GRUPPO MONDADORI

PRESS RELEASE

BoD APPROVES RESULTS AT 31 DECEMBER 2019[1]

Results in line with the indications disclosed to the market at the beginning of the year (before IFRS 16)[2]**:**

- **Net revenue basically steady at € 884.9 million: -0.7% up on a like-for-like basis (+1%)**
- **Adjusted EBITDA at € 94.5 million, up single digit: +4.9%**
- **EBITDA up sharply at € 87 million: +12.2%**
- **Net result from continuing operations at € 33.1 million, up strongly by +62%**
- **NFP at € -55.4 million versus € -147.2 million in 2018: an improvement of € 91.8 million (-62%), as a result of ongoing cash generation**
- **Debt/adjusted EBITDA ratio stands at 0.7x (1.6x in 2018)**

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TARGETS FOR CONTINUING OPERATIONS IN 2020

- **Revenue down slightly (steady on a like-for-like basis)**
- **Single-digit growth of adjusted EBITDA**
- **Net result up, forecast in the range of € 35-38 million**
- **Cash flow from ordinary operations forecast to improve at € 55 million**

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DIVIDEND DISTRIBUTION PROPOSAL AFTER EIGHT YEARS: € 0.06 PER ORDINARY SHARE

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GRANTING OF SHARES UNDER THE 2017-2019 PERFORMANCE SHARE PLAN: DISCLOSURE PURSUANT TO ART. 84-BIS, PARAGRAPH 5 OF CONSOB REGULATION NO. 11971/1999

[1] *In 2019, the "Result from discontinued operations" includes the net result recorded by Mondadori France in the current year, together with the recognition of the fair value adjustment of the discontinued group. This item also includes the financial expense held by the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement (approximately € 1.6 million). The "Result from continuing operations" and the "Result from discontinued operations" therefore differ by this amount from the amounts of the statements attached to this Report (equal to € 1.1 million in 2019 and € -192.4 million in 2018), prepared in accordance with IFRS international accounting standards. To enable a like-for-like comparison, 2018 figures have been restated accordingly.*

[2] *As of 1 January 2019, the Group has adopted the new IFRS 16 - Leases. The new standard provides a new definition of lease (operating leases) and introduces a criterion based on the control (right of use) of an asset to distinguish leases from service contracts, the differences lying in: the identification of the asset, the right to replace the asset, the right to essentially receive all the financial benefits arising from the use of the asset, and the right to control the use of the asset underlying the contract. The standard introduces a single lessee accounting model, by which an asset under an operating lease is recognized in assets with an offsetting financial liability. P/L will no longer record lease payments as operating/general costs, rather the depreciation of the booked asset and the financial expense implicit in the lease payment. An exception to this accounting model are leases regarding low-value assets and those with a term of 12 months or less.*

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Segrate, 17 March 2020 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the draft Parent Company and Group consolidated financial statements at 31 December 2019 presented by CEO Ernesto Mauri.

PERFORMANCE AT 31 DECEMBER 2019

In 2019, the Mondadori Group **strengthened its business and financial standing even further**, completing the **second step in its strategic repositioning** with the disposal of the Magazines France activities and the sale of a number of titles in the Magazines Italy Area.

At a consolidated level, the results achieved in 2019 **confirm the indications disclosed to the market at the beginning of the year**[3].

Consolidated revenue was basically steady at **€ 884.9 million** versus € 891.4 million in 2018 (-0.7%), despite the change in the consolidation scope of the Magazines Italy Area following the disposal of Inthera S.p.A. and *Panorama* (**+1% on a like-for-like basis**).

Adjusted EBITDA before IFRS 16 amounted to **€ 94.5 million, up by € 4.4 million (+4.9%)** versus the prior year (€ 90.1 million).
As a **percentage of revenue**, the item rose from 10.1% to **10.7%**, with different trends shown by the various businesses:

- in line with the revenue trend, the **Books** Area reported an **increase in the period, as a result of the positive performance of both the Trade and Education areas**;
- the Retail Area retreated, as a result mainly of the drop in revenue on a like-for-like basis and less positive non-recurring items versus the prior year;
- the Magazines Italy Area fell versus 2018, as a result of the declining market trend, despite the **continuing cuts in operating and structural costs, the further significant improvement in the digital area and the positive effects of the disposals made**.

IFRS 16 adjusted EBITDA amounted to **€ 110.4 million** and includes the IFRS 16 impact of approximately € 16 million.

EBITDA before IFRS 16 was **up sharply** versus the prior year from € 77.5 million to **€ 87 million** (**+12.2%**). The improvement includes the increase in adjusted EBITDA and the strong reductions in restructuring costs recorded in the period.
IFRS 16 EBITDA amounted to **€ 102.9 million** and includes the IFRS 16 impact of approximately € 16 million.

EBIT before IFRS 16 amounted to **€ 61.1 million**, **improving sharply (+8.4%)** versus € 56.3 million at 31 December 2018, as a result of the dynamics of the above components, and includes amortization, depreciation and write-downs of € 25.9 million.
IFRS 16 EBIT amounted to € 62.3 million and includes the IFRS 16 impact of € +1.2 million.

Consolidated profit before tax came to **€ 51.7 million**, **improving sharply** versus € 35.2 million in 2018 and includes:

- the decrease in financial expense (from € 2.9 million to € 2.2 million) as a result of lower average net debt;
- improved performance by associates (consolidated at equity) at € -8.1 million versus € -18.2 million in 2018.

[3] 2019 outlook disclosed to the market prior to application of IFRS 16

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Tax Code and Registration Number 07012130584 - REA number Mi-1192794 -VAT Number 08386600152
N. Iscr. EEE Reg: IT09120000006483 - N. Iscr. Reg. PILE: IT10010P00002054 - Share capital € 67,979,168.40 paid-up.

