by the increase seen in the Education area, for the specified choice of bringing forward some new publications of 2024.

"Finished products and goods" includes books produced by the Group, third-party publishers’ books purchased for re-sale in the Retail segment and merchandising, paper processing and gifts.

The amount of finished products, of € 124,329 thousand, decreased by a net € 2,564 thousand, compared to 31 December 2022, mainly due to:

• the rationalisation of stocks by Edizioni Star Comics S.r.l., De Agostini Libri S.r.l. and Rizzoli International Publications Inc. (in all, € -5,797 thousand);

• the limitation of product stocks in the Education area (€ -638 thousand);

• the increase due to the opening of new Mondadori Retail S.p.A. stores (€ +1,588 thousand);

• the contribution of the new companies acquired during 2023 (€ +2,357 thousand).

Inventory write-down was calculated separately and analytically for each Group company, in consideration of the saleability of finished products and the relative rotation indexes, the possible unproductiveness of work-in-progress or semi-finished products, and the deterioration of raw materials.

Inventory - Write-down (Euro/thousands)	**Raw material**	**Work in progress and semi-finished goods**	**Finished products and goods**
Total at 31/12/2021	760	1,340	71,569
Changes in the year:			
- allocation	215	251	4,311
- utilizations	(48)	(7)	(5,870)
- other changes	(1)	43	3,786
Balance at 31 December 2022	**926**	**1,627**	**73,796**
Changes in the year:			
- allocation	204	226	12,272
- utilizations	(128)	(687)	(9,213)
- other changes	67	(12)	4,683
Balance at 31 December 2023	**1,069**	**1,154**	**81,538**

None of the inventory recorded in the financial statements are pledged as guarantees for liabilities.

Decrease (increase) in inventory

The income statement effects resulting from the changes in inventory and the provisions for value adjustments are detailed below.

Decrease (increase) in inventory to the income statement (Euro/thousands)	**31/12/2023**	**31/12/2022**
Changes in finished products and goods	459	(12,304)
Allocation to the provision for write-downs of finished products and goods	12,272	4,311
Utilization of the provision for write-downs of finished products and goods	(9,213)	(5,870)
Total changes in finished products and goods	**3,518**	**(13,863)**
Changes in work in progress and semi-finished goods	925	350
Allocation to the provision for write-downs of work in progress and semi-finished goods	226	251
Utilization of the provision for work in progress and semi-finished goods	(687)	(7)
Total changes in work in progress and semi-finished goods	**464**	**594**
Changes in raw and ancillary materials and consumables	(1,298)	(5,561)
Allocation to the provision for write-downs of raw and ancillary materials and consumables	204	215
Utilization of the provision for write-downs of raw and ancillary materials and consumables	(128)	(48)
Total changes in raw and ancillary materials and consumables	**(1,222)**	**(5,394)**
Total decrease (increase) in inventory	**2,760**	**(18,663)**

21. TRADE RECEIVABLES

"Trade receivables", amounting to € 164,438 thousand, increased versus € 161,230 thousand at 31 December 2022; the change in the consolidation scope contributed to that change for € 13,585 thousand.

Trade receivables (Euro/thousands)	**31/12/2023**	**31/12/2022**
Receivables from customers	147,853	134,693
Receivables from associates	15,983	25,798
Receivables from parent companies	6	—
Receivables from affiliates	596	739
Total trade receivables	**164,438**	**161,230**

"Customer receivables", equal to € 147,853 thousand, increased by € 13,160 thousand, as a result of the specified change in scope.

The evolution of exposure towards the Group companies' customers in 2022 mainly involved:

• the Media area, with an increase of € 3,319 thousand, as a result of the growth in revenues of Adkaora S.r.l. and Zenzero S.r.l.;

• the Retail area, with an increase of € 871 thousand, due to the growth in business volumes;

• the Trade Books area, with a decrease of € 2,478 thousand, concentrated in Rizzoli International Publications Inc., also due to the downturn in revenues;

• the Education Books area, with a decline of € 1,619 thousand, as a result of the positive performance in credit management.

“Receivables from associates” for € 15,983 thousand, are mainly represented by receivables from Mediamond S.p.A. and Press-Di Distribuzione Stampa e Multimedia S.r.l., respectively for the sale of advertising spaces and the distribution of magazines and newspapers.

Compared with 31 December 2022, the significant reduction was caused by the smaller number of magazines published by the Group, following the sale of Grazia and Icon, and the acquisition of control over A.L.I.-Agenzia Libraria Internazionale S.r.l., which resulted in its line-by-line consolidation and in whose regard, at 31 December 2022, the Group had a receivable due in the amount of € 3,948 thousand.

Trade receivables - Receivables from customers (Euro/thousands)	**31/12/2023**	**31/12/2022**
Gross receivables from customers	233,685	210,834
Customers – returns to receive	(71,396)	(62,081)
Provision for bad debts	(14,436)	(14,060)
Total trade receivables	**147,853**	**134,693**

The value of the provision for bad debts, which amounted to € 14,436 thousand, increased by € 376 thousand as a result of the enlargement of the scope of consolidation, which contributed € 522 thousand.

The amount of the provision was determined following a thorough analysis completed on customer creditworthiness and credit positions at risk of collection.

Trade receivables - Receivables from customers - Write-down (Euro/thousands)	**31/12/2023**	**31/12/2022**
Balance at beginning of year	14,060	13,632
Changes in the year:		
- allocation	3,168	3,694
- utilizations	(3,318)	(3,728)
- changes in consolidation scope and other changes	526	462
Total provision for bad debts	**14,436**	**14,060**

There were no trade receivables due over five years.

22. EQUITY

Equity at 31 December 2023, amounting to € 288,839 thousand, including third party shareholder reserves of € 755 thousand, changes to which are detailed in the specific statement, increased by € 28,013 thousand, compared with € 260.826 thousand at 31 December 2022.

The most significant changes are represented by the period profit of € 62,411 thousand, partly offset by the distribution of a dividend of € 28,685 thousand and the reduction of the cash flow hedge reserve for € 3,589 thousand.

Share Capital

Arnoldo Mondadori Editore S.p.A.'s share capital amounts to € 67,979,168.40, divided into no. 261,458,340 ordinary shares with a par value of € 0.26 each.

The legal entity controlling the Mondadori Group is Fininvest S.p.A..

Treasury shares

In 2023, Arnoldo Mondadori Editore S.p.A. purchased no. 591,000 treasury shares on the MTA, equal to 0.226% of the share capital and assigned no. 461,189 shares to the beneficiaries of the 2020-2022 Performance Share Plan, bringing the total number of treasury shares held to no. 1,277,802, equal to 0.489% of the share capital.

The value of treasury shares servicing the incentive plans named "Performance Share Plan 2021-2023", "Performance Share Plan 2022-2024" and "Performance Share Plan 2023-2025", at 31 December 2023, amounted to € 2,371 thousand, up versus € 2,024 thousand at 31 December 2022.

Other reserves and profit/loss carried forward

“Other reserves and profit/loss carried forward” at 31 December 2023 amounted to 160,064 thousand (141,540 thousand euro at 31 December 2022) and included:

- a legal reserve of € 13,596 thousand;

- a revaluation reserve used over the years for a total of € 16,711 thousand (€ 16,711 thousand at 31 December 2022);

- a cash flow hedge reserve, amounting to € 5,484 thousand (€ 9,072 thousand at 31 December 2022), net of the relevant tax impact, for the valuation of hedge derivatives;

- a reserve that covers the incentive plans in accordance with IFRS 2, amounting to € 2,331 thousand (€ 1,731 thousand at 31 December 2022);

- a reserve for post-employment discounting, net of the relevant tax impact of € 512 thousand (€ 699 thousand at 31 December 2022);

- the translation reserve, amounting to € 888 thousand (€ 1,739 thousand at 31 December 2022), resulting from the translation of the financial statements of the companies belonging to the Attica Group, with offices in Eastern European countries, and of the Chinese joint-venture Mondadori Seec Advertising Co. Ltd and Rizzoli International Publications Inc..

The exchange rates used for the translation of financial statements denominated in foreign currencies are summarized in the table below:

Currency	Actual 31/12/2023	Actual 31/12/2022	Average 2023	Average 2022
U.S. dollar	1.10	1.07	1.08	1.05
Chinese yuan	7.85	7.36	7.66	7.08
New Romanian Leu	4.95	4.95	4.93	4.93
Bulgarian leva	1.96	1.96	1.96	1.96
Serbian dinars	116.98	117.33	117.25	117.47

the residual balance represents reserves for retained earnings from past years.

Management of capital

The Mondadori Group capital is managed in relation mainly to the Group overall financial structure, taking into account a correct balance between net debt and capital.

The main index used by the Group for measuring capital adequacy compares net debt with capital to net debt. Net debt includes all liabilities (payables to banks) net of cash and cash equivalents.

Management of capital (Euro/millions)	31/12/2023	31/12/2022
Net debt	158.6	177.4
Capital (equity)	288.8	260.8
Total capital and net debt	**447.4**	**438.2**
Ratio of net debt/capital to net debt	35.4%	40.5%
Treasury shares	2.4	2.0

23. CAPITAL, RESERVES AND RESULTS ATTRIBUTABLE TO MINORITIES

The shareholders' equity pertaining to minority shareholders, for the accounting of which consideration is also given to the put&call agreements signed by Mondadori with the minority shareholders of the company being acquired, comes to € 755 thousand.

Capital, reserves and results attributable to minorities (Euro/thousands)	A.L.I.	Edizioni Star Comics	Zenzero	De Agostini Libri	Rizzoli Education
Equity as at 31/12/2022	—	—	(23)	1,265	21
Result for 2022	—	348	(30)	(848)	6
Equity as at 31/12/2023	—	—	—	746	9
Result for 2023	930	(294)	37	(509)	1

24. PROVISIONS

"Provisions", amounting to € 40,839 thousand, decreased by € 1,083 thousand, due mainly to:

• the increase in the provision for restructuring costs, for transactions expected to be carried out in 2024;

• the reduction of the provision for legal risks, following the closure of certain disputes, including, amongst the most relevant, those involving Rizzoli Education S.p.A., Mondadori Media S.p.A. and Mondadori Libri S.p.A., using provisions respectively for € 1,122, 664 and 256 thousand;

• the decrease in the provision for contractual commitments, due to the investments made in the area of museum activities, in accordance with the concession contracts in force.

Provisions (Euro/thousands)	**31/12/2022**	**Alloc.**	**Uses**	**Other changes**	**31/12/2023**
Provision for agents' contractual risks	2,420	202	(258)	—	2,364
Provision for personnel downsizing risks	5,254	3,995	(1,389)	135	7,994
Provision for legal risks	12,182	107	(2,248)	—	10,040
Provision for investment risks	—	—	—	—	—
Provision for tax disputes	—	—	—	—	—
Provision for contractual commitments	7,140	1,055	(2,413)	—	5,782
Provision for contractual commitments ad	1,529	28	(96)	—	1,461
Other provisions for risks	13,397	3,294	(2,950)	(544)	13,197
Total provisions	**41,922**	**8,681**	**(9,354)**	**(410)**	**40,839**

25. POST-EMPLOYMENT BENEFITS

Post-employment benefits and the supplementary agents' indemnity were determined by applying an actuarial method in compliance with IAS 19 and IAS 37.

It should be noted that for both calculations, a discounting rate based on the iBoxx Corporate EUR benchmark, rating AA and with a 10+ duration, was used consistently with past valuations.

Actuarial assumptions to measure TFR	**31/12/2023**	**31/12/2022**
Economic assumptions:		
- increase in cost of living	2.50%	3.77%
- discounting rate	3.17%	3.62%
Demographic assumptions:		
- probability of death	IPS55 tables	IPS55 tables
- probability of disability	INPS-2000 tables	INPS-2000 tables
- probability of leaving for other reasons	From 1.66% to 16.52%	From 2.50% to 15.93%
- retirement age	Regulations in force	Regulations in force

Actuarial assumptions to measure FISC	31/12/2023	31/12/2022
Economic assumptions:		
- discounting rate	3.17%	3.77%
Demographic assumptions:		
- probability of death/disability	1.0%	1.0%
- probability of leaving service	5.0%	5.0%
- probability of voluntary resignation	1.5%	1.5%
- average age of agency contract termination	Regulations in force	Regulations in force

"Post-employment benefits" of € 29,191 thousand record an overall increase of € 841 thousand; the benefits of the companies acquired in 2023 amount to € 969 thousand.

Post-employment benefits (Euro/thousands)	31/12/2023	31/12/2022
Provision for post-employment benefits (TFR)	14,127	13,795
Provision for supplementary agents' indemnity (FISC)	15,042	14,533
Provision for pensions and similar obligations	22	22
Total post-employment benefits	**29,191**	**28,350**

The benefits to be paid to employees have increased by € 332 thousand, going from € 13,795 thousand to € 14,127 thousand, with values deriving from the change in scope equal to € 904 thousand.

The most significant reductions took place in the Media area, for € 262 thousand, also due to the sale of the magazines Grazia and Icon, and in the Education Books area, € 163 thousand, due to a couple of managers leaving the Group, who had had significant seniority of service.

The benefits to be paid to the sales network, of € 15,042 thousand, increase by € 509 thousand, of which € 64 thousand due to the change in scope and € 445 thousand concentrated in the Trade Books and Education Books areas.

Post-employment benefits - Details (Euro/thousands)	**Provision for post-employment benefits (TFR)**	**FISC**	**Provision for retirement**
Balance at 31 December 2022	13,795	14,533	22
Changes in 2023:			
- allocations	216	2,024	—
- utilizations	(1,381)	(1,235)	—
- reversals			—
- interest costs	531	—	—
- changes in consolidation scope and other changes	966	(280)	—
Total at 31/12/2023	**14,127**	**15,042**	**22**

The change in the discount rate, from 3.77% to 3.17%, led to an increase in the provision for post-employment benefits of € 301 thousand.

Post-employment benefits cost items, booked under income statement, include the service cost of companies with less than 50 employees for € 216 thousand, financial expense of € 531 thousand, and the portion paid into the supplementary pension scheme for € 6,469 thousand.

The changes in the "Provision for supplementary agents' indemnity" reflect the turnover occurring in the Group's sales force during the financial year 2023; the item "Provisions" includes the effect of discounting.

"Provision for retirement" was not subject to discounting as the effects are irrelevant.

26. OTHER CURRENT LIABILITIES

The value of “Other current liabilities”, amounting to € 145,651 thousand, increased by € 3,602 thousand compared to 31 December 2022; the change in the scope of consolidation contributes towards the increase for € 1,795 thousand.

The increase due to the Group companies is, once again in 2022, mainly due to the higher advance payments made by customers, to payables due to authors, also as a result of the growth in revenues of the Trade Books area, and accrued liabilities for advance invoicing in connection with certain books specifically commissioned.

The balance of “Tax payables” has reduced, also as a result of the payment of the third instalment on the substitute tax due on the realignment of the tax value of certain assets with the respective statutory values carried out in 2021.

Other current liabilities (Euro/thousands)	**31/12/2023**	**31/12/2022**
Customer advances	3,057	2,629
Tax payables	6,957	8,737
Owed to social security and pension bodies	13,561	12,769
Payables to associates and affiliates	0	301
Other payables	122,010	117,61
		3
Total other current liabilities	**145,651**	**142,049**

Details of "Other payables”.

Other current liabilities – Other payables (Euro/thousands)	**31/12/2023**	**31/12/2022**
Payroll and other payables to personnel	20,105	20,271
Payables due to authors	70,930	69,015
Payables to subscription and instalment customers	17,073	17,487
Other payables, accrued liabilities and deferred income	13,902	10,840
Total other payables	**122,010**	**117,613**

27. TRADE PAYABLES

“Trade payables”, amounting to € 257,069 thousand, increased by € 4,380 thousand versus 31 December 2022; the contribution made by the companies that joined the Group during 2023 amounts to € 21,304 thousand.

The value of trade payables relative to the companies that were already part of the Group in 2022 therefore reduces significantly in connection with:

- the Trade Books area for € 9,776 thousand, as a result of the reduction of print runs and the decline in paper and printing costs;
- the Education Books area for € 2,814 thousand, as a result of the reduction in the prices of commodities, printing tariffs and logistics services;
- the Media area for € 7,582 thousand, as a result of the smaller production volumes and sales of magazines that took place at the start of the year.

The Retail area bucks the trend with payables growing by € 4,085 thousand as a result of the new stores opened in 2023.

Trade payables (Euro/thousands)	**31/12/2023**	**31/12/2022**
Payables to suppliers	252,064	246,455
Payables to associates	3,922	4,871
Payables to parent companies	19	19
Payables to affiliates	1,063	1,345
Total trade payables	**257,069**	**252,689**

“Payables to associates” mainly regard the distribution of the publishing product of Edizioni EL S.r.l. and the sale of goods in exchange for advertising pages organised with Mediamond S.p.A.; “Payables to affiliates” mainly regard Publitalia '80 S.p.A. for the purchase of advertising spaces.

Payables to associates, parent companies and affiliates are detailed in Annex "Transactions with related parties"; transactions with related parties are carried out under normal market conditions.

There were no trade payables due over five years.

28. NET FINANCIAL POSITION

At 31 December 2023, total debt, including the component entered in accordance with IFRS 16 came to € 158,596 thousand, an improvement of € 18,811 thousand.

This positive evolution is also confirmed when excluding “Financial liabilities IFRS 16” as a result of the cash generation deriving from the core business of € 68,730 thousand, contributed to by all business areas in which the Group operates, and a cash out relative to non-recurring transactions of € 15,282 thousand, mainly represented by purchases and restructuring costs, as well as the dividend distributed to shareholders of € 28,685 thousand and the negative impact of the measurement of the hedge against the rates risk, for € 4,722 thousand.

Net financial position (Euro/thousands)	**31/12/2023**	**31/12/2022**
Non-current financial assets	8,688	13,410
Current financial assets	2,111	614
Cash and cash equivalents	49,724	34,941
Non-current financial liabilities	(95,638)	(119,250)
Current financial liabilities	(50,998)	(36,717)
Financial assets (liabilities) from discontinued operations	—	857
Net financial position before IFRS 16	(86,113)	(106,145)
Financial liabilities IFRS 16	(72,483)	(71,262)
Financial liabilities IFRS 16 discontinued operations	—	—
Net financial position including IFRS 16 effect	**(158,596)**	**(177,407)**

The net financial position, according to the format recommended by CONSOB shown below, which does not include "Non-current financial assets" amounting to € 8,688 thousand, stood at € -167,284 thousand.

Net financial position (Euro/thousands)	**31/12/2023**	**31/12/2022**
- Cash	1,785	1,867
- Bank deposits	47,648	32,297
- Postal deposits	291	776
A Cashfunds	49,724	34,941
B Cash equivalents	—	—
C Other current financial assets	2,111	614
D Liquidity (A+B+C)	**51,835**	**35,555**
- Current bank payables	(471)	(169)
- Other current financial payables	(4,307)	(9,857)
E Current financial debt (including debt instruments, excluding current portion of non-current financial debt)	(4,778)	(10,026)
- Loans	(46,220)	(25,833)
F Current portion of non-current financial debt	(46,220)	(25,833)
G Current financial debt (E+F)	**(50,998)**	**(35,859)**
H Net current financial debt (G-D)	**837**	**(304)**
- Loans	(69,472)	(104,608)
- Financial liabilities IFRS 16	(72,483)	(71,262)
- Derivatives and other financial liabilities	(26,166)	(14,642)
I Non-current debt (excluding current portion and debt instruments)	(168,121)	(190,512)
J Debt instruments	—	—
K Trade payables and other non-current payables	—	—
L Non-current financial debt (I+J+K)	**(168,121)**	**(190,512)**
M Total financial debt (H+L)	**(167,284)**	**(190,816)**

Financial assets

The value of “Non-current financial assets” of € 8,688 thousand decreased by € 4,722 thousand, due to the adjustment of interest rate risk derivatives to fair value.

The balance included, for € 2,450 thousand, the loan granted by Mondadori Media S.p.A. to its associate Press-Di Distribuzione e Multimedia S.r.l. and the loan to Attica Publications, amounting to € 500 thousand, both of which were already outstanding at the end of the previous year.

Non-current financial assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Financial receivables from associates	2,950	2,950
Financial receivables	—	—
Assets resulting from derivative instruments	5,738	10,460
Total non-current financial assets	**8,688**	**13,410**

“Other current financial assets", amounting to € 2,111 thousand, increased by € 1,497 thousand, mainly due to the museum business, which recorded an increase in the number of visitors, and the deferred collection price relative to the sale of the magazines Grazia and Icon and Società Europea di Edizioni S.p.A.

Other current financial assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Financial receivables from customers	—	—
Financial receivables from associates	—	—
Financial receivables from parent companies	—	—
Financial receivables from affiliates	—	—
Financial receivables from others	2,111	602
Total financial receivables	**2,111**	**602**
Financial assets at fair value with adjustments recognized in the income statement	—	—
Available-for-sale financial assets	—	12
Assets resulting from derivative instruments	—	—
Total other current financial assets	**2,111**	**614**

Cash and cash equivalents

The item amounted to € 49,724 thousand mainly consists of temporary surplus liquidity in bank current accounts; the fair value of cash and cash equivalents is equal to their relevant book value at 31 December 2023.

Cash and cash equivalents (Euro/thousands)	31/12/2023	31/12/2022
Cash and cash on hand	1,785	1,867
Bank deposits	47,648	32,298
Post office accounts	291	776
Total cash and cash equivalents	**49,724**	**34,941**

Non-current financial liabilities

"Non-current financial liabilities" mainly include:

- the amortised costs of the Line A Amortising Term Loan and the use of Line C of the pool loan, coming to maturity in December 2026, totalling € 69,472 thousand;

- consideration, with deferred payment, related to certain acquisitions concluded in recent years, amounting to € 26,166 thousand.

Non-current financial liabilities	Effective interest rate	Maturity between 1 and 5 years	Maturity over 5 years	31/12/2023	31/12/2022
Loans	0.61%	69,472	—	69,472	104,608
Liabilities from derivatives		—	—	—	—
Other financial payables		19,725	6,441	26,166	14,642
Total non-current financial liabilities		**89,197**	**6,441**	**95,638**	**119,250**

Payables to banks and other current financial liabilities

"Payables to banks and other current financial liabilities" amounted to € 50,998 thousand and mainly included:

- the portion of Term Loan A of the pool loan, maturing in December 2024, amounting to € 15,833 thousand; the portion of line C of the pool loan maturity in December 2024, equal to € 20,000 thousand; "Hot Money" financing, maturing in January 2024, amounting to € 10,000 thousand;

- other financial payables in the amount of € 4,307, mainly for deferred payments related to certain acquisitions concluded in recent years.

Payables to banks and other current financial liabilities (Euro/thousands)	Effective interest rate	31/12/2023	31/12/2022
Bank deposits		471	169
Loans	2.76%	46,220	25,833
Financial payables to associates		—	—
Other financial payables		4,307	10,715
Total payables to banks and other current financial liabilities		**50,998**	**36,717**

At 31 December 2023, the Leverage Ratio Financial Covenant (debt/EBITDA) was equal to 0.65, far below the cap of 3.25 under the pool loan agreement.

The forecasts contained in the medium-term plan show no reasonably foreseeable sign of overshooting the cap in the future.

Changes in committed credit lines:

(Euro/thousands)	31/12/2022	Uses	Repayments	Other changes	31/12/2023
Pool loan December 2017					
Line A maturing in 2026	60,682	—	(15,833)	1,029	45,878
Line C maturing in 2026	59,686	—	—	102	59,788
Total	**120,368**	**—**	**(15,833)**	**1,131**	**105,666**

"Other changes" are the year's portion of amortisation of the amortised cost.

Assets and liabilities resulting from derivative instruments

Assets and liabilities resulting from derivative instruments - Details	Type of derivative instrument	Fair value at 31/12/2023	Fair value at 31/12/2022
Non-current financial assets (liabilities) - Rate derivatives	Cash flow hedge	5,738	10,460

The Group has adopted a Financial Risk Management policy. The use of derivative instruments is in line with the guidelines contained in such policy. In order to verify hedging efficiency, the Group performs a series of prospective tests and, where necessary, retroactive tests on a quarterly basis.

Assets resulting from derivative instruments amounting to € 5,738 thousand, include:

- the fair value relating to the hedging transactions on the existing interest rate risk (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), based on 100% of the Line A Amortising Term Loan of the pool loan agreement entered into in May 2021, maturing in December 2026 for a residual notional amount of € 47.5 million and a weighted average rate of -0.086%;

- the fair value relating to the Forward Start 31 January 2022 hedging transactions on the existing interest rate risk (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), applying to 100% of the use of Line C Acquisition Line of the pool loan agreement concluded in May 2021, coming to maturity in December 2026 for a notional value of € 60 million and a weighted average rate of -0.098%.

The table below shows the hedge impact on income statement and equity:

Cash flow hedge reserve (Euro/thousands)	31/12/2023	31/12/2022
Initial balance gross of the tax effect	(11,938)	(1,081)
Amount recognised in the period	601	(11,006)
Amount endorsed from reserve and recognised in the income statement:		
- adjustments to expense	115	123
- adjustments to income	4,007	26
Final balance gross of the tax effect	**(7,215)**	**(11,938)**
Inefficient part of hedge	—	—

Financial liabilities IFRS 16

"Financial liabilities IFRS 16", determined by classifying the rights of use in clusters, based on the contractual maturity, and applying a different discount rate to each of them: for Italian companies equal to the three-month Euribor (zero floor) plus a spread, and for US companies equal to the three-month treasury rate plus a spread, increased by € 1,221 thousand, going from € 71,262 thousand at 31 December 2022 to € 72,483 thousand.

Financial liabilities IFRS 16 (Euro/thousands)	Maturity between 1 and 5 years	Maturity over 5 years	31/12/2023	31/12/2022
Non-current financial liabilities IFRS 16	45,915	13,360	59,275	58,096
Current financial liabilities IFRS 16			13,208	13,166
Total financial liabilities IFRS 16	**45,915**	**13,360**	**72,483**	**71,262**

29. REVENUES FROM SALES AND SERVICES

Consolidated revenues for FY 2023 amounted to € 904,737 thousand, up 0.2% compared to € 903,003 thousand for 2022; like-for-like, organic revenue growth was 1.1%.

In the **Trade Books** area, revenues, of € 374,342 thousand, recorded an increase of 10.4%; on a like-for-like scope, net of the consolidation of the new companies acquired (mainly Star Comics from 1 July 2022 and A.L.I. from 1 January 2023), growth came to 1.6%.

This result is due to the favourable performance of the reference market, the quality of the publishing plan of the publishing houses and the significant growth of the museum business linked to the concessions still in place.

In the **Education Books** area, the school business recorded total revenues of € 237,494 thousand, stable on the € 237,300 thousand of 2022, due to more significant growth in the secondary school segment, which accounts for more than 80% of the area's revenues, which more than offset the downturn recorded in the less profitable segments of primary school and third party publishers distributed.

The **Retail** area recorded an increase in revenues of 5.4%, going from € 189,191 thousand to € 199,464 thousand, as a result of the opening of new stores, for the positive performance of directly-managed book stores, for the increase of 6.1% in sales of the Book product.

Revenues of the **Media** area, of € 140,963 thousand, record a decline of 20.7%, due to the change in scope mainly represented by the sales of the magazines *Grazia* and *Icon*.

Net of these discontinuities, the reduction would be 3%, as a result of the decline in circulation revenue, partly offset by the significant growth (+23%) of revenues deriving from digital advertising income, which accounts for 40% of the segment's total revenues.

Revenues from sales and services (Euro/thousands)	2023	2022	% Difference
Trade Books	374,342	338,941	10.4%
Education Books	237,494	237,300	0.1%
Retail	199,464	189,191	5.4%
Media	140,963	177,797	(20.7)%
Other Business and Corporate	42,957	41,525	3.4%
Aggregate revenue	**995,220**	**984,754**	**1.1%**
Intercompany revenue	(90,483)	(81,751)	10.7%
Total revenue from sales and services	**904,737**	**903,003**	**0.2%**

The "Directors' Report on Operations" provides further details on revenue trends and the Group's various lines of business.

30. Cost of raw, ancillary, consumption materials and goods

The "Cost of raw and ancillary materials, consumables and goods", which amounted to € 164,887 thousand, decreased by € 8,361 thousand from the previous year, mainly as a result of:

• the reduction in costs for the purchase of paper, despite the contribution made by Grafiche Bovini S.r.l., acquired in January 2023, of € 1,878 thousand, as a result of the reduction in the price of the commodity and more calibrated print runs in the Trade Books area;

• the decline in the costs for the purchase of third party publisher products for relative distribution, of products intended for resale on the network of Mondadori Retail S.p.A. stores and in museum book shops and products distributed with magazines, despite the fact that A.L.I. Agenzia Libraria International S.r.l., consolidated starting January 2023, contributes with a cost of € 5,039 thousand. Specifically:

- Rizzoli Education S.p.A. has recorded less in the way of purchases of publications by Oxford University Press, which it distributes in Italy, for € 2,894 thousand, due to the less positive trend of adoptions;

- Mondadori Retail S.p.A. has recorded less in the way of purchases for € 5,110 thousand, despite the opening of new stores, as a result of the rationalisation of the offer and reduction of sales spaces;

- Electa S.p.A. has recorded less in the way of purchases of merchandising and third party products sold in museum book shops, for € 817 thousand, despite the larger number of exhibitions organised, as a result of the process of optimising the commercial proposal;

- Mondadori Media S.p.A. has reduced the purchases of products sold with magazines for € 750 thousand.

Cost of raw and ancillary materials, consumables and goods (Euro/thousands)	2023	2022
Cost of raw materials	52,505	55,216
Goods for re-sale	111,416	115,725
Consumables, maintenance and other materials	966	2,307
Total cost of raw and ancillary materials, consumables and goods	**164,887**	**173,248**

31. COST OF SERVICES

The “Cost of services” for € 458,824 thousand has reduced compared with the previous year, by € 25,777 thousand, despite the expansion of the consolidation scope, which makes a contribution of € 10,567 thousand.

The most significant changes, referring to the like-for-like scope with 2022, concerned:

• costs for “Processing”, which went from € 149,365 thousand to € 114,575 thousand (like-for-like scope € 112,880 thousand), as a result of:

- the synergies achieved in the Education area, in which D Scuola S.p.A. benefited from more favourable printing tariffs than those that had been charged before its joining the Mondadori Group;

- the renegotiation of print tariffs, also made possible thanks to the reduction of electricity and gas costs, which benefited all Group areas;

- the reduction of print runs in the Trade Books area;

- the adaptation to the declining market trend of the print runs of copies in the Media area;

• the costs for “Logistics”, of € 36,389 thousand, down € 6,507 thousand (like-for-like scope € -11,258 thousand), as a result of the transfer and related centralisation of the depot and movement of the product of D Scuola S.p.A., as well as the renegotiation of tariffs;

• the costs relative to the sales network, for commission and post-employment benefits accrued during the year, which increased by € 5,325 thousand (€ 5,046 thousand on like-for-like scope), as a result of the increase in revenues in the Trade Books area and the different impact generated by the discounting of benefits to be paid to agents at the end of the contract, which was positive in 2022 and negative in 2023;

• the “Publisher’s share” of € 18,316 thousand, up by € 5,467 thousand (€ 3,089 thousand on like-for-like scope) as a result of the excellent performance boasted by Hej! S.r.l. and Zenzero S.r.l.;

• costs for "Rents and service expenses", for € 15,864 thousand, increased by € 3,950 thousand (€ 3,621 thousand on like-for-like scope), due to higher fees related to the cloud service and for the assistance and management of IT infrastructures, also due to the extended scope of consolidation.

Costs for services (Euro/thousands)	2023	2022
Rights and royalties	100,993	99,377
Commissions and costs for agents	53,276	47,951
Processing	114,575	149,365
Logistics	36,389	42,896
Consultancy services and third-party collaborations	31,865	32,086
Newsstand channel fee and subscription management	15,041	17,988
Purchase of advertising space and promotion expenses	21,496	21,061
Publisher's share	18,316	12,849
Travel, gifts and entertainment expenses	5,770	4,231
Directors' and statutory auditors' fees	3,348	2,373
Insurance	1,829	2,014
Telephone and postal expenses	4,083	6,176
Catering, security and cleaning services	3,783	3,685
Maintenance costs	3,329	3,142
Market surveys, news agencies	2,589	2,276
Bank services and commissions	1,683	1,664
IT services and administrative area	12,555	14,249
Rents and service expenses	15,864	11,914
Temporary work fees	5,555	4,609
Other services	6,485	4,695
Total cost of services	**458,824**	**484,601**

"Directors' and statutory auditors' fees" comprised fees paid to Directors and Statutory Auditors for € 2,691 thousand and € 657 thousand, respectively.

32. COST OF PERSONNEL

Group employees – on both permanent and fixed-term contracts – amounted to 1,945, up by 2.4% versus 1,900 resources at 31 December 2022.

Neutralising the effect of the changes in the scope of consolidation that occurred, the Group's workforce would increase by 1.7% on a like-for-like basis, particularly in the Media Digital and Retail areas.

Headcount	Actual 31/12/2023	Actual 31/12/2022	Average 2023	Average 2022
Executives	105	105	105	103
White collars, middle managers and journalists	1,809	1,782	1,794	1,787
Manual workers	31	13	31	10
Total	**1,945**	**1,900**	**1,930**	**1,900**

The cost of personnel came to € 140,579 thousand in 2023, up 2.6% on 2022 as a result of the changes in scope seen in 2023; net of these changes, the cost is essentially in line with that of the previous year.

"Other costs" show the net balance between recognised redundancy incentives and the utilisation of the respective provisions set aside in previous years.

Cost of personnel (Euro/thousands)	2023	2022
Wages and salaries	99,755	99,236
Social security expense	28,345	28,025
Share of post-employment benefits to increase provision for post-employment benefits	216	573
Supplementary pension scheme plans	6,469	6,113
Other costs	5,794	3,016
Total cost of personnel	**140,579**	**136,963**

Information on the Performance Share Plan

At 31 December 2023, the Mondadori Group has 3 share-based payment plans in place intended for managers of Group companies and for members of the Board of Directors of the Parent.

The reasons underlying the adoption of the Plans are:

- to create a stronger link between the creation of medium- and long-term value and the remuneration of Management;

- to support Mondadori's growth following the completion of the optimization of its assets, using a system that reflects the growth in the value of the company;

- to encourage teamwork at management level, supporting the shared objective of value creation.

The Board – or its representative, the CEO – has the power to amend the Performance Targets in extraordinary and/or unforeseen situations or circumstances that could have a significant impact on the results of the Group and/or its area of operations. These situations and circumstances could, for example, include mergers, demergers, acquisitions, disposals or spin-offs.

Shares are allocated to the beneficiaries at the end of the vesting period on the basis of pre-established performance targets. Specifically, these targets are related to:

- Total Shareholder Return (TSR) vis-à-vis the constituents of the FTSE Italia All Share index, with a weighting of 25%;

- Cumulative EBITDA for the three-year period, with a weighting of 20% (25% for the 2021-2023 plan);

- Cumulative Net profit over the three years, with a weighting of 25%;

- Ordinary Cash Flow for the three-year period (Free Cash Flow for the 2021-2023 Plan), with a weighting of 20% (25% for the 2021-2023 plan);

- Impact Inclusion Index, for the 2022-2024 and 2023-2025 plans, with a weighting of 10%.

