

Board of Directors approves results as at 30 June 2024

SIGNIFICANT GROWTH IN REVENUE AND ADJUSTED EBITDA FROM FIRST SIX MONTHS

- **Consolidated net revenue from first half of 2024 at € 387.2 million versus € 362.4 million in the same period of 2023 (+6.8%)**
- **Adjusted EBITDA at € 40.9 million compared to € 38.2 million in first half of 2023 (+7%)**
- **Group adjusted net profit at 30 June 2024 € 9 million versus € 8.5 million at 30 June 2023**
- **Solid cash generation confirmed with LTM Ordinary Cash Flow of around € 67 million**
- **IFRS 16 net financial position of € -293.3 million, from € -285.5 million at 30 June 2023**
- **Outlook for 2024 confirmed, with reference to operating and financial figures, despite higher investments planned in FY 2024**

Segrate, 31 July 2024 – Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the Half-Year Report at 30 June 2024 presented by CEO Antonio Porro.

“The first half of 2024 ended with solid operating and financial performance, which allows us to confirm our forecasts for FY 2024. The growth recorded by the Trade Books and Retail business units was higher than that of the Book market, with a consequent increase in the market shares in the respective areas. We also continued to develop our core businesses, focusing in particular on consolidating the Mondadori Group’s leadership in book publishing, thanks to the finalisation of the acquisition of 51% of Star Shop and the conclusion of the acquisition of 100% of Chelsea Green Publishing, which strengthens our presence in the United States and the United Kingdom”, **commented Antonio Porro, Chief Executive Officer and General Manager of the Mondadori Group**. “During the period, the Group also launched the PLAI, the start-up accelerator with which we aim to play a leading role in the ecosystem of generative artificial intelligence in the publishing industry”, **concluded Porro**.

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PERFORMANCE AT 30 JUNE 2024

Net consolidated revenue in the first half of 2024 amounted to € 387.2 million and showed growth of 6.8% compared to € 362.4 million in the first half of 2023. Net of the change in consolidation scope between the two periods under review, resulting from the consolidation of the company Star Shop (from 1 February 2024) and of Chelsea Green Publishing (from 1 May 2024), organic revenue growth was 3.8%.

Adjusted EBITDA for the first half of 2024 was € 40.9 million, up 7% compared to € 38.2 million in the first half of 2023, mainly thanks to the Trade Books, Retail and Media areas.

EBITDA in the first half of 2024 amounted to € 42.4 million, compared to € 40.3 million in the first half of 2023, which had benefited from the net capital gain (€ 2.9 million) linked to the sale of the brands Grazia and Icon. The improvement shown of around € 2.1 million is attributable to the favourable trend in the operating components and the recognition in the current year, in the Media area, of the release of certain provisions for risk allocated to cover liabilities that did not ultimately arise.

The Mondadori Group's EBIT for the first half of 2024 was positive for € 12.7 million, a slight decrease (€ -1.2 million) compared to the same period in 2023, caused by higher amortisation and depreciation recorded in the period in question, for approximately € 3 million.

Neutralising extraordinary items and the impact of the Purchase Price Allocation (PPA) process, **the adjusted EBIT for the period was € 15.4 million**, up by approximately 5% compared to € 14.7 million in the first half of the previous year.

Financial charges recorded an overall increase of € 0.2 million, despite a reduction in bank expenses, caused by higher IFRS 16 debt.

The **consolidated result before tax in the first half of FY 2024 was positive for € 9.4 million**, compared to € 12.3 million in the corresponding period of 2023. The decrease of approximately € 3 million is attributable to the above dynamics, as well as the lower contribution – approximately € 1.6 million – from the earnings of associates, which in the first half of 2023 had benefited from the fair value revaluation (€ 1.3 million) of the investment in the company A.L.I. and the net capital gain (€ 0.4 million) arising from the sale of the investment in SEE (publisher of il Giornale).

The **Group's net profit in the first half of 2024**, after minority interests, **was positive for € 7.1 million**, down by approximately € 5 million compared to the € 12.2 million in the first half of 2023. This decrease is attributable for approximately € 3 million to the non-ordinary dynamics described previously and, for the remaining € 2 million, to a greater share of the profit attributable to minority interests (€ +0.7 million) and higher tax expense.