The **net result from continuing operations improved** by € 12.8 million to **€ 33.1 million**, **up sharply by +62%** versus € 20.3 million in 2018.
While still part of the Group (until 31 July 2019), Mondadori France generated net revenue of € 163.2 million (€ 178.6 million in the 7 months of 2018) and adjusted EBITDA of € 11.6 million (€ 13.5 million in the 7 months of 2018). The net result from discontinued operations came to € -2.6 million and includes the net result for the seven months of Mondadori France and the fair value adjustment of French assets at the closing on 31 July 2019.
The **Group's net result** before IFRS 16 amounted to **€ 29.3 million** versus € -177.1 million in 2018, which included approximately € -200 million from the fair value adjustment of Mondadori France.

The **net financial position** before IFRS **improved by € 91.8 million**, with a resulting reduction in net financial debt at **€ -55.4 million** versus € -147.2 million at 31 December 2018, as a result of the disposal of Mondadori France, equal to € 62.8 million, as well as the **significant generation of cash flow from ordinary operations** in the year, equal to **€ 48.5 million**, from continuing operations.
The debt/adjusted EBITDA ratio stands at 0.7x (1.6x in 2018).
Considering the effect of the application of IFRS 16 (€ -95.9 million), the Group's net financial position at 31 December 2019 stood at € -151.3 million.

At 31 December 2019, with regard to continuing operations, **Group employees amounted to 2,018 units**, down by -6% versus 2,137 units at December 2018 (net of the 743 employees of Mondadori France at 31 December 2018), as a result of efficiency gains across all areas of the Group.

CONSOLIDATED FINANCIAL RESULTS FOR FOURTH QUARTER 2019[4]

Consolidated revenue in fourth quarter 2019 amounted to **€ 225.9 million**, down by -3% versus € 232.9 million in the prior year, due partly to the change in the consolidation scope of the Magazines Italy Area following the disposal of *Panorama*.

Adjusted EBITDA before IFRS 16 amounted to **€ 23.2 million** versus € 27.3 million in the prior year.
IFRS 16 adjusted EBITDA came to € 27 million and includes the IFRS 16 impact of approximately € 4 million.

EBITDA before IFRS 16 amounted to € 20.7 versus € 24.5 million in 2018.
IFRS 16 EBITDA amounted to € 24.5 million and includes the IFRS 16 impact of approximately € 4 million.

BUSINESS OUTLOOK[5]

In 2020, the Mondadori Group will continue along **the path of strategic repositioning and focus on its core businesses** of Books and Retail and on brands with greater potential for multimedia development.
In line with the outlined strategy, the operating targets for **2020**, based on the current scope, allow the Group to estimate, at a consolidated level, **a slight decrease in revenue** (steady on a like-for-like basis) and a **single-digit growth** of **adjusted EBITDA before IFRS 16** versus 2019.
The **net result from continuing operations for 2020 is expected to increase** versus the prior year (in the range of € 35-38 million), while continuing the **dividend distribution policy**.
Cash flow from ordinary operations in 2020 is forecast to improve at € 55 million.

This forecast refers to the current scope of the Group's business: owing to the current Covid-19-related emergency, **no reliable forecasts can be made at this time on the duration and on the**

[4] Before application of IFRS 16
[5] Before application of IFRS 16

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impacts, if any, on operations and results in 2020; the current events are, however, believed **not to change the Group's solid medium-long term prospects**.

PERFORMANCE OF BUSINESS AREAS

● ***BOOKS***

The Trade Books market, following the slight decline in 2018 (-1.1%), recorded significant growth in terms of value (+5.5%) versus the prior year (+4% in terms of volume). In absolute terms, the increase amounted to € 65 million[6].

Against this backdrop, the Mondadori Group retained its **leadership position with a 26.2% market share** and **5 books appearing in the top 10 best-selling titles** of the year: *Una gran voglia di vivere* by Fabio Volo (Mondadori); *La misura del tempo* by Gianrico Carofiglio (Einaudi), *La versione di Fenoglio* by Gianrico Carofiglio (Einaudi), *Entra nel mondo di Luì e Sofì. Il Fantalibro di Me contro Te* by Me contro Te (Mondadori Electa), *In cucina con voi!* by Benedetta Rossi (Mondadori Electa).

In the **school textbooks** market, the Mondadori Group retained its strong foothold, with a **21.7% share, adoptions-wise**[7].

In Italy, this segment showed an overall growth trend in 2019 (+2.2%), with increases in the lower and upper secondary segments and stability in the primary[8] segment.

In 2019, **revenue** from the Books Area amounted to **€ 478.4 million, an overall increase of 6%** versus € 451.3 million in 2018. Specifically:

- in the **Trade** Area, revenue **increased by +7.6%**;
- in the **Educational** Area, revenue **grew by +5.9%**.

Adjusted EBITDA before IFRS 16 amounted to **€ 93.2 million**, **improving sharply** versus the same period of the prior year (€ 84.7 million), as a result of a **vigilant management policy focused on the ongoing optimization of operating processes,** which allowed the Group to lift **profitability above 19%**.

IFRS 16 adjusted EBITDA came to € 94.5 million and includes the IFRS 16 impact of € 1.3 million.

EBITDA before IFRS 16 amounted to € 92.8 million, improving versus € 82.9 million at 31 December 2018.

IFRS 16 EBITDA amounted to € 94 million and includes an impact of € 1.2 million.

● ***RETAIL***

In 2019, the Group continued to **implement strategic actions to align the organization and the sales channels of the Retail Area with market developments**, focusing on **steady format and network revision**. In the **Books** segment, **making for 82% of revenue,** the **market share** of Mondadori Retail stood at **12.9%.**

In 2019, Mondadori Retail recorded **revenue** of **€ 186.9 million**, down by 2.6% versus € 191.8 million in the prior year, attributable to the performance of consumer electronics and the rationalization of the direct sales network.

