GRUPPO MONDADORI

PRESS RELEASE

BoD APPROVES RESULTS AT 31 MARCH 2020

After the first two months of activity aligned with forecasts, March was affected by the COVID-19 health emergency, marking the performance in the first quarter of the year:

- **Revenue € 135.3 million: -18.9% versus € 166.8 million in first quarter 2019 (-17.1% on a like-for-like basis)**
- **Adjusted EBITDA: € -3.1 million versus € 1.7 million in first quarter 2019**
- **EBIT: € -14 million versus € -7.2 million in first quarter 2019**
- **Result from continuing operations: € -19.1 million versus € -7.9 million in first quarter 2019, due also to the net impact of € 5.2 million from the adjustment to market value of the Reworld Media shares held**
- **NFP before IFRS 16: € -96.9 million, improving by approximately 46% versus € -179.3 million in first quarter 2019; NFP IFRS 16: € -193.9 million**

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BUSINESS OUTLOOK

The uncertainty of the macroeconomic and sector scenarios does not allow, as things stand, for the development of a new and reliable guidance

Segrate, 14 May 2020 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the Interim Management Statement at 31 March 2020 presented by CEO Ernesto Mauri.

HIGHLIGHTS OF FIRST QUARTER 2020

In 2020, after the **first two months of activity aligned with Group forecasts,** the performance in **March** was inevitably **marked by the adverse effects of the health emergency** brought by the spread of COVID-19.

Starting from the first ten days of March, in fact, the gradual and increasingly widespread application of restrictive measures to social and economic activities has significantly curtailed part of the activities in the businesses where the Group operates as a leader.
Specifically, as from 12 March, the application of government measures has led to the closure of the physical channel of bookstores across the Country, with immediate direct effects on the performance of the Group's **Retail** business.
At the same time, **Trade book** sales have fallen sharply, limited as they are to the e-commerce channel alone (which in turn is restricted to the above products) and, to a much lesser extent, to the large retailers channel.
The emergency measures have concurrently led to the closure of museums, archaeological parks and bookstores across all Italian regions, with a resulting reduction in activities, therefore in revenue, of the Group companies operating in these areas.
Lastly, the **Media**[1] business too has recorded declines following closure of part of the newsstands in Italy and the decrease in advertising sales.

[1] As from 1 January 2020, the activities referring to Mondadori Group magazines and websites, as well as the equity investments in the Magazines Italy Area, were transferred to the wholly-owned subsidiary Mondadori Media S.p.A.

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The Mondadori Group has set up and implemented a series of **activities to mitigate the effects of the economic juncture,** through **actions to contain operating and personnel costs**.
In order to reduce the impacts on the business areas, the Company has:

- taken steps to **contain and cut operating costs** also by renegotiating contracts and reviewing rates;
- promoted the use of outstanding holidays and the procedures for **social safety nets**;
- resolved on the **reduction** of the **variable remuneration of Group Management** for 2020;
- placed particular emphasis on the management of the **Group's working capital** (with specific actions on customers and suppliers).

More specifically, for the different business activities:

- in the **Trade** Area, the editorial programmes have been reshaped and rescheduled, with a plan to phase out "minor" titles;
- in the **Education** Area, actions have been taken to curb or eliminate the costs related to the stoppage and canceling of museum and archaeological park activities;
- in the **Media** Area, a strict policy has been adopted to reduce the production costs of the various titles;
- in the **Retail** Area, during the lockdown period, a plan has been implemented to reduce overheads relating to the points of sale.

PERFORMANCE AT 31 MARCH 2020

In light of the **extraordinary emergency situation that materialized in March,** the Mondadori Group performed as follows in first quarter 2020:

- **consolidated revenue** amounted to **€ 135.3 million**, down by 18.9% versus € 166.8 million in the same period of 2019 (-17.1% on a like-for-like basis, net of the change in the scope of consolidation from the disposal of the five titles in December 2019). **The downturn is attributable mainly to the effects of COVID-19;**

- **adjusted EBITDA** in the period under review amounted to **€ -3.1 million,** down by € -4.8 million versus € 1.7 million in 1° quarter 2019. **The decline is due mainly to the effects of COVID-19, obviously also considering the first positive effects of the actions taken;**

- **EBITDA** amounted to **€ -4.2 million,** down versus € 1.1 million in the first quarter of the prior year;

- **EBIT** amounted to **€ -14 million**, down versus € -7.2 million at 31 March 2019, due to the dynamics of the above components and to higher amortization, depreciation and write-downs, which rose to € 9.8 million from € 8.4 million in 1° quarter 2019.