The **tax component** for the first half of 2024 amounted to € -1.4 million compared to € +0.1 million in the same period of 2023: the result from the first half of 2023 had benefited from the recognition of non-taxable income or income subject to reduced taxation such as the capital gains arising from the sales of magazines and of the investment in SEE, as well as the contributions in the Media area (in FY 2023 not subject to taxation).

The **Adjusted Net Profit**, having neutralised extraordinary items (including capital gains) and the impacts deriving from the PPA process, **was € 9 million**, approximately 6% higher than € 8.5 million in the first half of 2023.

Net Financial Position excluding IFRS 16 at 30 June 2024 was € -211.9 million (net debt), an improvement of approximately € 3 million compared to € -215.2 million in the first half of 2023, due to significant cash generation by the business and despite the recognition

of about € 31 million in dividends - of which 50% has already been distributed - and the cash-out for the acquisitions of Star Shop and Chelsea Green Publishing.

Net Financial Position gross of IFRS 16 at 30 June 2024 stood at € -293.3 million (net debt), from € -285.5 million at 30 June 2023, due to an IFRS 16 debt component of € -81.4 million, up by approximately € 11 million due to the renovation and development of the network of directly-managed bookshops in the Retail area, as well as acquisitions (particularly with reference to the Star Shop comic shops) finalised in 2024.

Cash flow from ordinary operations (after cash-out for financial expense and tax) in the twelve months prior to 30 June 2024 amounted to **approximately € 67 million and allows the Group to continue to strengthen its financial structure.**

At 30 June 2024, **extraordinary cash flow was negative by approximately € 28 million**, mainly due to net cash-outs related to merger & acquisition activities (around € 15 million), restructuring costs (around € 6 million) and the renovation of the Segrate headquarters (approximately € 3 million).

Free Cash Flow LTM at 30 June 2024, **positive for € 39 million**, confirmed the ongoing efficiency of the Group's structures and resulting capacity of the Group to **finance its growth policy by external lines.**

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OUTLOOK FOR THE YEAR

In light of the results achieved in the first six months, the outlook for 2024 remains confirmed.

Income Statement

- 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.

Financial data

In the financial year 2024, the Group is expected to confirm the significant cash generation capacity and therefore an Ordinary Cash Flow of around € 70 million, despite higher investments for approximately € 4 million allocated to the renovation and energy efficiency measures of a printing facility of the Group, including from a sustainable perspective.

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PERFORMANCE OF BUSINESS AREAS

Trade BOOKS AREA

The **first six months showed a substantially stable trend on the book market in terms of value** compared to the previous year (-0.1%): following the drop in the first part of the year, attributable to the comparison with 2023 which had benefited from the publication of

“Spare. Il minore” (Spare) (Mondadori), the **second quarter of 2024 recorded 4.1% growth in terms of value.**

In this context, the **publishing houses of the Mondadori Group recorded, in the second quarter, growth of 7.6%, nearly twice as much** as the reference market: thanks to this performance, **the Group reported growth across the entire six months of 1%** and strengthened its national leadership with a **market share in June 2024 of 27.7%** (27.4% in June 2023).

As proof of the quality of the publishing plan and its catalogue, during the first six months of the year, the Mondadori Group was able to place **6 titles in the classification of the top ten bestsellers.** We also note that in July **the Mondadori Group, through Einaudi, won the 78th edition of the Strega Prize with “L’età fragile” by Donatella Di Pietrantonio.**

Revenue in the first half of 2024 in the Trade BOOKS area amounted to € 188.5 million, recording growth compared to the previous year of approximately **9%** (+3.4% on a like-for-like basis).

Adjusted EBITDA in the first six months of FY 2024 **stood at € 27.7 million,** an increase of € 1.5 million (+5.6%) compared to the first six months of 2023, largely due to the improved profitability of the publishing houses, deriving in particular from higher digital revenues and lower industrial costs (primarily paper).