The analysis by channel shows the following:

- a basic stability (+0.3%) of direct bookstores (-1.5% on a like-for-like basis in terms of stores);
- a decline in Megastores (-12.1%), attributable to the drop in consumer electronics sales and as a result of the rationalization of the sales network (-9.9% on a like-for-like basis in terms of stores);

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6 GFK, December 2019 (in terms of value)

7 ESAIE, 2019 (number of adopted sections)

8 Databank, 2019

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- a slight improvement (+0.5%) in franchised bookstores (-1.1% on a like-for-like basis in terms of stores), despite the reduction in the number of points of sale;
- a slight drop in sales in the e-commerce channel (-0.5%);
- a drop by the Bookclub, albeit less than in prior years.

Adjusted EBITDA before IFRS 16 amounted to € -2.9 million versus € +1.4 million at 31 December 2019. The decrease is due mainly to lower revenue on a like-for-like basis, less positive non-recurring items and higher write-downs in consumer electronics.
IFRS 16 adjusted EBITDA amounted to € +5 million and includes the IFRS 16 impact of approximately € +8 million.

EBITDA before IFRS 16 amounted to € -5 million, down from the breakeven in 2018.
IFRS 16 EBITDA amounted to € +2.9 million and includes an impact of approximately € +8 million.

- ***MAGAZINES ITALY***

Once again, in 2019 the magazines market witnessed a continued drop in both print advertising[9] (versus a growth in the digital channel[10]) and in circulation[11] and add-on sales[12].

In the reporting period, the Magazines Italy Area recorded **revenue** of **€ 256.6 million**, down by 10.6% versus € 287 million in 2018.
Net of the disposal of Inthera and *Panorama*, the decline was **-5.4%**, in particular:
- **circulation revenue** (newsstands + subscriptions) was down by **-12.8%**, in line with the performance of the relevant market (-16.6% considering *Panorama* in 2018);
- **revenue from add-on products** was **up by 0.9%** (-6.5% considering *Panorama* in 2018);
- **advertising revenue** *(print + digital*) fell by an overall **-4.8%** (-9.1% considering *Panorama* in 2018) with:
  - the **digital channel up by approximately +12.5%**, as a result in particular of the good performance of the food and health segments and the strong contribution of AdKaora's proximity marketing solutions;
  - the **print channel down by -14.8%**, basically in line with market dynamics (-20.2% considering *Panorama* in 2018*)*.

  In 2019, digital revenue as a percentage of total advertising revenue in the Area amounted to approximately 42% (34% in 2018).

In 2019, the Mondadori Group retained its position as **Italy's top multimedia publisher** in:
- **print**, with a **28.9% share of the circulation market**[13] in terms of value and 15.5 million readers per month;
- **digital,** with a 77% reach and over **30 million unique users per month**;
- **social,** with an aggregate fan base of **31 million followers** and 120 profiles.

Adjusted EBITDA before IFRS 16 in the Magazines Italy Area amounted to **€ 11.2 million**, a slight fall versus the prior year (€ 11.9 million). This was attributable to **actions that alleviated the impact from the drop in volumes**, in turn influenced by the negative performance of the relevant markets, including the

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[9] Magazines: -13.9% (Nielsen, cumulative figures at December 2019);
[10] Digital: +3.5% (Nielsen, cumulative figures at December 2019);
[11] -12.4% in terms of value (Internal source, figures at December 2019, newsstands + subscriptions channel)
[12] -11.9% in terms of value (Internal source, figures at December 2019, newsstands + subscriptions channel)
[13] -12.4% in terms of value (Internal source, figures at December 2019, newsstands + subscriptions channel)

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ongoing reduction in operating and structural costs; the **further improvement in profitability of the digital area** (€ 7 million); the disposal of Inthera S.p.A. and *Panorama*.
IFRS 16 adjusted EBITDA amounted to € 11.3 million.

EBITDA before IFRS 16 amounted to € 9.2 million, **improving sharply** versus € -0.2 million in 2018, as a result of less extraordinary items
IFRS 16 EBITDA amounted to € 9.4 million.

PERFORMANCE OF ARNOLDO MONDADORI EDITORE S.P.A.

The Parent Company's income statement at 31 December 2019 shows the same **net result** as in the consolidated financial statements of € 29.3 million before IFRS 16 (€ 28.2 million IFRS 16), due to the fact that the Company has opted to use the equity method to measure its investments in the separate financial statements.

Revenue amounted to **€ 228 million** and was down versus € 256.6 million in the prior year, due mainly to the reduction in print activities in the Magazines Italy Area (-16.4%, in line with the performance of the relevant markets and as a result also of the disposal of *Panorama)*.
Revenue from the digital operations of the Magazines Italy Area, on the other hand, increased (+1.5%) thanks to the positive results from advertising sales. The Parent Company also recognizes revenue from services provided to other Group companies, equal to € 39.1 million.

Adjusted EBITDA before IFRS 16 increased slightly to € **+0.3 million** versus € -0.4 million in 2018, due in particular to the positive contribution of the digital operations of the Magazines Italy Area, achieved through **efficiency gains and cost revision** implemented by Management, which offset the lower margins of print magazines.

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SIGNIFICANT EVENTS AFTER YEAR-END

Approval of Draft Law S.1421 containing provisions to promote and support reading
Following approval by the Chamber of Deputies in July 2019, on 5 February 2020 the Senate passed D.L. S.1421 containing provisions to promote and support reading. Pending the implementing decrees that will set out the terms and timing of application of these provisions more explicitly, the decree introduces - alongside a series of measures aimed, among other things, at disseminating the habit of reading, promoting the attendance of libraries and bookshops, enhancing and supporting the Italian language and the diversity of editorial production - a range of limitations (in terms of value and period) to promotional discount policies.
Specifically, the decree has introduced a reduction in the maximum ordinary discount applicable to books in bookshops, online stores and large retailers from 15% to 5% (15% for school textbooks); points of sale may organize promotions once a year with a 15% discount limit; publishers may apply a maximum discount of 20% (instead of the previous 25%), except for the month of December.
The effects of the introduction of these provisions on book purchasing trends are currently hard to forecast.