- the **consolidated result before tax** amounted to **€ -23.8 million** versus € -9.2 million in first quarter 2019;

- the **result from continuing operations** amounted to **€ -19.1 million** versus € -7.9 million in first quarter 2019, due to the net impact of € 5.2 million from the adjustment to market value of the Reworld Media shares held;

- the **Group's net result** amounted to **€ -19.1 million** versus € -3.5 million in 1° quarter 2019 (which had also included the temporarily positive result of € 4.9 million from discontinued operations, in addition to the above net impact of € 5.2 million relating to Reworld Media shares);

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Tax Code and Registration Number 07012130584 - REA number Mi-1192794 -VAT Number 08386600152
Registry of producers of Electrical and Electronic Equipment N: IT09120000006483 - Registry of producers of Batteries and Accumulators N.: IT10010P00002054 - Share capital € 67,979,168.40 paid-up.

- the **net financial position before IFRS 16** stood at **€ -96.9 million, improving sharply by approximately 46%** versus € -179.3 million at 31 March 2019, as a result of the disposal of Mondadori France (€ 62.8 million) and of the **cash generation** from ordinary operations in the context of continuing operations in the last 12 months, equal to **€ 45.8 million** versus € 48.5 million at 31 December 2019;

- the **IFRS 16 net financial position** stood at **€ -193.9 million** and includes the IFRS 16 impact of € -97 million.

The **Group's financial situation and medium-term prospects**, despite the significant stress put on the entire global economic system in this specific historical juncture, **allow it to maintain a positive attitude towards future developments**, albeit in a partly and inevitably affected economic scenario for 2020.

At 31 March 2020, Group employees in the context of continuing operations totaled **1,942 units**, down by 8% versus 2,111 units at March 2019 (excluding the employees of Mondadori France at 31 March 2019), as a result of the disposal of the five titles and efficiency gains in the individual business areas.

Update on COVID-19 measures
Since 23 February 2020, the Group has taken immediate action to implement all the preventive measures required to protect the health of its employees and associates, in accordance with the provisions of the Ministry of Health and in conjunction with the company health officer, and to reduce the impact of the health emergency on the performance of the business areas.

Additionally, the Group is constantly monitoring the situation and providing updates on developments, also in order to guarantee the entire company population real-time access to information that is essential for the safe performance of work activities.

For such reason, the Mondadori Group has:
- set up a cross-functional **Crisis Committee** with workers' representatives to indicate the urgent measures needed and coordinate actions taking account of the specific nature of each company area;
- from the onset further encouraged **smart working**, enabling almost all workers to do so, with a physical presence only of staff tasked with monitoring the sites;
- published and made available to the entire company population a **Company Anti-Contagion Protocol**, containing the principles and rules adopted and to adopt;
- fitted itself with the necessary personal and corporate **protective equipment**, distributed sanitizers to the company population, and installed spray dispensers inside the premises;
- arranged for workplace sanitation in coordination with the company health officer, the relevant authorities, the Safety Managers and the Workers' Trade Union Representatives;
- carried out **training** on how to behave in order to perform remote activities safely, through online workshops and webinars;
- introduced **new services for employees and associates**, including a website that is permanently accessible with all the necessary information, a dedicated email address to submit specific questions and requests, and psychological counselling desks both online and within the company;
- assessed the adequacy of the measures taken to comply with the principles of **privacy** law.

Disclosure on this activity has been provided to the corporate control bodies and Internal Committees, also in order to receive guidance on the strategies to adopt, both in the initial phase of the health emergency and in preparing the gradual return of workers to the sites.

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BUSINESS OUTLOOK

Given the poor visibility of the possible range of scenarios produced by the effects of COVID-19, **macroeconomic and sector estimates predict downturns in the Group's relevant markets that are clearly unmeasurable at this time**.

For this reason, **as things stand**, **the elements that contribute to the development of forecasts for the year remain highly uncertain:** in particular, how the pandemic evolves and how demand reacts amid the potential materialization of a severe recession.

This highly unstable backdrop does not allow for the development of a new and reliable guidance.

In order to alleviate the effects of the current economic juncture, the **Group has implemented measures to reduce costs and select investments** and has prepared for recovery, providing adequate safety standards consistent with regulatory guidance.