For each of the above performance conditions, minimum, target and maximum result levels are set.

When the minimum (90%) is met for EBITDA, Net profit and Ordinary Cash Flow (Free Cash Flow for the 2021-2023 Plan), the number of shares granted is equal to 50% of the target number of options assigned. When the target is met, 100% vests, while with the maximum, the number of shares granted is equal to 120% of the target number of options assigned.

The Impact Inclusion Index, being the synthesis of three independent and individually measured fields of action, can have an outcome indicator value ranging from 0% to 120%, with a corresponding number of options assigned.

The TSR is defined vis-à-vis the constituents of the FTSE Italia All Share index by measuring performance over the period of the Plan. If the TSR is equal to or greater than the median, the target is deemed met and a number of shares up to 120% of the options assigned is granted. If the TSR is lower than the median, no shares are granted.

They are measured considering the five components of the Plan:

- the “market based” component connected to the measurement of the performance of Arnoldo Mondadori Editore S.p.A. in terms of Total Shareholder Return (TSR);

- the “non-market based” component relating to the achievement of targets on cumulative Net Profit, cumulative EBITDA, cumulative Free/Ordinary Cash Flow and Impact Inclusion Index.

Pursuant to IFRS 2, the financial instruments underlying the Plan were stated at fair value on their granting.

The fair value measurement, which takes account of the current share price at the granting date, volatility, the expected flow of dividends, the duration of the Plan and the free-risk rate, was entrusted to an independent third-party expert and carried out using a Monte Carlo-type simulation model.

The information documents pursuant to Article 114-bis of Legislative Decree 58/98, which present the characteristics of the above plans, are publicly available in the Governance section of Arnoldo Mondadori Editore S.p.A.’s website (www.gruppomondadori.it), at the registered office and at Borsa Italiana S.p.A.. The table below shows for each plan the costs recognized in the income statement and the assumptions underlying the fair value measurement.

In first half 2023, the Performance Share Plan for the three-year period 2020-2022 came to maturity. A total of 461,189 shares were assigned, measured at a weighted average price of € 1.7629. The plan envisaged a total cost of € 590,782 thousand and the related reserves set aside during the three-year period were reclassified as available.

The plans in place are described below.

2023-2025 long-term incentive plan

At 31 December 2023, the cost of the 2023-2025 Performance Share Plan (intended for the Chief Executive Officer and 17 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognized in the income statement under Cost of personnel, amounted to € 451,973 thousand.

The total number of shares granted is 783,316.

The fair value of shares was determined based on the following assumptions:

Granting date	02/05/2023
Residual life at granting date (in months)	32
Expected volatility of the share price	28.38%
Risk-free interest rate	3.26%
% on expected dividends	—%
Fair value of share at granting date (Euro)	1.731

2022-2024 long-term incentive plan

At 31 December 2023, the cost of the 2022-2024 Performance Share Plan (intended for the Chief Executive Officer and 12 selected Mondadori managers who have an employment and/or directorship relationship with the

The total number of shares granted is 523,478.

The fair value of shares was determined based on the following assumptions:

Granting date	01/06/2022
Residual life at granting date (in months)	31
Expected volatility of the share price	33.89%
Risk-free interest rate	1.36%
% on expected dividends	—%
Fair value of share at granting date (Euro)	1.648

2021-2023 long-term incentive plan

At 31 December 2023, the cost of the 2021-2023 Performance Share Plan (intended for the Chief Executive Officer and 12 selected Mondadori managers who have an employment and/or directorship relationship with the

The total number of shares granted is 735,729.

The fair value of shares was determined based on the following assumptions:

Granting date	29/07/2021
Residual life at granting date (in months)	29
Expected volatility of the share price	36.69%
Risk-free interest rate	(0.50%)
% on expected dividends	—%
Fair value of share at granting date (Euro)	1.77

33. SUNDRY EXPENSE (INCOME)

In 2023, net income amounted to € 11,208 thousand, an increase of € 7,344 thousand compared to 31 December 2022; the change mainly concerned expenses.

Sundry expense (income) (Euro/thousands)	2023	2022
Other revenues and income	(16,471)	(16,366)
Other operating expense	5,263	12,492
Total sundry expense (income)	**(11,208)**	**(3,874)**

“Other revenues and income”, amounting to € 16,471 thousand, were essentially in line with 2022.

During the previous year, the following were included:

- capital gains realised from the sale of the business units consisting of the magazines Donna Moderna and CasaFacile and from the sale of 80% of the share capital of Press-Di Distribuzione e Multimedia S.r.l., for a total of € 1,980 thousand;
- relief received for € 6,377 thousand, to compensate for the lower revenues realised in connection with the management of museum activities, due to the limitations imposed by the health emergency;
- grants received, to the extent of 10% of the expenses incurred for the purchase of paper used in the production of magazines in the 2019 and 2020 financial years, based on Article 188 of Decree-Law No. 34 of 19 May 2020, as amended, amounting to € 1,888 thousand.

In 2023, the following are included:

- the capital gain realised on the sale of the business unit consisting of the magazines Grazia and Icon, for € 3,629 thousand;
- grants totalling € 5,699 thousand, received: for the purchase of paper to print periodicals in 2021; for costs incurred in 2020 for the distribution of periodicals; for gas and electricity consumption; and for the purchase of capital goods pursuant to Law no. 178/2020.

Sundry expense (income) – Other revenue and income (Euro/thousands)	2023	2022
Capital gains from the disposal of fixed assets and business units	3,632	1,980
Contingent assets	4,126	3,133
Others	8,713	11,253
Total other revenues and income	**16,471**	**16,366**

Below is a breakdown of “Other operating expense”, which amounted to € 5,263 thousand, a decrease of € 7,229 thousand, mainly due to lower losses from credit management and the release of certain provisions, as the risks for which they had been set aside in previous years were no longer present.

Sundry expense (income) – Other operating expense (Euro/thousands)	2023	2022
Receivables management	2,812	3,668
Reimbursements and settlements, net of the use of provisions	(3,952)	1,697
Contributions and grants	2,482	2,238
Contingent liabilities	448	1,077
Capital loss from the disposal of fixed assets and business units	36	19
Other tax and duties	3,437	3,794
Total other operating expense	**5,263**	**12,492**

34. FINANCIAL EXPENSE (INCOME)

Net financial expense at 31 December 2023 amounted to € 7,838 thousand and increased by € 2,203 thousand versus the prior year, due mainly to:

- higher "Interest expense on loans", which went from € 1,114 thousand to € 7,034 thousand, partly offset by the higher "Income from derivatives", which went from € 151 thousand to € 4,121 thousand; the difference of € 1,950 thousand is the higher financial expense paid on the use of uncommitted loans, deriving from the significant increase in average Euribor rates, from 0.35% in 2022 to 3.43% in 2023;

- lower "Accessory expenses on loans" for € 712 thousand, including lesser expenses for € 317 thousand, due to the recalculation of the amortised cost in 2022 following the increase in Euribor rates;

- higher expenses on the assignment of VAT credits, included under "Interest expense to others", equal to € 250 thousand, following the increase in the Euribor rates;

- higher expenses deriving from the application of the standard IFRS 16, equal to € 1,663 thousand, due to the higher income recorded in 2022 in respect of the closure of certain lease contracts for € 1,238 thousand.

Financial expense (income) (Euro/thousands)	**2023**	**2022**
Interest from banks and post offices	(228)	(21)
Financial income from derivatives	(4,121)	(151
Financial income	(131)	(43)
Other interest	(98)	(50)
Total interest and other financial income	**(4,578)**	**(265)**
Interest expense to banks	59	7
Interest expense on loans	7,034	1,114
Financial expense from derivatives	—	—
Ancillary expense on loans	1,131	1,843
Commission on loans	563	577
Other impairment charges (income) IFRS 9	—	324
Financial expense from discounting of deferred payments	255	884
Financial expense from discounting of assets/liabilities	531	159
Other interest expense	588	289
Total interest and other financial expense	**10,161**	**5,197**
Realised positive currency differences	(96)	(100)
Unrealised positive currency differences	(13)	(33)
Realised negative currency differences	199	319
Unrealised negative currency differences	27	42
Total exchange losses (gains)	**117**	**228**
Expense (income) from financial assets	—	—
Financial expense IFRS 16	2,138	475
Total financial expense (income)	**7,838**	**5,635**

35. EXPENSE (INCOME) FROM INVESTMENTS

In FY 2023, the impact on the income statement of the valuation of investments in jointly controlled companies, associates and companies in which the Group holds a non-controlling interest, were positive for € 4,155 thousand, compared with net expenses for 2022 of € 199 thousand.

The economic results achieved by associates were generally positive for € 949 thousand, slightly down on the € 1,199 thousand recorded the previous year.

The effects of 2023 regarding extraordinary transactions and the measurements required by IFRS 3 with reference to business combinations carried out in multiple phases, are positive for € 3,206 thousand, whilst in 2022 they were negative for € 1,398 thousand.

Expense (income) from investments (Euro/thousands)	2023	2022
A.L.I.-Agenzia Libraria International S.r.l.	—	(1,697)
- Edizioni EL S.r.l.	(1,062)	(1,256)
- Attica Publications Group	(344)	(761)
- GD Media Service S.r.l.	—	(66)
-Press-Di Distribuzione e Multimedia S.r.l.	(73)	73
- Mondadori Seec Advertising Co. Ltd	99	1,200
- DI 2 S.r.l.	—	(16)
- Mediamond S.p.A.	(354)	(475)
-Digital Advertising & Engagement S.A.	10	(50)
- Società Europea di Edizioni S.p.A.	775	1,849
	(949)	**(1,199)**
Capital gain on the sale of Società Europea di Edizioni S.p.A.	(1,191)	—
Fair value measurement of A.L.I.-Agenzia Libraria International S.r.l.	(1,300)	—
- Fair value measurement of Digital Advertising & Engagement S.A.	(715)	—
- Fair value measurement of Press-Di Distribuzione e Multimedia S.r.l.	—	(281)
Impairment loss of the Attica Publications Group	—	1,679
	(3,206)	**1,398**
Total expense (income) from investments	**(4,155)**	**199**

36. INCOME TAX

"Income tax" at 31 December 2023 of € 17,924 thousand rises by € 2,611 thousand as a result of the better economic results achieved; the 2023 tax rate (22.3%) does not significantly differ from that of the previous year (22.9%).

Income tax (Euro/thousands)	2023	2022
IRES on income for the year	20,162	16,162
IRAP for the year	4,137	4,329
Total current tax	**24,299**	**20,491**
Deferred/pre-paid taxes for IRES	(1,052)	(81)
Deferred/pre-paid tax for IRAP	(600)	(753)
Total deferred/pre-paid tax	**(1,652)**	**(834)**
Other tax items	(4,723)	(4,344)
Total income tax expense for the year	**17,924**	**15,313**

Reconciliation between the theoretical tax charge and the current tax charge

(Euro/thousands)	2023 Pre-tax result	2023 Tax	2023 Current tax rate	2022 Pre-tax result	2022 Tax	2022 Current tax rate
Theoretical IRES tax amount	80,500	19,320	24.00%	66,856	16,046	24.00%
Theoretical IRAP tax amount	80,500	3,140	3.90%	66,856	2,607	3.90%
Total theoretical tax amount/rate		**22,460**	**27.90%**		**18,653**	**27.90%**
Actual IRES tax amount		14,459	17.96%		11,704	17.51%
Actual IRAP tax amount		3,465	4.30%		3,609	5.40%
Total actual tax amount/rate		**17,924**	**22.26%**		**15,313**	**22.91%**
Theoretical tax amount/rate		**22,460**	**27.90%**		**18,653**	**27.90%**
Effect relating to the recognition of prior years' tax		(4,030)	(5.01%)		(5,555)	(8.31%)
Effects on companies booked at equity		(711)	(0.88%)		(355)	(0.53%)
Effect of differences in tax rates on taxable income of foreign subsidiaries		27	0.04%		26	0.04%
Effect from public grants		(1,559)	(1.94%)		(2,018)	(3.02%)
Net effect of other permanent differences		1,411	1.75%		3,586	5.36%
Effect of different IRAP tax base		326	0.40%		976	1.46%
Current tax amount/rate		**17,924**	**22.26%**		**15,313**	**22.91%**

37. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the period attributable to the Group by the weighted average number of outstanding ordinary shares in the reporting period.

	2023	2022
Net profit for the period (Euro/000)	62,411	52,067
Weighted average number of outstanding ordinary shares (no./000)	260,278	260,355
Basic earnings per share from continuing operations (Euro)	**0.24**	**0.20**

	2023	2022
Net profit for the period (Euro/000)	62,411	52,067
Weighted average number of outstanding ordinary shares (no./000)	260,278	260,355
Basic earnings per share (Euro)	**0.24**	**0.20**

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding shares is adjusted on the assumption of converting shares with a dilution effect.

	2023	2022
Net profit for the period (Euro/000)	62,411	52,067
Weighted average number of outstanding ordinary shares (no./000)	260,278	260,355
Number of options with diluted effect (no./000)	1,101	879
Diluted earnings per share from continuing operations (Euro)	**0.24**	**0.20**

	2023	2022
Net profit for the period (Euro/000)	62,411	52,067
Weighted average number of outstanding ordinary shares (no./000)	260,278	260,355
Number of options with diluted effect (no./000)	1,101	879
Diluted earnings per share (Euro)	**0.24**	**0.20**

38. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At 31 December 2023, the Mondadori Group had commitments underwritten for a total of € 53,426 thousand (€ 50,553 thousand at 31 December 2022), consisting of guarantees issued on VAT receivables subject to reimbursement and prize contest transactions, of leases contracts and letters of patronage.

Contingent liabilities

Note the following as regards Arnoldo Mondadori Editore S.p.A.:

for the years 2004-2005, the Central Division of the Lombardy Region, through tax assessments, submitted findings relating to IRAP (2004) and to the application of a 12.50% withholding tax on the interest paid on a loan stock in favour of a subsidiary (years 2004-2005).

With regard to IRAP 2004, the Court of Cassation, by order No. 3380 of 3 February 2022, referred the dispute back to the Court of Justice of the second instance because it found that there was a failure to state reasons in the previous judgement. By appeal filed on 28 September 2022, the Company resumed the case before the aforementioned Court. The Revenue Agency entered an appearance, abandoning the dispute. In judgement no. 1896/2023, filed on 9 June 2023, the Lombardy Tax Court of Second Instance acknowledged the abandonment of the tax claim.

Instead, as regards the finding relating to the withholding on interest in the year 2004, with the same judgement no. 1896/2023 mentioned previously, the Lombardy Tax Court of Second Instance confirmed the legitimacy of the recovery as taxation. On 25 January 2024, the Company filed an appeal against this judgement before the Court of Cassation. To date, terms are still pending for the Agency to enter an appearance.

In connection with the specified dispute regarding withholdings on interest in 2004, after the company lost in the second instance proceedings, on 25 September 2023, the Revenue-Collections Agency served the Company with the payment notice by means of which it demanded, by way of provisional collection pending judgement, payment of € 647 thousand by way of “IRPEF withholdings”, sanctions and interest.

The Company has paid the amount demanded but has appealed to the Milan Tax Court of First Instance to have partial annulment, complaining that it is unlawful for € 174 thousand, as this is interest unduly calculated on amounts paid at the time by the Company in a provisional manner, pending judgement, and due to it by way of reimbursement. The hearing for discussion was held on 11 March 2024; to date the relevant judgement has not yet been filed.

As regards the finding relating to the withholding on interest in the year 2005, after the Regional Tax Court of Milan, with judgement no. 6900/2017 rejected the appeal, the Company appealed to Cassation. In a judgement filed on 8 March 2023, the Court of Cassation declared that the matter in dispute in relation to the notification of the penalties had ceased and the Court referred the dispute to the second instance Court of Justice on matters of taxation. In particular, the Supreme Court of Cassation, upholding the Company's arguments, followed the interpretative position expressed on the subject of the "beneficial owner" by the Court of Justice in its most recent rulings, which were also implemented in the national context, and, to that effect, the court quashed the contested decision, referring the case back to the second instance Court of Justice, in a different composition, for the assessment of the factual elements of the case. By appeal filed on 26 October 2023, the Company resumed the case before the Lombardy Tax Court of Second Instance. To date, the hearing for discussion has not yet been scheduled.

For the above indicated liabilities, while taking account of the substantial grounds of defence, the risk of a negative outcome is considered likely, covered by a specific provision for write-downs.

On 24 January 2023, the Revenue Agency – Regional Directorate of Lombardy – Major Taxpayers Office, notified communication of start of audit for IRES, IRAP and VAT purposes on tax year 2017. It was concluded on 26 September 2023 with the notification of the formal report of findings, which showed a finding relative to transfer pricing regulations pursuant to Article 110, subsection 7 of the Consolidated Law on Income Tax, relative to the rate applied by the Company to the subsidiary Mondadori France, to which it had granted a loan. According to the auditors, the active rate that the Company had applied to the subsidiary is not consistent with transfer pricing regulations, consequently impacting the income statement in terms of greater interest income (and consequently higher IRES taxable income).

The assessment, which confirmed the findings set forth in the formal report of findings, despite the brief submitted by the Company, was notified by certified e-mail on 18 December 2023.

Before the deadline for preparing the appeal passed, on 12 February 2024, the Consolidating Company Fininvest S.p.A. submitted the IPEC form, whereby it requested that previous losses be discounted, thereby reducing the higher taxable income assessed by 80% and consequently redetermining sanctions and interest.

The Company is still deciding what strategy to adopt (appeal before the Tax Courts or settlement) once the 60 days have passed from the date on which the IPEC was submitted and considering the risk of losing as presently unlikely, it has not seen fit to allocate a provision for risks.

39. NON-RECURRING EXPENSE (INCOME)

Pursuant to Consob Resolution no. 15519 of 27 July 2006, it should be noted that, in 2023, the Mondadori Group recognised non-recurring income totalling € 6,800 thousand, net of the related tax effects, deriving from the sale of magazines and the stake held in Società Europea di Edizioni S.p.A. and the impacts of the business combinations that took place in multiple phases in 2023.

40. RELATED PARTIES

Transactions carried out with related parties, including intercompany transactions, do not qualify as either atypical or unusual, since they refer to standard business activities performed by Group companies.

When performed out of the scope of standard conditions or when they are imposed by specific regulatory conditions, transactions with related parties are in any case carried out under market conditions.

Benefits to key management personnel

At 31 December 2023, the executives holding responsibilities for Mondadori Group planning, direction and control activities are listed below:

Directors	
Antonio Porro	CEO
Alessandro Franzosi	Head of Finance and Control
Executives	
Enrico Selva	General Manager Trade Books Business Unit
Carmine Perna	General Manager, Retail Business Unit
Carlo Luigi Mandelli	General Manager Print Area Media Business Unit
Gian Luca Pulvirenti	General Manager Educational Books Business Unit
Daniele Sacco	Head of Human Resources, Organization and Legal Affairs
Andrea Santagata	General Manager Digital Area Media Business Unit and Chief Technology and Innovation Officer

Total compensation paid to Key Management Personnel in 2023 came to € 5.6 million, slightly up by 5% on 2022, following the good performance of the Group's financial results and, consequently, the annual variable premiums linked to them.

The 2021-2023 Performance Share Plan, which closes with the approval of the 2023 annual financial statements, also shows a comprehensive result of 114% of the targets set in the corresponding Three-Year Business Plan. In this context, we would also stress the excellent performance of the TSR, which is a good 41 percentage points higher than the median value calculated on the companies making up the FTSE MIB All Share.

Transactions with parent companies, affiliates and associates

Transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual transactions, and were concluded at market conditions.

RELATED PARTY TRANSACTIONS: FIGURES AS AT 31 DECEMBER 2023

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Parent companies:														
- Fininvest S.p.A.	6	—	1,119	10,329	19	—	12,052	—	6	—	57	—	—	—
Associates														
- Attica Publications Group	—	500	—	—	—	—	—	—	—	—	—	—	—	(37)
- Edizioni EL S.r.l.	1,076	—	—	15	2,971	—	—	1	(7,067)	43	9	—	—	—
- Mediamond S.p.A.	11,670	—	—	289	319	—	—	10	20,978	22	(947)	—	96	—
- Mondadori Seec Advertising Co. Ltd -	450	—	—	—	67	—	—	—	750	—	—	—	20	—
Press-di Distribuzione Stampa e Multimedia S.r.l.	2,787	2,450	—	—	566	—	—	32	59,923	—	17,557	(230)	—	(61)
- Digital Advertising & Engagement S.L.	—	—	—	—	—	—	—	—	38	—	435	—	—	—
Total associates	**15,983**	**2,950**	**—**	**304**	**3,922**	**—**	**—**	**43**	**74,622**	**65**	**17,054**	**(230)**	**116**	**(98)**

RELATED PARTY TRANSACTIONS: FIGURES AS AT 31 DECEMBER 2023

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Affiliates: - RTI - Reti Televisive Italiane S.p.A.	575	—	—	104	51	—	—	12	922	10	83	—	4	—
- Publitalia ’80 S.p.A.	2	—	—	—	1,006	—	—	—	2	187	1,094	—	—	—
- Banca Mediolanum S.p.A.	—	—	—	—	—	—	—	11	—	—	—	—	—	—
- TaoDue S.r.l.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Il Teatro Manzoni S.p.A.	11	—	—	—	—	—	—	—	—	11	(26)	—	—	—
- MFE - MediaForEurope NV (formerly Mediaset S.p.A.)	6	—	—	—	—	—	—	—	6	—	—	—	—	—
- Fininvest Real Estate&Services S.p.A.	—	—	—	—	—	—	—	—	—	—	7	—	—	—
- Digitalia'08 S.r.l.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Radio Mediaset S.p.A.	—	—	—	—	7	—	—	—	204	—	212	—	—	—
- Mediaset S.p.A. (formerly Mediaset Italia S.p.A.)	2	—	—	—	—	—	—	—	11	—	—	—	—	—
- Publieurope Ltd -	—	—	—	—	—	—	—	—	7 —	—	—	—	—	—
Monradio S.r.l.	—	—	—	—	—	—	—	—		—	—	—	4	—
Total affiliates	**596**	**—**	**—**	**104**	**1,063**	**—**	**—**	**23**	**1,152**	**208**	**1,370**	**—**	**8**	**—**
Other companies	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(10)**	**—**	**3**	**—**	**—**	**—**
Total related parties	**16,585**	**2,950**	**1,119**	**10,737**	**5,005**	**—**	**12,052**	**66**	**75,770**	**273**	**18,484**	**(230)**	**124**	**(98)**

related parties from discontinued operations

RELATED PARTY TRANSACTIONS:
BALANCE SHEET FIGURES AS AT 31 DECEMBER 2022

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Parent companies:														
- Fininvest S.p.A.	—	—	159	11,018	19	—	10,061	—	—	—	66	—	—	—
Associates														
- Attica Publications Group	6	500	—	—	—	—	—	—	12	—	—	—	—	(25)
- Edizioni EL S.r.l.	1,081	—	—	22	2,720	—	—	—	(7,118)	26	(33)	—	—	—
- Mediamond S.p.A.	17,948	—	—	(11)	1,033	—	—	156	37,793	645	(1,010)	—	269	—
- Mondadori Seec Advertising Co. Ltd	904	—	—	—	94	—	—	—	2,160	—	—	—	95	—
- GD Media Service S.r.l.	—	—	—	—	—	—	—	—	37	232	324	—	—	—
- Digital Advertising & Engagement S.L.	6	—	—	—	195	—	—	—	21	—	501	—	—	—
- A.L.I. Agenzia Libraria International S.r.l.	3,948	—	—	—	70	—	—	—	3,410	—	73	—	—	—
- DI2 S.r.l.	—	—	—	—	—	—	—	—	—	—	3,190	—	—	—
- Press-di Distribuzione Stampa e Multimedia S.r.l.	1,904	2,450	—	—	758	—	—	—	35,957	—	10,889	(114)	109	(25)
Total associates	**25,798**	**2,950**	**—**	**11**	**4,871**	**—**	**—**	**156**	**72,272**	**903**	**13,935**	**(114)**	**473**	**(50)**

RELATED PARTY TRANSACTIONS:
BALANCE SHEET FIGURES AS AT 31 DECEMBER 2022

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Affiliates: - RTI - Reti Televisive Italiane S.p.A.	675	—	—	129	60	—	—	2	(1,504)	—	38	—	—	—
- Publitalia ’80 S.p.A.	—	—	—	—	1,225	—	—	—	60	136	1,961	—	—	—
- Banca Mediolanum S.p.A.	—	—	—	—	—	—	—	11	—	—	—	—	—	—
- TaoDue S.r.l.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Il Teatro Manzoni S.p.A.	—	—	—	—	—	—	—	—	81	—	(4)	—	—	—
- Mediaset S.p.A.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Fininvest Real Estate&Services S.p.A.	—	—	—	—	—	—	—	—	—	—	7	—	—	—
- Digitalia'08 S.r.l.	—	—	—	—	—	—	—	—	—	—	(1)	—	—	—
- Radio Mediaset S.p.A.	64	—	—	133	59	—	—	133	433	—	428	—	—	—
- Radio Subasio S.r.l.	—	—	—	—	—	—	—	—	17	—	17	—	—	—
Total affiliates	**739**	**—**	**—**	**263**	**1,345**	**—**	**—**	**146**	**(912)**	**136**	**2,446**	**—**	**—**	**—**
Other companies:														
- Società Europea di Edizioni S.p.A.	19	—	—	35	132	461	—	52	(4,587)	86	290	—	—	—
Total related parties	**26,555**	**2,950**	**159**	**11,326**	**6,366**	**461**	**10,061**	**354**	**66,772**	**1,125**	**16,737**	**(114)**	**473**	**(50)**
related parties from discontinued operations														

(*) Revenue from distribution services is booked as a fee in compliance with IFRS 15.

41. FINANCIAL RISK MANAGEMENT AND OTHER INFORMATION REQUIRED UNDER IFRS 7

In carrying out its business activities, the Mondadori Group is exposed to various financial risks, including interest rate risk, exchange rate risk, credit/counterparty risk, issuer risk and liquidity risk.

The Group drafted a “General Policy for Financial Risk Management” aimed at regulating and defining financial risk management. The Policy also envisaged the establishment of a Risk Committee, whose task is to define any changes. The Policy was adopted by the Parent Company, Arnoldo Mondadori Editore S.p.A., and all Group companies.

The Mondadori Group analyses and measures its exposure to financial risks for the purpose of defining management and hedge strategies. The criteria used by the Group to measure the risks include the sensitivity analysis of positions subject to risk, involving "mark to market" analysis of variations and/or future cash flow variations in relation to variations in risk factors.

The overall Policy objective is to minimize financial risks, by using appropriate tools available on the market. Financial derivative instruments are exclusively used to hedge against financial risks directly referring to Arnoldo Mondadori Editore S.p.A. or its subsidiaries.
Financial derivative instruments may not be used for speculative purposes.

Specific company functions are responsible for risk management and monitoring and reports are drafted periodically for each type of risk.

Interest rate risk

Interest rate risk refers to the possibility that losses may be incurred in financial management, in terms of lower business activity performance or increased liability costs (existing or potential) as a result of interest rate fluctuations.

Interest rate risk is therefore correlated to interest rate uncertainty. The key objective of interest rate risk management is to reduce exposure of the Group’s financial margin against market interest rate fluctuations.

Group exposure to interest rate risk refers mainly to long-term loans, specifically, to the loan granted by a pool of banks coming to maturity in December 2026, taken out in May 2021.

Interest rate risk hedging is ensured through interest rate swap contracts, converting exposure from floating to fixed rate.

In particular:

- on the A Term Loan Line, a -0.086% weighted average fixed rate 3-month Euribor, comprising four interest rate swaps with a notional value of € 47.5 million, coming to maturity in December 2026;

- on Line C, a -0.098% weighted average fixed rate 3-month Euribor, comprising four interest rate swap forward start 31 January 2022 with a notional value of € 60.0 million, coming to maturity in December 2026.

The characteristics of the payables are contained in Note 28 "Net financial position".

The following table shows the results of the sensitivity analysis with indication of the relevant impact on income statement and equity, gross of any tax effects.

Sensitivity analysis (Euro/millions)	**Underlying**	**Interest rate increase/(decrease)**	**Income (expense)**	**Equity increase (decrease)**
2023	(25,489)	1%	487	2,734
2022	(8,262)	1%	697	3,881
2023	(25,489)	(1%)	(487)	(1,868)
2022	(8,262)	(1%)	(697)	(2,929)

While identifying the potential impact correlated to positive and negative interest rate variations, floating-rate loans were also analysed.

The basic assumptions underlying the sensitivity analysis are:

• an initial parallel shift of the interest curve of + 100/-100 base points;

• all the other risk variables remain constant;

• same analysis performed both on the current year and the prior year.

Currency risk

Currency risk refers to a set of negative effects on the margin or the value of an asset or a liability as a result of exchange rate fluctuations.

The Mondadori Group is not particularly exposed to exchange rate risks. At 31 December 2023, there are no exchange derivatives in place.

Liquidity risk

Liquidity risk refers to the possibility that the Group may not be able to meet payment obligations as a result of its inability to raise new funds (funding liquidity risk), or its inability to sell assets on the market (asset liquidity risk), thereby being forced to sustain excessively high costs for the purpose of meeting obligations.

The Group’s exposure to liquidity risk refers mainly to existing loans and borrowings. The Group currently has a medium/long-term loan (pool loan, taken out in May 2021 and coming to maturity in 2026) in place with banks.

In addition, if deemed necessary, the Group may resort to pre-authorized short-term credit lines. Details of the characteristics of current and non-current financial liabilities are contained in Note 28 "Net financial position".

At 31 December 2023, liquidity risk was managed by the Mondadori Group through the following tools:

• bank and post office deposits totalling € 49.7 million;

• committed credit lines totalling € 402.5 million (€ 295.0 million of which unused) and uncommitted credit lines of € 212.7 million, unused for € 202.7 million at 31 December 2023.

The table below details Group exposure to liquidity risk and the relevant maturity dates.

Liquidity risk	**Analysis of maturity dates at 31/12/2023**						
(Euro/thousands)	**< 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**5-10 years**	**> 10 years**	**Total**
Trade payables and other payables	253,147						253,147
Medium/long-term loans	1,582	17,026	17,350	76,967	—	—	112,925
Other financial liabilities:							
- committed lines							—
- uncommitted lines	35,165	—					35,165
Other liabilities	88,094						88,094
Payables to associates	3,923						3,923
Total	**381,910**	**17,026**	**17,350**	**76,967**	**—**	**—**	**493,253**
Derivatives on rate risk	1,955	1,407	1,862	1,968			7,192
Derivatives on currency risk							—
Total exposure	**379,955**	**15,619**	**15,487**	**74,999**	**—**	**—**	**486,061**

Liquidity risk	**Analysis of maturity dates at 31/12/2022**						
(Euro/thousands)	**< 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**5-10 years**	**> 10 years**	**Total**
Trade payables	247,936						247,936
Medium/long-term loans	934	187,508	18,457	94,843	—	—	301,742
Other financial liabilities:							
- committed lines							—
- uncommitted lines	20,883						20,883
Other liabilities	83,009						83,009
Payables to associates	4,633						4,633
Total	**357,395**	**187,508**	**18,457**	**94,843**	**—**	**—**	**658,203**
Derivatives on rate risk	1,729	2,352	3,661	5,633			13,375
Derivatives on currency risk							—
Total exposure	**355,666**	**185,156**	**14,796**	**89,210**	**—**	**—**	**644,828**

Maturity dates were analysed by using undiscounted cash flows and the amounts were accounted for by taking into account the first date upon which payment becomes due. For this reason, uncommitted credit lines are shown in the first column.

For the purpose of meeting liquidity requirements, the Group relies on credit lines and liquidity, and cash flow from operations.

Credit risk

Credit risk refers to the possibility of incurring financial losses as a result of counterparty default in complying with contractual obligations.

A special type of credit risk is represented by the counterparty/replacement risk in case of derivative exposure. In this case, the risk is associated with any deferred gains as a result of the possibility that the counterparty fails to meet its contractual obligations and thus no positive cash flow is generated in favour of the Company.

In the case of the Mondadori Group, this potential risk is limited, since the counterparties of derivative instrument contracts are leading financial institutions with high ratings.

The objective is to limit the risk for losses due to the unreliability of market counterparties or to the difficulty of converting or replacing existing financial positions. Hence, transactions with non-authorized counterparties are not allowed.

When approving the Policy, the Board of Directors also approved a list of authorized counterparties for financial risk hedging. Transactions with such authorized counterparties are constantly monitored and reports are periodically drafted.

Each individual Group company is responsible for the management of trade receivables in compliance with the Group financial objectives, business strategies and operating procedures, restricting the sale of products and services to customers whose credit profile or provision of collateral guarantees does not conform to the standards set.

The balance relating to trade receivables is monitored throughout the year, to ensure that the amount of exposure to losses is kept low.

Maximum risk exposure for financial items including derivative instruments: maximum risk exposure is accounted for before the effects of mitigation deriving from compensation agreements and guarantees.

Credit risk (Euro/thousands)	**31/12/2023**	**31/12/2022**
Deposits	47,939	33,059
Financial assets at fair value with adjustments recognized in the income statement Receivables and loans:	—	12
- trade receivables and other current financial assets	179,834	171,200
- trade receivables and other non-current financial assets	4,713	2,497
Available-for-sale assets	260	1,298
Receivables from hedge derivatives Guarantees		
Total maximum exposure to credit risk	**232,746**	**208,066**

The table below shows the Group’s exposure to credit risk by geographical area:

Trade credit risk concentration	Euro/thousands 31/12/2023	Euro/thousands 31/12/2022	% 31/12/2023	% 31/12/2022
Italy	160,037	155,289	97.32%	96.32%
Other Countries	4,401	5,941	2.68%	3.68%
Total	**164,438**	**161,230**	**100.00%**	**100.00%**

Below is a description of the management criteria used for the main business segments:

Books

The Group has adopted a specific procedure to assess the risk profile of any new customer. This procedure comprises the collection of business information to gauge customer reliability before granting any credit line. Customer reliability is monitored on an ongoing basis.

Media - circulation

The Group’s exposure is in regard to a national distributor with which significant collections on account are expected on supplies; the exposure consists of the residual turnover of December.
In order to curb the credit risk, the Group stipulated an insurance policy; given the soundness and solvency of its counterparties, the Group does not consider credit risk relevant.

Media - advertising

Most of the Group's exposure is with small to medium-sized advertising investors and with media centres, constantly monitored by Mediamond S.p.A., an equally-held joint-venture with the Mediaset Group and advertising agency for Mondadori Group titles.

Mediamond S.p.A. controls credit risk with these subjects, for significant investments, through solvency analysis and the collection of business information before the provision of services.

Each company performs autonomous individual assessments of the most significant positions and makes the appropriate adjustments, taking account of the estimated recoverable amount, collection dates, recovery charges and costs and any guarantees issued.

In case of positions not subject to specific losses, the Group companies set up a provision based on historical data.

Retail

The Group's exposure is mainly towards franchisees; in order to contain credit risk, Mondadori has obtained bank and unsecured guarantees from franchisees.