Law no. 160/2019 (2020 Budget Law) on early retirement
Under Article 1, paragraph 500, of Law 160/2019 (2020 Budget Law), from 1 January 2020 to 31 December 2023, print workers from newspaper and magazine printing companies, and from publishers of newspapers and magazines and press agencies with national circulation, which have submitted to the Ministry of Labour and Social Policies, from 1 January 2020 to 31 December 2023, crisis-related reorganization or restructuring plans, may apply for early retirement with a contribution period of 35 years only (instead of 38 years under the regulations currently in force).

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During the relevant time period, early retirement could potentially affect a total of 116 employees of Arnoldo Mondadori Editore S.p.A., Mondadori Media S.p.A. and Press-di covered by graphics publishing collective labour agreements.

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The Board of Directors of Arnoldo Mondadori Editore S.p.A. has convened the **Ordinary Shareholders' Meeting for Wednesday 22 April 2020** in first call to approve the financial statements for the year ended 31 December 2019 and, if required, **in second call for Wednesday 20 May 2020**.

DIVIDEND DISTRIBUTION PROPOSAL OF € 0.06 PER ORDINARY SHARE

The Board of Directors will propose to the next Shareholders' Meeting, convened for Wednesday 22 April 2020 in first call and, if required, in second call for 20 May 2020, the distribution of a unit dividend, gross of tax, of € 0.06 for each ordinary share (net of treasury shares) outstanding on the ex-coupon date.
The total value is € 15.6 million.
The dividend will be paid, in accordance with the provisions of the "Regulations of the markets organized and managed by Borsa Italiana S.p.A.", from 10 June 2020 (payment date), with ex-coupon date on 8 June 2020 (ex date) and with the date of entitlement to payment of the dividend, pursuant to Article 83-terdecies of the TUF (record date) on 9 June 2020.

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

Following the expiry of the previous authorization resolved upon by the Shareholders' Meeting on 17 April 2019, with the approval of the financial statements at 31 December 2019, the Board of Directors will propose to the next Shareholders' Meeting the renewal of the authorization to purchase and dispose of treasury shares with the aim of retaining the applicability of law provisions in the matter of any additional buyback plans and, consequently, of seizing any investment and operational opportunities involving treasury shares.
Below are the key elements of the Board of Directors' proposal:

- **Motivations**

The motivations underlying the request for the authorization to purchase and dispose of treasury shares refer to the opportunity to attribute to the Board of Directors the power:

- to use the treasury shares purchased as consideration in the acquisition of interests as part of the Company's investment policy;
- to use the treasury shares purchased 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;
- to 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 Shareholders.

- **Duration**

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The authorization to purchase treasury shares is set to last until the approval of the financial statements for the year ending 31 December 2020, while the authorization to sell is granted to last for an unlimited period, given the absence of provisions in this regard pursuant to the provisions in force 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.

- **Maximum number of purchasable treasury shares**

The new authorization would allow the purchase, including in more than one tranche, of ordinary shares of Arnoldo Mondadori Editore S.p.A., up to a maximum number of shares - also taking into account the ordinary shares held, directly and indirectly, in the portfolio from time to time - of no more than 10% overall of the share capital, in accordance with Article 2357, paragraph 3, of the Italian Civil Code.

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

The purchases would be made in compliance with the principle of equal treatment of shareholders under Article 132 of the TUF, in accordance with any of the procedures set out in Article 144-bis of the Issuer Regulation, to be identified from time to time, and any other applicable regulations, as well as, where applicable, the market practices allowed from time to time in force.
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.

As far as disposal transactions are concerned, the authorization would allow the adoption of any appropriate method to fulfill the purposes pursued - including the use of treasury shares to service stock incentive plans and/or the transfer of real and/or personal rights and/or stock lending - to be carried out either directly or through intermediaries, in compliance with the relevant laws and regulations in force.

Without prejudice to the fact that purchases of treasury shares would be made in accordance with the time limits, conditions and requirements established by the applicable Community legislation and by the admitted market practices, the minimum and maximum purchase price would be determined for a unit price not lower than the official Stock Exchange price of Arnoldo Mondadori Editore S.p.A. shares on the day preceding the purchase transaction, reduced by 20%, and not higher than the official Stock Exchange price on the day preceding the purchase transaction, increased by 10%.
However, in terms of purchase prices, the additional conditions set forth in Article 3 of the above EU Delegated Regulation 2016/1052 would apply.
With regard to the provisions of Article 2357, paragraph 1, of the Italian Civil Code, purchases would in any case be made within the limits of the available "extraordinary reserve" as shown in the last duly approved financial statements.
In any case, purchases would be made, in terms of definition of volumes and unit prices, in accordance with the conditions governed by Article 3 of EU Delegated Regulation 2016/1052, and in particular:

- **no shares shall 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;
- in terms of volumes, no more than 25% of the average daily trading volume of Arnoldo Mondadori Editore S.p.A. shares shall be purchased in the 20 trading days prior to the dates of purchase.

Purchases instrumental in the support to market liquidity shall also be made in accordance with the conditions provided by the admitted market practices.

To date, Arnoldo Mondadori Editore S.p.A. **holds a total of no. 2,938,293 treasury shares** (1.124% of the share capital).

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

GRANTING OF SHARES UNDER THE 2017-2019 PERFORMANCE SHARE PLAN: DISCLOSURE PURSUANT TO ART. 84-BIS, PARAGRAPH 5 OF CONSOB REGULATION NO. 11971/1999

The Board of Directors, on the proposal of the Remuneration and Appointments Committee, resolved to grant, effective from 1.6.2020, a total of no. 1,649,965 Arnoldo Mondadori Editore S.p.A. shares to 10 beneficiaries, in implementation of the provisions contained in the "2017-2019 Performance Share Plan" established by the Board of Directors on 21 March 2017 and subsequently approved by the Shareholders' Meeting on 27 April 2017 (the "2017-2019 Plan").
Mention should be made that the 2017-2019 Plan takes the form of a share granting plan and grants its beneficiaries the right to receive, free of charge, shares in the Company provided that, at the end of a reference period of three financial years, the performance targets set in the 2017-2019 Plan have been achieved.
The 10 beneficiaries of the 2017-2019 Plan, identified by name by the CEO, as delegated by the Board of Directors, are the CFO - Executive Director and selected managers.
The characteristics of the 2017-2019 Plan are explained in detail in the Directors' Report to the Shareholders' Meeting of 27 April 2017 and in the information document contained therein, available on mondadori.it, Governance section, to which reference should be made.
Attached is the information required by Schedule 7 of Annex 3A to CONSOB Regulation no. 11971/1999 to account for the granting of shares in the context of the 2017-2019 Performance Plan.