The Group has also **started an analysis of the organization models and processes to make the most of the current experiences and use them to gain ongoing benefits in terms of efficiency** of a number of adopted and planned solutions (e.g. digitization, computerization and smart working most of all).

PERFORMANCE OF BUSINESS AREAS

- ***BOOKS***

In Italy until February, the **trade book market** had decreased by -1.1% versus the same period of 2019; in March, the decline grew to -29.3%, reaching -9.6%[2] at the end of the first quarter.
This **abnormal downturn in demand** over the last month of the quarter is linked to the COVID-19 emergency and the related health measures, which led, among other things, to the **total closure of independent bookstores and book chains** from the second ten days of March.
Despite the sharp increase of the e-commerce channel, the only channel actually operating in the second half of March, sell-out figures obviously witnessed a slump.

Against this backdrop, the Mondadori Group retained its **leadership position**, **with a total market share of 23.4%** in the trade area and 4 titles appearing in the top ten bestselling books in terms of value in the first three months of the year: *La misura del tempo* by Gianrico Carofiglio (Einaudi); *Le fantafiabe di Luì e Sofi* by Me contro Te (Mondadori Electa); *In cucina con voi!* by Benedetta Rossi (Mondadori Electa); *Una gran voglia di vivere* by Fabio Volo (Mondadori).

In the first three months of 2020, the **Area's revenue** amounted to **€ 58.2 million**, down by 17.1% versus € 70.2 million in first quarter 2019. Specifically:

- in the <u>Trade</u> Area, revenue amounted to € 39.1 million (€ 48.2 million in 2019), down by 19.1%, **due to the abovementioned effects of the COVID-19 health emergency**. The closure of the Bookstores and Chains channels in the second half of March made it clearly impossible to supply a significant part of the market (approximately 65% of the total). Despite the increases recorded in the e-commerce channel, the impact on revenue was heavy.
  The Group **set aside the planned launch of new titles, rescheduling them** by pushing back the planned publications. The editorial programmes remain, however, basically confirmed, albeit with a different timing and the phase out of a number of minor titles.

[2] *GFK*, March 2020 (figures in terms of market value). As a result of the COVID-19 health emergency and closure of the physical channel of Bookstores and Chains, GFK has temporarily suspended the presentation of sell-out figures by channel. The relating breakdown is, therefore, unavailable at this time.

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- in the Educational segment, marked in the first quarter by the seasonal nature of the school textbooks business (with most of revenue generated from June to October), revenue amounted to € 16.7 million on a like-for-like basis, down by -10.2% versus € 18.6 million in the same period of 2019. **The downturn in revenue, amounted approximately to € 2 million, is due largely to the museum business, which was impacted by the adverse effects of the COVID-19 health emergency,** with urgent measures that led to the gradual closure from the beginning of March of the museums, archaeological parks and bookstores in which Electa operates.

Revenue from the sale of **e-books and audiobooks** increased by **+26%** versus the same period of 2019, accounting for almost 10% of total revenue for the period (6% in 2019). The audiobook component accounted for approximately 13% of total digital revenue, up from 7% in 2019.
These increases in revenue are attributable to the situation generated by COVID-19 and the previously mentioned constraints on the distribution and marketing of physical books.

In the first quarter of the year, **adjusted EBITDA** amounted to **€ -4.5 million** versus € -0.2 million in 2019.
EBITDA amounted to **€ -5.2 million** versus € -0.3 million in 2019.
In the period under review, the Area recorded an **EBIT** of **€ -8.3 million** versus € -2.8 million in 2019.

- ***RETAIL***

In first quarter 2020, the book market (which accounts for over **80% of revenue**[3] in the Retail Area) suffered, as mentioned, a decline (-9.6%[4]) versus the same period of the prior year, due to the COVID-19 emergency.
Specifically, **the quarter was negatively impacted by the urgent measures to contain the COVID-19 contagion,** which led to the closure of physical bookstores throughout the country from 12 March 2020.
Against this backdrop, the **market share** of Mondadori Retail stood at **10.9%**, operating in the final part of the quarter through the online channel alone.

In the first three months of the year, **revenue in the Retail Area** amounted to **€ 31.1 million**, down by 24.8% versus € 41.3 million in the same period of the prior year, **due to the abovementioned government COVID-19 measures**. Specifically, considering March alone, sales were -65.8% lower than in 2019; the online channel bucked the trend (+13.5%) and grew by approximately +130% in March.