The table below shows the Group's exposure to credit risk by business area:

Trade credit risk concentration	Net to maturity	Analysis of maturity dates at 31/12/2023 Net overdraft				
		0-30 days	30-60 days	60-90 days	over	Provision for bad debts
Books	96,946	1,926	1,559	274	2,853	8,544
Media	31,368	3,751	924	490	1,383	813
Retail	16,272	1,369	242	488	3,818	5,064
Other business	660	97	20	—	1	15
Total	**145,246**	**7,143**	**2,745**	**1,252**	**8,055**	**14,436**

Trade credit risk concentration	Net to maturity	Analysis of maturity dates at 31/12/2022 Net overdraft				
		0-30 days	30-60 days	60-90 days	over	Provision for bad debts
Books	89,656	1,522	747	297	3,763	7,705
Media	34,103	2,741	355	214	1,897	1,360
Retail	15,219	1,477	299	458	3,958	4,981
Other business	679	168	—	—	—	14
Total	**139,657**	**5,908**	**1,401**	**969**	**9,618**	**14,060**

Other information required under IFRS 7

The table below summarizes financial assets and liabilities classified according to the categories defined by IFRS 9 and the relevant fair value:

IFRS 7 requires values regarding financial assets and liabilities to be classified based on a scale of levels reflecting input significance used when calculating fair value.

Classification	Book value						Fair value	
	Total		of which current		of which non-current			
(Euro/thousands)	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial assets held to collect, measured at fair value with adjustments recognized in the income statement	—	12	—	12			—	12
Receivables and loans:								
- cash and cash equivalents	49,724	34,941	49,724	34,941			49,724	34,941
- trade receivables	148,239	135,422	145,253	133,093	2,986	2,329	148,239	135,422
- other financial assets	20,324	16,431	18,598	16,262	1,727	168	20,324	16,431
- receivables from affiliates and joint ventures	18,934	24,794	15,984	21,844	2,950	2,950	18,934	24,794
Available-for-sale financial assets	260	1,298	260	1,298			260	1,298
Derivatives	—	—	—	—	—	—	—	—
Total financial assets	**237,481**	**212,898**	**229,819**	**207,450**	**7,663**	**5,447**	**237,481**	**212,898**
Financial liabilities held to collect, measured at fair value with adjustments recognized in the income statement:								
- non-hedge derivatives	—	—	—	—	—	—	—	—
Financial liabilities at amortized cost:								
- trade payables	253,147	247,936	253,147	247,936			253,147	247,936
- payables to banks and other financial liabilities	234,731	238,976	139,092	119,726	95,638	119,250	232,091	229,408
- payables to associates and joint ventures	3,923	4,633	3,923	4,633			3,923	4,633
Derivatives	—	—			—	—	—	—
Total Financial liabilities	**491,801**	**491,545**	**396,162**	**372,295**	**95,638**	**119,250**	**489,161**	**481,977**

Additionally, the Group has non-current financial assets represented by derivatives explained in Note 28 "Net financial position", classified as Level 2; this scale concerns financial instruments that are measurable using techniques for which all inputs that have a significant effect on the recorded fair value are either directly or indirectly observable.

Profit and loss from financial instruments (Euro/thousands)	2023	2022
Interest earned on financial assets not measured at fair value		
- deposits	228	21
- other business	4,351	560
Total income	**4,579**	**581**
Net loss on derivative instruments	—	641
Interest expense due on financial liabilities not measured at fair value:		
- deposits	59	7
- trade payables	559	205
- loans	7,034	1,114
- other	285	968
Losses from financial instrument impairment:		
- trade receivables	3,208	4,033
Expense and commissions not included in effective interest rates	1,695	2,419
Total expense	**12,840**	**9,387**
Net profit (loss) on instruments measured at fair value with changes booked to the income statement		
Total	**(8,261)**	**(8,806)**

42. FAIR VALUE MEASUREMENT

Some of the Group's financial assets and liabilities were measured at fair value.

Financial assets (liabilities) (Euro/thousands)	Fair value at 31/12/2023	Fair value hierarchy	Measurement method and main inputs
Interest rate swap contracts	5,738	Level 2	Discounted cash flow. Future cash flows are discounted based on the forward rate curve expected at the end of the period and on the contractual fixing rates, also taking the counterparty default risk into account
Investments	260	Level 3	Fair value determined using measurement techniques with regard to market variables and unobservable data

43. OPERATING SEGMENTS

The reporting required by IFRS 8 - Operating segments - is provided by taking into account the Group's organizational structure, based on which the periodic reporting is made, used by Management to define actions and strategies, evaluate investment opportunities and allocate resources; compared with 31 December 2023, the picture has changed as a result of the separation of the data of the Books Area into Trade Books and Education Books.

Segment reporting: figures at 31 December 2023

(Euro/thousands)	Trade Books	Education Books	Retail	Media	Corporate & Shared Services	Unallocated items and consolidation adjustments	Consolidated result
Revenue from sales and services from external customers	**330,917**	**237,494**	**198,695**	**140,735**	**42,957**	**(90,483)**	**904,737**
Revenue from sales and services from other sectors	**43,426**	**4,811**	**769**	**228**	**41,250**	**(90,483)**	**—**
EBITDA	**58,085**	**66,442**	**13,818**	**17,593**	**(7,355)**	**313**	**148,896**
EBIT	**47,844**	**44,306**	**3,215**	**5,739**	**(17,234)**	**313**	**84,183**
Financial expense (income)	935	(366)	830	591	5,848	—	7,838
Expense (income) from equity-accounted	(2,362)	—	—	(1,377)		—	120
Result before tax and non-controlling interests	**49,271**	**44,672**	**2,385**	**6,525**	**(22,666)**	**313**	**80,500**
Income tax	—	—	—	—	17,924	—	17,924
Result attributable to non-controlling interests	127	2	—	37		(1)	165
Profit/(loss) from discontinued operations						—	—
Net profit	**49,143**	**44,670**	**2,385**	**6,489**	**(40,590)**	**314**	**62,411**
Depreciation and amortisation, and write-	10,241	22,136	10,603	11,854	9,879	—	64,712
Non-monetary costs	12,372	6,839	2,244	2,358	862	—	24,675
Non-recurring income (expense)	1,300			5,098	402		6,800
Investments	2,591	19,017	9,509	1,655	5,412		38,184
Equity-accounted investees	4,147	—		10,877	—	—	15,025
Total assets	**453,977**	**492,344**	**144,547**	**150,205**	**218,953**	**(419,854)**	**1,040,173**
Total liabilities	**234,004**	**98,866**	**132,771**	**119,675**	**583,335**	**(417,317)**	**751,334**

	Revenues from sales and services	Fixed assets
Italy	812,866	418,046
Other EU countries	32,240	
USA	48,580	1,799
Other extra EU countries	11,052	
Consolidated result	**904,738**	**419,845**

Segment reporting: figures at 31 December 2022

(Euro/thousands)	Trade Books	Education Books	Retail	Media	Corporate & Shared Services	Unallocated items and consolidation adjustments	Consolidated result
Revenue from sales and services from external customers	**301,140**	**233,961**	**188,414**	**178,290**	**1,198**	**—**	**903,003**
Revenue from sales and services from other sectors	**44,712**	**3,339**	**777**	**(493)**	**40,328**	**(88,663)**	**—**
EBITDA	**52,916**	**62,028**	**8,163**	**13,963**	**(6,397)**	**54**	**130,727**
EBIT	**49,015**	**39,573**	**(943)**	**869**	**(15,877)**	**54**	**72,691**
Financial expense (income)	713	154	690	1,364	2,726	(13)	5,635
Expense (income) from equity-accounted	(2,952)	—	—	1,302	—	—	(1,650)
Result before tax and non-controlling interests	**87,593**	**48,519**	**(1,634)**	**(1,798)**	**(20,452)**	**(45,373)**	**66,856**
Income tax	—	—	—	—	15,313	—	15,313
Result attributable to non-controlling interests	(494)	2	—	(30)		(2)	(524)
Profit/(loss) from discontinued operations						—	—
Net profit	**88,088**	**48,517**	**(1,633)**	**(1,768)**	**(35,765)**	**(45,371)**	**52,067**
Depreciation and amortisation, and write-downs	3,900	22,455	9,107	13,094	9,480	—	58,036
Non-monetary costs	17,050	3,794	4,304	1,618	22	—	26,788
Non-recurring income (expense)				3,012			3,012
Investments	44,607	21,161	11,222	1,124	4,544		82,659
Equity-accounted investees	16,605	—		11,845	—	—	28,450
Total assets	**456,188**	**458,719**	**133,993**	**155,114**	**207,291**	**(404,658)**	**1,006,647**
Total liabilities	**203,927**	**102,678**	**127,645**	**129,704**	**582,907**	**(401,040)**	**745,821**

	Revenues from sales and services	Fixed assets
Italy	814,214	395,688
Other EU countries	27,900	
USA	49,653	742
Other extra EU countries	11,235	
Consolidated result	**903,002**	**396,430**

44. EVENTS OCCURRING AFTER YEAR END

No significant events occurred after year end.

45. INFORMATION PURSUANT TO ARTICLE 149-DUODECIS OF CONSOB ISSUER REGULATION

Table drawn up pursuant to Article 149-duodecies of CONSOB Issuer Regulation, illustrating fees paid in 2023 for auditing and other services provided by EY S.p.A. and by other entities belonging to the same network.

Service	Entity providing the service	Beneficiary of the service	Fee Euro/thousands
Auditing	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	423
	EY S.p.A.	Subsidiaries	717
Certification services (1)	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	33
	EY S.p.A.	Subsidiaries	85
Other services (2)	Other EY network entities	Arnoldo Mondadori Editore S.p.A.	286
Total			**1,544**

(1) Include audit of the Non-Financial Statement, Accertamento Diffusione e Stampa activities and other certification work (2) Include compliance endorsements on tax returns and due diligence services

46. INFORMATION PURSUANT TO LAW 124/2017 ARTICLE 1, PARAGRAPH 125bis

In 2023, the Group received the following government grants in the form of tax credits:

- € 234 thousand, as a contribution for the purchase of electricity pursuant to Article 6, subsection 3 of Legislative Decree no. 115/2022 ("Non Energy-Intensive Credit Q3 2022");

- € 2 thousand, as a contribution for the purchase of natural gas pursuant to Article 6, subsection 4 of Decree Law no. 115/2022 (the “Non Gas-Intensive Credit Q3 2022”);

- € 120 thousand, as a contribution for the purchase of electricity pursuant to Article 1, subsection 3 of Legislative Decree no. 144 of 23 September 2022 ("Non Energy-Intensive Credit October-November 2022");

- € 85 thousand, as a contribution for the purchase of electricity pursuant to Article 1, subsection 1 of Legislative Decree no. 176 of 18 November 2022 ("Non Energy-Intensive Credit December 2022");

- € 159 thousand, as a contribution for the purchase of electricity pursuant to Article 1, subsection 3 of Law no. 197/2022 (the “Non Energy-Intensive Credit Q1 2023”);

- € 34 thousand, as a contribution for the purchase of electricity pursuant to Article 4, subsection 3 of Legislative Decree no. 34 of 30 March 2023 ("Non Energy-Intensive Credit Q2 2023");

- € 21 thousand, as a contribution for the purchase of natural gas pursuant to Article 1, subsection 4 of Legislative Decree no. 144 of 23 September 2022 ("Non Gas-Intensive Credit October-November 2022");

- € 29 thousand, as a contribution for the purchase of natural gas pursuant to Article 1, subsection 1 of Legislative Decree no. 176 of 18 November 2022 ("Non Gas-Intensive Credit December 2022");

- € 64 thousand, as a contribution for the purchase of natural gas pursuant to Article 1, subsection 5 of Law no. 197/2022 (the “Non Gas-Intensive Credit Q1 2023”);

- € 4 thousand, as a contribution for the purchase of natural gas pursuant to Article 4, subsection 5 of Legislative Decree no. 34 of 30 March 2023 ("Non Gas-Intensive Credit Q2 2023");

- € 2,622 thousand, recognised in the amount of 30% of the costs incurred for the purchase of paper for printing publications in FY 2021, pursuant to Article 188 of Decree Law no. 34 of 19 May 2020;

- € 2,759 thousand, recognised in the amount of 30% of the costs incurred for the distribution of the magazines published in FY 2020, pursuant to Article 67, subsections 1 to 4 of Decree Law no. 73 of 25 May 2021;

- € 120 thousand by way of “Nuova Sabatini” contribution in accordance with Article 2 of Decree Law no. 69 of 21 June 2013.

47. OTHER INFORMATION

Effects of the conflict between Russia and Ukraine

The Mondadori Group clarifies that the continued conflict between Russia and Ukraine has not had any direct impact on the economic-financial position; the indirect effects, highlighted in the 2022 Annual Report, such as the increase in the cost of commodities, electricity and transport, were attenuated during the year.

Effects resulting from climate change

The Group, by virtue of its sector, is not particularly exposed to the consequences of climate change; however, it remains sensitive to these issues and has therefore implemented, or has planned to implement, energy efficiency initiatives, aimed at reducing the emission of greenhouse gases (CO_2).
In particular, Section 4.3 of the Non-Financial Statement, to which reference should be made, lists these initiatives, which have been taken into account in the Group 2022-2024 medium-term plan.

Macroeconomic impacts

Mondadori, by adopting a hedging policy for its medium- to long-term exposure, neutralised the increases in interest rates resulting from the monetary policies implemented by central banks and the consequent increase in the borrowing costs charged by credit institutions. Modest effects were recorded by the Group in relation to the costs of very short-term financing (hot money) with which the Group finances its exposure deriving from net working capital.

Overall, the cost (average interest rate) borne by the Group in the financial year 2023 was 1.57%.
As regards the impairment test, conducted for the purpose of verifying the sustainability of the book values of certain asset items, it should be noted that the cash flows used incorporate the impacts of the inflationary trend triggered by the macroeconomic scenario, while the discount rates reflect the aforementioned increase in borrowing costs: by virtue of these factors, following the impairment test, it was necessary to write down some intangible asset items, as illustrated in more detail in the note relating to the impairment test (Note 11).

For the Board of Directors
The Chairman
Marina Berlusconi

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

1. The undersigned Antonio Porro, in his capacity as CEO, and Alessandro Franzosi, in his capacity as Financial Reporting Manager of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

   • the adequacy in relation to the characteristics of the company and

   • the actual application,

   of the administrative and accounting procedures for the drafting of the Group's consolidated financial statements closed at 31 December 2023.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Group's consolidated financial statements at 31 December 2023 was carried out based on a specific process defined by Arnoldo Mondadori Editore S.p.A. consistent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. We also hereby certify that:

3.1 the consolidated financial statements at 31 December 2023:

a) were drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002, as well as with the provisions set out for the implementation of Article 9 of Legislative Decree no. 38/2005;

b) correspond to the accounting books and entries;

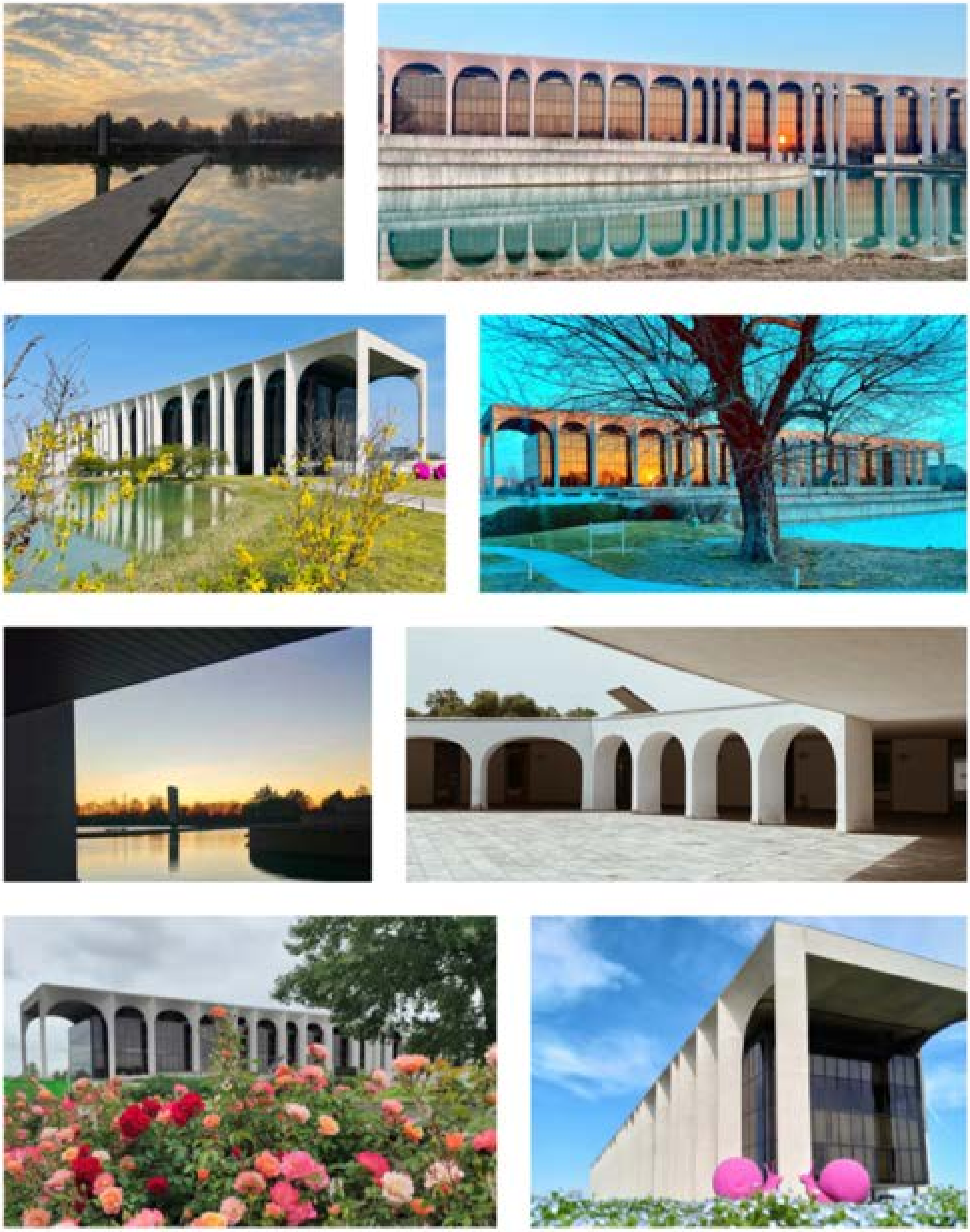
c) provide a true and fair view of the financial position and results of operations of the Company and the group of businesses included in the consolidation scope.

3.2 the Report on Operations includes a reliable analysis of performance and results, of the situation of the Company and of the businesses included in the consolidation scope, along with the description of the main risks and uncertainties they are exposed to.

14/03/2024

Chief Executive Officer
Antonio Porro

Financial Reporting Manager
Alessandro Franzosi



#PalazzoMondadori as we see it
Palazzo Mondadori is one of the images that usually evokes the story of our Company. Its architecture and unmistakeable reinforced concrete arches are appreciated and recognised worldwide. On social media, the Group’s office stars in a monthly column dedicated to the most evocative photographs taken by our people.

Arnoldo Mondadori Editore S.p.A. Financial Statements at 31 December 2023

STATEMENTS OF FINANCIAL POSITION

Assets (Euro)	Note	31/12/2023	31/12/2022
Intangible assets	1	**6,019,700**	**5,621,515**
Investment property		—	—
Land and building		—	—
Plant and equipment		695,703	835,109
Other fixed assets		4,267,393	3,374,392
Property, plant and equipment	2	**4,963,096**	**4,209,501**
Rights-of Use-Assets	3	**23,495,988**	**27,329,409**
Subsidiaries		676,917,470	661,816,879
Investments in joint ventures and associates		7,286,000	6,966,000
Other investments		63,117	1,100,745
Total investments	4	**684,266,587**	**669,883,624**
Non-current financial assets	5	6,238,139	10,960,331
Deferred tax assets	6	1,411,139	1,298,288
Other non-current assets	7	1,427,224	124,406
Total non-current assets		**727,821,873**	**719,427,073**
Tax receivables	8	11,664,266	8,762,619
Other current assets	9	3,946,892	3,051,610
Inventory		—	—
Trade receivables	10	11,815,493	13,758,677
Other current financial assets	11	25,230,538	24,490,256
Cash and cash equivalents	12	39,120,033	25,325,242
Total current assets		**91,777,222**	**75,388,405**
Assets held for sale or transferred		—	—
Total Assets		**819,599,095**	**794,815,478**

Liabilities (Euro)	Note	31/12/2023	31/12/2022
Share Capital		67,979,168	67,979,168
Treasury shares		(2,371,295)	(2,024,356)
Other reserves and profit/loss carried forward		160,064,169	141,540,194
Profit (Loss) for the year		62,411,482	52,067,225
Total Equity	**13**	**288,083,524**	**259,562,231**
Provisions	14	4,141,259	3,879,330
Post-employment benefits	15	1,788,548	1,828,590
Non-current financial liabilities	16	69,832,845	104,534,705
Financial liabilities IFRS 16	16	19,464,129	22,377,228
Deferred tax liabilities	6	3,512,741	4,519,500
Other non-current liabilities		—	—
Total non-current liabilities		**98,739,522**	**137,139,353**
Income tax payables		—	—
Other current liabilities	17	12,464,171	10,032,496
Trade payables	18	17,531,313	18,402,704
Payables to banks and other financial liabilities	16	398,207,806	364,393,177
Financial liabilities IFRS 16	16	4,572,759	5,285,517
Total current liabilities		**432,776,049**	**398,113,894**
Liabilities held for sale or transferred		—	—
Total liabilities		**819,599,095**	**794,815,478**

INCOME STATEMENTS

(Euro)	Notes	2023	2022
Revenues from sales and services	**19**	**43,081,077**	**41,752,306**
Decrease (increase) in inventory		—	—
Cost of raw and ancillary materials, consumables and goods	20	348,133	374,156
Cost of services	21	28,238,475	27,762,224
Cost of personnel	22	23,256,052	21,544,041
Sundry expense (income)	23	(1,242,841)	(1,244,362)
EBITDA		**(7,518,742)**	**(6,683,754)**
Amortization and impairment loss on intangible assets	1	2,820,173	2,633,692
Depreciation and impairment loss on property, plant and equipment	2	1,435,427	1,292,288
Amortization/depreciation and impairment loss of assets from rights of use	2	5,623,033	5,553,591
EBIT		**(17,397,375)**	**(16,163,324)**
Financial expense (income)	24	5,848,684	2,725,027
Expense (income) from investments	25	(83,047,390)	(67,471,434)
Result before tax		**59,801,331**	**48,583,083**
Income tax	26	(2,610,151)	(3,484,142)
Result from continuing operations		**62,411,482**	**52,067,225**
Profit/(loss) from discontinued operations		—	—
Net profit		**62,411,482**	**52,067,225**

STATEMENTS OF COMPREHENSIVE INCOME

(Euro)	2023	2022
Net profit	**62,411,482**	**52,067,225**
Items reclassifiable to income statement		
Effective portion of income (loss) on cash flow hedge instruments	(4,722,191)	10,531,607
Income tax effect	1,133,326	(2,527,586)
Items of the comprehensive income statement of investments measured at equity	(1,012,630)	1,774,771
Reclassified entries under income statement		
Effective portion of income (loss) on cash flow hedge instruments	–	324,007
Income tax effect	–	(77,762)
Items not reclassifiable to income statement		
Actuarial income/ (losses)	(19,610)	80,519
Income tax effect	4,706	(19,325)
Actuarial profit/(losses) from equity-accounted investees	(243,583)	321,434
Total net profit (loss)	**57,551,500**	**62,474,891**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENT OF CHANGES IN EQUITY AT 31 December 2022 AND 2023

(Euro/thousands)	Share capital	Treasury shares	Performance share reserve	Discounting reserve - IAS 19 post-employment benefits	Reserve for cash flow hedge	Other reserves	Result for the period	Total equity
Balance at 31/12/2021	67,979	(1,803)	1,277	554	822	106,533	44,206	219,568
Changes in:								
- Allocation of result						44,206	(44,206)	—
- Dividends paid						(22,161)		(22,161)
- Purchase of treasury shares		(757)						(757)
- Provision performance shares			881					881
- Granting performance shares		535	(427)			(109)		—
- Other changes						(444)		(444)
- Comprehensive profit/(loss)				61	8,250	2,096	52,067	62,475
Balance at 31/12/2022	67,979	(2,024)	1,731	615	9,073	130,122	52,067	259,562

(Euro/thousands)	Share capital	Treasury shares	Performance share reserve	Discounting reserve - IAS 19 post-employment benefits	Reserve for cash flow hedge	Other reserves	Result for the period	Total equity
Balance at 31/12/2022	67,979	(2,024)	1,731	615	9,073	130,122	52,067	259,562
Changes in:								
- Allocation of result						52,067	(52,067)	—
- Dividends paid						(28,685)		(28,685)
- Purchase of treasury shares		(1,160)						(1,160)
- Provision performance shares			1,191					1,191
- Granting performance shares		813	(591)			(222)		—
- Other changes						(376)		(376)
- Comprehensive profit/(loss)				(15)	(3,589)	(1,256)	62,411	57,552
Balance at 31/12/2023	67,979	(2,371)	2,331	600	5,484	151,649	62,411	288,083

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENTS OF CASH FLOWS

Euro thousands	31/12/2023	31/12/2022
Net profit	62,411	52,067
Adjustments		
Depreciation and amortisation, and write-downs	9,879	9,480
Income tax for the period	(2,610)	(3,484)
Stock Options	654	508
Provisions and post-employment benefits	309	(2,620)
Gains (losses) from disposal of intangible assets, property plant and equipment and investments	(1,186)	—
(Income)/expense from securities valuation	—	—
(Income)/expense from measurement of investments at equity	(81,857)	(67,471)
Net financial expense (income) on loans, leases and derivative transactions	8,932	4,160
Other non-monetary adjustments to discontinued operations	—	—
Cash flow generated from operations	**(3,468)**	**(7,360)**
(Increase) decrease in trade receivables	1,942	(1,482)
(Increase) decrease in inventory	—	—
Increase (decrease) in trade payables	(1,783)	4,097
(Payment) cash in from income tax	2,904	4,043
Increase (decrease) in provisions and post-employment benefits	(106)	401
Net change in other assets/liabilities	(2,943)	(2,031)
Net change in discontinued operations	—	—
Net change in contribution	—	—
Cash flow generated from (absorbed by) operations	**(3,454)**	**(2,332)**
Price collected (paid) net of cash transferred/acquired	—	—
(Purchase) disposal of intangible assets	(3,048)	(1,829)
(Purchase) disposal of property, plant and equipment	(1,452)	(1,675)
(Purchase) disposal of investments	(4,236)	(124,041)
(Purchase) disposal of discontinued operations	—	—
Income from investments - dividends	69,578	60,290
(Purchase) disposal of securities	—	—
(Purchase) disposal from contribution	—	—
Cash flow generated from (absorbed by) investing activities	**60,842**	**(67,255)**
Increase (decrease) in payables to banks for loans	(15,833)	(35,833)
Change in other financial assets - Intercompany	1,025	(934)
Change in other financial liabilities - Intercompany	(78,925)	(27,477)
(Purchase) disposal of treasury shares	(1,160)	(757)
Net change in other financial assets/liabilities	82,698	110,604
Dividends payment	(28,685)	(22,161)
Cash in of net financial income (payment of net financial expense) on loans and transactions in derivatives	(2,713)	(1,477)
Cash flow generated from (absorbed by) discontinued operations	—	—
(Purchase) disposal from contribution	—	—
Cash flow generated from (absorbed by) financing activities	**(43,593)**	**21,965**
Increase (decrease) in cash and cash equivalents	**13,795**	**(47,622)**
Cash and cash equivalents at beginning of the period	**25,325**	**72,947**
Cash and cash equivalents end of period	**39,120**	**25,325**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENTS OF FINANCIAL POSITION PURSUANT TO CONSOB REGULATION NO. 15519 OF 27 JULY 2006

Assets (Euro/thousands)	Notes	31/12/2023	of which related parties (note 29)	31/12/2022	of which related parties (note 29)
Intangible assets	**1**	**6,020**		**5,622**	
Land and building		—		—	
Plant and equipment		696		835	
Other fixed assets		4,267		3,374	
Property, plant and equipment	2	4,963		4,210	
Rights-of Use-Assets	3	23,496		27,329	
Investments	4	684,267		669,884	
Non-current financial assets	5	6,238	500	10,960	500
Deferred tax assets	6	1,411		1,298	
Other non-current assets	7	1,427		124	
Total non-current assets		**727,822**	**500**	**719,427**	**500**
Tax receivables	8	11,664	4,139	8,763	4,758
Other current assets	9	3,947		3,052	
Inventory		—		—	
Trade receivables	10	11,815	11,583	13,759	13,307
Other current financial assets	1	25,231	25,195	24,490	24,475
Cash and cash equivalents	12	39,120		25,325	
Total current assets		**91,777**	**40,916**	**75,388**	**42,540**
Assets held for sale or transferred					
Total Assets		**819,599**	**41,416**	**794,815**	**43,040**

STATEMENTS OF FINANCIAL POSITION PURSUANT TO CONSOB REGULATION NO. 15519 OF 27 JULY 2006

Liabilities (Euro/thousands)	Notes	31/12/2023	of which related parties (note 29)	31/12/2022	of which related parties (note 29)
Share capital		67,979		67,979	
Treasury shares		(2,371)		(2,024)	
Other reserves and profit/loss carried forward		160,064		141,540	
Profit (Loss) for the year		62,411		52,067	
Total Equity	**13**	**288,083**		**259,562**	
Provisions	14	4,141		3,879	
Post-employment benefits	15	1,789		1,829	
Non-current financial liabilities	16	69,833		104,535	
Financial liabilities IFRS 16	16	19,464		22,377	
Deferred tax liabilities	6	3,513		4,519	
Other non-current liabilities		—		—	
Total non-current liabilities		**98,740**		**137,139**	
Income tax payables		—		—	
Other current liabilities	17	12,464	3,665	10,032	2,542
Trade payables	18	17,531	355	18,403	650
Payables to banks and other financial liabilities	16	398,208	351,587	364,393	338,465
Financial liabilities IFRS 16	16	4,573		5,286	
Total current liabilities		**432,776**	**355,607**	**398,114**	**341,658**
Liabilities held for sale or transferred		—		—	
Total liabilities		**819,599**	**355,607**	**794,815**	**341,658**

INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(Euro/thousands)	Notes	2023	of which related parties (note 29)	of which non-recurring (income) expense (note 28)	2022	of which related parties (note 29)	of which non-recurring (income) expense (note 28)
Revenues from sales and services	**19**	**43,081**	**42,794**		**41,752**	**41,516**	
Decrease (increase) in inventory		—	—		—	—	
Cost of raw and ancillary materials, consumables and goods	20	348	191		374	138	
Cost of services	21	28,239	16		27,762	219	
Cost of personnel	22	23,256	(2,258)		21,544	(2,281)	
Sundry expense (income)	23	(1,243)	17		(1,244)	—	
EBITDA		**(7,519)**	**44,828**		**(6,684)**	**43,439**	
Amortisation and impairment loss on intangible assets	1	2,820	—		2,634	—	
Depreciation and impairment loss on property, plant and equipment	2	1,435	—		1,292	—	
Amortization/depreciation and impairment loss of assets from rights of use	2	5,623	—		5,554	—	
EBIT		**(17,397)**	**44,828**		**(16,163)**	**43,439**	
Financial expense (income)	24	5,849	234		2,725	(542)	
Expense (income) from investments	25	(83,047)	(83,047)	(416)	(67,471)	(67,471)	
Result before tax		**59,801**	**127,641**	**416**	**48,583**	**111,453**	**—**
Income tax expense	26	(2,610)	—	14	(3,484)	—	
Result from continuing operations		**62,411**	**127,641**	**402**	**52,067**	**111,453**	**—**
Profit/(loss) from discontinued operations		—	—		—	—	
Net profit		**62,411**	**127,641**	**402**	**52,067**	**111,453**	**—**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. General information

The core business of Arnoldo Mondadori Editore S.p.A. is Publishing in the areas of Trade Books, Education and Magazines, with the relating advertising sales, as well as Retailing through its directly-managed and franchised stores. The Company has its registered office in Via Gian Battista Vico 42, Milan, and headquarters in Strada privata Mondadori, Segrate/Milan.

The Company is present through the storage device on the www.1info.it website.

The draft financial statements of Arnoldo Mondadori Editore S.p.A. for the year ended 31 December 2023 were approved by the Board of Directors on 14 March 2024 and made available, together with the additional documents forming the Company's Annual Report, pursuant to Article 154-ter of the TUF (Finance Consolidation Act), and the Statutory Auditors' and Independent Auditors' Reports, within the time limits established by current laws, at the registered office, at Borsa Italiana S.p.A. and on the Company's website.

The Company's financial statements will be filed with the Company Registry within 30 days after the Annual General Meeting called on 24 April 2024 to approve the 2023 financial statements.

Information pursuant to Article 2427, no. 22-quinquies, of the Italian Civil Code

Arnoldo Mondadori Editore S.p.A. is part of the Fininvest Group, whose consolidated financial statements are prepared by the parent Finanziaria d'Investimento Fininvest S.p.A.. A copy of the consolidated financial statements of the Fininvest Group is filed with the registered office of Finanziaria d'Investimento Fininvest S.p.A., in Largo del Nazareno 8, Rome.

2. FORM AND CONTENT

The financial statements at 31 December 2023 were prepared in accordance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the EU, and with the International Financial Reporting Interpretations Committee (SIC/IFRIC).

The financial statements have been prepared on the basis of the business operating as a going concern. The Directors have, in fact, assessed the Company's ability to fulfil future commitments and believe there are no significant uncertainties, as defined by IAS 1.25, concerning its ability to continue operations in the foreseeable future.

Arnoldo Mondadori Editore S.p.A. adopted the body of the standards applied as from 1 January 2005, following entry into force of European Regulation no. 1606 of 19 July 2002.

The financial statements at 31 December 2023 were prepared in accordance with the accounting standards used for the preparation of the IAS/IFRS financial statements at 31 December 2022, considering the amendments and the new standards effective as of 1 January 2023, as per Note 3.24.

The following criteria were adopted in the drafting of these financial statements:

- current and non-current assets and current and non-current liabilities are shown separately in the statements of financial position;

- in the separate income statement, the analysis of costs is carried out on the basis of the nature of the costs, since the Company decided that this method is more representative than an analysis by function;

- the comprehensive income statement contains revenue and cost items that are not recognized under income (loss) for the year as required or allowed by the other IAS/IFRS accounting standards;

- the statement of cash flows was prepared using the indirect method.

With regard to the requirements of CONSOB Resolution no. 15519 of 27 July 2006 concerning the tables to the financial statements, specific supplementary tables were included to highlight significant transactions with “Related parties” and “Non-recurring transactions”.

The amounts shown in the tables and in these notes are expressed in Euro thousands unless otherwise stated.

3. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

As envisaged by the amendment to IAS 1, below are the relevant accounting standards for the IAS/IFRS financial statements at 31 December 2023.