PROPOSED ADOPTION OF A 2020-2022 PERFORMANCE SHARE PLAN

The Board resolved, on a proposal from the Remuneration and Appointments Committee, and in keeping with the introduction of the performance share approved last year for the medium/long-term remuneration of executive directors and executives with strategic responsibilities, to submit to the approval of the Ordinary Shareholders' Meeting, the adoption of a 2020-2022 Performance Share Plan, in accordance with Article 114-bis of Legislative Decree no. 58 of 24 February 1998, intended for the CFO - Executive Director and a number of Company managers who have an employment and/or directorship relationship with the Company or with its subsidiaries on the granting date of the shares.

With the adoption of the Plan, the Company aims to encourage Management to improve medium to long-term performance, in terms of both industrial performance and growth in the value of the Company.
The Plan envisages the right for beneficiaries to receive a bonus in the form of Company shares, subject to the achievement of specific targets set and measured at the end of the three-year performance period from 2020 to 2022.
These targets are structured to include both shareholder remuneration indicators and management indicators functional to raising the share value, ensuring maximum alignment of Management remuneration and the creation of value for the Company.
For details on the proposed adoption of the 2020-2022 Performance Share Plan, the beneficiaries and the main characteristics of the Regulations of the Plan, reference should be made to the Information Document drawn up by the governing body, pursuant to Article 84-bis and annex 3A of the Issuer Regulation, and to the Explanatory Report, which will be published within the time limits and in the manner prescribed by applicable regulations.

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

Under Legislative Decree 254/2016, the Board of Directors' 2019 Report on Operations of the Mondadori Group is also composed of the Consolidated Non-Financial Statement, a qualitative-quantitative

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description of the non-financial performance of the Company, associated with environmental, social, and staff-related issues, as well as those regarding respect for human rights, and the fight against active and passive corruption, which are relevant given the activities and characteristics of the Company.
With regard to 2019, the Mondadori Group has updated its materiality analysis, in accordance with the principles set out by the GRI Sustainability Reporting Standards (GRI Standards), including the "Media Sector Disclosures", defined in 2016 and 2014 respectively by the Global Reporting Initiative (GRI).
With a view to continuously improving the process, in 2019 the stakeholder mapping was updated and stakeholder engagement activities were expanded: in addition to external interviews, carried out by involving suppliers of the main utilities and franchisees of Mondadori Store bookshops, an online questionnaire was administered to all Group employees.

§

The results for the year ended 31 December 2019, approved on today's date by the Board of Directors, will be presented by the Mondadori Group Management to the financial community in a conference call scheduled today at 3:30 PM.
The corresponding documentation will be available on 1Info (www.1info.it), www.borsaitaliana.it and www.mondadori.it (Investors).

§

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

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

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GRUPPO MONDADORI

Annex 1

Consolidated balance sheet

	2019	2018	% chg.
TRADE RECEIVABLES	222,7	224,2	*(0,7%)*
INVENTORY	120,8	122,3	*(1,3%)*
TRADE PAYABLES	273,3	279,8	*(2,3%)*
PAYABLES TO SUBSCRIBERS	18,2	18,8	*(3,3%)*
RECEIVABLES (PAYABLES) FROM/TO AUTHORS	8,9	11,7	*(24,2%)*
DEFERRED TAX ASSETS (LIABILITIES)	17,0	23,3	*(26,9%)*
OTHER ASSETS (LIABILITIES)	(28,2)	(31,6)	*(10,9%)*
NET WORKING CAPITAL CONTINUING OPERATIONS	**49,6**	**51,3**	***(3,2%)***
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)		89,1	*(100,0%)*
NET WORKING CAPITAL	**49,6**	**140,3**	***(64,6%)***
INTANGIBLE ASSETS	220,3	226,7	*(2,8%)*
PROPERTY, PLANT AND EQUIPMENT	17,9	19,1	*(6,2%)*
INVESTMENTS	28,1	32,3	*(12,7%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**266,4**	**278,1**	***(4,2%)***
ASSETS FROM RIGHTS OF USE IFRS 16	93,9		
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**360,4**	**278,1**	***29,6%***
PROVISIONS FOR RISKS	55,4	65,8	*(15,8%)*
POST-EMPLOYMENT BENEFITS	33,4	34,7	*(3,8%)*
PROVISIONS	**88,7**	**100,5**	***(11,7%)***
NET INVESTED CAPITAL	**321,3**	**317,9**	***1,1%***
SHARE CAPITAL	68,0	68,0	*0,0%*
RESERVES	73,9	251,1	*(70,6%)*
PROFIT (LOSS) FOR THE PERIOD	28,2	(177,1)	*n.s.*
GROUP EQUITY	**170,0**	**142,0**	***19,8%***
NON-CONTROLLING INTERESTS' EQUITY	0,0	28,7	*(100,0%)*
EQUITY	**170,0**	**170,7**	***(0,4%)***
NET FINANCIAL POSITION NO IFRS 16	55,4	147,2	*(62,4%)*
NET FINANCIAL POSITION IFRS 16	95,9		
NET FINANCIAL POSITION	**151,3**	**147,2**	***2,7%***
SOURCES	**321,3**	**317,9**	***1,1%***