In the first quarter of the year, **adjusted EBITDA** amounted to **€ -1.2 million** versus € -0.5 million in the same period of 2019, due to the mentioned drop in revenue.
At 29 February, the business unit's adjusted EBITDA **improved by € +0.3 million** versus the same period of the prior year, thanks to **careful cost management and the deep organizational and process review implemented in the second half of 2019**.
At the end of the quarter, **EBITDA** amounted to **€ -1.3 million** (versus € -0.6 million in the first three months of 2019).
In the period under review, the Area recorded an **EBIT** of **€ -3.8 million** (versus € -3.2 million in first quarter 2019).

- ***MEDIA***[5]

In the first two months of 2020, the **Group's relevant markets**, still unscathed by the COVID-19 emergency, showed the following trends[6]:
- in terms of advertising, a growth in digital channels (+4.8%) and a decline in magazines (-12.2%);

[3] Product revenue excluding Club revenue
[4] *GFK* (in terms of value)
[5] As from 1 January 2020, all the activities referring to Mondadori Group magazines and websites, as well as the investments in the Magazines Italy Area, were transferred to Mondadori Media S.p.A. (100% owned by Arnoldo Mondadori Editore S.p.A.).
[6] Nielsen, cumulative figures at February 2020

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- in terms of circulation, a drop in magazines of -8.8%.

Against this backdrop, **the Group retained its leadership position** with a **23.3%** market share in terms of value[7].

The market, especially advertising, inevitably suffered in March from the ripple effects of the COVID-19 health emergency.

In first quarter 2020, the **Media Area** recorded **revenue** of **€ 50.6 million**, down by 19.6% versus € 63 million in 2019 (-14.8% net of the disposal of the five titles). In the first two months of the year, the drop in revenue in the Media Area on a like-for-like basis was in line with the guidance and the performance of the relevant market, amounting to approximately -10%.[8]

Specifically, in the period under review, the Area performed as follows:

- circulation revenue was down by 23%, a performance affected both by the disposal of the five titles and by the COVID-19 impact; net of these discontinuities, the estimated decline was around **-10%**.
- advertising revenue decreased by 24% in total and **-20%** on a like-for-like basis. Approximately 60% of the drop is attributable to COVID-19 and can be estimated at € 1.8 million, including the decline in revenue from proximity marketing solutions *(AdKaora*) virtually halted by the lockdown. Digital revenue as a percentage of total advertising revenue was approximately 48% (up from 42% in 2019).
- distribution activities and other revenue fell by 10% versus the prior year (-9.9% net of discontinuities in 2019).

The Mondadori Group retained its position as the leading multimedia publisher in Italy: on the web, with an 84% reach and approximately 33 million unique users in March[9]; in social media, with an aggregate fan base of 32 million[10]; in magazines, with 16 million readers per month.

Adjusted EBITDA amounted to **€ 2 million** in the first quarter of the year, down slightly versus 1° quarter 2019 (€ 2.6 million), due to the **effective measures to contain operating costs.**
EBITDA amounted to **€ 1.8 million** versus € 2.3 million in 2019.
In the period under review, the Area recorded an **EBIT** of **€ -0.1 million** versus € 1 million.

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NEW EXECUTIVE DIRECTOR CO-OPTED

The Board of Directors, which met today, resolved to co-opt Alessandro Franzosi as executive director, in view of the position to hold as Chief Financial Officer of the Mondadori Group as from 4 June, as announced on 23 March.
The new executive director was co-opted following the resignation of Oddone Pozzi from the role of director, effective as from 22 April.

Additionally, as from June 4, Alessandro Franzosi will concurrently hold the position of Financial Reporting Manager, pursuant to Article 24 of the Bylaws and Article 154 bis of Legislative Decree 568/1998. The appointment will be effective until expiry of the term of office of the Board of Directors or until a different resolution is passed.

[7] Internal source: Press-di, figures at February 2020 (newsstands + subscriptions channel) in terms of value
[8] *Management Reporting*
[9] *Comscore* (March 2020)
[10] *Storyclash* (March 2020)

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Based on the information available to the Company, to date Alessandro Franzosi holds no shares of the Company.
His professional profile is available on the website www.mondadori.it, *Governance* section.

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The documentation relating to the **presentation of the results at 31 March 2020**, is made available through the authorized storage mechanism 1Info (www.1info.it) and in the *Investors* section of the Company's website www.mondadori.it.

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The Interim Management Statement at 31 March 2020 will be made available on the authorized storage mechanism (www.1Info.it) and in the *Investors* section of the Company's website www.mondadori.it by today's date.