3.1. Intangible assets

When it is probable that costs will generate future economic benefits, intangible assets include the cost, including ancillary expense, of the purchase of assets or resources, without any physical form, used in the production of goods or in the supply of services, to rent to third parties or for administrative purposes, on condition that the cost is quantifiable in a reliable manner and that the goods are clearly identifiable and controlled by the company that owns them.

Costs incurred after the initial purchase are included in the increase of the cost of intangible assets in direct relation to the extent to which those costs are able to generate future economic benefits.

Internal costs for producing publishing trademarks and for the launch of journalistic titles are recognized in the income statement for the year in question.

Subsequent to initial recognition, intangible assets are measured at cost, net of accumulated amortization and any accumulated impairment loss.

Intangible assets purchased separately and those purchased as part of business combinations that took place before the first-time adoption of IAS/IFRS were initially recognized at cost, while those purchased as part of business combination transactions concluded after the first-time adoption of IAS/IFRS are initially recognized at fair value.

The useful life of tangible and intangible assets is determined by the Directors when the asset is purchased. The Company regularly assesses any changes in technology, market conditions and expectations of future events that could have an impact on the useful life and duration of amortization.

Intangible assets with finite useful life

The cost of intangible assets with finite useful life is systematically amortized over the useful life of the asset from the moment the asset is available for use. The amortization criteria depend on how the relating future economic benefits contribute to the Company’s result.

The amortization rates reflecting the useful lives attributed to intangible assets with finite useful life are as follows:

Intangible assets with finite useful life	Amortization rates and useful life
Goods under concession or license	Term of the concession and license
Software and development costs	Straight line over 3 years
Patents and rights	Straight line over 3-5 years
Other intangible assets	Straight line over 3-5 years

Intangible assets with finite useful life are subject to an impairment test whenever there is an indication of a possible impairment. The period and method of amortization applied are reviewed at the end of each year or more frequently, if necessary, whenever there are reasons to believe that changes have occurred.

Changes in the expected useful life or in the way future economic benefits linked to intangible assets are expected to be earned by the Company, are recognized by modifying the period or method of amortization, and are treated as adjustments to accounting estimates.

Intangible assets with indefinite useful life

Intangible assets are considered to have indefinite useful life when, on the basis of a thorough analysis of the relevant factors, there is no foreseeable limit to the length of time the assets may generate income for the Company.

Goodwill represents the excess of the cost of a business combination over the Company's purchased share in the fair value of the assets and liabilities acquired, as identifiable at the time of purchase. Goodwill and other intangible assets with indefinite useful life are not subject to amortization but to an impairment test of their book value. This test concerns the value of the individual assets or of the cash generating unit and is carried out whenever it is believed that the value has decreased and in any case at least once a year.

In cases where goodwill is attributed to a cash generating unit (or to a group of units) whose assets are partly disposed of, goodwill associated with the asset disposed of is reviewed in order to determine any capital gains or losses resulting from the transaction. In these circumstances, goodwill disposed of is measured on the basis of the value of the assets disposed of, compared with the asset still included in the cash generating unit in question.

3.2 Property, plant and equipment

Any costs attributable to the purchase of property, plant and equipment are recognized as assets, on condition that the relevant costs can be reliably calculated and any relating future economic benefits accrue to the entity.

Assets booked to property, plant and equipment are recognized based on the purchase method, including any ancillary expense, and are stated net of depreciation and any impairment loss.

Costs incurred after the initial purchase are recognized as an increase in cost in direct relation to the extent that these costs can improve the asset's yield.

Assets booked to property, plant and equipment purchased as part of acquisitions and business combinations are initially recognized at fair value as determined at the time of purchase and, subsequently, at historical cost.

Assets booked to property, plant and equipment, with the exception of land, are depreciated on a straight-line basis during the useful life of the asset from the moment the assets are available for use.

If the assets include more than one significant component and the components have different useful lives, each individual component is depreciated separately.

The depreciation rates that generally reflect the useful lives attributed to Group property, plant and equipment are shown in the table below:

Property, plant and equipment	**Depreciation rate**
Instrumental buildings	3%
Plant	10% - 25%
Machinery	15.5%
Equipment	12.5% - 25%
Electronic office equipment	30%
Office furniture, facilities and fittings	12%
Motor and transport vehicles	20% - 30%
Other tangible assets	20%

The residual value of assets, useful lives and depreciation criteria applied are reviewed on an annual basis and adjusted, if necessary, at year end.

Leasehold improvements are recognized as fixed assets and depreciated over the lower of the residual useful life of the asset and the residual term of the lease contract.

3.3 Rights-of Use-Assets

IFRS 16 sets out the principles for recognizing, measuring, presenting and disclosing lease contracts and requires lessees to account for all lease contracts in the financial statements.

Application of this standard results in the initial recognition in the statement of financial position of (i) an asset, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, which will be amortized/depreciated over the shorter of the technical economic life and the remaining term of the contract, and (ii) a financial liability, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, unpaid at the transition date. The payable will then be reduced as lease payments are made. The lease payment is no longer recorded in EBITDA, recording instead (i) the amortization/depreciation of the right of use and (ii) the financial expense on the payable entered.

Lessees must also remeasure the lease liability on occurrence of certain events (for example: a change in the terms of the lease or a change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee generally recognizes the amount of the re-measurement of the liability as an adjustment to the asset's right of use.

In the adoption of IFRS 16, the Company made use of the exemptions granted by section IFRS 16.5 (a) relating to short-term leases, and by IFRS 16.5 (b) relating to lease contracts whose underlying asset is a low-value asset. For such contracts, the introduction of IFRS 16 implied the recognition of the financial liability of the lease and the relating right of use, but lease payments are recognized in the income statement on a straight-line basis for the duration of the respective contracts.

3.4 Impairment

The value of intangible assets, and property, plant and equipment and rights of use is subject to an impairment test whenever it is believed it may have decreased.

Impairment tests are carried out at least once a year on goodwill, other intangible assets with indefinite useful life and on other assets that are not available for use, and are performed by comparing the book value with whichever is higher between the fair value less costs to sell and the value in use of the asset.

If no binding sales agreement or active market for an asset exist, the fair value is calculated on the basis of the best information available on the amount the entity would obtain at closing from the disposal of an asset in a free transaction between informed and willing parties, having deducted the costs of disposal.

The value in use of an asset is determined by discounting the cash flows expected from its use, subjecting forecasts of the relevant financial income on reasonable and sustainable assumptions used by the Directors to best represent the economic conditions foreseen for the remainder of the life of the asset, giving more weight to external indicators.

Discounting rates reflect current market estimates of the time value of money and the specific risks connected to the asset.

The valuation is carried out by individual asset or by the smallest Cash Generating Unit that generates cash flows from asset use.

Should the recoverable value resulting from the impairment test be lower than cost, the loss is recognized as a reduction in the value of the asset and recognized as a cost item in the income statement.

If during subsequent financial years, when the impairment test is repeated, the reasons for the write-down no longer apply, the value of the asset, excluding goodwill, is written back to take account of the new recoverable value, which should never exceed the value that would have been stated had no impairment been recognized.

3.5 Investments in subsidiaries, joint ventures and associates

Subsidiaries are business entities in which the Company has the power to determine, both directly and indirectly, administrative and managerial decisions and obtain the resulting benefits. Generally, control is assumed when the Company owns, directly or indirectly, more than half of the voting rights in the ordinary Shareholders' Meeting, including any potential rights to vote resulting from convertible securities.

Joint ventures are business entities in which the Company exercises, together with one or more partners, joint control over business activities. Joint control envisages that the strategic, financial and managerial decisions are made with the unanimous agreement of the parties sharing control.

Associates are business entities in which the Company has a considerable influence in the determination of the relevant administrative and managerial decisions, though not having control. Generally, a considerable influence is assumed when the Company owns, directly or indirectly, at least 20% of the voting rights in the ordinary Shareholders' Meeting.

Investments in subsidiaries, joint ventures and associates are initially recognized at cost and subsequently adjusted as a result of any changes in the interest in the relevant equity.

The investor's profit or loss includes its share of the investee's profit or loss, and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Investments in companies are recognized at fair value in accordance with IFRS 9. Adjustments and any write-backs are recognised in the income statement.

The value of investments is subject to an impairment test whenever there are indications of a possible impairment loss. If the impairment test indicates an impairment loss, the investment is written down. Write-downs and write-backs are recorded in the income statement.

3.6. Financial assets

Financial assets are initially recognized at cost, increased by ancillary purchase expense, corresponding to the fair value of the price paid. Purchases and sales of financial assets are recognized as from the trading date, which corresponds to the date in which the Company agrees to purchase or sell the assets in question. After initial recognition, financial assets are posted according to the relevant classification, as outlined below:

Loans and receivables

This item includes financial assets that do not have fixed or determinable payments and are not listed on an active market.

These assets are recognized at amortized cost, under IFRS 9, using the discounting method. Income and loss is recognized in the income statement when loans and receivables are written off or in case of impairment loss, as well as through amortization. The Company includes trade receivables, both financial and other receivables into this category. These are due within twelve months and are therefore recorded at their estimated realizable value. This class also includes "Cash and cash equivalents".

3.7 Trade and other receivables

Trade and other receivables are recorded at the fair value of the price collected during the transaction. Receivables are recognized at current values when the relevant financial impact linked to the expected collection time span is significant and the collection date can be reliably estimated.

Receivables are recognized in the financial statements at their estimated realizable value, taking account of expected losses.

3.8 Treasury shares

Treasury shares recognized as a reduction of equity are booked in a separate reserve.

No income or loss is recognized in the income statement for the purchase, sale, issue, cancellation or any other transaction involving treasury shares.

3.9 Cash and cash equivalents

“Cash and cash equivalents” includes cash on hand and financial investments falling due within three months and which entail only a minimal risk of change in their face value. They are recognised at face value.

3.10 Financial liabilities

Financial liabilities include financial payables, derivative instruments, payables associated with finance leases and trade payables. All financial liabilities other than derivative financial instruments, under IFRS 9 are initially measured at fair value, increased by any transaction costs, and are subsequently measured at amortized cost using the interest rate method.

Financial liabilities hedged by derivative instruments against the risk of changes in value ("fair value hedges"), are measured at fair value, in accordance with IAS 39 - Hedge accounting, as an exception to the provisions of IFRS 9: income and loss resulting from subsequent variations in fair value is recognized in the income statement. Any changes linked to the effective hedge portion are offset by adjusting the value of the relevant derivative instruments.

Financial liabilities hedged by derivative instruments against the risk of changes in cash flow ("cash flow hedges"), are measured at amortized cost in compliance with IAS 39 - Hedge accounting.

3.11 Derecognition of financial assets and liabilities

A financial asset or, where applicable, part of a financial asset or parts of a group of similar financial assets, is derecognised when:

- the right to receive cash flows from the asset has been extinguished;
- the Company still has the right to receive cash flows from the asset but has taken on a contractual obligation to transfer the entire cash flow promptly to a third party;
- the Company has transferred the right to receive cash flows from an asset and has transferred substantially all the risks and benefits deriving from the ownership of the financial asset or has transferred control of the financial asset.

A financial liability is derecognised when the underlying obligation has been discharged, cancelled or expired.

3.12 Impairment of financial assets

At the balance sheet date, the Company carries out an impairment test in order to determine whether a financial asset or group of financial assets has suffered an impairment loss.

Financial assets recognized at amortized cost

If there is objective evidence of an impairment in loans and receivables, the loss amount is recognized in the income statement and is calculated as the difference between the asset's book value and the current value of the estimated cash flows discounted based on the interest rate used initially for the asset.

If, in a subsequent year, the impairment amount decreases and such reduction can be objectively attributed to an event that has occurred after the recognition of impairment, the previously recognized impairment is written back to the amount the asset would have had, taking amortization into account, at the date of the write-back.

3.13 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value at the date they are stipulated. When a hedge operation is entered into, the Company designates and formally documents the hedge relationship for hedge accounting purposes and its objectives for risk and strategy management purposes. The documentation includes the identification of the hedging instrument, the object or transaction subject to hedge, the nature of the risk and the criteria adopted by the Company to evaluate hedging effectiveness in offsetting exposure to fair value fluctuations of the object hedged or cash flows correlated to the risk hedged.

It is assumed that such hedges are highly effective to offset the exposure of the object hedged against fair value fluctuations or cash flows associated with the risk hedged. The valuation of the effectiveness of such hedges is carried out on an ongoing basis over the years of application.

Transactions that satisfy hedge accounting criteria are accounted for as follows:

Cash flow hedge

If a derivative financial instrument is designated as a hedging instrument against exposure to cash flow variations of an asset or liability included in the financial statements or of a highly probable transaction, the effective portion of profit or loss deriving from fair value adjustment of the derivative instrument is recognized in a special reserve under equity. The accumulated income or loss is written off from the equity reserve and recognized in the income statement, when the results of the transaction subject to hedge are recognized in the income statement.

Income and loss associated with the ineffective part of a hedge is recognized in the income statement. When a hedging instrument is terminated, but the transaction subject to hedge has not been carried out yet, the accumulated income and loss is kept in the reserve under equity and will be reclassified in the income statement upon completion of the transaction. Should the transaction subject to hedge be considered as no longer probable, any unrealized income and loss posted under the relevant equity reserve is recognized in the income statement.

When hedge accounting is not applicable, income and loss deriving from the fair value measurement of the derivative financial instrument is recognized in the income statement.

3.14 Provisions

Provisions established to cover liabilities that have been clearly identified, are certain or probable but whose amount or date of occurrence cannot be foreseen at the reporting date, are recognized when a legal or implicit obligation can be assumed which refers to past events and when it is also assumed that such obligation implies expenses that can be reliably measured.

Provisions are measured at fair value based on each individual liability item. When the financial impact associated with the assumed time span for the outlay is relevant and the payment dates can be reliably foreseen, provisions include said financial component, which is recognized in financial income (expense) in the income statement.

3.15 Post-employment benefits

Benefits to employees upon termination of the relevant labour contract are broken down according to their economic nature as follows:

• defined contribution plans, represented by the sums accrued as of 1 January 2007;

• defined benefit plans, represented by the provision for post-employment benefits (TFR) accrued until 31 December 2006.

In the defined contribution plans, the entity's legal or implicit obligation is limited to the amount of contributions to pay; hence, the actuarial and investment risks fall upon the employee. In the defined benefit plans, the entity's obligation consists in granting and ensuring the agreed benefits to employees; hence, the actuarial and investment risks fall upon the entity.

Post-employment benefits are calculated by applying actuarial criteria to the provision for post-employment benefits accrued until 31 December 2006, taking into account both demographic assumptions, including mortality rates and employee turnover, and financial assumptions, relating to discounts reflecting the time value of money and the inflation rate.

The amount recognized as a liability for defined benefit plans is represented by the current liability value at closing, net of the current value of plan assets, if any. This liability item is recognized in the income statement and includes the following components:

• social security costs relating to current labour services;

• cost of interest;

• actuarial gains or losses;

• the expected return from any plans, if any.

The amounts accrued in favour of employees during the year, and any applicable actuarial gains or losses, are recognized under "Cost of personnel", while the relevant financial component, which represents the cost the company would have to incur if it were to seek a loan on the market for the same amount, is recognized under "Financial income (expense)".

The supplementary indemnity for agents is also determined on an actuarial basis. The amounts accrued in favour of agents during the year, which become payable upon termination of the labour contract only under certain conditions, are recognized under "Sundry expense (income)".

3.16 Equity compensation plans

The Company grants additional benefits to a number of board members and managers whose functions are strategically relevant for the achievement of the Company's results, through equity-settled compensation plans (Performance share plan).

In the case of share-based payments transactions settled with equity instruments of the Company, the fair value at the granting date, calculated according to a binomial model, is recorded under cost of personnel, with a corresponding increase in Equity under "Reserve for performance shares", over the period during which the employees obtain the unconditional right to the incentives. All non-vesting conditions are taken into account when estimating the fair value of the equity instruments granted.

The benefits, directly attributed by the Parent Company Arnoldo Mondadori Editore S.p.A. to the executives/managers of subsidiaries, are recognized as an increase in the cost of the relevant investment with a balancing entry in “Performance share reserve” under equity.

Subsequently, the amount recognized as a cost is adjusted to reflect the actual number of shares for which the service condition and the non-market condition have been met, so that the final amount recorded as a cost is based on the number of incentives that will definitely vest.

Service or performance conditions are not taken into account when defining the fair value of the plan at the granting date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Market conditions are reflected in the fair value at granting date. Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognized for rights that do not ultimately vest because the performance and/or service conditions have not been met.

3.17 Recognition of revenue and costs

Revenue from services is recognized based on the relevant state of completion.

Revenue from interest is recognized on an accrual basis by applying the effective interest method; dividends are recognized when the shareholder is acknowledged the right to payment.

Any revenue from barter transactions is recognized at fair value when the barter deal involves dissimilar services. Dissimilar services comprise barter deals for goods and advertising, when they refer to different communications means or product positioning.

Costs are recognised based on similar criteria as revenue and, in any case, on an accrual basis.

3.18 Current, pre-paid and deferred tax

Current tax is calculated on the basis of a taxable income estimate and in accordance with the laws applicable in the Country in which the Company has its registered offices.

Deferred and pre-paid tax is calculated on all the temporary differences arising between the taxable base of assets and liabilities and the relevant book values in the financial statements, with the exception of the following:

• temporary taxable differences deriving from the initial recognition of goodwill;

• temporary taxable or deductible differences resulting from the initial recognition of an asset or a liability in a transaction which does not imply business combination and which does not have any impact either on the result or the taxable income on the transaction date;

• in subsidiaries, associates and jointly-controlled companies when:

• the Company is in a position to control the timing for the reversal of temporary taxable differences and it is probable that such differences shall not reverse in the foreseeable future;

• it is not probable that deductible temporary differences will reverse in the foreseeable future and that taxable income is available to cover such temporary differences.

The value of prepaid tax amounts is reviewed at the balance sheet date and is reduced if it is no longer probable that sufficient taxable income will be available in the future to cover all or part of these assets.

Deferred tax assets and liabilities are calculated on the basis of the tax rates that are expected to apply in the year in which assets are realized and liabilities are settled, considering the then applicable tax rates or the tax rates essentially used at the balance sheet date.

Tax relating to items directly recognized under equity (cash flow hedge reserve) is recognized directly under equity and not under income statement.

3.19 Transactions denominated in foreign currencies

Revenue and costs deriving from transactions denominated in foreign currencies are posted in the relevant currency at the exchange rate applied on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate ruling at the balance sheet date and any exchange differences are recognized in the income statement.

Non-monetary items measured at historical cost in a foreign currency are converted using the exchange rates applied on the relevant transaction date. Non-monetary items recognized at fair value in a foreign currency are converted using the exchange rates applied on the fair value calculation date.

3.20 Grants and contributions

Grants and contributions are recognized if there is a reasonable certainty that they will be received and if all the conditions referring to them are satisfied. When grants refer to cost items, they are recognized as revenue and systematically distributed over the years so as to reflect the cost proportion they are intended to offset. When grants refer to assets, the relevant fair value is deferred in long-term liabilities and is recognized in equal amounts in the income statement over the useful life of the asset.

With regard to State aid and/or "de minimis" aid, pursuant to Article 1, paragraphs 125-129, of Law no. 124/2017, received by the Company, reference is also made to the content contained and published in the National State Aid Register.

3.21 Dividends

Dividends are recognized as a reduction in the value of the investment when shareholders are given right to them. This normally corresponds to the date of the AGM resolving upon dividend payout.

3.22 Discontinued assets and liabilities

Non-current assets and groups of assets and liabilities whose book value is mainly expected to be recovered through disposal instead of continuous use are recognised separately from other assets and liabilities in the statement of financial position. Such assets and liabilities, when their sale is highly likely, are classified as “held-for-sale or discontinued” and are measured at the lower between their book value and fair value less probable costs of disposal. Income and loss, net of the related tax effect, resulting from the valuation or disposal of such assets or liabilities, is recognized in a separate item in the income statement.

3.23 Business combinations and other acquisitions

Business combinations are recognized using the purchase cost method pursuant to IFRS 3.

Goodwill has been posted at the date on which control was acquired over a business and is the surplus of the amount:

- of the price paid;

- of the amount of any minority share in the acquired company, measured proportionally to the minority share in the identifiable net assets of the acquired company stated at the related fair value;

- and in the event of a merger by phases of the fair value at the date on which control is acquired over the equity investment already held in the company acquired;

and the fair value of the identifiable net assets acquired measured at the date on which control is acquired.

Amongst others, IFRS 3 envisages the posting to profit or loss of the accessory costs connected with the business combination and, in the event of a business combination carried out in multiple phases, the buyer shall remeasure the value of the equity investment it held previously in the acquired company at fair value of the net assets at the date on which control is acquired, noting the difference as profit and loss.

The Company has the possibility of recognising provisional values that will be later subject to adjustments in the financial year of reference within twelve months thereafter, so as to take account of any new information about facts and circumstances existing at the acquisition date, that, if made available earlier, would have had an impact on the value of the assets and liabilities recognised on that same date.

Business combinations completed before 1 January 2010 are recognized pursuant to the provisions contained in the previous version of IFRS 3.

3.24 Accounting standards, amendments and interpretations adopted by the EU, with effect from 1 January 2023 and applied by Arnoldo Mondadori Editore S.p.A.

The following is a list of new standards, interpretations and amendments subject to mandatory application as of 1 January 2023 that, based on the assessments performed, did not have a significant impact on the Company's financial statements as at 31 December 2023:

• IFRS 17 - Insurance Contracts

• Definition of Accounting Estimates - Amendments to IAS 8

• Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

• Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

On 1 January 2024, the Pillar/Globe rules came into force under Italian Legislative Decree no. 209/2023 implementing Directive no. 2523/2022/EU.

Very briefly, the Pillar 2 rules state that Group entities (wherever they may be located) shall be subject to effective income tax at a rate of at least 15%, to be determined on the basis of a careful calculation based on the accounting and tax data of such entities, aggregated by country. Where the tax level in a given country is below 15%, a top-up tax will be applied to bring the amount up to 15%.

As required by accounting standard IAS 12 (in particular by the "Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules"), with the support of the parent company FININVEST, the Mondadori Group has carried out a first, preliminary analysis in order to identify the scope of application and potential impact of this new legislation on the jurisdictions of its consolidation scope, also using the transitional safe harbours ("TSH") applicable in the three years 2024-2026 (the "transitional period"), as envisaged by the OECD Guidelines.

These rules state that no top-up tax shall be due if one of the following tests is passed (to be carried out relative to each jurisdiction):

• *De minimis test*: passed where the revenues of the jurisdiction are less than € 10 million and the aggregated pre-tax profit is less than one million euros;

• *Simplified effective tax rate test*: passed where the effective tax level is at least 15% (for 2024), as determined on the basis of the ratio of the aggregated values of pre-tax profit/loss (denominator) and the income tax (numerator). In this regard, the figure of the numerator is the value of the current and deferred income (with some specific adjustments) noted in the reporting packages of the subsidiaries of a certain jurisdiction;

• *Routine profit test*: passed if the aggregated value of the "substance-based income exclusion" (or "SBIE") envisaged by the Pillar 2 rules exceeds the aggregated amount of the pre-tax profit/loss. As envisaged by the OECD Guidelines, if for one jurisdiction, there is a pre-tax loss, the test is considered passed.

If none of the tests are passed for a specific jurisdiction, the group shall calculate the effective tax level on the basis of the entire set of Pillar 2 rules, or making specific "adjustments" to the accounting and tax data of the entities located in such jurisdiction, also in order to determine – where such effective tax level is below 15% – the minimum amount of tax due.

On the basis of the current data – for FININVEST S.p.A. and its subsidiaries – the company FININVEST S.p.A. takes on the role of “Ultimate Parent Entity” (or "UPE") and Arnoldo Mondadori Editore S.p.A. takes on the role of “Partially-Owned Parent Entity” or “POPE”).

Given its role as POPE and the circumstance that the impacts of the Pillar 2 regulations should be assessed at a jurisdiction level (taking into account all the FININVEST Group companies, even those with no relationship with Arnoldo Mondadori Editore S.p.A.), the Mondadori Group has notified the relevant data for the Group companies, to the parent company FININVEST, which as Group UPE (i.e. the only entity to have all the data available as necessary for a complete Pillar 2 analysis), will carry out the calculations and verifications necessary to confirm whether or not the requirements are met to apply the TSHs and assess any impacts of the Pillar 2 regulations on a Group level.

The United States of America are the only jurisdiction in which FININVEST Group entities are located, held exclusively by Arnoldo Mondadori Editore S.p.A.. For this jurisdiction, therefore, Arnoldo Mondadori Editore S.p.A. has the data necessary to perform a first, preliminary assessment of the effects of Pillar 2. On the basis of the data present in the CbCR for tax period 2022 (which is, at the date of this document, the latest documentation), the company believes that there should be no exposure to top-up tax in such jurisdiction.

The above analyses are based on a first analysis of the regulations that the Group is still currently assessing and implementing) and on data relating to FY 2022. Consequently, the results of such preliminary analysis may differ from the effective results recorded at the first actual application of Pillar 2 regulations.

3.25 Accounting standards, amendments and interpretations not yet endorsed by the European Union

At the date of preparation of this document, the following new accounting standards, amendments and interpretations have been issued, which have not yet come into force and have not been adopted in advance by the Company:

• Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

• Amendments to IAS 1: Classification of liabilities as Current or Non-current

• Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

These amendments are not expected to have a material impact on the financial statements.

4. USE OF ESTIMATES

In preparing the attached tables and the notes to these financial statements, it was deemed necessary to use estimates and assumptions in order to calculate, in particular, the provisions for returns relating to the sale of publishing products, the provisions for bad debts, the provision for risks, post-employment benefits and taxation and the expected cash flows to calculate the value of certain current and non-current assets, including intangible assets and goodwill.

These estimates are periodically reviewed and any effects are recognized in the income statement.

Estimates are based on the current status of information available, are examined periodically and effects reflected in the income statement.

It should be noted that in the current macroeconomic context and in the specific scenario of the publishing industry, marked by an ongoing financial and economic crisis, it was deemed necessary to make assumptions on the future trend based on significant uncertainty. Results in the coming years, therefore, may differ from the estimates, resulting in the need to make adjustments to the book value of each item, including significant adjustments, which cannot be foreseen or quantified today.

The most significant accounting estimates that involve a high level of subjective opinion are outlined below:

Measurement of investments

The Company exercises the right granted by the amendment to IAS 27 – Equity Method in Separate Financial Statements, to measure investments in subsidiaries, joint arrangements and associates using the equity method. The Company therefore adjusts their amounts also taking account of the net assets presented in the Group's consolidated financial statements, which include the amounts of goodwill and other net assets identified on acquisition. The impairment test on investments follows the same procedures as the test at consolidated level. In this sense, the impairment of goodwill and intangible assets is tested by comparing the book value of the relating Cash Generating Units with their recoverable value, represented by the higher of fair value and the value in use.

Provision for bad debts

The recoverability of receivables is measured by taking account of the risk of non-payment, ageing and losses on receivables expected to arise on the receivables.

Amortization/depreciation

The useful life of tangible and intangible assets is determined by the Directors when the asset is purchased. The Company regularly assesses any changes in technology, market conditions and expectations of future events that could have an impact on the useful life and duration of amortization.

Provision for risks

Provisions made in relation to costs for restructuring and judicial, arbitration and tax disputes are based on complex estimates that take into account the probability of losing the dispute.

Post-employment benefits

Allocations made in favour of employees are based on actuarial assumptions: any changes in the underlying assumptions may have significant effects on the provisions.

Income tax

Income tax (both current and deferred) is calculated based on the applicable rates in Italy according to a prudent interpretation of currently applicable tax laws. The estimate is correlated in particular to the recoverability of prepaid tax assets.

5. RISK MANAGEMENT

The Company manages financial risks for all Mondadori Group Italian subsidiaries. For a detailed analysis of the Group's financial risks, reference should be made to the relevant section in the consolidated financial statements.

6. NON-RECURRING INCOME AND EXPENSE

As required by CONSOB resolution no. 15519 of 27 July 2006, any income and expense deriving from non-recurring transactions are recognized in the income statement. Transactions and events are considered non-recurring when, by nature, they do not occur repeatedly during normal business operations.

The relevant effects were outlined in a separate table in these "Explanatory notes to the financial statements".

DETAILS REGARDING THE ITEMS OF THE FINANCIAL STATEMENTS

All the amounts are expressed in Euro thousands, with the exception of certain ancillary figures, which are expressed in Euro millions. The amounts in brackets refer to 2022 figures.

Balance Sheet

Assets

1. Intangible assets

Intangible assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Intangible assets with a finite useful life	6,020	5,622
Intangible assets with indefinite useful life	—	—
Total intangible assets	**6,020**	**5,622**

The availability and use of intangible assets recognized in these financial statements are not subject to any lien or restriction.

The tables below show changes in the last two years.

Intangible assets with a finite useful life (Euro/thousands)	**Software**	**Cost of development**	**Other and under construction**	**Total**
Historic cost at 31 December 2021	14,594	67	681	15,341
Investments	1,544	45	797	2,386
Disposals	—	—	—	—
Reclassifications	681	—	(681)	—
Historic cost at 31 December 2022	16,818	112	797	17,728
Accumulated amortization and impairment loss at 31/12/2021	9,459	13	—	9,472
Depreciation and amortisation	2,589	45	—	2,634
Write-downs	—	—	—	—
Disposals	—	—	—	—
Reclassifications	21	(21)	—	—
Accumulated amortisation and impairment losses at 31/12/2022	12,069	37	—	12,106
Net value at 31/12/2021	5,135	53	681	5,869
Net value at 31/12/2022	**4,749**	**75**	**797**	**5,622**

Intangible assets with a finite useful life (Euro/thousands)	Software	Cost of development	Other and under construction	Total
Historic cost at 31 December 2022	16,818	112	797	17,728
Investments	312	—	2,894	3,206
Disposals	—	—	—	—
Reclassifications	347	—	(335)	12
Historic cost at 31 December 2023	17,478	112	3,357	20,946
Accumulated amortization and impairment loss at 31/12/2022	12,069	37	—	12,106
Depreciation and amortisation	2,786	34	—	2,820
Write-downs	—	—	—	—
Disposals	—	—	—	—
Reclassifications	—	—	—	—
Accumulated amortisation and impairment losses at 31/12/2023	14,855	71	—	14,926
Net value at 31/12/2022	4,749	75	797	5,622
Net value at 31/12/2023	**2,622**	**41**	**3,357**	**6,020**

The most significant changes in "Intangible assets with finite useful life" in 2023 were the following:

- investments, amounting to € 3,206 thousand mainly related to the development of software for the new copyright management system, the new software for planning and control, and the transition to cloud technology for the Group's SAP system and IT infrastructure;

- the reclassification from “Other and under construction" refers to the classification under assets under construction in 2022.

Amortisation, write-downs and write-backs of intangible assets

Amortisation and impairment loss on intangible assets (Euro/thousands)	2023	2022
Software	2,786	2,589
Cost of development	34	45
Other	—	—
Total amortization of intangible assets	**2,820**	**2,634**
Write-downs of intangible assets	—	—
Write-backs of intangible assets	—	—
Total write-downs (write-backs) of intangible assets	—	—
Total amortization of intangible assets	**2,820**	**2,634**

2. Property, plant and equipment

The tables below show changes in the last two years.

Property, plant and equipment (Euro/thousands)	Land	Instrumental buildings	Plant and equipment	Other tangible assets	Total
Historic cost at 31 December 2021	—	—	10,335	12,846	23,181
Investments	—	—	36	2,122	2,158
Disposals	—	—	—	(60)	(60)
Reclassifications	—	—	9	(9)	—
Historic cost at 31 December 2022	**—**	**—**	**10,381**	**14,898**	**25,279**
Accumulated amortisation and impairment losses at 31/12/2021	—	—	9,321	10,511	— 19,832
Depreciation and amortisation	—	—	197	1,058	1,254
Disposals	—	—	—	(56)	(56)
Write-downs	—	—	28	10	38
Reclassifications	—	—	—	—	—
Accumulated amortisation and impairment losses at 31/12/2022	**—**	**—**	**9,545**	**11,524**	**21,069**
Net value at 31/12/2021	—	—	1,014	2,334	3,349
Net value at 31/12/2022	**—**	**—**	**835**	**3,374**	**4,209**

Property, plant and equipment (Euro/thousands)	Land	Instrumental buildings	Plant and equipment	Other tangible assets	Total
Historic cost at 31 December 2022	—	—	10,381	14,898	25,279
Investments	—	—	42	2,164	2,206
Disposals	—	—	—	(14)	(14)
Reclassifications	—	—	2	(14)	(12)
Historic cost at 31 December 2023	**—**	**—**	**10,425**	**17,034**	**27,459**
Accumulated amortisation and impairment losses at 31/12/2022	—	—	9,545	11,524	21,069
Depreciation and amortisation	—	—	184	1,252	1,435
Disposals	—	—	—	(9)	(9)
Write-downs	—	—	—	—	—
Reclassifications	—	—	—	—	—
Accumulated amortisation and impairment losses at 31/12/2023	**—**	**—**	**9,729**	**12,767**	**22,496**
Net value at 31/12/2022	—	—	835	3,374	4,209
Net value at 31/12/2023	**—**	**—**	**696**	**4,267**	**4,963**

Other fixed assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Industrial and commercial equipment	14	33
Electronic office machinery	1,631	2,064
Office furniture, facilities and fittings	180	236
Leasehold improvements	761	1,027
Motor vehicles	—	—
Assets under construction and advances	1,681	15
Total other fixed assets	**4,267**	**3,374**

During the year 2023, the most significant changes in "Property, Plant and Equipment" related to capital expenditures, which amounted to € 2,206 thousand and were mainly related to:

- data processing tools (personal computers and local networks) to equip the workforce with the means required , as well as to strengthen and make secure the company networks, for € 463 thousand;

- interventions under the scope of the project to requalify the office of Palazzo Niemeyer in Segrate (improvements, furniture/furnishings) for € 1,583 thousand, recorded under fixed assets under construction.

Depreciation of property, plant and equipment

Depreciation and impairment loss on property, plant and equipment (Euro/thousands)	**2023**	**2022**
Instrumental buildings	—	—
Plant and equipment	184	224
Equipment	26	31
Electronic office machinery	889	722
Furniture and furnishings	55	60
Motor and transport vehicles	—	—
Leasehold improvements	281	255
Total depreciation of property, plant	**1,435**	**1,292**

The availability and use of property, plant and equipment recognized in these financial statements are not subject to any lien or restriction.

