GRUPPO MONDADORI

PRESS RELEASE

BoD APPROVES RESULTS AT 30 JUNE 2020

- **Consolidated revenue € 288.9 million: -24% versus € 380 million at 30 June 2019 (-22.2% on a like-for-like basis);**

- **Adjusted EBITDA € 11 million versus € 21.8 million at 30 June 2019: the cost reduction measures for € 31.8 million have contained the impacts from the contraction in revenue and margins caused by the COVID-19 emergency;**

- **Result from continuing operations € -25 million versus € -4.6 million at 30 June 2019: this change was greatly affected, for the amount of approximately € 22 million, by extraordinary and non-operating components, the operating ones bringing a drop in the result of only € 10.9 million**

- **Group net financial position (before IFRS 16) € -130.1 million: improving sharply versus € -204.2 million at 30 June 2019 (€ +74.1 million), also as a result of the steady generation of cash flow from ordinary operations**

§

2020 OUTLOOK

- **Revenue expected to decline by between 16% and 18% versus 2019 as a result of the dynamics of the different businesses;**
- **Double-digit adjusted EBITDA margin forecast between 11% and 12%;**
- **Positive cash generation, albeit down versus the past;**

- **Net financial position:**
  - **the Group debt will depend on the amount of restructuring costs that will be financed through the cash flow from ordinary operations;**
  - **NFP before IFRS 16 no higher than € -55.4 million at 31.12.2019**

Segrate, 30 July 2020 - 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 2020, presented by CEO Ernesto Mauri.

HIGHLIGHTS OF FIRST HALF 2020

The first half of 2020 was inevitably marked by the effects of the COVID-19 emergency.
Starting from the first ten days of March, in fact, the gradual and increasingly widespread **application of restrictive measures has significantly curtailed most of the activities related to the businesses where the Group operates as a leader**.
From 12 March up to the end of April, the government measures to contain the pandemic led to the closure of bookstores throughout Italy, with the resulting suspension of the activities related to the Group's Retail business.
Parallel to that and over the same period, the Trade Books business had to tackle the shutdown of the physical channel for the marketing of its products and, consequently, could only rely on the online channel.
The emergency measures concurrently led to the closure of museum sites, archaeological parks and relating bookstores across all Italian regions, with the resulting interruption of the Group's activities in managing services for museums and cultural heritage.

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Lastly, the Media business[1] too recorded declines following closure of part of the newsstands in Italy and the reduction of advertising investments.

In order to tackle this situation, the Mondadori Group has set up and implemented a series of actions and measures aimed, first and foremost, at guaranteeing the safety of its people, enabling them, where possible, to perform their work remotely (smart working), and at **alleviating the impacts** of the measures adopted by the authorities, in order to **safeguard the company's operating and financial profile**.

To this end, the Group has:

- taken steps to **contain and cut operating costs** also by renegotiating contracts and reviewing rates, with **total savings estimated at € 13 million for the entire year**;
- implemented actions to **reduce the cost of personnel**, **estimated at approximately € 15 million for the entire year**, by using outstanding holidays and resorting to **social safety nets**, as well as resolving to reduce the **variable remuneration** of the Group's **Management** for 2020 and, lastly, suspending remuneration and hiring policies;
- placed particular emphasis on the **Group's working capital** (with specific actions on customers and suppliers);
- implemented a policy of deferred payments in favour of the book chains, independent and franchised bookstores of the Retail Area, aimed at safeguarding the strength of the distribution channels and supporting the production chain in the Group's area of operation.

For the different business activities:

- in the **Trade** Area, the editorial plans have been reshaped and rescheduled;
- in the **Educational** Area, school textbooks were affected only to a small extent, while 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 different scheduling of magazines at newsstands and a strict policy has been adopted to reduce production costs;
- in the **Retail** Area, a plan has been implemented to streamline the units of the area and the points of sale.

PERFORMANCE AT 30 JUNE 2020

Starting from **May**, with the lifting of lockdown restrictions, **the Trade Books market has shown stronger and stronger signs of recovery** with **double-digit growth rates** that marked the last six weeks of the half-year period and still in progress.

The recovery has propelled the growth of the Trade and Retail businesses, allowing them to partly regain the revenue lost in the March-April period.