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PUBLICATION OF THE MINUTES OF THE SHAREHOLDERS' MEETING

Arnoldo Mondadori Editore S.p.A. informs that the minutes of the Ordinary Shareholders' Meeting held on 22 April 2020 are available on the authorized storage mechanism (www.1info.it) and in the *Governance* section of the Company's website www.mondadori.it.

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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. *Group cash flow;*
4. *Glossary of terms and alternative performance measures used.*

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<u>Annex 1</u>
Consolidated balance sheet

	2020	2019	% chg.
TRADE RECEIVABLES	173.0	192.3	*(10.0%)*
INVENTORY	131.8	134.7	*(2.1%)*
TRADE PAYABLES	231.6	235.7	*(1.7%)*
OTHER ASSETS (LIABILITIES)	(5.9)	(20.6)	*(71.4%)*
NET WORKING CAPITAL CONTINUING OPERATIONS	**67.3**	**70.7**	***(4.8%)***
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)	0.0	94.3	*(100.0%)*
NET WORKING CAPITAL	**67.3**	**165.0**	***(59.2%)***
INTANGIBLE ASSETS	220.4	227.6	*(3.1%)*
PROPERTY, PLANT AND EQUIPMENT	17.6	18.2	*(3.7%)*
INVESTMENTS	25.9	31.4	*(17.5%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**263.9**	**277.2**	***(4.8%)***
ASSETS FROM RIGHTS OF USE IFRS 16	94.6	107.0	*(11.7%)*
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**358.4**	**384.2**	***(6.7%)***
PROVISIONS FOR RISKS	47.1	59.2	*(20.4%)*
POST-EMPLOYMENT BENEFITS	32.7	35.0	*(6.6%)*
PROVISIONS	**79.8**	**94.2**	***(15.3%)***
NET INVESTED CAPITAL	**345.9**	**455.0**	***(24.0%)***
SHARE CAPITAL	68.0	68.0	*0.0%*
RESERVES	103.0	74.8	*37.8%*
PROFIT (LOSS) FOR THE PERIOD	(19.1)	(3.5)	*n.s.*
GROUP EQUITY	**151.9**	**139.3**	***9.1%***
NON-CONTROLLING INTERESTS' EQUITY	0.1	29.3	*(99.8%)*
EQUITY	**152.0**	**168.6**	***(9.8%)***
NET FINANCIAL POSITION NO IFRS 16	96.9	179.3	*(46.0%)*
NET FINANCIAL POSITION IFRS 16	97.0	107.1	*(9.4%)*
NET FINANCIAL POSITION	**193.9**	**286.4**	***(32.3%)***
SOURCES	**345.9**	**455.0**	***(24.0%)***

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Annex 2
Consolidated income statement

	2020		2019		% chg.
REVENUE	**135.3**		**166.8**		***(18.9%)***
INDUSTRIAL PRODUCT COST	44.5	*32.9%*	56.9	*34.1%*	*(21.7%)*
VARIABLE PRODUCT COSTS	19.2	*14.2%*	23.7	*14.2%*	*(19.1%)*
OTHER VARIABLE COSTS (INCL. LOGISTICS)	27.0	*19.9%*	30.6	*18.4%*	*(11.9%)*
STRUCTURAL COSTS	12.0	*8.9%*	14.6	*8.7%*	*(17.8%)*
EXTENDED LABOUR COST *	35.9	*26.5%*	39.4	*23.6%*	*(8.8%)*
OTHER EXPENSE (INCOME)	(0.1)	*(0.1%)*	(0.1)	*(0.1%)*	*2.8%*
ADJUSTED EBITDA	**(3.1)**	***(2.3%)***	**1.7**	***1.0%***	***n.s.***
RESTRUCTURING COSTS	0.6	*0.4%*	0.6	*0.3%*	*(4.2%)*
EXTRAORDINARY EXPENSE (INCOME)	0.6	*0.4%*	0.0	*0.0%*	*n.s.*
EBITDA	**(4.2)**	***(3.1%)***	**1.1**	***0.7%***	***n.s.***
AMORTIZATION AND DEPRECIATION	6.1	*4.5%*	4.7	*2.8%*	*27.8%*
AMORTIZATION AND DEPRECIATION IFRS 16	3.7	*2.7%*	3.6	*2.2%*	*1.9%*
EBIT	**(14.0)**	***(10.4%)***	**(7.2)**	***(4.3%)***	***93.4%***
FINANCIAL EXPENSE AND (INCOME)	0.9	*0.7%*	(0.1)	*(0.1%)*	*n.s.*
FINANCIAL EXPENSE IFRS 16	0.7	*0.5%*	0.3	*0.2%*	*n.s.*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	6.9	*5.1%*	0.0	*0.0%*	*n.s.*
EXPENSE AND (INCOME) FROM INVESTMENTS	1.3	*0.9%*	1.8	*1.1%*	*(28.4%)*
EBT	**(23.8)**	***(17.6%)***	**(9.2)**	***(5.5%)***	***n.s.***
TAX EXPENSE (INCOME)	(4.7)	*(3.5%)*	(1.4)	*(0.8%)*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**(19.1)**	***(14.1%)***	**(7.9)**	***(4.7%)***	***n.s.***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	**0.0**	***0.0%***	**(4.9)**	***(3.0%)***	***(100.0%)***
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**(19.1)**	***(14.1%)***	**(2.9)**	***(1.7%)***	***n.s.***
NON-CONTROLLING INTERESTS	**(0.0)**	***(0.0%)***	**0.5**	***0.3%***	***n.s.***
GROUP INTERESTS	**(19.1)**	***(14.1%)***	**(3.5)**	***(2.1%)***	***n.s.***
(ADJUSTED) EBITDA EXCLUDING IFRS 16	**(7.1)**	***(5.3%)***	**(2.2)**	***(1.3%)***	***n.s.***