Education BOOKS AREA

School textbook publishing experiences a typical seasonal performance that sees sales squeezed into the second half of the year following the adoption campaign: as a result, the relating market shares for 2024 are unavailable at this time.

In the first six months of 2024, **the school textbooks business reported overall revenue of € 61.1 million** (€ 57.9 million in the corresponding period of 2023), increasing by 5.7% due to the advance on supplies to top accounts.

Adjusted EBITDA in the Education BOOKS area in the first half of 2024 stood at € 1.9 million, down on the € 2.3 million recorded in the first half of 2023, mainly due to the advanced production of the new textbooks made available to the sales network to support their promotion.

RETAIL AREA

The **RETAIL area showed 2.3% growth in the sell-out of the Book product in the first half of 2024, outperforming the market;** as a result, the market share of Mondadori Retail **rose to 12.7%** (+0.3% compared to 30 June 2023), driven by an excellent performance of the direct and franchised retail outlets and a good performance of the online channel.

The renovation and development of the network of **direct bookshops** continued, numbering **47 units at the end of June 2024.** For the **franchised stores the progressive focus on the Bookstore format continued** – with medium-sized bookshops offering considerable turnover – as did and the opening of new shops and the refitting of existing ones.

In the first six months of the year, the **RETAIL area recorded revenue for € 91.4 million**, with an 8.9% increase (€ +7.5 million), which is 3.6% net of the revenue of the Star Shop comic shops, consolidated from 1 February 2024. The organic growth would have been 4.9%, without the negative effect of the temporary closure of the Bookstore in Marcianise (CE) – subject to renovations, but already reopened by mid-July – which accounted for over € 1 million in lost sales in the first half of the current year.

An analysis of sales by channel in the first six months of 2024 shows a **further increase in revenue from directly managed bookstores** (+6.6% compared to the same period in the previous year) **and from franchised bookstores** (+4% compared to the first half of 2023) and, at the same time, **a substantial stability in the online channel**.

The **Book area, which is the Mondadori Group's core business, was the main component of product revenue (more than 80% of the total), up comprehensively by 3.9%** on the first half of 2023.

The **RETAIL area posted a positive Adjusted EBITDA for € 5.3 million, + 25.5% compared to the first half of 2023**.

MEDIA AREA

The advertising market (excluding searches, social networks, classified and OTT) in the first five months of 2024 showed an increase of 4.5% compared to the previous year. The magazine circulation market dropped by 6% and the add-ons market by 12.3%.

In the first half of 2024, **revenue in the MEDIA area amounted to € 72 million, and posted an increase of 5%** since the previous year, stemming from the **strong growth in the digital component, which, for the first time, more than offset the structural downturn of the component linked to traditional activities**.

Digital activities, which account for approximately **43% of the area's total revenue, showed a 26.5% growth in advertising revenues**, resulting in particular from the positive performance of the MarTech segment and the excellent results of the agencies and *Webboh*, operations for which began at the start of 2023; **the traditional print business declined by 7%**, mainly due to the structural drop during the six months in add-on sales and readership, which nevertheless showed an improvement in the second quarter compared to the trend of the first quarter.

The Adjusted EBITDA for the MEDIA area in the first half of 2024 amounted to € 10.1 million and showed approximately 12% growth compared to the corresponding period in 2023 attributable to the segment of digital activities. **The EBITDA margin for the area rose from 13.1% to 14.1%**.

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The presentation of the results at 30 June 2024, approved today by the Board of Directors, is available on www.1info.it and on www.mondadorigroup.com (Investors section). A Q&A session will be held in conference call mode at 4.00 pm for the financial community, attended by the CEO of the Mondadori Group, Antonio Porro, and the CFO, Alessandro Franzosi. Journalists will be able to follow the meeting in listening mode only, by connecting to the following phone number +39.02.8020927 or via web at: <https://hditalia.choruscall.com/?calltype=2&info=company>.