As a result of the outlined context, the Group's operating and financial profile at 30 June 2020 is as follows:

- **consolidated revenue** amounted to **€ 288.9 million**, down by -24% versus € 380 million in the same period of 2019. Net of the changed scope of consolidation of the Media Area in 2019, the drop stands at -22.2% and is **attributable mainly to the effects of COVID-19;**

- IFRS 16 **adjusted EBITDA** amounted to **€ 11 million** versus € 21.8 million in the prior year (down by approximately € 10.9 million versus the same period of 2019).

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

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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.

Also at the adjusted EBITDA level, **the decline basically reflects the consequences of COVID-19** as well as **the first positive effects of the countermeasures** adopted by the Group.
The cost reduction measures for € 31.8 million have contained the impacts from the contraction in revenue and margins caused by the COVID-19 emergency;

- IFRS 16 **EBITDA** amounted to **€ 8.4 million** versus € 20.6 million at 30 June 2019;

- IFRS 16 **EBIT** amounted to **€ -17.2 million**, down by € -19.3 million versus 30 June 2019, due mainly to the trend of the abovementioned components and the write-down and start of the amortization process of a number of titles;

- The **consolidated result before tax** amounted to **€ -30.9 million** versus € -1.6 million in first half 2019, due also to financial expense (€ 2.4 million), the adjustment of the investment in Reworld Media (€ -6.6 million) and the loss of the associates consolidated at equity (€ -3.4 million);

- The **result from continuing operations** amounted to **€ -25 million** versus € -4.6 million at 30 June 2019 (€ -20.4 million). The decline was strongly affected by the above **non-operating and extraordinary cost components**, which total **approximately € 22 million**, only partly offset by tax income of approximately € 5.9 million recorded by the Group during the year;

- The **Group's net result** amounted to **€ -25 million** versus € -1.9 million in first half 2019 (which had also included € 2.7 million from discontinued operations);

- **Net debt** (**before IFRS 16**) amounted to **€ -130.1 million, improving strongly** versus € -204.2 million at 30 June 2019 **(€ +74.1 million**), due also to the proceeds (€ 62.8 million) from the disposal completed in July 2019 of Mondadori France and the **positive cash generation from ordinary operations** in the last 12 months (€ 36.7 million net of discontinued operations), despite the highly deteriorated context.
  The IFRS 16 Net Financial Position stood at € -219.5 million and includes the IFRS 16 impact of € -89.4 million.

At 30 June 2020, the number of employees in the context of the Mondadori Group's continuing operations amounted to **1,928 units, down by approximately -9%** versus 2,117 units at 30 June 2019, as a result of the disposal of a number of titles in the Media Area (in December 2019) and activities aimed at increasing the efficiency of the individual business areas.

Despite the significant stress put on the global economic system at this moment in time, **the Group's financial situation and medium-term prospects allow it to maintain a positive attitude towards business developments, even in an economic framework inevitably affected by the COVID-19 emergency.**

BUSINESS OUTLOOK

To date, Group forecasts reflect, on the one hand, the encouraging signs coming from the market, particularly in the Group's main business areas of operation and, on the other, do not include any effects from a fresh outbreak of the pandemic, such as new lockdown measures on a national scale.

Based on the current scenario, the Group estimates a drop in revenue by between 16% and 18% versus 2019, due also to the trend of the various businesses; a solid double-digit (adjusted) EBITDA margin (approximately 11%-12%) and positive cash generation, albeit down versus the past.

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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 trend of the Group's financial debt at the end of the period will depend on the amount of restructuring costs that will be financed through the cash flow from ordinary operations, with an estimate of the Group's net financial position in any case no higher than € -55.4 million at 31 December 2019.

PERFORMANCE OF BUSINESS AREAS

- ***BOOKS***

At the beginning of May, the gradual reopening of independent bookstores and book chains allowed the Trade Books market to make a strong recovery: in the last six weeks of the half-year period, **book sales grew double-digit, reaching +13.5% in June alone** versus the same period of the prior year.

This **upswing allowed the market to mitigate and make up for the fall recorded** in March (-29.2%) and April (-45.8%), bringing the overall contraction in terms of value at 30 June 2020 to **-10.1%**.

Against this backdrop, the Mondadori Group retained its **leadership position with an overall market share of 24.8%**[2] in Trade, **outstripping the market performance by more than six percentage points** in the last six weeks of the half-year period.