3. Rights-of Use-Assets

The tables below show changes in the last two years:

Assets from rights of use (Euro/thousands)	Buildings	Motor vehicles	Office equipment	Total
Historic cost at 31 December 2021	56,856	448	1,306	58,610
Investments	27,820	104	—	27,924
Disposals	(51,235)	—	—	(51,235)
Historic cost at 31 December 2022	**33,441**	**552**	**1,306**	**35,299**
Amortisation fund at 31 December 2021	15,582	266	535	16,383
Depreciation and amortisation	5,179	118	257	5,554
Disposals	(13,967)	—	—	(13,967)
Amortisation fund at 31 December 2022	**6,794**	**383**	**792**	**7,970**
Net value at 31/12/2021	41,274	182	771	42,227
Net value at 31/12/2022	**26,647**	**169**	**514**	**27,329**

Assets from rights of use (Euro/thousands)	Buildings	Motor vehicles	Office equipment	Total
Historic cost at 31 December 2022	33,441	552	1,306	35,299
Investments	1,753	57	—	1,810
Disposals	(939)	—	—	(939)
Historic cost at 31 December 2023	**34,255**	**609**	**1,306**	**36,170**
Amortisation fund at 31 December 2022	6,794	383	792	7,970
Depreciation and amortisation	5,261	106	257	5,623
Disposals	(919)	—	—	(919)
Amortisation fund at 31 December 2023	**11,136**	**489**	**1,049**	**12,674**
Net value at 31/12/2022	26,647	169	514	27,329
Net value at 31/12/2023	**23,119**	**120**	**257**	**23,496**

In 2023, increases were recorded for € 1,810 thousand, mainly relative to the renewal of the lease contract on the property unit in via Luzzatti, Rome, for € 1,085 thousand, to the signing of the new lease contract on the office occupied by the employees of D Scuola S.p.A. in Turin for € 495 thousand and to vehicles for € 57 thousand.

The normal depreciation process involved costs of € 5,623 thousand.

4. Investments

The Company exercises the right granted by the amendment to IAS 27 – Equity Method in Separate Financial Statements, to measure investments in subsidiaries, joint arrangements, associates and other investees using the equity method. The Company therefore adjusts their amounts also taking account of the net assets presented in the Group's consolidated financial statements, which include the amounts of goodwill and other net assets identified on acquisition. The impairment test on investments follows the same procedures as the test at consolidated level.

"Investments", amounting to € 684,267 thousand (€ 669,884 thousand as at 31 December 2022), consists of the cost of investments for € 627,253 thousand, their adjustment to equity for a positive total net of € 54,137 thousand, and the effects of the application of IFRS 2 on the long-term incentive plan (performance share) for the granting of Arnoldo Mondadori Editore S.p.A. shares to executives and directors of subsidiaries who perform strategic functions for the fulfilment of Group targets, for the amount of € 2,877 thousand. The detail for each subsidiary and associate is shown in Annexes A and B.

Note that on 1 January 2023, the partial spin-off through the assignment of the equity investments held by Mondadori Libri S.p.A. to D Scuola S.p.A., Mondadori Education S.p.A. and Rizzoli Education S.p.A. in the favour of Mondadori Scuola S.p.A., established on 06 September 2022.

The increase in the value of the equity investments compared to 2022 is mainly due to the revaluation of the investments in Mondadori Libri S.p.A., deriving from the result for the year and the change in the scope of consolidation resulting from the acquisitions during the same year, net of the reduction related to the dividends received from the latter, in Mondadori Scuola S.p.A., Mondadori Media S.p.A. and Mondadori Retail S.p.A.

Investments are broken down as follows:

Investments (Euro/thousands)	**31/12/2023**	**31/12/2022**
Subsidiaries	676,917	661,817
Associates	7,286	6,966
Other companies	63	1,101
Total investments	**684,267**	**669,884**

Changes in investments in subsidiaries over the past two years are shown below:

Subsidiaries (Euro/thousands)	31/12/2023	31/12/2022
Opening amount	**661,817**	**526,569**
Increases:		
- Purchases, establishments and capital contributions	3,000	122,230
- Granting performance shares	535	378
- Pro-rata share of the result	82,288	71,677
- Other changes	(1,607)	1,492
Total increases	**84,216**	**195,777**
Decreases:		
- Reversal of dividends	(69,115)	(59,090)
- Pro-rata share of the result		(1,439)
- Reclassification from provisions for risks		
- Other changes		
Total decreases	**(69,115)**	**(60,529)**
Closing amount	**676,918**	**661,817**

“Purchases, establishments and capital contributions" refers to capital contributions in the favour of Mondadori Retail S.p.A. for € 3,000 thousand.

Increases in investments as a result of the performance share plan are the following:

• Mondadori Libri S.p.A. for € 146 thousand;

• Mondadori Scuola S.p.A. for € 93 thousand;

• Mondadori Media S.p.A. for € 186 thousand;

• Mondadori Retail S.p.A. for € 110 thousand.

The “Pro-rata share of the result” included in the increases reflects the positive results of:

• Mondadori Libri S.p.A. for € 36,855 thousand;

• Mondadori Scuola S.p.A. for € 35,914 thousand;

• Mondadori Media S.p.A. for € 7,970 thousand;

• Mondadori Retail S.p.A. for € 1,549 thousand.

"Reversal of dividends" included in decreases refers to dividends received during the year from Mondadori Libri S.p.A. for € 69,115 thousand.

Other changes, amounting to € (1,607) thousand, reflect all the changes in the equity of the subsidiaries that have no effect on the income statement.

Changes in investments in associates and joint ventures over the past two years are shown below:

Associates (Euro/thousands)	31/12/2023	31/12/2022
Opening amount	**6,966**	**8,924**
Increases:		
- Purchases, establishments and capital contributions		
- Pro-rata share of the result	344	
- Other changes		
Total increases	**344**	**—**
Decreases:		
- Pro-rata share of the result		(918)
- Sale of investments		(1,200)
- Other changes	(24)	160
Total decreases	**(24)**	**(1,958)**
Closing amount	**7,286**	**6,966**

The "Pro-rata share of the result" included in the increases includes the period results of Attica Publications S.A..

Other changes reflect all the changes in the equity of the associate that have no effect on the income statement.

Changes in investments in other companies over the past two years are shown below:

Other companies (Euro/thousands)	31/12/2023	31/12/2022
Opening amount	**1,101**	**677**
Increases:		
- Purchases, establishments and capital contributions	775	2,273
- Pro-rata share of the result		
- Other changes		
Total increases	**775**	**2,273**
Decreases:		
- Pro-rata share of the result	(775)	(1,849)
– Sale of investments	(1,038)	
– Other changes		
Total decreases	**(1,813)**	**(1,849)**
Closing amount	**63**	**1,101**

The change refers to the subsidiary Società Europea di Edizioni S.p.A. and reflects:

• capital contributions of € 775 thousand;

• the loss recorded in the item “Pro-rata share of the result" included in decreases, for € 775 thousand;

• the sale of the entire equity investment held, equal to 18.45%, with effect from 20 April 2023.

Impairment test

When preparing the financial statements at 31 December 2023, despite the fact that the indirect impacts on the businesses in which the subsidiaries of Arnoldo Mondadori Editore S.p.A. operate, determined by the continued delicate international geopolitical context have reduced compared with last year, as a result of the reduction in the prices of paper, the cost of gas and electricity and, therefore, of transport and industrial processes, close attention has been paid to observing any indicators of impairment.

This analysis has revealed a significant appreciation of the Mondadori share, which at 30 December 2023 recorded a price of € 2.15 (€ 1.81 at 30 December 2022), generating an increase in stock market capitalisation to € 560.8 million (€ 473 million at 30 December 2022), well above the € 288.8 million of recorded shareholders' equity.

Pursuant to IAS 36, assets with indefinite useful life and goodwill are not subject to amortisation, but to an impairment test of the book value at least once a year or whenever there are indications of impairment.
Assets with finite useful life are subject to amortization, according to the useful life of each asset, and upon closing assets items are subject to impairment test to verify whether any impairment loss has occurred. An impairment test is only performed if these indicators are present.

The impairment testing process includes, among others:

• the identification of individual assets or the smallest Cash Generating Unit that generates independent cash flows;

• assessment of the carrying amount of the CGUs by determining their recoverable value, equal to the higher of fair value, less costs to sell, and value in use determined on the basis of the cash flow projections deriving from the most recent financial plans approved by the Board of Directors.

Identification of Cash Generating Units

CGUs have been identified as assets that generate independent cash flows from their ongoing use, consistent with the Group's organizational and business structure.

Taking account of the above, the table below provides details of the assets identified on acquisition of the subsidiaries that were subject to impairment testing, as well as the related CGUs. These amounts are shown net of amortization and impairment losses recorded during the year.

Cash Generating Unit (Euro/thousands)	Trademarks and series	Others	Goodwill	Total
CGU former Gruner+Jahr Mondadori	1,651			1,651
Digital CGU			5,168	5,168
Hej! CGU			6,178	6,178
Webboh CGU			1,652	1,652
Digital Advertising & Engagement CGU			2,654	2,654
Einaudi CGU	2,991		286	3,277
Star Comics CGU	12,500		4,321	16,821
A.L.I. CGU	847		2,609	3,456
Education CGU	23,217		109,107	132,324
Other CGUs			2,754	2,754
Investments		3,829		3,829
Total assets subject to impairment test	**41,206**	**3,829**	**134,729**	**179,764**

Cash Generating Unit former Gruner+Jahr Mondadori

The value recorded in the financial statements is represented by Focus, a brand with finite useful life, resulting from the acquisition in 2015 of the control over the entire capital of Gruner+Jahr Mondadori S.p.A. (now Mondadori Scienza S.p.A).

Digital Cash Generating Unit

The value recorded in the financial statements is represented by the goodwill of AdKaora, resulting from the acquisition of 100% of Banzai Media Holding S.p.A. in 2016.

Hej! Cash Generating Unit

The goodwill posted derives from the acquisition of 100% of Hej! S.r.l., a company specializing in AI solutions to companies to create customer relationships, marketing plans and media campaigns.

Webboh Cash Generating Unit

The goodwill derives from the acquisition of 100% of Webboh S.r.l., a company specialised in the production of editorial posts and products, news and gossip published on the web.

Digital Advertising & Engagement Cash Generating Unit

The goodwill derives from the acquisition of 100% of Digital Advertising & Engagement S.A., a company specialised in tech advertising on the Spanish market.

Einaudi Cash Generating Unit

This CGU includes the publishing series of Casa Editrice Einaudi, acquired in several tranches between 1989 and 1994 and, to a residual extent, goodwill. These assets qualify as having indefinite useful life.

Star Comics Cash Generating Unit

In July 2022, Mondadori Libri S.p.A., a subsidiary of Arnoldo Mondadori Editore S.p.A., acquired 51% of the share capital of Edizioni Star Comics S.r.l., a company specialising in the publication of comic books.

On conclusion of the purchase price allocation process, the higher price paid was allocated to trademarks, proprietary software and, residually, to goodwill. These assets qualify as having indefinite useful life.

A.L.I. Cash Generating Unit

In January 2023, Mondadori Libri S.p.A., a subsidiary of Arnoldo Mondadori Editore S.p.A., acquired 25% of A.L.I. Agenzia Libraria International S.r.l., taking the shared held in the company specialised in the distribution of books throughout national territory, as well as in hobby publishing, through the subsidiary Il Castello S.r.l., to 75%.

The publishing brand Il Castello has been tested for impairment, along with goodwill, both classified as having an indefinite useful life.

Education Cash Generating Unit

This Education CGU group includes series and publishing lines referring to the production of textbooks for the different levels and grades of the Italian school system.

The Education CGU group also includes the amounts attributed to trademarks, rights to exploit literary works and goodwill of D Scuola S.p.A., acquired in 2021.

Other Cash Generating Units

This group of CGUs includes goodwill relating to:

• bookclub, amounting to € 2,500 thousand;

• Abscondita S.r.l., amounting to € 254 thousand;

Cash Generating Unit Investments

This CGU includes the goodwill identified during the acquisition of the equity investment in the Attica Publications S.A. Group.

Assessment of the recoverable value

The carrying amount of the CGUs is assessed by determining their recoverable value, which is the higher of value in use and fair value, less costs to sell.

With regard to the CGUs measured through value in use, the impairment test was based on the projection of cash flows deriving from the Medium-Term Plan, drawn up for the years 2024-2026, in relation to which the Board of Directors reviewed the guidelines and approved the contents on 15 February 2024.

The table shows the criteria used in the valuation of the various CGUs, as well as the main elements for assessing their recoverable value.

Cash Generating Unit	Criterion used	Economics	Growth rate on terminal value	Discounting rate
CGU former Gruner+Jahr Mondadori	Fair value	Revenue 2024-2026	g = -3%	8.43%
Digital CGU	Value in use	EBITDA 2024-2026	g = 0%	8.43%
Hej! CGU	Value in use	Cash flow 2024-2026	g = 2%	8.43%
Webboh CGU	Value in use	Cash flow 2024-2026	g = 2%	8.43%
Digital Advertising & Engagement CGU	Value in use	Cash flow 2024-2026	g = 2%	8.43%
Einaudi CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
Star Comics CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
A.L.I. CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
Education CGU	Value in use	Cash flow 2024-2026	g = 0%	8.36%
Other CGUs	Value in use	EBITDA 2024-2026	g = 0%	8.36%
Investments	Value in use	EBITDA 2024-2028	g = 0%; g = 2%	8.69%

Specifically, when performing the impairment test:

- as regards the former Gruner+Jahr Mondadori CGU, the fair value of the Focus magazine was determined by applying the royalty method, based on estimated revenue in the medium-term forecast scenarios. A royalty rate of 4% was used; the estimated growth rate (g) for the period following the explicit years of the Medium-Term Plan is -3%;

- as regards the Digital CGU, the value in use was determined on the basis of the income statements of the various digital brands, which are deemed to be representative of the related cash flows. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the Hej!, Webboh and Digital Advertising & Engagement CGUs, the entire legal entity was considered as cash generating unit for the purpose of the impairment test. The value in use was determined on the basis of the cash flows of the company. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 2%;

- with regard to the Einaudi, Education (Mondadori Education and D Scuola), Starcomics and A.L.I. CGUs, for the purposes of the impairment test, all the legal entities were considered as cash generating units. The value in use was determined on the basis of the cash flows of the respective companies. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the other CGUs, the recoverable value was determined on the basis of value in use, taking account of the income statements, including structural and maintenance costs of the assets subject to impairment. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%.

With respect to Investments, for the Attica Publications S.A. Group the value in use was determined on the basis of cash flow projections drawn from the long-term plans.

Determination of the discount rate

The discount rate was defined in terms of weighted average cost of capital (WACC) for the individual Cash Generating Unit taken into account and shown net of tax, consistently with the flows used.

WACC is an adjusted risk rate, measured on the basis of the cost that the company must bear to collect resources from lending entities, internal and external, to finance any specific investment. WACC expresses an opportunity cost of capital and is calculated as the weighted average of the cost of the risk capital and the cost of the debt capital.

The individual parameters used in the determination of WACC are the following:
• cost of equity (ke) is quantified based on the model of CAPM (Capital Asset Pricing Model) as requested in IAS 36, as the sum of: (i) the return on risk-free investments, (ii) a risk premium determined on the basis of the systematic riskiness of the investment being valued and (iii) an additional premium correlated to the dimensional risk. In particular:

- the risk-free rate was determined taking account of the yield to maturity for the securities of the Countries to which the Cash Generating Units are referred, taking account of the annual average;

- the risk premium was determined through the product resulting from the beta coefficient and the difference between the market performance (mp) and risk-free rate (equity risk premium), determined taking account of a sufficiently large time horizon. Specifically, the beta coefficient was calculated by considering the normalized average of market unlevered betas of a panel of comparable companies, distinguishing the book publishing business from the magazine publishing business, in order to intercept the different systematic risk. With regard to the equity risk premium, reference was made to the equity risk component for AAA Countries (4.57%) and the country risk premium component (1.41% for Italy and 2.11% for Greece); both figures were drawn from the estimates published by Damodaran in January 2024;

• the calculation of the Cost of Debt (kd) is based on the analysis of the specific financial structure of the Group;

• the weight attributed to equity and non-controlling interests' equity was calculated based on the normalized average of a panel of comparable companies.

Results of the impairment test

As a result of the impairment test, no write-down was required.

Sensitivity to changes in the assumptions

For the amounts relating to the CGUs indicating no impairment loss, sensitivity analyses were carried out to corroborate the results of the test, increasing the discount rate by 0.5%, reducing the cash flows by 5% and the growth rate (g) by 1%.

The analysis confirmed that the results obtained are reasonable, without revealing any significant differences, and, consequently, confirmed the recoverability of the book values recognised in these financial statements, while stressing the need, however, to oversee the performance of each CGU in order to verify the consistency of final and forecast trends, taking account of the current market context.

5. Non-current financial assets

"Non-current financial assets", amounting to € 6,238 thousand (€ 10,960 thousand at 31 December 2022), is broken down as follows:

Non-current financial assets (Euro/thousands)	31/12/2023	31/12/2022
Medium-long term financial receivables from associates	500	500
Assets resulting from derivative instruments	5,738	10,460
Total non-current financial assets	**6,238**	**10,960**

Financial receivables from associates refer to the intercompany loan granted to Attica Publications S.A..

Assets resulting from derivative instruments amounting to € 5,738 thousand, include:

• the fair value relating to the hedging transactions on the existing interest rate risk (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), based on 100% of the Line A Amortising Term Loan of the pool loan agreement entered into in May 2021, maturing in December 2026 for a notional amount of € 47.5 million and a weighted average rate of -0.086%;

• the fair value relating to the Forward Start 31 January 2022 hedging transactions on the existing interest rate risk (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), applying to 100% of the use of Line C Acquisition Line of the pool loan agreement concluded in May 2021, coming to maturity in December 2026 for a notional value of € 60 million and a weighted average rate of -0.098%.

The Company has adopted a Financial Risk Management policy. The use of derivative instruments is in line with the guidelines contained in such policy. In order to verify hedging efficiency, the Group performs a series of monthly effectiveness tests set out in the accounting standards applied.

Perspective tests envisage that at the beginning of a hedge transaction and for its entire duration, each individual hedge proves effective. This means that any changes in the fair value or cash flow of the hedged item almost completely offset any changes in the fair value or cash flow of the hedged instrument.

Group criteria to test effectiveness include statistic regression analyses and the Dollar Offset Method or Ratio Analysis.

6. Pre-paid tax assets and deferred tax liabilities

Pre-paid tax assets of € 1,411 thousand (€ 1,298 thousand at 31 December 2022) and deferred tax liabilities of € 3,513 thousand (€ 4,519 thousand) were recognized and determined based on the temporary differences between balance sheet values stated in the financial statements and the corresponding values recognized for tax purposes.

(Euro/thousands)	31/12/2023	31/12/2022
Pre-paid IRES	1,411	1,298
Pre-paid IRAP	—	—
Total pre-paid tax assets	**1,411**	**1,298**
Deferred IRES	3,497	4,511
Deferred IRAP	16	8
Total deferred tax liabilities	**3,513**	**4,519**

Pre-paid tax and deferred tax is calculated based on the tax rates that will be applicable when these differences arise (IRES 24%, IRAP 3.9%).

Description of temporary differences that led to the recognition of pre-paid tax

(Euro/thousands)	31/12/2023			31/12/2022		
	Total temporary differences	**Current tax rate**	**Prepaid tax assets**	**Amount of temporary differences**	**Current tax rate**	**Prepaid tax assets**
Provisions	4,629	—	1,111	4,387	—	1,053
Other temporary differences	1,251	—	300	1,022	—	245
Total for IRES purposes	**5,880**		**1,411**	**5,409**		**1,298**
Other temporary differences	—	3.90%	—	—	3.90%	—
Total for IRAP purposes				—		—

Description of temporary differences that led to the recognition of deferred tax

(Euro/thousands)	31/12/2023 Amount of temporary differences	Current tax rate	Deferred tax	31/12/2022 Amount of temporary differences	Current tax rate	Deferred tax
Write-back of investments measured at equity	7,186	—	1,725	6,632	—	1,592
Reserve for cash flow hedge	7,215	—	1,732	11,938	—	2,865
Other temporary differences	167	—	40	227	—	55
Total for IRES purposes	**14,568**		**3,497**	**18,797**		**4,511**
Other temporary differences	421	—	16	211	—	8
Total for IRAP purposes	**421**		**16**	**211**		**8**

Changes in pre-paid and deferred tax amounts led to costs of € 16 thousand as shown in Note 26.

The decrease in deferred tax liabilities is mainly related to the performance of the cash flow hedge reserve, which decreased as a result of the fair value measurement of interest rate hedging transactions outstanding at 31 December 2023.

7. Other non-current assets

"Other non-current assets", amounting to € 1,427 thousand (€ 124 thousand at 31 December 2022), is broken down and commented on below:

Other non-current assets (Euro/thousands)	**31/12/2023**	**31/12/2022**
Guarantee deposits	120	124
Medium-long term receivable disposal Società Europea di Edizioni S.p.A.	1,307	—
Others	—	—
Total other non-current assets	**1,427**	**124**

The increase is due to the posting of the medium/long-term share, equal to € 1,307 thousand, in the discounted receivable of PBF S.r.l. for the sale of the equity investment in Società Europea di Edizioni S.p.A., completed on 20 April 2023.

8. Tax receivables

"Tax receivables", amounting to € 11,664 thousand (€ 8,763 thousand at 31 December 2022), is broken down as follows:

Tax receivables (Euro/thousands)	31/12/2023	31/12/2022
Advances to the tax authorities for disputes	8,903	8,903
Receivables from the tax authorities for VAT	7,468	3,963
Receivables from subsidiaries for VAT	807	1,207
Receivables from the tax authorities for direct and indirect tax to recover	57	42
Receivables from Fininvest for IRES	3,332	3,551
Provision for bad debts on tax receivables	(8,903)	(8,903)
Total tax assets	**11,664**	**8,763**

Advances, amounting to € 8,903 thousand (€ 8,903 thousand at 31 December 2022), refer to payments made provisionally for pending disputes, currently pending before the Court of Cassation and written off.

Receivables from the tax authorities for VAT, amounting to € 7,468 thousand (€ 3,963 thousand at 31 December 2022), refer to the Group's VAT receivable accrued in the last year, still pending a reimbursement claim. Since 2017, the Company has instituted a Group VAT settlement regime as Parent Company with all its subsidiaries (Article 73, paragraph 3, Presidential Decree 633/72 and Ministerial Decree of 13 December 1979). This option makes it possible to concentrate the obligations arising from periodic settlements on the parent company and to allow any credit positions to offset the debit positions of the participating companies. The system adopted by the Mondadori Group involves the monthly settlement of credit/debit positions of subsidiaries, thereby concentrating the exposure to the tax authorities with the Parent Company.

Receivables from subsidiaries for VAT, amounting to € 807 thousand (€ 1,207 thousand as of 31 December 2022), refer to the VAT debit balance following the December settlement of subsidiaries, transferred to the Parent Company following participation in the Group VAT settlement regime.

Receivables from the tax authorities for direct and indirect tax to recover for € 57 thousand (€ 42 thousand at 31 December 2022) relate to the shares not yet offset of the Technological innovation 4.0 tax credit, recognised to the company for the projects developed in 2020 and 2021 in accordance with Article 1 of Italian Law no. 160/2019 (2020 Budget Law) and Ministerial Decree of 26 May 2020 (implementing decree).

The receivable from Fininvest S.p.A. for IRES, amounting to € 3,332 thousand (€ 3,551 thousand as at 31 December 2022), includes the amount due from the parent company for the tax credit accrued during the year.

For income tax purposes, the last defined tax period, with reference to the cases of unfaithful declaration, it that relating to the financial year ended on 31 December 2016, insofar as, following suspension, from 8 March 2020 to 31 May 2020 (85 days), of the ordinary terms for forfeiture, envisaged by Italian Law no. 27 of 24 April 2020 (the "Cura Italia" Decree), the tax period ongoing at 31 December 2017 is still able to be assessed up until 25 March 2024.

As to fiscally open financial years, tax amounts have been allocated and paid on the basis of taxable income and the currently applicable tax regulations upon allocation of the relevant provision.

9. Other current assets

“Other current assets”, amounting to € 3.947 thousand (€ 3.052 thousand at 31 December 2022), includes:

Other current assets (Euro/thousands)	31/12/2023	31/12/2022
Accrued income	3,389	2,765
Short-term receivable disposal Società Europea di Edizioni S.p.A.	463	—
Receivables from personnel	95	65
Receivables from suppliers	—	48
Receivables from social security institutions	—	4
Other receivables from Group companies	—	—
Other receivables	—	170
Total other current assets	**3,947**	**3,052**

On 20 April 2023, a receivable was entered in respect of PBF S.r.l. for the sale of the equity investment in Società Europea di Edizioni S.p.A., worth a total amount of € 2,316 thousand (gross of discounting); it is expected to be collected in 5 annual tranches of equal amount. The first tranche was collected during the year, while the second tranche, of € 463 thousand, is entered in a specific item of the financial statements under review.

“Prepayments”, amounting to € 3,389 thousand (€ 2,765 thousand at 31 December 2022), refers to:

(Euro/thousands)	31/12/2023	31/12/2022
Rentals and services	3,082	2,463
Insurance	51	51
Other prepayments (subscriptions, membership fees)	256	251
Total prepayments	**3,389**	**2,765**

The increase, amounting to € 624 thousand, was mainly due to prepaid expenses on advance fees related to the cloud service, already accounted for but accruing in future years.

Other prepayments refer to leases, subscriptions, licenses and membership fees, accounted for but relating to future years.

The reduction in “Other receivables” derives from the collection of contributions allocated during previous years to INPS, relating to staff training provided to employees as part of the financed courses on new skills.

10. Trade receivables

"Trade receivables", amounting to € 11,815 thousand (€ 13,759 thousand at 31 December 2022), are broken down as follows:

Trade receivables (Euro/thousands)	31/12/2023	31/12/2022
Receivables from customers	233	455
Receivables from associates	563	406
Receivables from subsidiaries	11,010	12,897
Receivables from parent companies	—	—
Receivables from affiliates	10	—
Total trade receivables	**11,815**	**13,759**

Information by geographical area is provided in the relevant separate section.

Receivables from subsidiaries for € 11,010 thousand (€ 12,897 thousand at 31 December 2022) and those from associates for € 563 thousand (€ 406 thousand at 31 December 2022) and those from associates of € 10 thousand, refer to trade transactions carried out under standard market conditions. The breakdown by company and the changes versus 2022 are shown in Annex C1.

Receivables from customers amount to € 233 thousand (€ 455thousand at 31 December 2022):

Trade receivables - Receivables from customers (Euro/thousands)	31/12/2023	31/12/2022
Receivables from customers	248	470
Provision for bad debts	(15)	(14)
Total trade receivables	**233**	**455**

The changes in the provision for bad debts of € 15 thousand (€ 14 thousand at 31 December 2022) are detailed below:

Trade receivables Receivables from customers - Provision for bad debts (Euro/thousands)	31/12/2023	31/12/2022
Balance at beginning of year	14	11
Changes in the year:		
- allocation	1	4
- utilizations	—	—
Total provision for bad debts	**15**	**14**

The provision, considered appropriate to cover possible risks of insolvency, was determined following a thorough analysis completed on customer creditworthiness and credit positions at risk of collection.

11. Other current financial assets

“Other current financial assets”, amounting to € 25,231 thousand (€ 24,490 thousand at 31 December 2022), includes:

Other current financial assets (Euro/thousands)	31/12/2023	31/12/2022
Financial receivables:		
- Financial receivables from subsidiaries	25,194	24,474
- Other financial receivables	37	16
Total financial receivables	**25,231**	**24,490**
Total other current financial assets	**25,231**	**24,490**

Financial receivables from subsidiaries of € 25,194 thousand (€ 24,474 thousand at 31 December 2022) include current account transactions negotiated at interest rates in line with market rates.

The breakdown by company and the changes versus 2022 are shown in Annex C1.

12. Cash and cash equivalents

"Cash and cash equivalents", amounting to € 39,120 thousand (€ 25,325 thousand at 31 December 2022), comprises:

Cash and cash equivalents (Euro/thousands)	31/12/2023	31/12/2022
Cash and cash on hand	—	—
Bank deposits	39,120	25,325
Total cash and cash equivalents	**39,120**	**25,325**

The fair value of cash and cash equivalents at 31 December 2023 was equal to the relevant book value.

The changes in the item are explained in the statement of cash flows.

It should be noted that there are no restrictions on the use of cash and cash equivalents, except for the indications provided in Note 16 “Financial liabilities”.

LIABILITIES

13. Equity

The share capital of 67,979 thousand euro is fully underwritten and paid up and is divided into 261,458,340 ordinary shares with a par value of euro 0.26 each.

The table below shows an analysis of equity with regard to the origin, availability and possible distribution of each single sub-item:

Nature/description (Euro/thousands)	**Amount**	**Possible use**	**Amount Available**	**Amount Distributable**
Share Capital	**67,979**			
Profit reserves:				
- legal reserve	13,596	B	13,596	
- extraordinary reserve	136,349	A,B,C	136,349	136,349
IAS/IFRS:				
- reserves for investments measured at equity	1,705	B	1,705	
- post-employment discounting reserve	600	B	600	
- performance share reserve	2,331	B	2,331	
- cash flow hedge reserve	5,484	B	5,484	
Treasury shares held	(2,371)		(2,371)	(2,371)
Total	**225,672**		**157,693**	**133,977**

Key: A: for capital increases - B: to cover losses - C: for distribution to Shareholders

The table "Changes in equity" includes details regarding the individual sub-items under equity and, specifically:

Treasury shares

The Company holds no. 1,277,802 treasury shares in its portfolio at 31 December 2023, the result of purchases on the MTA for a total of no. 591,000 treasury shares (equal to 0.226% of the share capital) at an average unit price of € 1.964 and the allocation to beneficiaries of no. 461,189 shares related to the 2020-2022 performance share plan closed with the approval of the financial statements at 31 December 2022. The valuation of shares held in portfolio amounted to € 2,371 thousand at 31 December 2023.

The purchases were authorized by the Shareholders' Meeting of 27 April 2023, following expiry of the term relating to the previous authorization approved on 28 April 2022, and are instrumental in the implementation of the future long-term incentive plan (performance share) approved at the same meeting for the 2023-2025 period. This is an additional plan to those approved by the Shareholders' Meeting on 28 April 2022 and 27 April 2021 for the three-year period 2022-2024 and the three-year period 2021-2023 respectively.

Other reserves

"Other reserves" includes:

• A legal reserve of € 13,596 thousand, unchanged versus the prior year;

• An extraordinary reserve of € 136,349 thousand (€ 113,189 thousand);

• Other reserves, including the reserve for changes in investments that are not recorded in the Income Statement, and the translation reserve, amounting to € 1,705 thousand (€ 3,337 thousand).

14. Provisions

“Provisions”, amounting to € 4,141 thousand (€ 3,879 thousand at 31 December 2022) in the year, is broken down as follows:

Provisions (Euro/thousands)	**31/12/2022**	**Provisions**	**Uses**	**31/12/2023**
Provision for legal risks	3,469	—	(122)	3,346
Provision for other charges	411	795	(411)	795
Total provisions	**3,879**	**795**	**(533)**	**4,141**

The above provisions are intended to cover potential liabilities from legal disputes, contractual clauses and commitments, and disputes. Other allocations for risks also include provisions for staff restructuring costs, partly linked to the early retirement plans in place.

15. Post-employment benefits

Post-employment benefits, amounting to € 1,789 thousand (€ 1,829 thousand at 31 December 2022), are composed exclusively of the provision for post-employment benefits.

Changes in the year are detailed below:

Post-employment benefits - Details (Euro/thousands)	**TFR (employee severance indemnity)**
Balance at 31 December 2022	**1,829**
Changes in 2023:	
- utilizations	(140)
- transfers Group companies	44
- discounting	66
- other	(11)
Total at 31/12/2023	**1,789**

The liability relating to post-employment benefits was subject to discounting pursuant to IAS 19.

It should be noted that for the calculation, a discounting rate based on the iBoxx Corporate EUR benchmark, with a 10+ duration and AA rating was used.

As for the prior year, the following assumptions were used to measure the current value of post-employment benefits:

Actuarial assumptions to measure TFR	31/12/2023	31/12/2022
Economic assumptions:		
- increase in cost of living	3.00%	3.00%
- discounting rate	3.17%	3.77%
Demographic assumptions:		
- probability of death	IPS55 tables	IPS55 tables
- probability of disability	INPS-2000 tables	INPS-2000 tables
- probability of leaving for other reasons	12.42%	12.84%
- retirement age	Regulations in force	Regulations in force

It should be noted that the change in the discount rate, from 3.77% to 3.17%, resulted in an in increase in the provision for post-employment benefits of € 40 thousand.

The cost for post-employment benefits in the income statement amounted to € 1,326 thousand and is broken down as follows:

Cost of post-employment benefits (Euro/thousands)	2023	2022
Cost of post-employment benefits allocated to supplementary pension plans	1,259	1,185
Financial expense	66	18
Total cost of post-employment benefits	**1,326**	**1,202**

It should be noted that "Current cost of employee post-employment benefits" and "Actuarial (income)/loss" are recognized in a specific reserve under equity, while the financial component is accounted for under financial expense for the period.

16. Financial liabilities

"Non-current financial liabilities", amounting to € 89,297 thousand (€ 126,912 thousand at 31 December 2022), are broken down as follows:

Non-current financial liabilities (Euro/thousands)	Effective interest rate	Maturity over 5 years	31/12/2023	31/12/2022
Medium-long term loans and borrowings	0.607%	—	69,833	104,535
Medium-long term financial payables IFRS 16	—	5,814	19,464	22,377
Liabilities from derivatives	—	—	—	—
Total non-current financial liabilities		**5,814**	**89,297**	**126,912**

"Medium/long-term loans and borrowings" is made up as follows:

• € 30,045 thousand from the amortized cost of the Line A Amortizing Term Loan, taken out with a pool of banks (medium/long-term portion) in May 2021 and coming to maturity in December 2026;

• € 39,788 thousand from the amortized cost of using Line C (Acquisition Line) of the pool loan to finance the acquisition of De Agostini Scuola S.p.A..

“Medium-long term financial payables IFRS 16" refers to the financial payable originating from the application of the IFRS 16 accounting standard, the changes in the current year of which were as follows:

(Euro/thousands)	31/12/2022	Increas.	Decreas.	Reclass.	31/12/2023
Medium-long term financial payables to third parties - IFRS 16	22,377	1,810	(150)	(4,573)	19,464
Short-term financial payables to third parties - IFRS 16	5,286	—	(5,286)	4,573	4,573
Total financial payables IFRS 16	**27,663**	**1,810**	**(5,436)**	**—**	**24,037**

“Payables to banks and other financial liabilities” amounted to € 402,781 thousand (€ 369,679 thousand at 31 December 2022):

Payables to banks and other financial liabilities (Euro/thousands)	31/12/2023	31/12/2022
Financial payables to subsidiaries	351,587	338,004
Short-term loans	45,833	25,833
Short-term financial payables IFRS 16	4,573	5,286
Other financial payables, accrued liabilities and deferred income	787	556
Total payables to banks and other financial liabilities	**402,781**	**369,679**

Payables to subsidiaries of € 351,587 thousand (€ 338,004 thousand at 31 December 2022) refer mainly to current account transactions negotiated at interest rates in line with market rates. The breakdown by company and the changes versus 2022 are shown in Annex D1.

Short-term loans amounting to € 45,833 thousand (€ 25,833 thousand at 31 December 2022) include: for € 15,833 thousand, the portion of the Line A Amortising Term Loan of the pool loan maturing in December 2024; for € 20,000 thousand, the portion of Line C maturing in 2024; for € 10,000, use of short-term hot money lines (maturing in January 2024).

Other financial payables, accrued expenses and deferred income in the amount of € 787 thousand mainly refer to accrued expenses related to interest on loans, calculated on an accrual basis.