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

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Annexes:

- 1. Consolidated Statements of Financial Position*
- 2. Consolidated Income Statement*
- 3. Consolidated income statement - II quarter*
- 4. Group cash flow*
- 5. Glossary of terms and alternative performance measures used*

Changes in the reports were calculated on amounts expressed in Euro thousands

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Annex 1

Consolidated Statements of Financial Position

(Euro/millions)	June 30, 2024	June 30, 2023	Chg. %
Trade receivables	183.2	158.6	15.5%
Inventory	177.9	177.1	0.4%
Trade payables	248.2	229.9	8.0%
Other assets (liabilities)	(12.8)	(9.4)	n.s.
Net working capital continuing operations	100.1	96.4	3.8%
Discontinued or discontinuing assets (liabilities)	—	—	n.s.
Net Working Capital	100.1	96.4	3.8%
Intangible assets	387.9	386.1	0.5%
Property, plant and equipment	37.0	31.4	17.7%
Investments	14.2	14.0	1.7%
Net fixed assets with no rights of use IFRS 16	439.1	431.5	1.8%
Assets from right of use IFRS 16	77.0	67.1	14.7%
Net fixed assets with rights of use IFRS 16	516.1	498.7	3.5%
Provisions for risks	33.3	40.5	(17.7)%
Post-employment benefits	28.3	28.4	(0.4)%
Provisions	61.6	68.9	(10.6)%
Net invested capital	554.6	526.1	5.4%
Share capital	68.0	68.0	— %
Reserves	185.9	159.7	16.4%
Profit (loss) for the period	7.1	12.2	n.s.
Group equity	260.9	239.9	8.8%
Non-controlling interests' equity	0.4	0.7	(41.6)%
Equity	261.3	240.6	8.6%
Net financial position no IFRS 16	211.9	215.2	(1.6)%
Net financial position IFRS 16	81.4	70.3	15.8%
Net financial position	293.3	285.5	2.7%
Sources	554.6	526.1	5.4%

Annex 2
Consolidated Income Statement

(Euro/millions)	1H 2024		1H 2023		Chg. %
Revenue	387.2		362.4		6.8%
Industrial product cost	125.6	32.5%	113.7	31.4%	10.5%
Variable product costs	49.2	12.7%	45.1	12.4%	9.0%
Other variable costs	68.6	17.7%	64.0	17.7%	7.1%
Structural costs	32.1	8.3%	29.7	8.2%	7.8%
Extended labour cost	74.9	19.4%	72.5	20.0%	3.4%
Other expense (income)	(4.2)	(1.1%)	(0.9)	(0.2%)	n.s.
Adjusted EBITDA	40.9	10.6%	38.2	10.6%	7.0%
Restructuring costs	0.1	0.0%	0.3	0.1%	n.s.
Extraordinary expense (income)	(1.6)	(0.4%)	(2.4)	(0.7%)	n.s.
EBITDA	42.4	11.0%	40.3	11.1%	5.1%
Amortization and depreciation	21.9	5.7%	19.1	5.3%	15.0%
Amortization and depreciation IFRS 16	7.8	2.0%	7.3	2.0%	6.1%
EBIT	12.7	3.3%	14.0	3.9%	(8.9%)
Financial expense (income)	2.3	0.6%	2.5	0.7%	(8.4%)
Financial expense IFRS 16	1.3	0.3%	1.0	0.3%	35.9%
Associates (income)	(0.2)	(0.1%)	(1.8)	(0.5%)	n.s.
EBT	9.4	2.4%	12.3	3.4%	(23.7%)
Tax expense (income)	1.4	0.4%	(0.1)	—%	n.s.
Minorities	0.8	0.2%	0.1	0.0%	n.s.
Group net result	7.1	1.8%	12.2	3.4%	(42.1)%