Revenue in the Books Area amounted to **€ 145.9 million** at 30 June 2020, down by 20.6% versus € 183.8 million in first half 2019. Specifically:
In the Trade Area, revenue amounted to **€ 90 million**, down by -15.8% versus € 106.8 million at 30 June 2019, due to the abovementioned COVID-19 effects.
To cope with the closure of the distribution channel, the Group has revised its publishing schedule, pushing back the launch of new works by some of the most prestigious and successful authors to the second half of the year.

E-books and **audiobooks** (9% of total publishing revenue) bucked the trend versus physical books, with **revenue up sharply** during the lockdown period (**+37%**) versus the prior year.
Listening hours of the audiobook catalogue jumped by over 75% versus 2019, while downloads of e-books increased by 45%.

Revenue in the Educational Area amounted to **€ 52.8 million**, down by -27.1% versus € 72.4 million in the same period of 2019.
School textbooks suffered a low impact from the pandemic, given the typical seasonal performance of the business that sees sales squeezed in the second half of the year following the adoption campaign.
The decrease in revenue in the Educational Area is attributable mainly to the closure of museums and archaeological sites under concession due to the health emergency, which prevented the museum business from achieving the expected results.

IFRS 16 **adjusted EBITDA** in the Books Area amounted to **€ 10.9 million** versus € 16.2 million in 2019, a deterioration attributable to the negative trend in revenue, only partly mitigated by the cost containment actions implemented by Management.

IFRS 16 **EBIT** amounted to **€ 3.9 million** versus € 9.7 million in 2019.

[2] GFK (in terms of value at June)

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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.

- ***RETAIL***

As mentioned, in the first six months of 2020 the Trade Books market (which accounts for over 80% of Retail revenue[3]) fell sharply versus the same period of the prior year (-10.1%[4]) as a result of the COVID-19 emergency.
The gradual reopening of bookstores has allowed the market to rebound strongly, with an increase in June alone of **+13.5%**.

Revenue in the Retail Area in the first six months of the year amounted to **€ 59 million**, down by 27.5% versus € 81.4 million in the same period of the prior year, due to the government measures to tackle COVID-19.
The **market share stood at 10.9% in the first half of the year**, as the Group's performance was hindered by the fact of being able to operate only through its online channel during the lockdown period.

In June, the Group followed the same strong trend of the market: **revenue in the Area**, versus the same month of the prior year, **dropped by only -4.1%, and the market share - in the month - stood at 12.1%, thanks, in particular, to the positive performance of the franchised stores.**

Mention should particularly be made of the performance of the **online channel**, whose sales in the first 6 months **grew by +71.6%** versus first half 2019, and by as much as approximately 190% during the lockdown period.

IFRS 16 **adjusted EBITDA** amounted to **€ -2.8 million** versus € -0.6 million in the same period of 2019.

Despite the drastic drop in revenue, the impact in terms of EBITDA was contained thanks to **careful cost management and a deep organizational and process revision,** involving both the central units and the points of sale, carried out in the second half of 2019 and continued even during the harshest period of COVID-19.

Excluding the lockdown months, **Mondadori Retail improved margins both in the first two months of the year** (€ +0.3 million versus the same period of the prior year) and in June alone (€ +0.7 million versus the same period of the prior year).

IFRS 16 **EBIT** amounted to **€ -8.2 million** (versus € -6 million in first quarter 2019).

- ***MEDIA***

The May surveys show that the advertising market was heavily impacted by COVID-19, with declines reported across all channels, including digital down by -17.2% and magazines by -41.5%[5].
In terms of circulation, the Italian magazines market fell by 11.3% during the period[6].

Against this backdrop, the Mondadori Group retained its position as **market leader with a share in terms of value of 23.7%**[7] and as the leading **multimedia publisher in Italy** on the web, with a reach of 84%

[3] Product revenue excluding Club revenue
[4] GFK (in terms of value at June)
[5] *Nielsen*, cumulative figures at May 2020
[6] Internal source: Press-di, figures at May 2020 (newsstands + subscriptions channel) in terms of value
[7] Internal source: Press-di, figures at May 2020 (newsstands + subscriptions channel) in terms of value

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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.

(approximately 33 million unique users in May)[8], and in social media with an aggregate fan base of 33.5 million spread across 100 social profiles[9].