Changes in the drawdowns of committed credit lines are shown below:

(Euro/thousands)	Balance at 31/12/2022	Utilizations	Repayments	Other changes	Balance at 31/12/2023
Term Loan A maturity 2026	60,682		(15,833)	1,029	45,878
Line C maturity 2026	59,686			102	59,788
Total credit lines	**120,368**	**—**	**(15,833)**	**1,131**	**105,666**

The above loans are tied, inter alia, to financial obligations (financial covenants), checked every six months or year, respectively, Group debt/EBITDA ratio and net financial exposure limits; at the date of drafting of these financial statements, the obligations have been met.

At 31 December 2023, the Leverage Ratio Financial Covenant (debt/EBITDA) resulting from the consolidated annual report was equal to 0.65, far below the cap of 3.25 under the pool loan agreement. The forecasts contained in the medium-term plan show no reasonably foreseeable sign of overshooting the cap in the future.

The Company's overall financial position at 31 December 2023, outlined as per CONSOB recommendations, indicates a net debt of € 427,727 thousand (€ 446,775 thousand at 31 December 2022).

Net financial position (Euro/thousands)	**31/12/2023**	**31/12/2022**
- Bank deposits	39,120	25,325
A Cashfunds	39,120	25,325
B Cash equivalents	—	—
C Other current financial assets	25,231	24,490
D Liquidity (A+B+C)	**64,351**	**49,815**
- Current bank payables	(10,000)	(10,000)
- Financial payables to subsidiaries	(351,587)	(338,004)
- Financial liabilities IFRS 16	(4,573)	(5,286)
- Other current financial payables	(787)	(556)
E Current financial debt	(366,948)	(353,846)
- Loans	(35,833)	(15,833)
F Current portion of non-current financial debt	(35,833)	(15,833)
G Current financial debt (E+F)	**(402,781)**	**(369,679)**
H Net current financial debt (G-D)	**(338,430)**	**(319,863)**
- Loans	(69,833)	(104,535)
- Financial liabilities IFRS 16	(19,464)	(22,377)
I Non-current financial debt	(89,297)	(126,912)
J Debt instruments	—	—
K Trade payables and other non-current payables	—	—
L Non-current financial debt (I+J+K)	**(89,297)**	**(126,912)**
M Total financial debt (H+L)	**(427,727)**	**(446,775)**

For the analysis of the Company's net financial position and the relevant changes, reference should be made to the Cash flow statement in these financial statements.

17. Other current liabilities

"Other current liabilities", amounting to € 12,464 thousand (€ 10,032 thousand at 31 December 2022), is detailed and commented on below:

Other current liabilities (Euro/thousands)	**31/12/2023**	**31/12/2022**
Payroll and other payables to personnel	4,769	4,105
Owed to social security and pension bodies	2,249	2,138
Tax payables	4,511	3,338
Cost of post-employment benefits allocated to supplementary pension plans	320	314
Accrued charges and deferred income	524	37
Other payables	90	100
Total other current liabilities	**12,464**	**10,032**

Payables to welfare and social security entities of € 2,249 thousand (€ 2,138 thousand at 31 December 2022) include € 839 thousand (€ 822 thousand at 31 December 2022) for contributions on salaries relating to December and paid in January 2024; € 1,245 thousand (€ 1,411 thousand at 31 December 2022) for contributions allocated for deferred salary items.

Tax payables of € 4,511 thousand (€ 3,338 thousand at 31 December 2022) regard IRPEF withholdings on employee salaries and professional fees paid in January 2024 for € 772 thousand (€ 721 thousand at 31 December 2022), payables to subsidiaries for the VAT receivable balance from their settlement in December, following participation in the Group VAT settlement regime for € 3,664 thousand (€ 2,542 thousand at 31 December 2022), and other tax for € 75 thousand.

Post-employment benefits allocated to supplementary pension plans of € 320 thousand (€ 314 thousand at 31 December 2022) refer to pension funds in which post-employment benefits flow, paid in January 2024.

"Accrued liabilities and deferred income" of € 524 thousand (€ 37 thousand at 31 December 2022) was determined on an accrual basis and refers to insurance, contributions and other accrued expense.

18. Trade payables

“Trade payables” amounted to € 17.531 thousand (€ 18.403 thousand at 31 December 2022):

Trade payables (Euro/thousands)	31/12/2023	31/12/2022
Payables to suppliers	17,189	17,861
Payables due to subsidiaries	138	296
Payables to associates	1	39
Payables to parent company	9	19
Payables to affiliates	194	187
Total trade payables	**17,531**	**18,403**

Payables to suppliers amounted to € 17,189 thousand (€ 17,861 thousand as at 31 December 2022). The decrease in the supplier balance is mainly due to the concentration of purchases and investments, mainly related to IT, which took place in the latter part of 2022.

Payables due to subsidiaries, associated and affiliated companies refer to trade transactions performed at standard market conditions.

INCOME STATEMENTS

Intercompany trade transactions in 2023 with related parties are explained in Annexes C2 and D2.

19. Revenues from sales and services

Revenues amounted to € 43,081 thousand and mainly consisted of charges to subsidiaries for shared services provided.

Revenue is detailed in the following tables:

Revenues from sales and services (Euro/thousands)	**2023**	**2022**
Revenue from the sale of products:		
- magazines/publications	122	192
Revenue from the sale of services:		
- revenue from administrative services	35,552	34,599
- other revenue	7,407	6,961
Total revenues	**43,081**	**41,752**

Revenue from administrative services refers to revenue from administrative and IT services provided to Group companies. The item “Other revenues” mainly includes revenues from subsidiaries for the provision of space at their premises in the amount of € 7,407 thousand (€ 6,961 thousand as at 31 December 2022).

Revenue by geographical area:

Geographical area (Euro/thousands)	**2023**	**2022**
Italy	43,081	41,752
EU countries		
Total	**43,081**	**41,752**

20. Cost of raw and ancillary materials, consumables and goods

Cost of raw and ancillary materials, consumables and goods amounted to € 348 thousand.

Cost of raw and ancillary materials, consumables and goods (Euro/thousands)	**2023**	**2022**
Raw material	4	1
Goods for re-sale	178	143
Consumables and maintenance materials	166	230
Total cost of raw and ancillary materials, consumables and goods	**348**	**374**

21. Cost of services

“Costs of services" amounted to € 28,239 thousand. Details are shown in the table below:

Cost of services (Euro/thousands)	**2023**	**2022**
IT professional services	6,779	7,598
Consultancy and professional services	3,379	2,470
Third-party collaborations	329	345
Rights and royalties	34	150
Advertising services	454	524
Third party graphical processing	168	238
Logistics	307	385
Newsstands channel fee	30	52
Leases and rentals	8,278	5,494
Fees to Directors and Statutory Auditors	1,211	1,186
Maintenance	1,613	2,145
Catering, security and cleaning services	1,303	1,444
Temporary work, courses and personnel selection	767	970
Utilities (electricity, gas, water)	1,488	2,462
Audit and certification expenses	506	497
Travel and other expense reimbursements	670	416
Other services	923	1,386
Total cost of services	**28,239**	**27,762**

Costs of services record an overall increase compared with last year, mainly due to the higher fees for software assistance, included under “Fees and rental” and deriving to a large extent from the implementation of the switch to cloud-based technology.

22. Cost of personnel

"Cost of personnel" amounted to € 23,256 thousand versus € 21,544 thousand in 2022.

Cost of personnel (Euro/thousands)	2023	2022
Salaries and wages and related costs	17,637	16,919
Capitalisation of payroll costs	(625)	(154)
Performance shares	654	504
Charging/(recovery) of costs for seconded staff	(2,473)	(2,392)
Social security expense	5,345	5,145
Post-employment benefits, retirement indemnity and supplementary pension scheme plans	1,932	2,449
Allocation/utilisation for risks from personnel reorganisation	786	(927)
Total cost of personnel	**23,256**	**21,544**

Cost of personnel includes the net balance between the charging and recovery of costs for staff seconded from and to Group companies.

Capitalisation of payroll costs refers to the cost of resources dedicated to implementing the switch to cloud-based technology, to the development of evolutive SAP and legacy systems.

The cost of labour is slightly up as a result of the increased workforce, partly due to the expansion of the scope of companies managed by the staff departments, and to the allocations made for staff restructuring costs, partly linked to the early retirement plans.

At 31 December 2023, the Company employed 257 people, an increase of three compared to 31 December 2022.

Headcount	Actual 31/12/2023	Actual 31/12/2022	Average 2023	Average 2022
Executives	28	27	28	28
Journalists	—	—	—	—
White collars and managers	226	224	226	218
Manual workers	3	3	3	2
Total	**257**	**254**	**257**	**248**

In the reporting period, there were an average of 257 units (248 units in 2022).

Share-based management incentive plans(Performance Share Plans)

At 31 December 2023, the Mondadori Group has three share-based payment plans in place intended for managers of Group companies and for members of the Board of Directors of the Parent.

The reasons underlying the adoption of the Plans are:

- to create a stronger link between the creation of medium- and long-term value and the remuneration of Management;

- to support Mondadori's growth following the completion of the optimization of its assets, using a system that reflects the growth in the value of the company;

- to encourage teamwork at management level, supporting the shared objective of value creation.

The Board – or its representative, the CEO – has the power to amend the Performance Targets in extraordinary and/or unforeseen situations or circumstances that could have a significant impact on the results of the Group and/or its area of operations. These situations and circumstances could, for example, include mergers, demergers, acquisitions, disposals or spin-offs.

Shares are allocated to the beneficiaries at the end of the vesting period on the basis of pre-established performance targets. Specifically, these targets are related to:

- Total Shareholder Return (TSR) vis-à-vis the constituents of the FTSE Italia All Share index, with a weighting of 25%;

- Cumulative EBITDA for the three-year period, with a weighting of 20% (25% for the 2021-2023 plan);

- Cumulative Net profit over the three years, with a weighting of 25%;

- Ordinary Cash Flow for the three-year period (Free Cash Flow for the 2021-2023 Plan), with a weighting of 20% (25% for the 2021-2023 plan);

- Impact Inclusion Index, for the 2022-2024 and 2023-2025 plans, with a weighting of 10%.

For each of the above performance conditions, minimum, target and maximum result levels are set.

When the minimum (90%) is met for EBITDA, Net profit and Ordinary Cash Flow (Free Cash Flow for the 2021-2023 Plan), the number of shares granted is equal to 50% of the target number of options assigned. When the target is met, 100% vests, while with the maximum, the number of shares granted is equal to 120% of the target number of options assigned.

The Impact Inclusion Index, being the synthesis of three independent and individually measured fields of action, can have an outcome indicator value ranging from 0% to 120%, with a corresponding number of options assigned.

The TSR is defined vis-à-vis the constituents of the FTSE Italia All Share index by measuring performance over the period of the Plan. If the TSR is equal to or greater than the median, the target is deemed met and a number of shares up to 120% of the options assigned is granted. If the TSR is lower than the median, no shares are granted.

They are measured considering the four components of the Plan:

- the "market based" component connected to the measurement of the performance of Arnoldo Mondadori Editore S.p.A. in terms of Total Shareholder Return (TSR);

- the "non-market based" component relating to the achievement of targets on cumulative Net Profit, cumulative EBIT/EBITDA, cumulative Free/Ordinary Cash Flow and Impact Inclusion Index.

Pursuant to IFRS 2, the financial instruments underlying the Plan were stated at fair value on their granting.

The fair value measurement, which takes account of the current share price at the granting date, volatility, the expected flow of dividends, the duration of the Plan and the free-risk rate, was entrusted to an independent third-party expert and carried out using a Monte Carlo-type simulation model.

The information documents pursuant to Article 114-bis of Legislative Decree 58/98, which present the characteristics of the above plans, are publicly available in the Governance section of Arnoldo Mondadori Editore S.p.A.'s website (www.gruppomondadori.it), at the registered office and at Borsa Italiana S.p.A.. The table below shows for each plan the costs recognized in the income statement and the assumptions underlying the fair value measurement.

In first half 2023, the Performance Share Plan for the three-year period 2020-2022 came to maturity. A total of 461,189 shares were assigned, measured at a weighted average price of € 1.7629. The plan envisaged a total cost of € 590,782 thousand and the related reserves set aside during the three-year period were reclassified as available.

The table below shows for each plan the costs recognized in the income statement and the assumptions underlying the fair value measurement.

2023-2025 long-term incentive plan

At 31 December 2023, the cost of the 2023-2025 Performance Share Plan (intended for the Chief Executive Officer and 17 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognized in the income statement under Cost of personnel, amounted to € 198 thousand.

The total number of shares granted is 344 thousand.

The fair value of shares was determined based on the following assumptions:

Granting date	02/05/2023
Residual life at granting date (in months)	32
Expected volatility of the share price	28.38%
Risk-free interest rate	3.26%
% on expected dividends	—%
Fair value of share at granting date (Euro)	1.731

2022-2024 long-term incentive plan

At 31 December 2023, the cost of the 2022-2024 Performance Share Plan (intended for the Chief Executive Officer and 12 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognized in the income statement under Cost of personnel, amounted to € 161 thousand.

The total number of shares granted is 293 thousand.

The fair value of shares was determined based on the following assumptions:

Granting date	1 June 2022
Residual life at granting date (in months)	31
Expected volatility of the share price	33.89%
Risk-free interest rate	1.36%
% on expected dividends	— %
Fair value of share at granting date (Euro)	1.648

2021-2023 long-term incentive plan

At 31 December 2023, the cost of the 2021-2023 Performance Share Plan (intended for the Chief Executive Officer, the CFO and 12 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognized in the income statement under Cost of personnel, amounted to € 331 thousand.

The total number of shares granted is 444 thousand.

The fair value of shares was determined based on the following assumptions:

Granting date	29/07/2021
Residual life at granting date (in months)	29
Expected volatility of the share price	36.69%
Risk-free interest rate	-0.5%
% on expected dividends	— %
Fair value of share at granting date (Euro)	1.77

23. Sundry expense (income)

Sundry expense (income) (Euro/thousands)	**2023**	**2022**
Other revenues and income	(2,060)	(2,214)
Other operating expense	817	969
Total sundry expense (income)	**(1,243)**	**(1,244)**

“Other revenue and income”, amounting to € 2,060 thousand (€ 2,214 thousand at 31 December 2022), refers to:

Sundry expense (income) – Other revenue and income (Euro/thousands)	2023	2022
Capital gains and contingent assets	(60)	(55)
Supplier rebates and miscellaneous contributions	(1,973)	(2,157)
Others (claims for damages)	(26)	(2)
Total other revenues and income	**(2,060)**	**(2,214)**

“Other operating expense”, amounting to € 817 thousand (€ 969 thousand at 31 December 2022), includes:

Sundry expense (income) - Other operating expense (Euro/thousands)	2023	2022
Compensation, settlements and allowances	301	760
Membership fees and disbursements	546	516
Capital loss/contingent liabilities	83	38
Management of trade and other receivables	1	85
Allocation / (Utilization) Provision for sundry risks	(421)	(732)
Other tax and duties	296	298
Sundry expenses	13	4
Total other operating expense	**817**	**969**

24. Financial expense (income)

The item, amounting to € 5,849 thousand in expense (€ 2,725 thousand at 31 December 2022), consists of:

Financial expense (income) (Euro/thousands)	**2023**	**2022**
Interest from subsidiaries	(629)	(516)
Interest from associates	(37)	(26)
Interest from banks and post offices	(227)	(21)
Financial income from derivatives	(4,121)	(151)
Other interest and financial income	(37)	(23)
Total interest and other financial income	**(5,050)**	**(737)**
Interest expense due to subsidiaries	900	—
Interest expense on loans and borrowings	6,975	1,11[illegible]
Financial expense from derivatives	—	—
Ancillary expense on loans	1,131	1,843
Commission on loans	563	577
Other impairment charges (income) IFRS 9	—	324
Financial expense from discounting of assets/liabilities	66	18
Interest expense to banks	55	4
Other interest and social expense	398	148
Total interest and other financial expense	**10,089**	**4,025**
Realised currency gains	1	1
Unrealised currency gains	—	(1)
Total (income) loss on currency transactions	1	—
Expense (income) from financial assets	—	—
Financial expense (income) IFRS 16	809	(563)
Total financial expense (income)	**5,849**	**2,725**

Net financial expense in 2023 amounted to € 5,849 thousand and increased by € 3,124 thousand versus the prior year, due mainly to:

• higher interest expense on loans for € 5,892 thousand, net of greater income on derivative contracts relating to m/l-term loans hedged for € -3,970 thousand; the difference of € 1,892 thousand is the higher financial expense paid on the use of uncommitted loans, deriving from the major increase in average Euribor rates, from 0.35% in 2022 to 3.43% in 2023;

• lower accessory expenses on loans for € -712 thousand, including lesser expenses (for € -317 thousand) from the recalculation of the amortised cost in 2022 following the increase in Euribor rates;;

• higher financial expense on the transfer of VAT credits for € 250 thousand, deriving from the major rise in Euribor rates seen in 2023;

• greater interest income on current accounts for € -206 thousand;

• higher interest expense due to subsidiaries, of € 900 thousand, deriving from the application of positive rates on the active positions of the subsidiaries with intercompany current accounts to the parent company;

• lower IFRS9 measurement costs on post-employment benefits for € -324 thousand;

• higher expense, amounting to € 1,372 thousand, from the application of IFRS 16.

25. Expense (income) from investments

This item is detailed and commented on below:

Expense (income) from investments (Euro/thousands)	**2023**	**2022**
Revaluations	(82,631)	(71,677)
Write-downs	775	4,206
Capital gain/(loss) on sale of investments	(1,191)	—
Total expense (income) from investments	**(83,047)**	**(67,471)**

Write-backs refer to:

(Euro/thousands)	**2023**	**2022**
Subsidiaries:		
- Mondadori Libri S.p.A.	36,855	70,975
- Mondadori Media S.p.A.	7,970	702
- Mondadori Retail S.p.A.	1,549	—
- Mondadori Scuola S.p.A.	35,914	—
Total subsidiaries	**82,287**	**71,677**
Associates:		
- Attica Publications S.A.	344	—
Total associates and joint ventures	**344**	**—**
Total write-backs	**82,631**	**71,677**

Write-downs, which include the negative performance of the companies and any value adjustments of the investments following impairment testing, refer to:

(Euro/thousands)	**2023**	**2022**
Subsidiaries:		
- Mondadori Retail S.p.A.	—	1,427
- Mondadori Scuola S.p.A.	—	12
Total subsidiaries	—	**1,439**
Associates and joint ventures:		

- Attica Publications S.A.		918
Total associates and joint ventures	**—**	**918**
Other companies:		
- Società Europea di Edizioni S.p.A.	775	1,849
Total other companies	**775**	**1,849**
Total write-downs	**775**	**4,206**

During the year, the company collected dividends for € 69,115 thousand (€ 59,090 thousand in 2022), distributed by the subsidiary Mondadori Libri S.p.A..

26. Income tax

“Income tax” amounted to an income of € 2,610 thousand (€ 3,484 thousand in 2022). The main components for the years 2023 and 2022 are shown in the table below:

Income tax (Euro/thousands)	**2023**	**2022**
Income from tax consolidation (IRES tax on income for the year)	(3,273)	(3,551)
IRAP for the year	—	—
Total current taxes	**(3,273)**	**(3,551)**
Deferred (pre-paid) tax for IRES	8	638
Deferred (pre-paid) tax for IRAP	8	1
Total deferred (pre-paid) tax	**16**	**639**
Taxes for previous years	647	410
Allocation / (Utilisation) Provision for tax disputes	—	(600)
Allocation / (Utilisation) Provision for write-down of tax receivables	—	(383)
Total income tax expense for the year	**(2,610)**	**(3,484)**

As shown in the sections relating to tax receivables and payables, since the Company participates in the tax consolidation regime of Fininvest S.p.A., it recorded an income from tax consolidation relating to the tax loss of the current year of € 3,273 thousand, which will be paid by the consolidating entity in 2024, and used to offset the current tax profit transferred from Mondadori companies to the fiscal unit.

Under “Taxes for previous years”, the expense is recorded of € 647 thousand, deriving from the payment of the notice served to the Company on 25 September 2023; the relevant information is given in note 27. Commitments and contingent liabilities.

Reconciliation between the financial statement tax charge and the theoretical tax charge

(Euro/thousands)	2023			2022		
	Net income (loss) before tax	**Tax**	**Current tax rate**	**Net income (loss) before tax**	**Tax**	**Current tax rate**
Theoretical IRES tax amount	59,801	14,352	24.00%	48,583	11,660	24.00%
Theoretical IRAP tax amount		2,332	3.90%		1,895	3.90%
Total theoretical tax amount/rate	**59,801**	**16,685**	**27.90%**	**48,583**	**13,555**	**27.90%**
Actual IRES tax amount	59,801	(2,616)	(4.37)%	48,583	(3,485)	(7.17)%
Actual IRAP tax amount		6	0.01%		1	— %
Total actual tax amount/rate	**59,801**	**(2,610)**	**(4.36)%**	**48,583**	**(3,484)**	**(7.17)%**
Theoretical tax amount/rate	**59,801**	**16,685**	**27.90%**	**48,583**	**13,555**	**27.90%**
Effects of investments	(78,988)	(18,957)	(39.02)%	(63,930)	(15,343)	(37.43)%
Effects of non-deductible interest expense	5,517	1,324	2.73%	2,725	654	1.60%
Effect of prior years' tax	2,707	650	1.34%	114	27	0.07%
Effect of provision for tax litigation	—	—	— %	(2,500)	(600)	(1.46)%
Effects of other permanent increases	653	157	0.32%	733	176	0.43%
Effects of different taxable amount for IRAP	(9,694)	(2,327)	(4.79)%	(7,889)	(1,893)	(4.62)%
Effects of other permanent decreases	(590)	(142)	(0.29)%	(248)	(59)	(0.14)%
Current tax amount/rate		**(2,610)**	**(4.36)%**		**(3,484)**	**(7.17)%**

27. Commitments and contingent liabilities

The following table shows Company commitments at 31 December 2023:

(Euro/thousands)	**31/12/2023**	**31/12/2022**
Guarantees, sureties, endorsements: - in favour of subsidiaries - in favour of other companies	15,000 21,435	18,900 14,679
Total	**36,435**	**33,579**

Guarantees, sureties, endorsements:

- **in favour of subsidiaries:** € 15,000 thousand (€ 18,900 thousand in 2022) refer mainly to letters of patronage issued in favour of subsidiaries, mainly Mondadori Retail S.p.A..

- **in favour of other companies**: 21,435 thousand euro (14,679 thousand euro) refer to counter-guarantees issued by the Company against sureties issued by credit institutes:

  - in the interest of the Lombardy Regional Revenue Agency Office and the Italian Ministry of Production Activities to support premium contests of € 2,533 thousand;

  - to the Lombardy Regional Inland Revenue Office for VAT reimbursements of 18,463 thousand euro;

  € 438 thousand to other organizations and companies regarding guarantees on leases or other contracts entered into by the Company.

Contingent liabilities (pending disputes)

For the years 2004-2005, the Central Division of the Lombardy Region, through tax assessments, submitted findings relating to IRAP (2004) and to the application of a 12.50% withholding tax on the interest paid on a loan stock in favour of a subsidiary (years 2004-2005).

With regard to IRAP 2004, the Court of Cassation, by order No. 3380 of 3 February 2022, referred the dispute back to the Court of Justice of the second instance because it found that there was a failure to state reasons in the previous judgement. By appeal filed on 28 September 2022, the Company resumed the case before the aforementioned Court. The Revenue Agency entered an appearance, abandoning the dispute. In judgement no. 1896/2023, filed on 9 June 2023, the Lombardy Tax Court of Second Instance acknowledged the abandonment of the tax claim.

Instead, as regards the finding relating to the withholding on interest in the year 2004, with the same judgement no. 1896/2023 mentioned previously, the Lombardy Tax Court of Second Instance confirmed the legitimacy of the recovery as taxation. On 25 January 2024, the Company filed an appeal against this judgement before the Court of Cassation. To date, terms are still pending for the Agency to enter an appearance.

In connection with the specified dispute regarding withholdings on interest in 2004, after the company lost in the second instance proceedings, on 25 September 2023, the Revenue-Collections Agency served the Company with the payment notice by means of which it demanded, by way of provisional collection pending judgement, payment of € 647 thousand by way of “IRPEF withholdings”, sanctions and interest. The Company has paid the amount demanded but has appealed to the Milan Tax Court of First Instance to have partial annulment, complaining that it is unlawful for € 174 thousand, as this is interest unduly calculated on amounts paid at the time by the Company in a provisional manner, pending judgement, and due to it by way of reimbursement. The hearing for discussion was held on 11 March 2024; to date the relevant judgement has not yet been filed.

As regards the finding relating to the withholding on interest in the year 2005, after the Regional Tax Court of Milan, with judgement no. 6900/2017 rejected the appeal, the Company appealed to Cassation. In a judgement filed on 8 March 2023, the Court of Cassation declared that the matter in dispute in relation to the notification of the penalties had ceased and the Court referred the dispute to the second instance Court of Justice on matters of taxation. In particular, the Supreme Court of Cassation, upholding the Company's arguments, followed the interpretative position expressed on the subject of the "beneficial owner" by the Court of Justice in its most recent rulings, which were also implemented in the national context, and, to that effect, the court quashed the contested decision, referring the case back to the second instance Court of Justice, in a different composition, for the assessment of the factual elements of the case.

By appeal filed on 26 October 2023, the Company resumed the case before the Lombardy Tax Court of Second Instance. To date, the hearing for discussion has not yet been scheduled.

For the above indicated liabilities, while taking account of the substantial grounds of defence, the risk of a negative outcome is considered likely, covered by a specific provision for write-downs.

On 24 January 2023, the Revenue Agency – Regional Directorate of Lombardy – Major Taxpayers Office, notified communication of start of audit for IRES, IRAP and VAT purposes on tax year 2017. It was concluded on 26 September 2023 with the notification of the formal report of findings, which showed a finding relative to transfer pricing regulations pursuant to Article 110, subsection 7 of the Consolidated Law on Income Tax, relative to the rate applied by the Company to the subsidiary Mondadori France, to which it had granted a loan. According to the auditors, the active rate that the Company had applied to the subsidiary is not consistent with transfer pricing regulations, consequently impacting the income statement in terms of greater interest income (and consequently higher IRES taxable income).

The assessment, which confirmed the findings set forth in the formal report of findings, despite the brief submitted by the Company, was notified by certified e-mail on 18 December 2023.

Before the deadline for preparing the appeal passed, on 12 February 2024, the Consolidating Company Fininvest S.p.A. submitted the IPEC Form, whereby it requested that previous losses be discounted, thereby reducing the higher taxable income assessed by 80% and consequently redetermining sanctions and interest.

The Company is still deciding what strategy to adopt (appeal before the Tax Courts or settlement) once the 60 days have passed from the date on which the IPEC was submitted and considering the risk of losing as presently unlikely, it has not seen fit to allocate a provision for risks.

28. Non-recurring (income) expense

Pursuant to Consob Resolution no. 15519 of 27 July 2006, it should be noted that, in FY 2023, the Company recognised non-recurring income of € 402 thousand, net of the related tax effects, deriving from the sale of the stake held in Società Europea di Edizioni S.p.A.

29. Related Parties

Transactions carried out with related parties, including intercompany transactions, do not qualify as either atypical or unusual, since they refer to standard business activities performed by Group companies. When performed out of the scope of standard conditions or when they are imposed by specific regulatory conditions, transactions with related parties are in any case carried out under market conditions.

Annexes C1, C2, D1, D2 detail the operating and financial impacts of transactions with parent companies, subsidiaries, associates and affiliates performed in 2023 and 2022.

30. Financial risk management and other information required under IFRS 7 and IFRS 9

In carrying out its business activities, the Company is exposed to various financial risks, including interest rate risk, exchange rate risk, price risk, credit/counterparty risk, issuer risk and liquidity risk.

The Company drafted a “General Policy for Financial Risk Management” aimed at regulating and defining financial risk management. The Policy also envisaged the setting up of a Risk Committee, whose task is to identify any changes. The Policy was adopted by the Parent Company, Arnoldo Mondadori Editore S.p.A., and all Group companies.

The Company analyses and measures its exposure to financial risks for the purpose of defining management and hedge strategies. The criteria used by the Company to measure the risks include the sensitivity analysis of positions subject to risk, involving mark-to-market analysis of variations and/or future cash flow variations in regard to small variations in risk factors.

The overall Policy objective is to minimize financial risks, by using appropriate tools available on the market. Financial derivative instruments are exclusively used to hedge against financial risks directly referring to Arnoldo Mondadori Editore S.p.A. or its subsidiaries.

Financial derivative instruments may not be used for speculative purposes.

Specific company functions are responsible for risk management and monitoring and reports are drafted periodically for each type of risk.

Interest rate risk

Interest rate risk refers to the possibility that losses may be incurred in net financial income, in terms of lower yield from an asset or increased liability costs (existing or potential) as a result of interest rate fluctuations.

Interest rate risk is therefore correlated to interest rate uncertainty. The prime objective of interest rate risk management is to protect the Company’s financial margin against market interest rate fluctuations, by steadily monitoring interest rate volatility, and prudently managing the risk consistent with the Group risk profiles and the Group financial assets and liabilities performance from an asset and liability management perspective.

The Company’s exposure to interest rate risk refers mainly to medium-long term loans, and, in particular, the pool loan granted in May 2021, and the interest rate swaps taken out to hedge the loan.

The following table shows the findings of the sensitivity analysis, with indication of the relevant impact on income statement and equity, gross of any tax effects, pursuant to IFRS 7.

Sensitivity analysis (Euro/millions)	Underlying	Interest rate increase/(decrease)	Income (expense)	Equity increase (decrease)
2023	(275.5)	1.0%	(2.0)	2.7
2022	(225.4)	1.0%	(1.5)	3.9
2023	(275.5)	(1.0)%	2.0	(1.9)
2022	(225.4)	(1.0)%	1.5	(2.9)

While identifying potential impact correlated to positive and negative interest rate variations, floating-rate loans (short-term credit lines) were also analysed.

The impact of the sensitivity analysis refers to future cash flows on the payment of floating-rate loans.

The basic assumptions underlying the sensitivity analysis are:

• an initial parallel shift of the interest curve of + 100/-20 basis points;

• the analysis is carried out on the assumption that all the other risk variables remain constant;

• for the purpose of comparability, the same analysis is performed both on the current and prior year.

Currency risk

Currency risk refers to a set of negative effects on the margin or the value of an asset or a liability as a result of exchange rate fluctuations.

The Company is not particularly exposed to exchange rate risks since the Euro is the currency used in the Company's main business areas.

In 2023, the type of exposure and the hedge policy adopted for exchange rate risks did not show any particular changes from prior years.

The results of the sensitivity analysis performed on the currency risk showed an irrelevant economic impact, considering the low level of average exposure in 2023 and 2022.

Liquidity risk

Liquidity risk refers to the possibility that the Company may not be able to meet payment obligations as a result of its inability to raise new funds (funding liquidity risk), or its inability to sell assets on the market (asset liquidity risk), thereby being forced to sustain overly high costs for the purpose of meeting obligations. The Company's exposure to liquidity risk refers mainly to existing loans and borrowings.

In addition, if deemed necessary, the Company may resort to pre-authorised short-term credit lines.

The Company's objective is to maintain a constant balance and flexibility between financial sources and commitments. For detailed information regarding current and non-current financial liabilities, reference should be made to Note 16 "Financial liabilities".

At 31 December 2023, liquidity risk was managed by the Company by resorting to its own financial resources and to the financial resources of its subsidiaries.

The table below details the Company's exposure to liquidity risk and the relevant maturity dates:

Liquidity risk (Euro/millions)	Analysis of maturity dates at 31/12/2023						
	<6 months	6-12 months	1-2 years	2-5 years	5-10 years	> 10 years	Total
Trade payables	17.2						17.2
Medium-long term intercompany loans	—						—
Medium-long term third-party loans	1.6	17.0	17.4	77.0	—	—	112.9
Other financial liabilities:							
- committed lines							—
- uncommitted lines	30.8						30.8
Other liabilities	0.6						0.6
Intercompany payables	351.7						351.7
Total	**401.9**	**17.0**	**17.4**	**77.0**	**—**	**—**	**513.3**
Derivatives on rate risk	2.0	1.4	1.9	2.0	—	—	7.2
Total exposure	**400.0**	**15.6**	**15.5**	**75.0**	**—**	**—**	**506.1**

Liquidity risk (Euro/millions)	Analysis of maturity dates at 31/12/2022						
	<6 months	6-12 months	1-2 years	2-5 years	5-10 years	> 10 years	Total
Trade payables	18.0						18.0
Medium-long term intercompany loans	—						—
Medium-long term third-party loans	0.9	187.5	18.5	94.8	—	—	301.7
Other financial liabilities:							
- committed lines							—
- uncommitted lines	10.6						10.6
Other liabilities	0.1						0.1
Intercompany payables	338.3						338.3
Total	**367.9**	**187.5**	**18.5**	**94.8**	**—**	**—**	**668.8**
Derivatives on rate risk	1.7	2.4	3.7	5.6	—	—	13.4
Total exposure	**366.2**	**185.2**	**14.8**	**89.2**	**—**	**—**	**655.4**

Maturity dates were analysed by using undiscounted cash flows and the amounts were accounted for by taking into account the first date upon which payment becomes due. For this reason, uncommitted credit lines are shown in the first column.

For the purpose of meeting liquidity requirements, the Company relies on credit lines and liquidity, as already commented on above.

Credit risk

Credit risk refers to the possibility of incurring financial losses as a result of counterparty default in complying with contractual obligations.

A special type of credit risk is represented by the counterparty/replacement risk in case of derivative exposure. In this case, the risk is associated with any capital gain positions as a result of the possibility that the counterparty fails to meet its contractual obligations and thus no positive cash flow is generated in favour of the Company. In the case of the Company, this potential risk is limited, since the counterparties of derivative instrument contracts are leading financial institutions with high ratings.

The objective is to limit the risk for losses due to the unreliability of market counterparties or to the difficulty of converting or replacing existing financial positions. Hence, transactions with non-authorized counterparties are not allowed.

When approving the Policy, the Board of Directors also approved a list of authorized counterparties for financial risk hedging. Transactions with such authorized counterparties are constantly monitored and reports are periodically drafted.

There is virtually no risk of trade credit for the company which has trade relations almost exclusively with its subsidiaries and associates to which it provides services in the areas of Administration, Management Control and Planning, Treasury and Finance, Purchasing, IT, Human Resources, Logistics, Legal and Corporate Affairs, and External and Institutional Relations. The balance relating to trade receivables is monitored throughout the year, to ensure that the amount of exposure to losses is kept low.

The table below shows maximum exposure to credit risk for financial statements items. Maximum risk exposure is accounted for before the effects of mitigation deriving from compensation agreements and guarantees.