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GRUPPO MONDADORI

<u>Annex 2</u>

Consolidated income statement

	2019		2018		% chg.
REVENUE	**884,9**	***100,0%***	**891,4**	***100,0%***	***(0,7%)***
INDUSTRIAL PRODUCT COST	279,4	*31,6%*	280,3	*31,4%*	*(0,3%)*
VARIABLE PRODUCT COSTS	115,5	*13,1%*	125,9	*14,1%*	*(8,2%)*
OTHER VARIABLE COSTS	168,8	*19,1%*	166,2	*18,6%*	*1,6%*
STRUCTURAL COSTS	76,0	*8,6%*	70,2	*7,9%*	*8,2%*
EXTENDED LABOUR COST	153,2	*17,3%*	159,8	*17,9%*	*(4,2%)*
OTHER EXPENSE (INCOME)	(2,6)	*(0,3%)*	(1,1)	*(0,1%)*	*n.s.*
ADJUSTED EBITDA	**94,5**	***10,7%***	**90,1**	***10,1%***	***4,9%***
RESTRUCTURING COSTS	6,4	*0,7%*	11,7	*1,3%*	*(45,4%)*
EXTRAORDINARY EXPENSE (INCOME)	1,1	*0,1%*	0,9	*0,1%*	*32,1%*
EBITDA	**87,0**	***9,8%***	**77,5**	***8,7%***	***12,2%***
AMORTIZATION AND DEPRECIATION	25,9	*2,9%*	21,2	*2,4%*	*22,1%*
AMORTIZATION AND DEPRECIATION IFRS 16	0,0	*0,0%*	(0,0)	*(0,0%)*	*n.s.*
EBIT	**61,1**	***6,9%***	**56,3**	***6,3%***	***8,6%***
FINANCIAL EXPENSE (INCOME)	2,2	*0,2%*	2,9	*0,3%*	*(24,8%)*
FINANCIAL EXPENSE IFRS 16	(0,0)	*(0,0%)*	0,0	*0,0%*	*n.s.*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(1,0)	*(0,1%)*		*0,0%*	
EXPENSE (INCOME) FROM INVESTMENTS	8,1	*0,9%*	18,2	*2,0%*	*(55,2%)*
EBT	**51,7**	***5,8%***	**35,2**	***4,0%***	***46,6%***
TAX EXPENSE (INCOME)	18,6	*2,1%*	14,9	*1,7%*	*25,1%*
RESULT FROM CONTINUING OPERATIONS	**33,1**	***3,7%***	**20,3**	***2,3%***	***62,8%***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	**(2,6)**	***(0,3%)***	**(195,5)**	***(21,9%)***	***(98,7%)***
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**30,5**	***3,4%***	**(175,2)**	***(19,7%)***	***n.s.***
NON-CONTROLLING INTERESTS	**1,2**	***0,1%***	**2,0**	***0,2%***	***(38,7%)***
GROUP INTERESTS	**29,3**	***3,3%***	**(177,1)**	***(19,9%)***	***n.s.***

Cost of personnel includes costs for collaborations and temporary employment.
In 2019, the "Result from discontinued operations" includes the net result recorded by Mondadori France in the current year, together with the recognition of the fair value adjustment of the discontinued group. This item also includes the financial expense held by the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement (approximately € 1.6 million). The "Result from continuing operations" and the "Result from discontinued operations" therefore differ by this amount from the amounts of the statements attached to this Report (equal to € 1.1 million in 2019 and € -192.4 million in 2018), prepared in accordance with IFRS international accounting standards. To enable a like-for-like comparison, 2018 figures have been restated accordingly.

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Annex 3

Consolidated income statement - fourth quarter

	2019.Q4	2018.Q4	% chg.
REVENUE	**225,9**	**232,9**	***(3,0%)***
INDUSTRIAL PRODUCT COST	73,5	71,9	*2,2%*
VARIABLE PRODUCT COSTS	29,3	37,9	*(22,6%)*
OTHER VARIABLE COSTS	41,2	39,2	*5,1%*
STRUCTURAL COSTS	22,5	17,5	*28,3%*
EXTENDED LABOUR COST	38,5	39,3	*(2,0%)*
OTHER EXPENSE (INCOME)	(2,2)	(0,3)	*n.s.*
ADJUSTED EBITDA	**23,2**	**27,3**	***(15,0%)***
RESTRUCTURING COSTS	3,4	5,8	*(40,5%)*
EXTRAORDINARY EXPENSE (INCOME)	(0,9)	(2,9)	*(69,5%)*
EBITDA	**20,7**	**24,5**	***(15,6%)***
AMORTIZATION AND DEPRECIATION	8,8	5,7	*53,8%*
AMORTIZATION AND DEPRECIATION IFRS 16	0,0	(0,0)	*n.s.*
EBIT	**11,9**	**18,8**	***(36,9%)***
FINANCIAL EXPENSE (INCOME)	1,5	0,8	*89,7%*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(2,0)		
EXPENSE (INCOME) FROM INVESTMENTS	2,8	8,3	*(66,2%)*
EBT	**9,5**	**9,7**	***(2,2%)***
TAX EXPENSE (INCOME)	2,6	5,1	*(50,1%)*
RESULT FROM CONTINUING OPERATIONS	**6,9**	**4,5**	***51,8%***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	**(1,5)**	**0,2**	***n.s.***
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**5,4**	**4,7**	***14,5%***
NON-CONTROLLING INTERESTS	**(0,0)**	**0,4**	***n.s.***
GROUP INTERESTS	**5,4**	**4,3**	***24,4%***

Cost of personnel includes costs for collaborations and temporary employment.
In 2019, the “Result from discontinued operations” includes the net result recorded by Mondadori France in the current year, together with the recognition of the fair value adjustment of the discontinued group. The “Result from continuing operations" and the “Result from discontinued operations" therefore differ by this amount from the amounts of the statements attached to this Report (equal to € -1.5 million in 4Q 2019 and € +0.9 million in 4Q 2018), prepared in accordance with IFRS international accounting standards. To enable a like-for-like comparison, 2018 figures have been restated accordingly.