At 30 June 2020, **revenue in the Media Area** amounted to **€ 95.8 million** (-26.8% versus € 130.9 million in 2019). Net of the disposal of a number of titles, the decrease came to -21.5%.
Specifically:

- circulation revenue fell by approximately -23%, a performance affected by both the COVID-19 impact and the disposal of a number of titles in 2019; net of these discontinuities, the decline is estimated at approximately -9%.
- advertising revenue, of which the **digital component accounts for over 50%**, was down by approximately -42% overall.
  This is the class of revenue most affected by COVID-19 and the lockdown, which led to the cancellation of such a significant event as the *Salone del Mobile*, and a decrease in proximity marketing solutions (AdKaora). On a like-for-like basis and net of COVID-19 impacts, the change in advertising revenue would be approximately -4, -5%.
- other revenue, which includes distribution activities, fell by -9.6% versus the prior year, reflecting both the performance of the circulation market and the drop in royalties generated by the international editions of *Grazia*.

Adjusted EBITDA stood at **€ 2 million**, down by approximately € -5 million only versus first half 2019, as the marked slippage in revenue was offset by effective measures to contain operating costs.

IFRS 16 **EBIT**, which reflects the write-down and the start of the amortization process of a number of titles (for a total value of € 7.3 million), amounted to **€ -7.9 million** versus € 3.7 million in first half 2019.

§

The documentation relating to the presentation of the results at 30 June 2020, is made available through the authorized storage mechanism 1Info (www.1info.it) and in the Investors section of the Company website www.mondadori.it.

§

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

Annexes:

1. *Consolidated balance sheet;*
2. *Consolidated income statement;*
3. *Consolidated income statement - II quarter;*
4. *Group cash flow;*
5. *Glossary of terms and alternative performance measures used.*

[8] *Comscore* (May 2020)
[9] *Shareablee* (June 2020)

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Annex 1
Consolidated balance sheet

	June 2020	June 2019	*Chg. vs PY €*	*Chg. vs PY %*
TRADE RECEIVABLES	181.4	228.1	*(46.7)*	*(20.5%)*
INVENTORY	143.5	134.6	*8.9*	*6.6%*
TRADE PAYABLES	231.1	262.5	*(31.4)*	*(12.0%)*
PAYABLES TO SUBSCRIBERS	19.2	19.1	*0.0*	*0.2%*
RECEIVABLES (PAYABLES) FROM/TO AUTHORS	7.7	9.2	*(1.5)*	*(16.6%)*
DEFERRED TAX ASSETS (LIABILITIES)	17.8	21.3	*(3.5)*	*(16.2%)*
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)		93.5	*(93.5)*	*(100.0%)*
OTHER ASSETS (LIABILITIES)	2.6	(14.3)	*16.8*	*n.s.*
NET WORKING CAPITAL	**102.8**	**190.9**	***(88.1)***	***(46.2%)***
INTANGIBLE ASSETS	211.6	225.8	*(14.2)*	*(6.3%)*
PROPERTY, PLANT AND EQUIPMENT	17.9	17.6	*0.3*	*1.7%*
ASSETS FROM RIGHTS OF USE IFRS 16	86.7	101.1	*(14.4)*	*(14.2%)*
INVESTMENTS	23.7	30.0	*(6.3)*	*(21.0%)*
NET FIXED ASSETS	**339.9**	**374.5**	***(34.6)***	***(9.2%)***
PROVISIONS FOR RISKS	46.1	54.0	*(7.8)*	*(14.5%)*
POST-EMPLOYMENT BENEFITS	32.1	34.7	*(2.6)*	*(7.4%)*
PROVISIONS	**78.2**	**88.6**	***(10.4)***	***(11.7%)***
NET INVESTED CAPITAL	**364.5**	**476.8**	***(112.3)***	***(23.6%)***
SHARE CAPITAL	68.0	68.0	*0.0*	*0.0%*
RESERVES	102.0	74.6	*27.4*	*36.7%*
PROFIT (LOSS) FOR THE PERIOD	(25.0)	(1.9)	*(23.1)*	*n.s.*
GROUP EQUITY	**144.9**	**140.7**	***4.2***	***3.0%***
NON-CONTROLLING INTERESTS' EQUITY	0.1	29.9	*(29.8)*	*(99.8%)*
EQUITY	**145.0**	**170.6**	***(25.6)***	***(15.0%)***
NET FINANCIAL POSITION NO IFRS 16	130.1	204.2	*(74.1)*	*(36.3%)*
NET FINANCIAL POSITION IFRS 16	89.4	102.0	*(12.6)*	*(12.4%)*
NET FINANCIAL POSITION	**219.5**	**306.2**	***(86.7)***	***(28.3%)***
SOURCES	**364.5**	**476.8**	***(112.3)***	***(23.6%)***