Credit risk (Euro/millions)	**31/12/2023**	**31/12/2022**
Deposits	39.1	25.3
Securities held for trading		
Receivables and loans:		
- trade receivables and other current financial assets	41.0	41.3
- trade receivables and other non-current financial assets	2.0	1.7
- guarantees		
Total maximum exposure to credit risk	82.1	68.4

As to trade receivables, the table below illustrates the Company's exposure to credit risk by geographical area and business area:

Credit risk concentration	(Euro/millions) 31/12/2023	(Euro/millions) 31/12/2022	% 31/12/2023	% 31/12/2022
By business area:				
Corporate & Shared Services		13.7	99.7%	99.3%
Magazines (Print)	11.8 —	0.1	0.3%	0.7%
Total	11.8	13.8	100.0%	100.0%
By geographical area:				
Italy		13.8		
Other Countries	11.8 —	—	100.0 % -	100.0 % -
Total	11.8	13.8	100.0%	100.0%

Below is a description of the management criteria used for the main business segments:

Corporate & Shared Services

Receivables related to Corporate & Shared Services refer to Administration, Planning and Control, Treasury and Finance, Procurement, IT, Human Resources, Logistics, Legal and Corporate Affairs, and External and Institutional Relations performed centrally for all subsidiaries and affiliates.

Price risk

Price risk refers mainly to changes in the market price of equity instruments and the impairment of financial assets/liabilities as a result of changes in commodity prices. The key objective of price risk management is to reduce the impact of fluctuations in the price of raw materials on the financial results of the Company.

Other information required under IFRS 7 and IFRS 9

The table below summarizes financial assets and liabilities classified according to the categories defined by IFRS 9 and the relevant fair value:

							Classification	
						Book value		Fair value
(Euro/millions)	Total		of which current		of which non-current			
	31/12/2020 23	31/12/2020 22	31/12/2020 23	31/12/2020 22	31/12/2020 23	31/12/2020 22	31/12/2020 23	31/12/2020 22
- Financial assets classified as "held for trading" measured at fair value with changes booked to the income statement (securities)	—	—	—	—	—	—	—	—
Receivables and loans:								
- cash and cash equivalents	39.1	25.3	39.1	25.3	—	—	39.1	25.3
- trade receivables	0.2	0.5	0.2	0.5	—	—	0.2	0.5
- other financial assets	5.4	3.2	3.9	3.1	1.4	0.1	5.4	3.2
- receivables due from subsidiaries, associates, affiliates	37.3	38.3	36.8	37.8	0.5	0.5	37.3	38.3
Available-for-sale financial assets (investments)	0.1	1.1	0.1	1.1	—	—	0.1	1.1
Cash flow hedges	—	—	—	—	—	—	—	—
Total financial assets	**82.1**	**68.4**	**80.2**	**67.7**	**1.9**	**0.6**	**82.1**	**68.4**
Financial liabilities classified as "held to collect", measured at amortized cost or fair value with adjustments recognized in the income statement:	-	-	-	-	-	-	-	-
- trade payables	17.2	18.0	17.2	18.0	—	—	17.2	18.0
- payables to banks and other financial liabilities	117.1	131.1	47.2	26.5	69.8	104.5	140.2	136.2
- payables to subsidiaries, associates, affiliates	351.7	338.3	351.7	338.3	—	—	351.7	338.3
Cash flow hedges	—	—	—	—	—	—	—	—
Total Financial liabilities	**486.0**	**487.4**	**416.2**	**382.8**	**69.8**	**104.5**	**509.2**	**492.5**

The table below summarises income and expense recognised in the income statement and attributable to financial assets and liabilities, classified according to the categories defined by IFRS 9:

Income and loss from financial instruments (Euro/millions)	**2023**	**2022**
Net income on derivative instruments Interest income on financial assets:	4.1	
- intercompany receivables	0.7	0.5
- other financial assets	0.3	—
Income from financial assets:		
- income from securities "held for trading"		
Total income	**5.1**	**0.6**
Net loss on derivative instruments Interest expense due on financial liabilities:		0.2
- loans	8.7	3.5
- other	0.5	0.2
Losses from financial instrument impairment:		
- trade receivables		0.1
Expense from financial assets:		
- expense from securities "held for trading"		
Total expense	**9.1**	**3.9**
Total	**(4.1)**	**(3.4)**

31. Fair value measurement

Some of the Company's financial assets and liabilities are measured at fair value at each balance sheet date. The table below provides information on the measurement of the abovementioned fair value:

Financial assets (liabilities) (Euro/thousands)	**Fair value at 31/12/2023**	**Fair value hierarchy**	**Measurement method and main inputs**
Interest rate swap contracts	5,738	Level 2	Discounted cash flow Future cash flows are discounted based on the forward rate curve expected at the end of the period and on the contractual fixing rates, also taking the counterparty default risk into account
Investments in other companies	63	Level 3	Fair value determined using measurement techniques with regard to unobservable market variables.

32. Events after year end

There were no significant events after year end.

33. Information pursuant to Law 124/2017 Article 1, paragraph 125bis

In 2023, the company received the following government grants in the form of tax credits:

- € 121 thousand, as a contribution for the purchase of electricity pursuant to Article 6, Paragraph 3 of Legislative Decree No. 115/2022 ("Non-Energy Credit Third Quarter 2022");

• € 2 thousand, as a contribution for the purchase of natural gas pursuant to Article 6, subsection 4 of Decree Law no. 115/2022 (the "Non Gas-Intensive Credit Q3 2022");

• € 57 thousand, as a contribution for the purchase of electricity pursuant to Article 1, subsection 3 of Decree Law no. 144 of 23 September 2022 (the "Non Energy-Intensive Credit October-November 2022");

• € 36 thousand, as a contribution for the purchase of electricity pursuant to Article 1, subsection 1 of Decree Law no. 176 of 18 November 2022 (the "Non Energy-Intensive Credit December 2022");

• € 19 thousand, as a contribution for the purchase of natural gas pursuant to Article 1, subsection 4 of Decree Law no. 144 of 23 September 2022 (the "Non Gas-Intensive Credit October-November 2022");

• € 28 thousand, as a contribution for the purchase of natural gas pursuant to Article 1, subsection 1 of Decree Law no. 176 of 18 November 2022 (the "Non Gas-Intensive Credit December 2022");

• € 78 thousand, as a contribution for the purchase of electricity pursuant to Article 1, subsection 3 of Law no. 197/2022 (the "Non Energy-Intensive Credit Q1 2023");

• € 51 thousand, as a contribution for the purchase of natural gas pursuant to Article 1, subsection 5 of Law no. 197/2022 (the "Non Gas-Intensive Credit Q1 2023");

• € 17 thousand, as a contribution for the purchase of electricity pursuant to Article 4, subsection 3 of Decree Law no. 34 of 30 March 2023 (the "Non Energy-Intensive Credit Q2 2023");

• € 3 thousand, as a contribution for the purchase of natural gas pursuant to Article 4, subsection 5 of Decree Law no. 34 of 30 March 2023 (the "Non Gas-Intensive Credit Q2 2023").

34. Information pursuant to Article 149-duodecies of CONSOB Issuer Regulation

The table below, prepared pursuant to Article 149-duodecies of the CONSOB Issuer Regulation, shows the fees paid in 2023 (net of ancillary expenses) for auditing and other services provided by EY S.p.A. and by other entities belonging to the same network.

Service	Entity providing the service	Beneficiary of the service	Fee Euro/thousands
Auditing	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	423
Certification services (1)	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	33
Other services (2)	Other EY network entities	Arnoldo Mondadori Editore S.p.A.	286
Total			**742**

1) Include audit of the Non-Financial Statement

2) Other services include compliance endorsements on tax returns and due diligence services

35. Other Information

Effects of the conflict between Russia and Ukraine

The Company clarifies that the continued conflict between Russia and Ukraine has not had any direct impact on the economic-financial position; the indirect effects, such as the increase in the cost of commodities, electricity and transport, were attenuated during the year compared with the previous year.

Effects resulting from climate change

The Company, by virtue of its sector, is not particularly exposed to the consequences of climate change; however, it remains sensitive to these issues and has therefore implemented, or has planned to implement, energy efficiency initiatives, aimed at reducing the emission of greenhouse gases (CO2).

In particular, Section 4.3 of the Non-Financial Statement, to which reference should be made, lists these initiatives, which have been taken into account in the Company 2022-2024 medium-term plan.

Macroeconomic impacts

Arnoldo Mondadori Editore S.p.A., by adopting a hedging policy for its medium- to long-term exposure, neutralised the increases in interest rates resulting from the monetary policies implemented by central banks and the consequent increase in the borrowing costs charged by credit institutions.

Modest effects were recorded by the Company in relation to the costs of very short-term financing (hot money) with which the Company finances its exposure deriving from net working capital.

Overall, the cost (average interest rate) borne by the Company in the financial year 2023 was 1.57%.

As regards the impairment test, conducted for the purpose of verifying the sustainability of the book values of certain asset items, it should be noted that the cash flows used incorporate the impacts of the inflationary trend triggered by the macroeconomic scenario, while the discount rates reflect the aforementioned increase in borrowing costs: despite these factors, following the impairment test, no write-downs were necessary, as illustrated in more detail in the section relating to the impairment test (Note 4).

36. Proposed resolution of the board of directors

Dear Shareholders,

if you agree with our proposals, we invite you to adopt the following resolutions:

"1. The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., convened in ordinary session, having reviewed the draft financial statements for the year ended 31 December 2023, the Directors' Report on Operations, having regard to the certification referred to in Article 154-bis, fifth paragraph of Legislative Decree 58/1998, issued by the Financial Reporting Manager, and having taken note of the Statutory Auditors' Report and the Independent Auditors' Report,

resolves:

to approve the Financial Statements at 31 December 2023 and the Board of Directors' Report on Operations, including all the information and results contained therein."

"2. The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., in ordinary session,

- having regard to the financial statements for the year ended 31 December 2023, approved by today's Shareholders' Meeting;

- having regard to the proposed resolutions submitted;

- having acknowledged that the legal reserve is equal to one fifth of the share capital, in compliance with Article 2430, paragraph 1, of the Italian Civil Code;

resolves:

• *to allocate the net profit resulting from the financial statements of Arnoldo Mondadori Editore S.p.A. at 31 December 2023, equal to € 62,411,481.65 entirely to the non-distributable reserve from the measurement of investments at equity (Article 2426, paragraph 4, of the Italian Civil Code)."*

"3. The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., in ordinary session, having regard to the proposed resolutions submitted;

resolves:

to distribute to the Shareholders, a dividend for the total unit amount of € 0.12, gross of tax, for each ordinary share (net of treasury shares) outstanding at the record dates, indicated below, drawing the relating amount from the distributable portion of the extraordinary reserve (included in the equity item "Other reserves and profit/(loss) carried forward").

The dividend will be paid, also in accordance with the provisions of the "Regulations for markets organised and managed by Borsa Italiana S.p.A.", in two equal tranches, according to the following amounts, terms and conditions:

- *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.*

For the Board of Directors
The Chairman
Marina Berlusconi

ANNEXES TO THE FINANCIAL STATEMENTS

ANNEX A: STATEMENT OF INVESTMENTS

Description (Euro/thousands)	Register ed office	Share Capital	Equity	Profit (loss) for the year 2022	Total equity	Ownership share	Shareholders' equity	Balance sheet value of equity stake
Subsidiaries:								
Mondadori Retail S.p.A.	Milan	2,000	11,988	1,549	13,537	—	13,537	16,037
Mondadori Media S.p.A.	Milan	1,000	37,972	4,403	42,375	—	42,375	45,114
Mondadori Libri S.p.A.	Milan	30,050	181,032	37,108	218,140	—	218,140	233,826
Mondadori Scuola S.p.A.	Milan	50	338,876	34,960	373,836	—	373,836	381,940
Total							**647,888**	**676,917**
Associates:								
Attica Publications S.A. (a)	Athens	4,590	6,813	686	7,499	—	3,148	7,286
Total							**3,148**	**7,286**
Other companies:								
Consorzio Edicola Italiana	Milan	60	—		—	—	—	11
Consuledit S.c.a.r.l. (in liquidation)	Milan	20	—		—	—	—	1
Immobiliare Editori Giornali S.r.l.	Rome	830	—		—	—	—	51
Total							**0**	**63**
Total direct equity investments							**651,036**	**684,266**

(a) Consolidated figures at 31 December 2022

Note: the amounts refer to balance sheet and income statement figures, in accordance with the accounting standards adopted for the preparation of the financial statements of the individual associates

ANNEX B1: MAIN INDIRECT SUBSIDIARIES AND ASSOCIATES AT 31 December 2023

Description (Amounts in currency/thousands)	Reg. office	Currency	Share Capital	Equity	Profit (loss) for the year 2023	Total equity	Group interest	Equity in foreign currency	Equity in Euro (a)
Subsidiaries:									
Electa S.p.A.	Milan	Euro	1,594	10,923	4,230	15,153	—	15,153	15,153
Direct Channel S.p.A.	Milan	Euro	3,120	3,208	2,143	5,351	—	5,351	5,351
AdKaora S.r.l.	Milan	Euro	15	1,366	3,577	4,943	—	4,943	4,943
Giulio Einaudi Editore S.p.A.	Turin	Euro	23,920	37,094	13,957	51,051	—	51,051	51,051
Mondadori Education S.p.A.	Milan	Euro	10,608	64,177	14,600	78,777	—	78,777	78,777
Mondadori Scienza S.p.A.	Milan	Euro	2,600	3,119	148	3,267	—	3,267	3,267
Rizzoli Education S.p.A.	Milan	Euro	42,405	85,524	5,824	91,348	—	91,339	91,339
Rizzoli Bookstore Inc.	New York	US$	3,499	593	(221)	372	—	372	337
Rizzoli International Publications Inc.	New York	US$	26,900	42,390	2,291	44,681	—	44,681	40,435
Hej! S.r.l.	Milan	Euro	18	1,732	797	2,529	—	2,529	2,529
D Scuola S.p.A.	Milan	Euro	5,000	20,230	14,400	34,630	—	34,630	34,630
De Agostini Libri S.r.l.	Novara	Euro	100	2,509	(1,017)	1,492	—	746	746
Libromania S.r.l.	Milan	Euro	20	442	375	817	—	817	817
Edizioni Star Comics S.r.l.	Perugia	Euro	1,000	5,811	264	6,075	—	3,098	3,098
A.L.I. Agenzia Libraria International S.r.l.	Cornaredo	Euro	156	12,234	4,262	16,496	—	8,248	8,248
Il Castello S.r.l.	Cornaredo	Euro	10	5,304	687	5,991	—	2,996	2,996
Grafiche Bovini S.r.l.	Perugia	Euro	70	2,540	474	3,014	—	3,014	3,014
Total									**332,473**

Description (Amounts in currency/thousands)	Reg. office	Currency	Share Capital	Equity	Profit (loss) for the year 2023	Total equity	Group interest	Equity in foreign currency	Equity in Euro (a)
Associates:									
Edizioni EL S.r.l. (b)	Trieste	Euro	620	6,775	2,217	8,992	—	4,496	4,496
Press-Di Distribuzione Stampa e Multimedia S.r.l.	Milan	Euro	200	880	365	1,245	—	249	249
Mediamond S.p.A.	Milan	Euro	2,400	2,664	706	3,370	—	1,685	1,685
Mondadori Seec (Beijing) Advertising Co. Ltd	Beijing	Cny	40,000	32,090	(12,593)	19,497	—	9,749	1,242
Total									**7,672**

(a) Exchange rates December: USD Euro 1.105; Cny Euro 7.85

(b) Figures at 31/12/2022

RELATED PARTIES
ANNEX C1: RECEIVABLES FROM SUBSIDIARIES AND ASSOCIATES AT 31 DECEMBER 2023

Current account transactions and financial receivables (Euro/thousands)	**31/12/2023**	**31/12/2022**
Subsidiaries:		
Abscondita S.r.l.	117	91
Mondadori Media S.p.A.	16,551	21,388
De Agostini Libri S.r.l.	1,307	—
Edizioni Star Comics S.r.l.	2,485	1,968
Zenzero S.r.l.	378	104
Libromania S.r.l.	41	87
AdKaora S.r.l.	3,886	835
Power S.r.l.	234	—
Webboh S.r.l.	196	—
Associates:		
Attica Publications S.A.	500	500
Total	**25,695**	**24,974**
% impact on financial statements item	**81.7%**	**70.4%**

Trade transactions (Euro/thousands)	**31/12/2023**	**31/12/2022**
Subsidiaries:		
AdKaora S.r.l.	96	125
Electa S.p.A.	406	278
Giulio Einaudi Editore S.p.A.	323	272
Mondadori Education S.p.A.	733	824
Mondadori Media S.p.A.	1,653	2,174
Mondadori Libri S.p.A.	3,089	3,336
Mondadori Retail S.p.A.	2,280	2,579
Mondadori Scienza S.p.A.	126	166
Mondadori Scuola S.p.A.	6	—
Direct Channel S.p.A.	614	832
Hej! S.r.l.	44	15
D Scuola S.p.A.	585	740
Rizzoli Education S.p.A.	654	672
Zenzero S.r.l.	20	43
De Agostini Libri S.r.l.	234	574
Libromania S.r.l.	35	268
Edizioni Star Comics S.r.l.	44	—
A.L.I. S.r.l.	51	—
Power S.r.l.	13	—
Webboh S.r.l.	4	—
Associates:		
Attica Publications S.A.	—	—
Mediamond S.p.A.	207	152
Press-Di Distribuzione Stampa e Multimedia S.r.l.	356	254
Parent company: Fininvest S.p.A.	—	—
Affiliates:		
Il Teatro Manzoni S.p.A.	10	—
Other companies for amounts lower than € 52 thousand	—	4
Total	**11,583**	**13,307**
% impact on financial statements item	**98.0%**	**96.7%**

Receivables for income tax and other tax receivables (Euro/thousands)	31/12/2023	31/12/2022
Parent company:		
Fininvest S.p.A.	3,332	3,551
Subsidiaries:		
AdKaora S.r.l.	211	301
Mondadori Media S.p.A.	326	561
Mondadori Scienza S.p.A.	—	61
Hej! S.r.l.	270	—
Total	**4,139**	**4,474**
% impact on financial statements item	**35.5%**	**51.1%**

RELATED PARTIES
ANNEX C2: INTERCOMPANY TRANSACTIONS IN 2023

Related parties (Euro/thousands)	Revenues from sales and services	Other income	Financial income	Income from investments*	Total
Subsidiaries:					
Abscondita S.r.l.	—	—	2	—	2
AdKaora S.r.l.	472	—	64	—	536
Direct Channel S.p.A.	1,283	—	—	—	1,283
Electa S.p.A.	1,364	—	—	—	1,364
Giulio Einaudi Editore S.p.A.	1,392	—	—	—	1,392
Mondadori Education S.p.A.	3,460	—	—	—	3,460
Mondadori Media S.p.A.	7,899	—	453	7,970	16,322
Mondadori Libri S.p.A.	10,884	—	1	36,855	47,740
Mondadori Retail S.p.A.	6,180	—	27	1,549	7,756
Mondadori Scienza S.p.A.	607	—	—	—	607
Mondadori Scuola S.p.A.	5	—	—	35,914	35,919
Rizzoli Education S.p.A.	3,007	—	—	—	3,007
Hej! S.r.l.	217	—	1	—	218
De Agostini Libri S.r.l.	744	—	14	—	758
D Scuola S.p.A.	2,992	—	6	—	2,998
Edizioni Star Comics S.r.l.	145	—	50	—	195
Zenzero S.r.l.	96	—	5	—	101
Libromania S.r.l.	140	—	2	—	142
A.L.I. S.r.l.	250	—	—	—	250
Power S.r.l.	84	—	2	—	86
Webboh S.r.l.	44	—	3	—	47
Total	**41,265**	**–**	**630**	**82,288**	**124,183**

Related parties (Euro/thousands)	Revenues from sales and services	Other income	Financial income	Income from investments	Total
Associates:					
Attica Publications S.A.	—	—	37	344	381
Mediamond S.p.A.	636	—	—	—	636
Press-Di Distribuzione Stampa e Multimedia S.r.l.	893	—	—	—	893
Total	**1,529**	**—**	**37**	**344**	**1,910**
Other companies: Società Europea di Edizioni S.p.A.	—	—	—	1,191	1,191
Total	**—**	**—**	**—**	**1,191**	**1,191**
Total	**42,794**	**—**	**667**	**83,823**	**127,284**
% impact on financial statements item	**99.3%**	**n.s.**	**n.s.**	**100.0%**	**n.s.**

* Income from investments in indirect subsidiaries is shown in direct subsidiaries

RELATED PARTIES
ANNEX D1: PAYABLES TO PARENT COMPANY, SUBSIDIARIES, ASSOCIATES AND AFFILIATES AT 31 DECEMBER 2023

Current account transactions and financial payables (Euro/thousands)	31/12/2023	31/12/2022
Subsidiaries:		
AdKaora S.r.l.	—	268
Direct Channel S.p.A.	12,523	11,632
Electa S.p.A.	26,382	33,459
Giulio Einaudi Editore S.p.A.	32,620	30,294
Mondadori Education S.p.A.	66,514	53,938
Mondadori Libri S.p.A.	13,800	56,971
Mondadori Scienza S.p.A.	8,864	8,463
Grafiche Bovini S.r.l.	504	—
Rizzoli Education S.p.A.	86,574	111,268
D Scuola S.p.A.	38,867	23,477
De Agostini Libri S.r.l.	—	3,357
Mondadori Scuola S.p.A.	31,550	50
Hej! S.r.l.	793	880
Mondadori Retail S.p.A.	7,551	3,948
A.L.I. S.r.l.	20,925	—
Il Castello S.r.l.	4,120	—
Other companies:		
Società Europea di Edizioni S.p.A.	—	461
Affiliates:		
RTI S.p.A.		
Total	**351,587**	**338,465**
% impact on financial statements item	**75.1%**	**72.2%**

Trade transactions (Euro/thousands)	**31/12/2023**	**31/12/2022**
Subsidiaries:		
Giulio Einaudi Editore S.p.A.	2	2
Mondadori Media S.p.A.	104	146
Mondadori Libri S.p.A.	3	133
Direct Channel S.p.A.	1	1
Mondadori Retail S.p.A.	15	7
Mondadori Scienza S.p.A.	16	7
Associates:		
Mediamond S.p.A.	—	33
Press-Di Distribuzione Stampa e Multimedia S.r.l.	1	6
Other companies:		
Società Europea di Edizioni S.p.A.	—	109
Parent company:		
Fininvest S.p.A.	19	19
Affiliates:		
RTI S.p.A.	13	13
Publitalia '80 S.p.A.	181	174
Total	**355**	**650**
% impact on financial statements item	**2.0%**	**3.5%**

Other payables (Euro/thousands)	**31/12/2023**	**31/12/2022**
Subsidiaries:		
AdKaora S.r.l.	—	41
Giulio Einaudi Editore S.p.A.	67	636
Mondadori Education S.p.A.	540	335
Electa S.p.A.	82	86
Mondadori Libri S.p.A.	1,933	778
Mondadori Retail S.p.A.	50	323
Direct Channel S.p.A.	70	127
Edizioni Star Comics S.r.l.	56	—
Rizzoli Education S.p.A.	376	217
Mondadori Scienza S.p.A.	32	—
D Scuola S.p.A.	459	—
Total	**3,665**	**2,542**
% impact on financial statements item	**29.4%**	**25.3%**

RELATED PARTIES
ANNEX D2: INTERCOMPANY TRANSACTIONS IN 2023

Related parties (Euro/thousands)	Raw and ancillary materials, consumables and goods	Services	Cost of personnel	Other expense	Financial expense	Expenses from investments*	Total
Subsidiaries:							
AdKaora S.r.l.	—	(1)	—	—	—	—	(1)
Electa S.p.A.	—	56	(13)	—	88	—	131
Giulio Einaudi Editore S.p.A.	—	(2)	(174)	—	96	—	(80)
Mondadori Education S.p.A.	—	(12)	(225)	—	150	—	(87)
Mondadori Media S.p.A.	4	128	176	—	—	—	308
Mondadori Libri S.p.A.	—	(201)	(746)	—	24	—	(923)
Mondadori Retail S.p.A.	—	(37)	(715)	12	9	—	(731)
Mondadori Scienza S.p.A.	—	14	—	—	31	—	45
Mondadori Scuola S.p.A.	—	—	—	—	110	—	110
Direct Channel S.p.A.	—	4	—	1	39	—	44
Hej! S.r.l.	—	—	—	—	1	—	1
D Scuola S.p.A.	—	(9)	(288)	—	62	—	(235)
Rizzoli Education S.p.A.	—	(6)	(225)	—	207	—	(24)
De Agostini Libri S.r.l.	—	(5)	—	—	—	—	(5)
Zenzero S.r.l.	—	(1)	—	—	—	—	(1)
Libromania S.r.l.	—	—	—	—	—	—	—
A.L.I. S.r.l.	—	—	—	—	64	—	64
Il Castello S.r.l.	—	—	—	—	15	—	15
Power S.r.l.	—	(1)	—	—	—	—	(1)
Grafiche Bovini S.r.l.	—	—	—	—	4	—	4
Edizioni Star Comics S.r.l.	—	(18)	—	—	—	—	(18)
TOTAL	**4**	**(91)**	**(2,210)**	**13**	**900**	**—**	**(1,384)**

* Expense from investments in indirect subsidiaries is shown in direct subsidiaries

Related parties (Euro/thousands)	Raw and ancillary materials, consumables and goods	Services	Cost of personnel	Other expense	Financial expense	Expenses from investments*	Total
Associates:							
Attica Publications S.A.	—	—	—	—	—	—	—
Mediamond S.p.A.	—	6	—	—	—	—	6
Press-Di Distribuzione Stampa e Multimedia S.r.l.	—	59	(48)	—	—	—	11
Total	**—**	**65**	**(48)**	**—**	**—**	**—**	**17**
Other companies:							
Società Europea di Edizioni S.p.A.	—	—	—	—	—	775	775
Total	**—**	**—**	**—**	**—**	**—**	**775**	**775**
Parent company:							
Fininvest S.p.A.	—	57	—	—	—	—	57
FININVEST GROUP COMPANIES:							—
Il Teatro Manzoni S.p.A.	—	(30)	—	—	—	—	(30)
RTI - Reti Televisive Italiane S.p.A.	—	8	—	—	—	—	8
Monradio S.r.l.	—	—	—	4	—	—	4
Fininvest Real Estate&Services S.p.A.	—	7	—	—	—	—	7
Publitalia '80 S.p.A.	187	—	—	—	—	—	187
Total	**187**	**(15)**	**—**	**4**	**—**	**—**	**176**
Total	**191**	**16**	**(2,258)**	**17**	**900**	**775**	**(358)**
Percentage on item	**55%**	**— %**	**n.s.**	**n.s.**	**n.s.**	**100%**	**n.s.**

ANNEX E: FINANCIAL HIGHLIGHTS OF SUBSIDIARIES PREPARED ACCORDING TO IAS INTERNATIONAL ACCOUNTING STANDARDS

(Euro/thousands)	Mondadori Retail	Mondadori Media	Mondadori Libri	Mondadori Scuola
Period at	**31/12/2023**	**31/12/2023**	**31/12/2023**	**31/12/2023**
Balance Sheet Assets				
Intangible assets	2,481	56,037	20,602	—
Property, plant and equipment	21,222	474	118	—
Assets from rights of use	32,948	40	147	—
Investments	—	22,125	118,948	338,851
Non-current financial assets	—	2,450	—	—
Deferred tax assets	3,840	13,762	25,907	—
Other non-current assets	—	6	4	—
Total non-current assets	**60,491**	**94,894**	**165,726**	**338,851**
Tax receivables	455	4,495	2,853	3,493
Other current assets	1,450	796	44,114	—
Inventory	51,520	2,625	36,103	—
Trade receivables	22,553	17,041	88,120	—
Other current financial assets	7,551	868	13,801	31,550
Cash and cash equivalents equivalents	2,322	20	1	—
Total current assets	**85,851**	**25,845**	**184,992**	**35,043**
Total Assets	**146,342**	**120,739**	**350,718**	**373,894**
Liabilities				
Share capital	2,000	1,000	30,050	50
Share premium reserve	—	26,549	69,410	—
Other reserves and profit/loss carried	9,988	10,423	81,572	338,826
Profit (Loss) for the year	1,549	4,403	37,108	34,960
Total Equity	**13,537**	**42,375**	**218,140**	**373,836**
Provisions	1,567	11,707	3,134	—
Post-employment benefits	2,590	2,704	5,405	—
Non-current financial liabilities	—	1,938	—	—
Financial liabilities IFRS 16	28,548	18	85	—
Deferred tax liabilities	34	9,650	888	—
Other non-current liabilities	—	—	—	—
Total non-current liabilities	**32,739**	**26,017**	**9,512**	**—**
Income tax payables	—	—	4,994	—
Other current liabilities	9,356	11,231	43,636	—
Trade payables	84,537	23,563	74,225	58
Payables to banks and other financial liabilities	—	17,530	142	—
Financial liabilities IFRS 16	6,173	23	67	—
Total current liabilities	**100,066**	**52,347**	**123,064**	**58**
Total liabilities	**146,342**	**120,739**	**350,716**	**373,894**

(Euro/thousands) **Year**	**Mondadori Retail** **31/12/2023**	**Mondadori Media** **31/12/2023**	**Mondadori Libri** **31/12/2023**	**Mondadori Scuola** **31/12/2023**
Income statement				
Revenues from sales and services	199,464	88,965	196,267	—
Decrease (increase) in inventory	(1,574)	1,520	365	—
Cost of raw and ancillary materials, consumables and goods	130,777	7,269	18,647	—
Cost of services	40,413	49,721	136,538	77
Cost of personnel	14,642	29,244	22,661	—
Sundry expense (income)	1,389	(3,394)	(1,792)	1
Gross operating margin	**13,817**	**4,605**	**19,848**	**(78)**
Amortization and impairment loss on intangible assets	868	10,146	1,975	—
Depreciation and impairment loss on property, plant and equipment	3,201	204	86	—
Amortization/depreciation and impairment loss of assets from rights of	6,533	36	89	—
EBIT	**3,215**	**(5,781)**	**17,698**	**(78)**
Financial expense (income)	830	662	255	(110)
Expense (income) from investments	—	(8,054)	(23,736)	(31,435)
Result before tax	**2,385**	**1,611**	**41,179**	**31,467**
Income tax	836	(2,792)	4,071	(3,493)
Net result	**1,549**	**4,403**	**37,108**	**34,960**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

(Euro/thousands)	Mondadori Education	Electa	Einaudi	Rizzoli Education	Adkaora	Mondadori Scienza	Direct Channel	Hej!	D Scuola	De Agostini Libri	Libromania	Edizioni Star Comics	A.L.I.
Period at	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Balance Sheet													
Assets													
Intangible assets	35,679	105	221	19,912	171	—	290	28	11,924	1,469	160	152	95
Property, plant and equipment	46	432	106	33	105	27	12	12	90	19	219	549	2,738
Assets from rights of use	—	20	1,308	84	3	—	73	58	112	6	11	659	5,076
Investments	—	330	1,332	—	12,597	—	2,885	—	—	—	—	—	153
Non-current financial assets	—	—	—	—	—	—	—	—	—	—	—	—	—
Deferred tax assets	1,921	2,406	5,293	2,037	93	567	99	99	1,540	—	65	525	414
Other non-current assets	9	—	—	—	—	—	6	—	—	—	—	—	—
Total non-current assets	**37,655**	**3,293**	**8,260**	**22,066**	**12,969**	**594**	**3,365**	**197**	**13,666**	**1,494**	**455**	**1,885**	**8,476**
Tax receivables	625	268	111	1,087	—	206	78	7	501	530	27	185	1,817
Other current assets	481	645	10,896	105	35	146	10,761	28	355	538	—	1,378	76
Inventory	12,31	1,694	5,836	9,616	—	186	—	—	6,457	2,033	—	6,663	627
Trade receivables	4,977	3,719	19,927	5,809	7,464	1,997	5,082	4,757	5,412	1,944	1,745	5,824	13,677
Other current financial assets	66,514	27,627	32,620	86,573	—	8,864	12,522	793	38,867	—	—	—	20,925
Cash and cash equivalents	10	156	66	1	—	—	156	—	11	—	—	2	22
Total current assets	**84,918**	**34,109**	**69,456**	**103,191**	**7,499**	**11,399**	**28,599**	**5,585**	**51,603**	**5,045**	**1,772**	**14,052**	**37,144**
Discontinued or discontinuing operations	—												
Total Assets	**122,573**	**37,402**	**77,716**	**125,257**	**20,468**	**11,993**	**31,964**	**5,782**	**65,269**	**6,539**	**2,227**	**15,937**	**45,620**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

(Euro/thousands)	Mondadori Education	Electa	Giulio Einaudi Editore	Rizzoli Education	Adkaora	Mondadori Scienza	Direct Channel	Hej!	D Scuola	De Agostini Libri	Libromania	Edizioni Star Comics	A.L.I.
Financial year at	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Liabilities													
Share capital	10,608	1,594	23,920	42,405	15	2,600	3,120	18	5,000	100	20	1,000	156
Share premium reserve	16,771	60	—	—	—	1	—	254	756	—	27	4,744	—
Other reserves and profit/loss carried forward	36,798	9,269	13,174	43,119	1,351	518	88	1,460	14,474	2,409	395	67	12,078
Profit (Loss) for the year	14,600	4,230	13,957	5,824	3,577	148	2,143	797	14,400	(1,017)	375	264	4,262
Total Equity	**78,777**	**15,153**	**51,051**	**91,348**	**4,943**	**3,267**	**5,351**	**2,529**	**34,630**	**1,492**	**817**	**6,075**	**16,496**
Provisions	4,708	8,572	465	3,205	—	2,297	147	—	1,866	165	180	—	—
Post-employment benefits	4,558	61	1,092	4,658	390	350	643	96	3,161	191	348	166	501
Non-current financial liabilities	—	20	—	—	1,399	—	—	—	—	3	—	—	(364)
Financial liabilities IFRS 16	—	14	1,042	41	—	—	54	42	73	—	7	549	4,468
Deferred tax liabilities	431	2	34	263	—	11	14	—	138	—	20	3	13
Other non-current liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—
Total non-current liabilities	**9,697**	**8,669**	**2,633**	**8,167**	**1,789**	**2,658**	**858**	**138**	**5,238**	**359**	**555**	**718**	**4,618**
Income tax payables	4,850	1,303	4,023	342	703	—	444	329	3,906	—	138	—	—
Other current liabilities	8,665	2,340	9,232	8,053	1,607	3,258	17,808	641	9,371	1,504	117	2,185	773
Trade payables	20,451	8,460	10,485	17,145	6,469	2,810	7,483	2,128	12,030	1,864	554	4,358	22,629
Payables to banks and other financial liabilities	133	1,470	1	156	4,953	—	—	—	52	1,315	41	2,485	379
Financial liabilities IFRS 16	—	7	291	46	4	—	20	17	42	5	5	116	725
Total current liabilities	**34,099**	**13,580**	**24,032**	**25,742**	**13,736**	**6,068**	**25,755**	**3,115**	**25,401**	**4,688**	**855**	**9,144**	**24,506**
Liabilities disposed or being disposed of	—	1	2	3	4	5	7	8	9	9	9	9	9
Total liabilities	**122,573**	**37,402**	**77,716**	**125,257**	**20,468**	**11,993**	**31,964**	**5,782**	**65,269**	**6,539**	**2,227**	**15,937**	**45,620**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

	Mondadori Education	Electa	Giulio Einaudi Editore	Rizzoli Education	Adkaora	Mondadori Scienza	Direct Channel	Hej!	D Scuola	De Agostini Libri	Libromania	Edizioni Star Comics	A.L.I.
Financial year	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Income statement													
Revenues from sales and services	83,720	26,883	57,075	77,584	20,030	11,140	9,495	9,913	76,259	7,933	3,237	21,810	15,746
Decrease (increase) in inventory	(1,673)	(76)	(153)	(508)	—	27	—	—	221	90	—	3,522	—
Cost of raw and ancillary materials, consumables and goods	10,969	3,671	3,999	19,277	29	1,230	1	11	6,122	2,422	1	6,508	14
Cost of services	40,095	14,034	29,726	37,295	13,280	7,106	6,646	7,890	36,086	4,769	2,044	10,812	7,115
Cost of personnel	6,816	2,429	5,392	7,056	2,900	3,232	2,369	696	8,241	1,654	501	907	1,376
Sundry expense (income)	370	920	478	702	281	(488)	(243)	145	(25)	(335)	58	(448)	(204)
EBITDA	**27,143**	**5,905**	**17,633**	**13,762**	**3,540**	**33**	**722**	**1,171**	**25,614**	**(667)**	**633**	**509**	**7,445**
Amortisation and impairment loss on intangible assets	7,125	2	147	5,849	78	—	119	14	5,449	242	41	16	96
Depreciation and impairment loss on property, plant and equipment	18	118	47	16	33	12	9	6	41	11	44	89	729
Amortization/depreciation and impairment loss of assets from rights	—	7	319	45	3	—	30	15	216	12	5	113	791
EBIT	**20,000**	**5,778**	**17,120**	**7,852**	**3,426**	**21**	**564**	**1,136**	**19,908**	**(932)**	**543**	**291**	**5,829**
Financial expense (income)	(87)	(85)	(21)	(154)	99	(18)	(22)	5	(15)	26	5	80	158
Expense (income) from investments	—	—	(1,107	—	(1,047)	—	(1,788)	—	—	—	—	—	—
Result before tax	**20,087**	**5,863**	**18,248**	**8,006**	**4,374**	**39**	**2,374**	**1,131**	**19,923**	**(958)**	**538**	**211**	**5,671**
Income tax	5,487	1,633	4,291	2,182	797	(109)	231	334	5,523	59	163	(53)	1,409
Net profit	**14,600**	**4,230**	**13,957**	**5,824**	**3,577**	**148**	**2,143**	**797**	**14,400**	**(1,017)**	**375**	**264**	**4,262**

ANNEX G: FINANCIAL HIGHLIGHTS OF ASSOCIATES

(Euro/thousands)	Attica Publications
Period at	**31/12/2022**
Balance Sheet	
Assets	
Share capital proceeds to be received	—
Intangible assets	—
Other intangible assets	10,298
Property, plant and equipment	383
Rights-of Use-Assets	
Investments	828
Non-current financial assets	13
Deferred tax assets	2,176
Other non-current assets	113
Total non-current assets	**13,811**
Tax receivables	—
Other current assets	2,525
Inventory	770
Trade receivables	7,789
Securities and other current financial assets	—
Cash and cash equivalents	4,325
Total current assets	**15, 40**
Discontinued or discontinuing operations	—
Total Assets	**29,220**
Liabilities	
Share capital	4,590
Reserves	2,556
Profit (Loss) for the year	726
Total Equity	**7,872**
Provisions	—
Post-employment benefits	319
Non-current financial liabilities	11,202
Deferred tax liabilities	—
Other non-current liabilities	178
Total non-current liabilities	**11,699**
Income tax payables	220
Other current liabilities	3,551
Trade payables	4,054
Payables to banks and other financial liabilities	1,824
Total current liabilities	**9,649**
Liabilities disposed or being disposed of	—
Total liabilities	**29,220**

ANNEX G: FINANCIAL HIGHLIGHTS OF ASSOCIATES

(Euro/thousands)	Attica Publications
Period at	**31/12/2022**
Income statement	
Revenues from sales and services	19,246
Decrease (increase) in inventory	—
Purchase of raw and ancillary materials, consumables and goods	8,906
Purchase of services	9,201
Cost of personnel	—
Sundry expense (income)	(697)
EBITDA	**1,836**
Depreciation of property, plant and equipment	—
Amortization of intangible assets	—
EBIT	1,836
Financial expense (income)	823
Expense (income) from investments	(90)
Result before tax	**1,103**
Income tax	377
Net profit	**726**

CERTIFICATION OF THE FINANCIAL STATEMENTS

CERTIFICATION OF THE FINANCIAL STATEMENTS

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED 14 MAY 1999, WITH AMENDMENTS AND ADDITIONS

1. The undersigned Antonio Porro, in his capacity as CEO, and Alessandro Franzosi, in his capacity as Financial Reporting Manager of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

• the adequacy in relation to the characteristics of the company and

• the actual application,

of the administrative and accounting procedures for the drafting of the Company's financial statements in 2023.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Company's financial statements at 31 December 2023 was carried out based on a specific process defined by Arnoldo Mondadori Editore S.p.A. consistent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. We also hereby certify that:

3.1 the financial statements at 31 December 2023:

a) were drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002, as well as with the provisions set out for the implementation of Article 9 of Legislative Decree no. 38/2005;

b) correspond to the accounting books and entries;

c) provide a true and fair view of the financial position and results of operations of the Company;

3.2 the Report on Operations includes a reliable analysis of performance and results, of the situation of the Company and of the businesses included in the consolidation scope, along with the description of the main risks and uncertainties they are exposed to.