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Annex 4
Group cash flow

	2019	2018
INITIAL NFP IFRS 16	**(255,9)**	**(189,2)**
FINANCIAL LIABILITIES APPLICATION 01.01.2019 IFRS 16	(107,9)	
INITIAL NFP NO IFRS 16	**(147,2)**	**(189,2)**
ADJUSTED EBITDA (NO IFRS 16)	94,5	90,1
NWC AND PROVISIONS	(5,4)	(4,8)
CAPEX NO IFRS 16	(18,4)	(19,8)
CASH FLOW FROM OPERATIONS	**70,8**	**65,5**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(1,6)	(2,9)
TAX	(20,7)	(7,9)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATIONS	**48,5**	**54,8**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	1,8	15,3
CASH FLOW FROM ORDINARY OPERATIONS	**50,3**	**70,1**
RESTRUCTURING COSTS	(5,4)	(11,3)
EXTRAORDINARY TAX	0,5	(1,3)
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS AND ASSOCIATES	(7,4)	(2,7)
PURCHASE OF ASSETS	(0,1)	(11,2)
DISPOSAL OF ASSETS	58,5	4,2
OTHER INCOME AND EXPENDITURE	(1,6)	(2,4)
CF EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTINUED OPERATIONS	(3,0)	(3,4)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**41,5**	**(28,1)**
TOTAL CASH FLOW	**91,8**	**42,0**
NET FINANCIAL POSITION NO IFRS 16	**(55,4)**	**(147,2)**
IFRS 16 EFFECTS IN THE PERIOD	**12,8**	
FINAL NET FINANCIAL POSITION	**(151,3)**	**(147,2)**

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Annex 5
Arnoldo Mondadori Editore S.p.A. balance sheet

	2019	2018	% chg.
TRADE RECEIVABLES	46,9	45,3	*3,5%*
INVENTORY	5,1	5,1	*0,3%*
TRADE PAYABLES	71,7	80,8	*(11,3%)*
DEFERRED TAX ASSETS (LIABILITIES)	(22,0)	(21,8)	*1,0%*
OTHER ASSETS (LIABILITIES)	(12,9)	(3,9)	*n.s.*
NET WORKING CAPITAL CONTINUING OPERATIONS	**(54,7)**	**(56,1)**	***(2,5%)***
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)		64,1	*n.s.*
NET WORKING CAPITAL	**(54,7)**	**7,9**	***n.s.***
INTANGIBLE ASSETS	122,7	128,9	*(4,8%)*
PROPERTY, PLANT AND EQUIPMENT	5,4	5,4	*(0,7%)*
INVESTMENTS	434,1	404,7	*7,3%*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**562,2**	**539,0**	***4,3%***
ASSETS FROM RIGHTS OF USE IFRS 16	54,3		*n.s.*
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**616,5**	**539,0**	***14,4%***
PROVISIONS FOR RISKS	26,1	27,3	*(4,5%)*
POST-EMPLOYMENT BENEFITS	8,8	10,7	*(18,3%)*
PROVISIONS	**34,8**	**38,0**	***(8,4%)***
NET INVESTED CAPITAL	**526,9**	**508,9**	***3,5%***
SHARE CAPITAL	68,0	68,0	*0,0%*
RESERVES	73,9	251,1	*(70,6%)*
PROFIT (LOSS) FOR THE PERIOD	28,2	(177,1)	*(115,9%)*
EQUITY	**170,0**	**142,0**	***19,8%***
NET FINANCIAL POSITION NO IFRS 16	301,4	367,0	*(17,9%)*
NET FINANCIAL POSITION IFRS 16	55,5		*n.s.*
NET FINANCIAL POSITION	**356,9**	**367,0**	***(2,7%)***
SOURCES	**526,9**	**508,9**	***3,5%***

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

Reclassified income statement (Euro thousands)	2019 (IFRS 16)	2019 (no IFRS 16)	2018 (no IFRS 16)	% chg.
Revenue from sales and services	**228,0**	**228,0**	**256,6**	**-11,2%**
Cost of sold items	40,2	40,2	51,1	-21,3%
Variable costs	80,0	80,0	90,0	-11,1%
Fixed costs	33,3	39,9	40,6	-1,6%
Cost of personnel	70,2	70,2	76,7	-8,5%
Other (income) expense	-2,7	-2,7	-1,4	85,5%
Adjusted EBITDA	**6,9**	**0,3**	**-0,4**	**n.s.**
Restructuring costs	3,8	3,8	9,8	-61,0%
Extraordinary income	0,0	0,0	-4,2	-100,0%
Extraordinary expense	1,4	1,4	1,0	n.s.
EBITDA	**1,7**	**-4,9**	**-7,0**	**-30,1%**
Amortization, depreciation and impairment	10,7	10,7	5,1	110,7%
Amortization and depreciation IFRS 16	5,8	0,0	0,0	n.s.
EBIT	**-14,8**	**-15,6**	**-12,1**	**29,0%**
Net financial expense (income)	1,2	1,2	4,5	-72,1%
Financial expense IFRS 16	1,4	0,0	0,0	n.s.
Expense (income) from securities valuation	-1,0	-1,0	0,0	n.s.
Expense (income) from investments	-45,3	-45,8	-30,4	50,6%
Profit (loss) before tax	**28,9**	**30,0**	**13,9**	**115,9%**
Income tax	-3,2	-3,2	-3,3	-5,1%
Result from continuing operations	**32,0**	**33,1**	**17,2**	**92,6%**
Result from discontinued operations	-3,8	-3,8	-194,3	n.s.
Profit (loss) for the period	**28,2**	**29,3**	**-177,1**	**n.s.**