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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 2

Consolidated income statement

	1H 2020		1H 2019		Chg. vs PY	Chg. vs PY %
REVENUE	**288.9**	*100.0%*	**380.0**	*100.0%*	***(91.0)***	***(24%)***
INDUSTRIAL PRODUCT COST	84.8	*29.4%*	121.4	*31.9%*	*(36.6)*	*(30%)*
VARIABLE PRODUCT COSTS	42.9	*14.9%*	54.6	*14.4%*	*(11.7)*	*(21%)*
OTHER VARIABLE COSTS	60.7	*21.0%*	74.5	*19.6%*	*(13.8)*	*(18%)*
STRUCTURAL COSTS	24.2	*8.4%*	28.1	*7.4%*	*(3.9)*	*(14%)*
EXTENDED LABOUR COST	65.5	*22.7%*	79.3	*20.9%*	*(13.8)*	*(17%)*
OTHER EXPENSE (INCOME)	(0.2)	*(0.1%)*	0.2	*0.1%*	*(0.5)*	*n.s.*
ADJUSTED EBITDA	**11.0**	***3.8%***	**21.8**	***5.7%***	***(10.9)***	***(50%)***
RESTRUCTURING COSTS	1.6	*0.6%*	1.1	*0.3%*	*0.5*	*41%*
EXTRAORDINARY EXPENSE (INCOME)	0.9	*0.3%*	0.1	*0.0%*	*0.9*	*n.s.*
EBITDA	**8.4**	***2.9%***	**20.6**	***5.4%***	***(12.2)***	***(59%)***
AMORTIZATION AND DEPRECIATION	18.2	*6.3%*	11.1	*2.9%*	*7.2*	*65%*
AMORTIZATION AND DEPRECIATION IFRS 16	7.4	*2.5%*	7.4	*1.9%*	*(0.0)*	*(1%)*
EBIT	**(17.2)**	***(6.0%)***	**2.1**	***0.6%***	***(19.3)***	***n.s.***
FINANCIAL EXPENSE AND (INCOME)	2.4	*0.8%*	(0.3)	*(0.1%)*	*2.7*	*n.s.*
FINANCIAL EXPENSE IFRS 16	1.3	*0.5%*	1.0	*0.3%*	*0.3*	*26%*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	6.6	*2.3%*		*0.0%*	*6.6*	*n.s.*
EXPENSE AND (INCOME) FROM INVESTMENTS	3.4	*1.2%*	3.0	*0.8%*	*0.4*	*12%*
EBT	**(30.9)**	***(10.7%)***	**(1.6)**	***(0.4%)***	***(29.3)***	***n.s.***
TAX EXPENSE (INCOME)	(5.9)	*(2.0%)*	3.0	*0.8%*	*(8.9)*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**(25.0)**	***(8.7%)***	**(4.6)**	***(1.2%)***	***(20.4)***	***n.s.***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS		***0.0%***	**3.9**	***1.0%***	***(3.9)***	***n.s.***
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**(25.0)**	***(8.7%)***	**(0.7)**	***(0.2%)***	***(24.3)***	***n.s.***
NON-CONTROLLING INTERESTS	**(0.0)**	***(0.0%)***	**1.2**	***0.3%***	***(1.2)***	***n.s.***
GROUP INTERESTS	**(25.0)**	***(8.7%)***	**(1.9)**	***(0.5%)***	***(23.1)***	***n.s.***

- The item *Extended Labour Cost* includes costs for collaborations and temporary employment.