(*) Cost of personnel includes costs for collaborations and temporary employment.

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Tax Code and Registration Number 07012130584 - REA number Mi-1192794 -VAT Number 08386600152
Registry of producers of Electrical and Electronic Equipment N: IT09120000006483 - Registry of producers of Batteries and Accumulators N.: IT10010P00002054 - Share capital € 67,979,168.40 paid-up.

Annex 3
Group cash flow

	MARCH 2020	DEC. 2019
INITIAL NFP IFRS 16	**(284.3)**	**(255.9)**
FINANCIAL LIABILITIES APPLICATION 01.01.2019 IFRS 16	(105.0)	(107.9)
INITIAL NFP NO IFRS 16	**(179.3)**	**(148.0)**
ADJUSTED EBITDA (NO IFRS 16)	89.7	94.5
NWC AND PROVISIONS	(1.3)	(5.4)
CAPEX NO IFRS 16	(19.2)	(18.4)
CASH FLOW FROM OPERATIONS	**69.2**	**70.8**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(2.7)	(1.6)
TAX	(20.7)	(20.729)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATIONS	**45.8**	**48.427**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	1.3	1.8
CASH FLOW FROM ORDINARY OPERATIONS	**47.1**	**50.3**
RESTRUCTURING COSTS	(6.0)	(5.4)
EXTRAORDINARY TAX	0.3	0.5
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS AND ASSOCIA	(6.5)	(7.4)
PURCHASE OF ASSETS	(0.4)	(0.1)
DISPOSAL OF ASSETS	58.5	58.5
OTHER INCOME AND EXPENDITURE	(8.8)	(1.6)
CF EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	(2.1)	(3.0)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**35.1**	**41.5**
TOTAL CASH FLOW	**82.3**	**91.8**
NET FINANCIAL POSITION NO IFRS 16	**(96.9)**	**(56.2)**
IFRS 16 EFFECTS IN THE PERIOD	**8.1**	**12.8**
FINAL NET FINANCIAL POSITION	**(193.9)**	**(151.3)**

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GRUPPO MONDADORI

Annex 4

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.
With regard to adjusted EBITDA in first quarter 2019, the following items were excluded from EBITDA:
Restructuring costs for a total amount of € 0.6 million, included in "Cost of personnel" in the income statement;
With regard to adjusted EBITDA in first quarter 2020, the following items were excluded from EBITDA:
a) Restructuring costs for a total amount of € 0.6 million, included in "Cost of personnel" in the income statement.
b) Expense of a non-ordinary nature for a total of € 0.6 million, € 0.5 million of which included in "Sundry expense (income)" and € 0.1 million in "Cost of services".
Operating profit (**EBIT**): net result for the period before income tax, and other financial income and expense.
Adjusted result from continuing operations: net result of the Group, excluding the contribution of Mondadori France and the financial expense charged to the subsidiary.
Adjusted result from discontinued operations: net result of Mondadori France in the current year, together with the recognition of the fair value adjustment of assets being sold, previously measured at value in use.
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.
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 extraordinary 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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