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Annex 7

Arnoldo Mondadori Editore S.p.A. cash flow statement

(*Euro millions*)	31/12/2019	31/12/2018
Result for the period	28,2	(177,1)
Adjustments		
Amortization, depreciation and impairment	16,5	5,1
Income tax for the period	(3,2)	(3,3)
Stock options	1,4	0,9
Provisions and post-employment benefits	(3,0)	(1,6)
Gains (losses) from disposal of intangible assets, property plant and equipme	0,0	(1,9)
(Income)/expense from securities valuation	(1,0)	-
(Income)/expense from measurement of investments at equity	(48,6)	(33,0)
Net financial expense (income) on loans, leases and derivative transactions	4,1	4,8
Other non-monetary adjustments to discontinued operations	3,8	194,3
Cash flow generation from operations	**(1,7)**	**(11,7)**
(Increase) decrease in trade receivables	(1,6)	5,4
(Increase) decrease in inventory	(0,2)	1,0
Increase (decrease) in trade payables	7,7	(2,6)
(Payment) cash in from income tax	8,8	7,6
Increase (decrease) in provisions and post-employment benefits	(0,7)	(1,1)
Net change in other assets/liabilities	(9,3)	(15,3)
Net change in discontinued operations	(5,3)	-
Cash flow generated from (absorbed by) operations	**(2,4)**	**(16,8)**
Price collected (paid) net of cash transferred/acquired	(0,6)	-
(Purchase) disposal of intangible assets	(9,7)	(6,6)
(Purchase) disposal of property, plant and equipment	(0,7)	5,6
(Purchase) disposal of investments	(5,1)	(4,8)
(Purchase) disposal of discontinued operations	45,9	-
Income from investments - dividends	30,0	35,1
(Purchase) disposal of securities	(12,6)	-
Cash flow generated from (absorbed by) investing activities	**47,1**	**29,4**
Increase (decrease) in payables to banks for loans	(102,8)	(15,0)
Change in other financial assets - intercompany	33,6	12,7
Change in other financial liabilities - intercompany	(0,5)	(4,2)
(Purchase) disposal of treasury shares	(2,7)	(0,6)
Net change in other financial assets/liabilities	(4,6)	3,4
Cash in of net financial income (payment of net financial expense) on loans an	(4,3)	(6,7)
Cash flow generated from (absorbed by) discontinued operations	(4,7)	13,6
Dividends paid	-	-
Cash flow generated from (absorbed by) financing activities	**(86,0)**	**3,2**
Increase (decrease) in cash and cash equivalents	**(41,2)**	**15,8**
Cash and cash equivalents beginning of period	**76,8**	**61,0**
Cash and cash equivalents end of period	**35,6**	**76,8**

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Tax Code and Registration Number 07012130584 - REA number Mi-1192794 -VAT Number 08386600152
N. Iscr. EEE Reg: IT09120000006483 - N. Iscr. Reg. PILE: IT10010P00002054 - Share capital € 67,979,168.40 paid-up.

GRUPPO MONDADORI

Annex 8

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES USED

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

Specifically, the alternative measures used include:

Gross Operating Profit (EBITDA): EBITDA: net result for the period before income tax, other financial income and expense, amortization, depreciation and impairment 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:

(i) income and expense from restructuring, reorganization and business combinations;

(ii) clearly identified income and expense not directly related to the ordinary course of business;

(iii) as well as any income and expense from non-ordinary events and transactions as set out in CONSOB communication DEM6064293 of 28/07/2006.

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Euro thousands	2019	2018
Gross Operating Profit - EBITDA (as shown in the financial statements)	***102.891***	***77.495***
Restructuring costs under "Cost of personnel" NOTE 34	6.402	11.735
Expense from acquisition and disposal of companies and business units, other (income) expense, NOTE 33 and N	2.043	2.774
Loss (profit) from disposal of fixed assets and investments NOTE 35	-903	-1.911
Restatement of lease payments IFRS 16 (only in 2018 Directors' Report)		15.792
Adjusted Gross Operating Profit - Adjusted EBITDA (as shown in the Directors' Report on Operations)	***110.433***	***105.885***

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

Result from continuing operations: net result of the Group, excluding the contribution of Mondadori France and the financial expense charged to the subsidiary.

Result from discontinued operations: net result of Mondadori France in the current year, together with the recognition of the fair value adjustment of the disposal group.

This item also includes the financial expense of the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement.

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

Cash flow from operations: adjusted EBITDA, as explained above, plus or minus the decrease/(increase) in working capital in the period, minus capital expenditure (CAPEX/Investment).

Cash flow from ordinary operations: cash flow from operations as explained above, net of financial expense, tax paid in the period, and income/expense from investments in associates.

LTM cash flow from ordinary operations: cash flow from ordinary operations in the last twelve months.

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.

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Annex 9

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

REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS

Name or cat	Position (to be shown only for persons appearing by name)	BOX 1 (financial instruments other than stock options) Section 2 Newly-granted instruments based on the decision of the body responsible for implementing the shareholders' resolution						
		Date of shareholders' resolution	Type of financial instruments	Number of financial instruments granted by the BoD	Grant Date (*)	Purchase price of instruments, if applicable	Market price when granted (**)	Vesting period
Oddone Maria Pozzi	CFO/Director of Arnoldo Mondadori Editore S.p.A.	24.4.17	Arnoldo Mondadori Editore S.p.A. shares	335,207	17.3.20	N.S.	€ 1.12	1.1.2017 – 31.12.2019
Key management personnel of Arnoldo Mondadori Editore S.p.A.	Executives	24.4.17	Arnoldo Mondadori Editore S.p.A. shares	1,005,622	17.3.20	N.S.	€ 1.12	1.1.2017 – 31.12.2019
Other employees of Arnoldo Mondadori Editore S.p.A. and its subsidiaries	Executives	24.4.17	Arnoldo Mondadori Editore S.p.A. shares	309,136	17.3.20	N.S.	€ 1.12	1.1.2017 – 31.12.2019

(*) The shares were granted effective as from 1 June 2020 by the Board of Directors, which met on 17 March 2020; the Remuneration and Appointments Committee expressed its proposal on 6 March 2020.
(**) The value shown refers to the date on which the Board of Directors set the grantings, it being understood that the date of actual granting has been deferred to 1 June 2020.

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