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Annex 3

Consolidated income statement - II quarter

	Q2 2020		Q2 2019		Chg. vs PY	Chg. vs PY %
REVENUE	**153.6**	*100.0%*	**213.1**	*100.0%*	*(59.5)*	*(28%)*
INDUSTRIAL PRODUCT COST	40.3	*26.2%*	64.5	*30.3%*	*(24.2)*	*(38%)*
VARIABLE PRODUCT COSTS	23.7	*15.4%*	30.9	*14.5%*	*(7.2)*	*(23%)*
OTHER VARIABLE COSTS	33.8	*22.0%*	43.9	*20.6%*	*(10.1)*	*(23%)*
STRUCTURAL COSTS	12.2	*8.0%*	13.5	*6.3%*	*(1.3)*	*(10%)*
EXTENDED LABOUR COST	29.6	*19.3%*	39.9	*18.7%*	*(10.3)*	*(26%)*
OTHER EXPENSE (INCOME)	(0.1)	*(0.1%)*	0.3	*0.1%*	*(0.4)*	*n.s.*
ADJUSTED EBITDA	**14.0**	*9.1%*	**20.1**	*9.4%*	*(6.1)*	*(30%)*
RESTRUCTURING COSTS	1.1	*0.7%*	0.6	*0.3%*	*0.5*	*88%*
EXTRAORDINARY EXPENSE (INCOME)	0.3	*0.2%*	0.1	*0.0%*	*0.3*	*n.s.*
EBITDA	**12.7**	*8.2%*	**19.5**	*9.1%*	*(6.8)*	*(35%)*
AMORTIZATION AND DEPRECIATION	12.2	*7.9%*	6.3	*3.0%*	*5.9*	*93%*
AMORTIZATION AND DEPRECIATION IFRS 16	3.7	*2.4%*	3.8	*1.8%*	*(0.1)*	*(3%)*
EBIT	**(3.2)**	*(2.1%)*	**9.4**	*4.4%*	*(12.6)*	*n.s.*
FINANCIAL EXPENSE AND (INCOME)	1.4	*0.9%*	(0.2)	*(0.1%)*	*1.6*	*n.s.*
FINANCIAL EXPENSE IFRS 16	0.6	*0.4%*	0.7	*0.3%*	*(0.1)*	*(11%)*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(0.3)	*(0.2%)*		*0.0%*	*(0.3)*	*n.s.*
EXPENSE AND (INCOME) FROM INVESTMENTS	2.1	*1.4%*	1.2	*0.6%*	*0.9*	*71%*
EBT	**(7.1)**	*(4.6%)*	**7.7**	*3.6%*	*(14.7)*	*n.s.*
TAX EXPENSE (INCOME)	(1.2)	*(0.8%)*	4.4	*2.1%*	*(5.5)*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**(5.9)**	*(3.8%)*	**3.3**	*1.5%*	*(9.2)*	*n.s.*
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS		*0.0%*	(1.1)	*(0.5%)*	*1.1*	*100%*
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**(5.9)**	*(3.8%)*	**2.2**	*1.0%*	*(8.1)*	*n.s.*
NON-CONTROLLING INTERESTS	**0.0**	*0.0%*	**0.6**	*0.3%*	*(0.6)*	*(100%)*
GROUP INTERESTS	**(5.9)**	*(3.8%)*	**1.6**	*0.7%*	*(7.5)*	*n.s.*

- The item *Extended Labour Cost* includes costs for collaborations and temporary employment.

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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.

GRUPPO MONDADORI

Annex 4

Group cash flow

	LTM
ADJUSTED EBITDA (NO IFRS 16)	83.7
NWC AND PROVISIONS	(9.4)
CAPEX NO IFRS 16	(19.2)
CASH FLOW FROM OPERATIONS	**55.1**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(4.0)
TAX	(14.5)
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	(1.4)
CASH FLOW FROM ORDINARY OPERATIONS	**35.3**
RESTRUCTURING COSTS	(5.8)
EXTRAORDINARY TAX	0.3
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS AND ASSOCIATES	(4.6)
PURCHASE OF ASSETS	(0.4)
DISPOSAL OF ASSETS	58.5
OTHER INCOME AND EXPENDITURE	(9.2)
CF EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	(0.1)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**38.8**
TOTAL CASH FLOW	**74.0**
NET FINANCIAL POSITION NO IFRS 16	**(130.1)**
IFRS 16 EFFECTS IN THE PERIOD	**12.5**
FINAL NET FINANCIAL POSITION	**(219.5)**

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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 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): 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 half 2019, the following items were excluded from EBITDA:
a) Restructuring costs for a total amount of € 1.1 million, included in "Cost of personnel" in the income statement;
b) Income of a non-ordinary nature for a total of € 0.2 million and expense of a non-ordinary nature for a total of € 0.3 million, included in "Other expense (income)".

With regard to adjusted EBITDA in first half 2020, the following items were excluded from EBITDA:
a) Restructuring costs for a total amount of € 1.6 million, included in "Cost of personnel" in the income statement;
b) Expense of a non-ordinary nature for a total of € 0.9 million, included in "Sundry expense (income)" and "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.

Mondadori Group Media Relations
+39 02 7542.3159 - pressoffice@mondadori.it - mondadori.it
mondadori mondadori GruppoMondadori gruppomondadori mondadori.it/feed

Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
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.