Annex 3
Consolidated income statement - II quarter

(Euro/millions)	Q2 2024		Q2 2023		Chg. %
Revenue	221.1		202.4		9.2%
Industrial product cost	68.8	31.1%	57.5	28.4%	19.7%
Variable product costs	26.5	12.0%	24.1	11.9%	10.2%
Other variable costs	38.8	17.6%	35.0	17.3%	10.8%
Structural costs	16.6	7.5%	15.3	7.6%	8.9%
Extended labour cost	37.1	16.8%	36.5	18.0%	1.9%
Other expense (income)	(2.9)	(1.3)%	0.2	0.1%	n.s.
Adjusted EBITDA	36.1	16.3%	33.8	16.7%	6.7%
Restructuring costs	0.1	— %	0.1	— %	24.5%
Extraordinary expense (income)	(0.7)	(0.3)%	(1.9)	(0.9)%	n.s.
EBITDA	36.7	16.6%	35.7	17.6%	2.8%
Amortization and depreciation	11.2	5.1%	9.9	4.9%	13.8%
Amortization and depreciation IFRS 16	4.0	1.8%	3.6	1.8%	12.0%
EBIT	21.4	9.7%	22.2	11.0%	(3.5)%
Financial expense (income)	1.5	0.7%	1.7	0.8%	(14.8)%
Financial expense IFRS 16	0.7	0.3%	0.6	0.3%	20.6%
Associates	(0.3)	(0.1)%	(1.2)	(0.6)%	n.s.
EBT	19.6	8.9%	21.1	10.4%	(7.3)%
Tax expense (income)	5.6	2.5%	3.5	1.7%	n.s.
Minorities	(0.2)	(0.1)%	0.2	0.1%	n.s.
Group net result	14.2	6.4%	17.4	8.6%	(18.6)%

Annex 4
Group cash flow

(Euro/millions)	June 30, 2024 LTM	December 31, 2023
Initial NFP IFRS 16	(285.5)	(177.4)
Financial liabilities application of IFRS 16	(70.3)	(71.3)
Initial NFP No IFRS 16	(215.2)	(106.1)
Adjusted EBITDA (No IFRS 16)	137.3	135.4
NWC and provisions	(12.0)	(6.6)
CAPEX no IFRS 16	(39.1)	(38.0)
Cash flow from operations	86.3	90.7
Financial income (expense) no IFRS 16	(5.1)	(5.1)
Tax	(14.5)	(16.9)
Cash flow from ordinary operations	66.8	68.7
Restructuring costs	(5.7)	(4.8)
Share capital increase/dividends from associates	(0.1)	0.8
M&A	(15.2)	(5.4)
Other income and expenditure	(6.8)	(6.0)
Cash Flow from extraordinary operations	(27.8)	(15.3)
Free cash flow	39.0	53.5
#N/A	(31.3)	(28.7)
Tot. Cash Flow	7.7	24.8
Variation Derivatives valuation	(4.4)	(4.7)
Net financial position no IFRS 16	(211.8)	(86.1)
IFRS Effects in the period	(11.1)	(1.2)
Final net financial position	(293.3)	(158.6)

Annex 5

Glossary of terms and alternative performance measures used

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

Gross Operating Profit (EBITDA): 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 expense of a non-ordinary nature such as:

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

(Euro/thousands)	1H 2024	1H 2023
EBITDA (as shown in the financial statements)	42,411	40,347
Restructuring charges included in "Personnel costs"	139	279
Charges related to acquisitions and disposals of companies and business units, miscellaneous charges (income) and costs for services	(1,649)	(2,382)
Adjusted EBITDA (as shown in the Directors' Report on Operations)	40,900	38,244

With regard to adjusted EBITDA in the first half of financial year 2023, the following items were excluded from EBITDA:

- restructuring costs for a total amount of € 0.3 million, included in "Cost of personnel" in the income statement;
- income of a non-ordinary nature for a total of € 2.4 million, included in "Sundry expense (income)" and "Cost of services".

With reference to adjusted EBITDA in the first half of financial year 2024, the following items were excluded from EBITDA:

- restructuring costs for a total amount of € 0.1 million, included in "Cost of personnel" in the income statement;
- income of a non-ordinary nature for a total of € 1.6 million, included in "Sundry expense (income)" and "Cost of services".

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

Adjusted operating profit (EBIT Adjusted): this is represented by the operating result, as defined above, excluding income and expense of non-ordinary nature, as defined previously, depreciation and amortisation deriving from the Purchase Price Allocation of companies acquired in the last 5 years, 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, amortisation and depreciation deriving from the Purchase Price Allocation of companies acquired in the last 5 years 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).