14/03/2024

CEO
Antonio Porro

Financial Reporting Manager
Alessandro Franzosi

All-round communication on social media
The Mondadori Group uses more than 200 corporate and brand social profiles to communicate with its stakeholders. This assures an extensive, structured and diversified presence that makes it possible to describe the activities and people of the company each day, establishing direct and constant dialogue with dozens of millions of followers. The image gathers the posts from the corporate accounts that received the most interactions in 2023.

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STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING CALLED TO APPROVE THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023 PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998

To the Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A.

Dear Shareholders,

the Board of Statutory Auditors of Arnoldo Mondadori Editore S.p.A. (hereinafter also referred to as "the Company") submits its Report, pursuant to Article 153 of Legislative Decree 58/1998 (TUF), to refer on the activities carried out.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 27 April 2021, and its term of office expires with the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2023.

The Board of Statutory Auditors consists of the following members: Sara Fornasiero, Chair, Flavia Daunia Minutillo and Ezio Simonelli, Standing Auditors.

Pursuant to Legislative Decree no. 58/1998 and Legislative Decree no. 39/2010, EY S.p.A. (hereinafter referred to as the "Independent Auditors") were appointed as Independent Auditors by the Shareholders' Meeting of 17 April 2019 for the period 2019-2027, for the statutory audit of the financial statements and the consolidated financial statements and the performance of further activities pursuant to Article 14 of Legislative Decree no. 39/2010. The appointment is also in line with Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities.

During the year ended 31 December 2023, the Board of Statutory Auditors - also in its capacity as "Internal Control and Audit Committee" - carried out the controls and other supervisory activities in compliance with the relevant laws and regulations in force, as well as with the Corporate Governance Code for Listed Companies, the Code of Conduct for Boards of Statutory Auditors of Listed Companies issued by the Italian Association of Public Accountants and Accounting Professionals, and the Communications issued by CONSOB on corporate control and the activities of the Board of Statutory Auditors.

The Board of Statutory Auditors met regularly in 2023, in compliance with the Bylaws and recording its supervisory activities.

During the year, at the meeting held on 4 March 2024, the Board of Statutory Auditors carried out a self-assessment of the independence of its members, confirming that the requirements of law and of the Corporate Governance Code for Listed Companies had been met, in line also with the provisions contained in the Code of Conduct for Boards of Statutory Auditors of Listed

Companies issued by the Italian Association of Public Accountants and Accounting Professionals. In assessing its independence, the Board of Statutory Auditors also took account of the criteria adopted by the Board of Directors to assess the independence requirements of the Directors. It is acknowledged that no Statutory Auditor had any interest, on their own behalf or of third parties, in any transaction of the Company during the year, and that the members of the Board of Statutory Auditors met the requirements regarding the holding of multiple positions set out in Article 144-*terdecies* of the Issuer Regulation. The assessments of the Board of Statutory Auditors were discussed during the meeting held on 4 March 2024 and included in the Report on Corporate Governance and Ownership Structure.

The Board of Statutory Auditors, assisted by an independent, external consulting firm, proceeded with its mandate-end self-assessment in compliance with the recommendations of the Corporate Governance Code and as envisaged by the "Rules of conduct of the Board of Statutory Auditors of listed companies". The self-assessment process was carried out by compiling a questionnaire and conducting individual interviews, which allowed the Auditors to analyse the various topics under review and provide their comments and considerations. The process was documented in a final report, which reveals a positive self-assessment of the Board, without any "shortcomings" having emerged, neither individually nor in terms of function, requiring action as per the mentioned "Rules of conduct". The outcome of this activity was duly recorded at the meeting held on 5 March 2024 also in order to provide, in this document, adequate information on the results of the self-assessment process.

With this Report, also in compliance with the guidelines provided by CONSOB with Communication DEM/1025564 of 6 April 2001, as subsequently amended and supplemented, the Board of Statutory Auditors reports on the activities carried out in 2023 for each matter that is subject to supervision as set out in the regulations governing its tasks, despite being aware that some activities may relate to different areas.

Supervision of the compliance with laws, regulations and bylaws

The Board met with all its members virtually always present, 21 times in 2023 and 6 times, including on the date of this report; it attended all meetings of the Board of Directors.

In 2023, the Board of Statutory Auditors attended all the meetings of the Control, Risk and Sustainability Committee, the Remuneration and Appointments Committee, and the Committee for Related Party Transactions, either in its entirety or through the Chairman or his delegates. The Board of Statutory Auditors also periodically interacted with the Supervisory Board, at collective meetings, including through the Chairman of the Board of Statutory Auditors, acting also as Chairman of the Supervisory Board, and the Head of Internal Audit, who is a member of the Supervisory Board.

In this context, the Board of Statutory Auditors:

- supervised the compliance with the law and the Bylaws;

- carried out verifications and gathered information from the heads of the various departments, meeting periodically with senior management to exchange information on the progress of operations carried out by the Company, acquiring the information required to supervise, pursuant to Article 149 of Legislative Decree 58/1998, the compliance with the law and the bylaws, compliance with the principles of correct administration and the adequacy of the organisational structure, the internal control system, the administrative-accounting system, also in light of Article 2086 of the Italian Civil Code and Legislative Decree no. 14 of 12 January 2019 (the "Business Crisis and Insolvency Code"), as well as the implementation of corporate governance rules set out in the codes of conduct, and the adequacy of the instructions given to subsidiaries, with no observations to make. In this regard, it acknowledges that the relations with Company staff were built on mutual cooperation, respecting the respective roles and areas of responsibility, and that each body or department fulfilled the information obligations required by applicable legislation;
- supervised the procedures on the effective implementation of the Corporate Governance Code for Listed Companies adopted by the Company, and verified correct application of the assessment criteria and procedures adopted by the Board to assess the independence of Directors. The Board of Statutory Auditors also rendered a positive assessment of the criteria adopted by the Board of Directors to ascertain the continued satisfaction of the independence requirements for non-executive Directors qualified as independent, pursuant to the Corporate Governance Code and to the TUF, as well as the criteria adopted to assess the significance of business, financial and professional relationships and additional remuneration; it should be noted that for a Director, the Board of Directors confirmed, as for the prior year, its assessment of independence even in the absence of one of the requirements set out in the Corporate Governance Code, i.e. the duration of office not exceeding nine years in the last 12 years, justified by the professional qualities and independent judgement shown in carrying out activities within the Board, and given also the satisfaction of all the additional requirements of independence for such Director set out in the Code;
- verified that the Report on Corporate Governance and Ownership Structure contains all the information required by Article 123 bis TUF, as well as other information provided in compliance with the regulations governing issuers listed on regulated markets;
- rendered its opinion in all the cases provided for by law, in particular regard to the remuneration of directors holding particular responsibilities;
- acknowledges that, in accordance with the recommendations of the joint Bank of Italy-CONSOB-ISVAP document no. 4 of 3 March 2010, the Impairment Test procedure governed by IAS 36 received the favourable opinion of the Control, Risk and Sustainability Committee on 7 February 2024 and was approved by the Board of Directors on 15 February 2024; in this regard, the Board of Statutory Auditors supervised the substantial and formal legitimacy of the impairment process;

- verified that the Report on remuneration policy and compensation paid contains all the information required by Article 123-ter TUF, as well as other information provided in compliance with the regulations governing issuers listed on regulated markets.

Supervision of the compliance with the principles of correct administration and of the relations with subsidiaries or other related parties

In order to supervise the compliance with the principles of correct administration, in addition to having attended, as mentioned above, all meetings of the Board of Directors and the Control, Risk and Sustainability Committee, the Remuneration and Appointments Committee, and the Committee for Related Party Transactions, the Board of Statutory Auditors:

- attended the Ordinary Shareholders' Meeting held on 27 April 2023, attended by Shareholders exclusively through their appointed representative, pursuant to Article 106 of Law Decree 18/2020, subsequently converted into Law 27/2020;
- obtained from the Directors, with the frequency set out in Article 20 of the bylaws, the due information on the activities carried out and on transactions having a significant impact on the balance sheet, income statement and cash flows approved and carried out during the year by the Company and its subsidiaries; this information is fully presented in the Directors' Report on Operations, to which reference should be made. Based on the information made available to the Board of Statutory Auditors, the latter may reasonably deem that the above transactions comply with the law and bylaws, and are not openly incautious, risky, or in conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets;
- in compliance with the recommendations of CONSOB Resolution DEM/1025564 of 6 April 2001, did not identify any critical issues regarding the transactions having a significant impact on the balance sheet, income statement and cash flows carried out during the year in question, including through subsidiaries, which are summarised in the draft financial statements to which it refers;
- did not identify atypical or unusual transactions with Group companies, third parties or other related parties which, due to their significance or relevance, nature of the counterparts, object of the transaction, transfer pricing method and timing of the event, may give rise to doubts as to the accuracy/completeness of the information in the financial statements, conflicts of interest, safeguarding of company assets or protection of non-controlling interests. During the year, the Company purchased no. 591,000 treasury shares (equal to 0.226% of the share capital), exclusively to service the Performance Share Plans as established by the Shareholders' Meeting. During the same period, the 2020-2022 Performance Share Plan Beneficiaries were assigned a total of 461,189 shares already held in the portfolio as treasury shares. Arnoldo Mondadori Editore S.p.A., taking account of the no. 1,147,991 shares previously held in its portfolio, at 31 December 2023, holds no. 1,277,802 treasury shares, equal to 0.4887% of the share capital.

- supervised corporate documents and market disclosures, and specifically:
- noted that the Directors' Report on Operations accompanying the Financial Statements for 2023 contains adequate information on related party transactions and assessed, pursuant to Article 4, paragraph six, of the Regulation approved by CONSOB with Resolution 17221 of 12 March 2010 as subsequently amended, the compliance of the Related Party Transaction Procedures, adopted by the Board of Directors on 25 November 2010, and subsequently updated at 20 May 2021, in consideration of the regulatory provisions of CONSOB pursuant to Legislative Decree 49/2019, to the principles indicated in CONSOB Regulation adopted with Resolution no. 17221 of 12 March 2010 as subsequently amended. No significant transactions with related parties were concluded in 2023;
- assessed that the 2023 Annual Report had been prepared in the single electronic reporting format required by European Commission Delegated Regulation No. 2019/815 of 17 December 2018;
- supervised market disclosures, monitoring the adequacy of the relevant procedures.

Supervision of the adequacy of the organizational structure

The Board of Statutory Auditors acquired knowledge of and supervised, within the scope of its duties, the adequacy of the Company's organisational structure, pursuant also to Article 2086 of the Italian Civil Code and Legislative Decree no. 14 of 12 January 2019 (the “Business Crisis and Insolvency Code”), and the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree 58/1998, through:

- the acquisition of information from the heads of the relevant departments;
- the acquisition of information on changes in the organizational structure, supervising the existence, updating and effective dissemination of company directives and procedures;
- meetings and exchange of information with the Boards of Statutory Auditors of the direct subsidiaries relevant to the mutual exchange of data and information, with particular regard to the operation of corporate activities, the reliability of the internal control system and of corporate organization, significant litigation - as required by Article 151 of the TUF - and compliance with the internal procedures issued by the Parent Company. The purpose of the verifications was to obtain information and assessments on the administration and control systems of the subsidiaries, pursuant also to Article 2086 of the Italian Civil Code: the Boards of Statutory Auditors of the companies of the Group interviewed did not report any critical points worthy of mention in this regard. All the Boards of Statutory Auditors involved also expressed a positive opinion on the adequacy of the organizational, administrative and accounting system of the respective companies; there was no report of any violations of procedures qualifying as relevant or significant, nor shortfalls or inadequacies in the internal control systems; for the directly controlled foreign companies, the supervisory activity of the Board of Statutory Auditors was developed in association with Internal Audit;

- meetings with Internal Audit and analysis of the outcome of specific assessments carried out by Internal Audit, also on foreign companies with regard to the provisions set out in Article 15 et seq. of the Markets Regulation, with regard to subsidiaries established and regulated by the laws of non-EU countries, acknowledging that there are no companies that are significant according to the criteria set out in the Issuer Regulation, and confirming that there is therefore no need to prepare a specific adjustment plan;
- meetings with the Independent Auditors and analysis of the outcome of specific audits carried out, including on foreign subsidiaries.

As part of its supervisory activities, the Board of Statutory Auditors also reviewed and obtained information on the organizational and procedural activities carried out pursuant to Legislative Decree no. 231/2001 as subsequently amended and supplemented, and on the administrative liability of entities for the offences envisaged by such regulations; these activities are presented in the Report on corporate governance and ownership structure, to which reference should be made. The Board of Statutory Auditors in particular:

- was informed, during the meetings of the Control, Risk and Sustainability Committee and of the Board of Directors, of the updating of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001;
- supervised the activities carried out in this area in 2023, without reporting any facts or situations to be highlighted in this Report.

Supervision of the internal control and risk management system and the administrative and accounting system

The Board of Statutory Auditors supervised the adequacy of the internal control and risk management system and of the administrative-accounting system, as well as the latter's suitability to correctly represent operations, through:

- review of the positive assessment expressed by the Board of Directors on the adequacy and effective operation of the internal control and risk management system rendered on 14 March 2024;
- the regular meetings with the Financial Reporting Manager and the review of the certificates issued by him and by the Chief Executive Officer on the adequacy of the administrative and accounting procedures for preparing the financial statements;
- periodic meetings with the Head of Internal Audit and review of the relating Reports to the Board of Directors on the internal control and risk management system;
- review of Internal Audit reports, as well as information on the outcomes of the monitoring activity on implementation of the remedial actions identified as a result of the audits;
- review of the Reports prepared as part of the Risk Management activities, aimed at representing the main risks of the Group and the related mitigation actions;
- periodic updates on the main disputes of the Company and the Group, monitoring their progress during the year;

- information received from the heads of the relevant departments;
- periodic meetings with the representatives of the Independent Auditors, who informed the Board of the audit strategy, the focus areas, the audits carried out and the relating results, as well as the main issues identified in performing the activity, also in relation to the provisions of Article 19 of Legislative Decree no. 39/2010 and Article 11 of EU Regulation no. 537/2014 as indicated in the section "*Supervision of the statutory audit process and the independence of the Independent Auditors*" of this Report;
- information reports with the Boards of Statutory Auditors of the direct subsidiaries pursuant to Article 151, paragraph 1 and 2, of Legislative Decree 58/1998;
- attendance in the proceedings of the Control, Risk and Sustainability Committee and, whenever the topics discussed so required, joint discussion with the Committee. The collaboration and discussion with the Control, Risk and Sustainability Committee, also through the organization of joint meetings on issues of common interest, was fruitful and effective and, among other things, allowed the Board of Statutory Auditors to complete the process of analysis on risk control and management, acquiring information additional to the information obtained independently through ongoing interaction with the Head of Internal Audit and the Risk Manager of the Company. The Board of Statutory Auditors, in particular, acknowledges that during the meetings of the Control, Risk and Sustainability Committee, the relevant verifications were made, in accordance with the provisions of the Corporate Governance Code for Listed Companies and the Committee's Regulations, which were regularly presented to the Board of Statutory Auditors in its capacity as Internal Control and Audit Committee. Specifically, the Board of Statutory Auditors supervised the adequacy and effectiveness of the internal control and risk management system, in relation to the characteristics of the company and the risk profile assumed, the work plan prepared by the Head of Internal Audit, the adequacy of the resources assigned, as well as its organizational effectiveness and efficiency. Additionally, the Board of Statutory Auditors acknowledged that on 14 March 2024 the Control, Risk and Sustainability Committee issued a favourable opinion on the annual assessment of the adequacy of the Internal Control and Risk Management System
- periodic meetings with the Supervisory Board pursuant to Legislative Decree no. 231/2001;
- assessment of the full compliance with the obligations on regulated, inside or requested information by the Supervisory Authorities;

Effective information flows are in place between the Board of Statutory Auditors, the Board of Directors, the Board committees and the Company structures.

Supervision of the statutory audit process and the independence of the Independent Auditors

The Independent Auditors issued the reports pursuant to Article 14 of Legislative Decree no. 39/2010, and to articles 10 and 11 of EU Regulation no. 537/2014: these reports do not contain any issues of note or explanatory comments, nor statements made pursuant to letters e) and f) of Article 14, second paragraph, of Legislative Decree no. 39/2010. The Independent Auditors consider the valuation of investments as key points of the audit of the financial statements.

More specifically, the Board of Statutory Auditors reviewed the Independent Auditors’ Report on the Financial Statements for the year ended 31 December 2023 issued, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of EU Regulation 537/2014, on 28 March 2024, by which the Independent Auditors certified that:

- the Company's financial statements and the Group's consolidated financial statements at 31 December 2023 provide a true and fair view of the financial position and results of operations at 31 December 2023 and of cash flows for the year, in accordance with the International Financial Reporting Standards adopted by the European Union and the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005, and are drawn up in accordance with Commission Delegated Regulation (EU) 2019/815 of 17 December 2018;
- the Directors' Report on Operations and certain specific information contained in the Report on Corporate Governance and Ownership Structure indicated in Article 123-bis, paragraph 4, of Legislative Decree no. 58/1998, are consistent with the Company's financial statements and the Group's consolidated financial statements, and have been prepared in accordance with the law;
- the opinion on the separate and consolidated financial statements expressed in the above Reports is in line with the indications in the Additional Report prepared pursuant to Article 11 of EU Regulation 537/2014.

The Board also reviewed the content of the Additional Report pursuant to Article 11 of EU Regulation 537/2014, to be sent to the Governing Body, which contained no aspects to be highlighted in this report.

The Board of Statutory Auditors took note of the assessment by the Independent Auditors, pursuant to Article 123-ter, paragraph 8-bis, of the TUF, of the preparation by the Directors of Section Two of the "Report on remuneration policy and compensation paid".

The Board of Statutory Auditors held regular meetings with the Independent Auditors' managers, also pursuant to Article 150, paragraph 3, of Legislative Decree 58/1998, Article 19, paragraph 1, of Legislative Decree 39/2010, during which no facts or situations arose to be highlighted in this Report.

The Board of Statutory Auditors:

- verified, in a limited supervisory role on the underlying issues and processes, compliance with the obligations set out in Legislative Decree no. 254/2016 (supplemented by the 2019 Budget Law) and in particular, that the Company has drawn up the consolidated Non-Financial Statement - prepared and approved by the Administrative Body - in accordance with the provisions of articles 3 and 4 of the Decree;
- verified that the above Statement was accompanied by the Independent Auditors’ Report, pursuant to Article 3, par. 10 of Legislative Decree no. 254/2016, which certified that the

directors had prepared the Non-Financial Statement, included in the Directors' Report on Operations as a specific section. Under a specific assignment, on 28 March 2024 the Independent Auditors also issued a " Limited Assurance" certification, with no observations to make, on the conformity of the information provided in the Consolidated Non-Financial Statement with the requirements of the above Decree and with the principles, methods and procedures of preparation, as well as with Article 5 of CONSOB Regulation adopted by resolution no. 20267 of 18 January 2018.

The Board of Statutory Auditors, pursuant to Article 19 of Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, exchanged information on an ongoing basis with the Independent Auditors, in particular:

- supervised the adoption and monitored compliance with the Company's procedure on the granting of assignments to the Group's Independent Auditors, which envisages specific information and authorization flows and procedures on the granting of such assignments to enable the Board of Statutory Auditors to adequately carry out its supervisory activities. The overall flow of information, which the Board of Statutory Auditors deems adequate, did not identify any critical issues or anomalies that could affect the opinions expressed on the separate and consolidated financial statements of the Company;
- declares that the fees for services other than statutory audit indicated, pursuant to Article 149-duodecies of the Issuer Regulation, in an annex to the 2023 Annual Report, which total € 404,000, comply with the limits set out in Article 4, paragraph 2, of EU Regulation 537/2014.

The Independent Auditors have not been assigned tasks that are not permitted under the regulations applicable to Arnoldo Mondadori Editore S.p.A..

Taking into account the statements of independence issued by EY S.p.A. and its transparency report pursuant to Article 18 of Legislative Decree 39/2010, published on its website, as well as the assignments granted to the Independent Auditors and to companies belonging to its network by Arnoldo Mondadori Editore S.p.A. and companies of the Mondadori Group, the Board of Statutory Auditors deems there are no critical aspects regarding the independence of EY S.p.A..

Complaints pursuant to Article 2408 of the Italian Civil Code

From the date of the previous Report of the Board of Statutory Auditors up to the date of this Report, the Board of Statutory Auditors identified no omissions or reprehensible events, and confirms that no complaints were received from Shareholders pursuant to Article 2408 of the Italian Civil Code.

During the supervisory activity carried out by the Board of Statutory Auditors in the manner described above, based on the information and data acquired, there were no facts that could imply non-compliance with the law and the bylaws or such as to justify reports to the Supervisory Authority or mention in this report.

In conclusion, in light of the above, and within the scope of its duties, based on the supervisory activities carried out during the year, the Board of Statutory Auditors, pursuant to Article 153, paragraph 2, of the TUF, has not found any impediment that may prevent the approval of the financial statements for the year ended 31 December 2023, which closes with a profit of € 62,411,482.00, or of the proposed resolutions put forward by the Board of Directors in respect of the allocation of the period profit and the distribution of the dividend.

We thank you for your trust and remind you that the term of office assigned to the Board of Statutory Auditors expires on approval of these financial statements, so we invite you to resolve accordingly.

Milan, 28 March 2024

For the BOARD OF STATUTORY AUDITORS
THE CHAIRMAN
Sara Fornasiero

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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018

(Translation from the original Italian text)

To the Board of Directors of
Arnoldo Mondadori Editore S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (Decree) and article 5 paragraph 1. g) of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Arnoldo Mondadori Editore S.p.A. and its subsidiaries (Group) for the year ended on 31 December 2023 in accordance with article 4 of the Decree and approved by the Board of Directors on 14 March 2024 (DNF).

Our limited assurance engagement does not cover the information included in the paragraph "*4.4 EU taxonomy*" of the DNF, that is required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (GRI Standards), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applied the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintained a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised (reasonable assurance engagement) and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;

3. comparison of the economic and financial data and information included in the DNF with those included in the Group's consolidated financial statements;

4. understanding of the following aspects:
   - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
   - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
   - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
In particular, we have conducted interviews and discussions with the management of Arnoldo Mondadori Editore S.p.A. and with the personnel of Mondadori Retail S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at group level:
  a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the companies Arnoldo Mondadori Editore S.p.A. and Mondadori Retail S.p.A., that we have selected based on their activities and their relevance to the consolidated performance indicators, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Group for the year ended on 31 December 2023 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our above conclusions do not refer to the information included in the paragraph ‘’*4.4 EU taxonomy*” of the DNF of the Group, that is required by art.8 of the European Regulation 2020/852.

Milano, 28 March 2024

EY S.p.A.
Signed by: Luca Pellizzoni (Auditor)

This report has been translated into the English language solely for the convenience of international readers.

Arnoldo Mondadori Editore S.p.A.

Consolidated financial statements as at December 31, 2023

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Arnoldo Mondadori Editore S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mondadori Group (the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Arnoldo Mondadori Editore S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Capitale Sociale Euro 2.600.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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We identified the following key audit matters:

Key Audit Matters	Audit Responses
Valuation of goodwill, intangible assets and other non-current assets	
At December 31, 2023 goodwill, magazines, trademarks and book series, and other non-current assets for a total of Eur 282 million (of which Eur 246 million with an indefinite life) were recognized in the consolidated financial statements and the respective Cash Generating Units (CGUs) were tested for impairment. Impairment tests are conducted by comparing CGUs carrying amounts with the related recoverable amounts, which are determined as the higher between fair value less costs of disposal and value in use. The impairment test process conducted by the Management is complex and is based on assumptions regarding, among others: (i) the forecast of revenues and cash flows included in 2024-2026 plan (the Plan) approved by the Board of Directors, and (ii) the determination of appropriate discount rate (WACC) and long-term growth rate (g rate). For such purposes, the evaluation of uncertainties, specific to the industry in which the Company operates and typical of any forecasting activity related to the estimate of revenues and cash flows expected over the period of the Plan, are particularly important in the current market context. Considering the magnitude of the amounts subject to impairment, the judgment required from Management and the complexity of the assumptions used in the estimate of the recoverable amount, we determined that this matter represents a key audit matter. Explanatory notes 6, 7 and 8 include the applicable accounting standards, the valuation criteria and the estimates adopted in connection with such assets. The explanatory note 11 to the balance sheet includes disclosures on the impairment test process.	Our audit procedures in response to this key audit matter included, among others: • understanding of the impairment test process and methodology approved by the Board of Directors; • assessment of the compliance with applicable accounting standards for the methodology adopted in the impairment test process; • assessment of the adequacy of CGUs perimeter and the allocation of carrying values to each CGU; • analysis of the key assumptions and the methodology used for the impairment test process, including: (i) forecasted future revenues and cash flows for the CGUs as included in the Plan, and (ii) the determination of an appropriate WACC and g-rate. With reference to the current year business combinations, we analyzed the accounting approach adopted by the Group, the contractual agreements as well as the documentation prepared by experts who assisted the Group in the process of determining the fair value of the assets and liabilities acquired for the allocation of the price paid. During the course of our procedures, we were also supported by our experts in valuation techniques. Lastly, we assessed the adequacy of the information provided in the consolidated explanatory notes.

Revenue recognition for book sales – estimate of expected returns

The Books unit revenues for 2023 amounted to Eur 612 million and are accounted for net of actual and expected returns, which amounted to an aggregate of Eur 137 million.

The quantities of books that are expected to be returned in the years subsequent to their sales are subjected to an estimation process based on historical trends, which consider product print runs during the year and other factors that can affect the number of books returned.

We determined that the estimate of the adjustments to revenues due to expected returns represents a key audit matter considering the magnitude of the amounts involved, the discretionary component inherent in the estimation process, and the complexity of the calculation involved in consideration of the large number of publishers, editorial lines and distribution channels of the Group.

Explanatory notes 6 and 7 include the applicable accounting standards, the valuation criteria and the estimates adopted for the revenue recognition of book sales and the estimate of expected returns. Explanatory note 29 of the income statement includes disclosures related to revenues for the fiscal year.

Our audit procedures in response to this key audit matter included, among others:

- understanding of sales returns process implemented by Management in order to determine estimated and actual returns;
- assessment of compliance with applicable accounting standards of the methodology used to recognize adjustments to revenues;
- critical analysis of the key assumptions impacting the estimation of expected returns, based, among others, on the characteristics of publishers, editorial lines and distribution channels;
- substantial analytical procedures and tests of details on a sample basis in order to assess the completeness and accuracy of adjustments to revenues due to returns.

Lastly, we assessed the adequacy of the information provided in the consolidated explanatory notes.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group’s ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Arnoldo Mondadori Editore S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Arnoldo Mondadori Editore S.p.A., in the general meeting held on April 27, 2019, engaged us to perform the audits of the separate and consolidated financial statements of the Company for each of the years ending December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Mondadori Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Mondadori Group as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Mondadori Group as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Milan, March 28, 2024

EY S.p.A.
Signed by: Luca Pellizzoni, Auditor

As disclosed by the Directors, the accompanying consolidated financial statements of Arnoldo Mondadori Editore S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Arnoldo Mondadori Editore S.p.A.

Financial statements as at December 31, 2023

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Arnoldo Mondadori Editore S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arnoldo Mondadori Editore S.p.A. (the Company), which comprise the balance sheet as at December 31, 2023, the income statement, the comprehensive income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	Audit Response
Investments valuation	
The financial statements include investments in subsidiaries, jointly controlled entities and associates accounted for under the equity method, which amount to Eur 684 million, inclusive of goodwill and other intangible assets identified at the acquisition date. The Company performed an impairment test for all Cash Generating Units (CGUs) related to the various investees to which the above-mentioned intangible assets are referred to, by comparing the carrying amounts with the related recoverable amounts, determined as the higher between fair value less costs of disposal and value in use. The impairment test process conducted by the Management is complex and is based on assumptions regarding, among others: (i) the forecast of revenues and cash flows included in 2024-2026 plan (the Plan) approved by the Board of Directors, and (ii) the determination of appropriate discount rate (WACC) and long-term growth rate (g rate). For such purposes, the evaluation of uncertainties, specific to the industry in which the Company operates and typical of each forecasting activity related to the estimate of revenues and cash flows expected over the period of the Plan, are particularly important in the current market context. Considering the magnitude of the amounts subject to impairment, the judgment required from Management and the complexity of the assumptions used in the estimate of the recoverable amount, we determined that this matter represents a key audit matter. Explanatory notes 3 and 4 include the applicable accounting standards, the valuation criteria and the estimates adopted in connection with such assets. The explanatory note 4 to the balance sheet includes disclosures on investments, including the impairment test process.	Our audit procedures in response to this key audit matter have included, among others: • understanding of the impairment test process and methodology approved by the Board of Directors; • assessment of the compliance with applicable accounting standards for the methodology adopted in the impairment test process; • assessment of the adequacy of CGUs perimeter and the allocation of carrying value to each CGU; • analysis of the key assumptions and the methodology used for the impairment test process, including: (i) forecasted future revenues and cash flows as included in the Plan, and (ii) the determination of an appropriate WACC and g-rate. With reference to the current year business combinations, we analyzed the accounting approach adopted by the Company, the contractual agreements as well as the documentation prepared by the experts who assisted the Company in the process of determining the fair value of the assets and liabilities acquired for the allocation of the price paid. During the course of our procedures, we were also supported by our experts in valuation techniques. Lastly, we assessed the adequacy of the disclosures provided in the explanatory notes to the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Arnoldo Mondadori Editore S.p.A., in the general meeting held on April 17, 2019, engaged us to perform the audits of the separate and consolidated financial statements of the Company for each of the years ending December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Arnoldo Mondadori Editore S.p.A. as at December 31, 2023, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Arnoldo Mondadori Editore S.p.A. as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Arnoldo Mondadori Editore S.p.A. as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Milan, March 28, 2024

EY S.p.A.
Signed by: Luca Pellizzoni, Auditor

As disclosed by the Directors, the accompanying financial statements of Arnoldo Mondadori Editore S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.