GRUPPO MONDADORI

PRESS RELEASE

BoD APPROVES RESULTS AT 31 DECEMBER 2020

The results achieved during the year are far higher than those initially indicated and forecast and are truly outstanding, in the face of the restrictions imposed by the emergency situation

- **Net revenue € 744 million versus € 884.9 million in 2019;**
- **Adjusted EBITDA € 98.1 million versus € 110.4 million in 2019, with a 13.2% margin, up versus 2019;**
- **Group profit € 4.5 million (which includes an impairment of € 26.5 million) versus € 28.2 million in 2019;**
- **NFP before IFRS 16 improves by over 70%: down to € -14.8 million versus € -55.4 million in 2019, thanks to continued positive cash generation from ordinary operations of € 51.2 million**

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OUTLOOK

- **Revenue up slightly (low single-digit);**
- **Adjusted EBITDA with margins between 11% and 12% basically steady versus 2020, net of grants received;**
- **Sharp increase in net result;**
- **Cash flow from ordinary operations between € 40 million and € 45 million;**
- **NFP before IFRS 16 forecast positive;**
- **Financial strength allows the Group to pursue acquisition opportunities should they arise and to pave the way to a return to a dividend applied to the result of 2021**

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PROPOSED ALLOCATION OF THE PARENT COMPANY'S NET PROFIT TO THE EXTRAORDINARY RESERVE

Segrate, 18 March 2021 - 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 2020 presented by CEO Ernesto Mauri.

2020 HIGHLIGHTS

2020 was marked by the effects of the COVID-19 health emergency and the resulting application from March of containment measures that greatly curtailed economic activities and the businesses in which Mondadori operates and is a leader[1], leading to a severe economic crisis.

Against this backdrop, the **Mondadori Group** was able, on the one hand, to **benefit from the resilience shown by the Books market** - today the **major business component, contributing**

[1] From 12 March up to the end of April, the adoption of government measures to contain the pandemic led to the closure of bookstores throughout Italy, with the resulting suspension of most of the activities related to the Group's Retail business.

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92% to the Group's profitability - and, on the other, **to take a series of targeted actions in a timely and effective manner**.

These actions were aimed both at **guaranteeing its employees safe working conditions** - also by encouraging smart working - and at allowing **business continuity**.

In order to **protect Group profitability**, an effective plan was launched to **contain operating and structural costs of approximately € 48 million**, which enabled the company to **increase efficiency and sustain profitability** even in a severely deteriorated context.
The measures adopted by Management included social shock absorbers, further **actions to contain payroll costs -** such as a freeze on pay policies, the use of holidays, a hiring freeze -, significant savings on discretionary spending, such as marketing and advertising, as well as the renegotiation of lease agreements on the network of bookstores.

More specifically, mention should be made that the **books market** in 2020 showed an extraordinary **resilience**: following the gradual reopening of bookstores after the first lockdown, the segment witnessed a **steady recovery,** peaking in an approximately **17% growth in the fourth quarter** (versus the same period of 2019); with regard to the full year, the **market increased by 3.3%**.
A strong contribution to the buoyancy of the books market came from the development of the e-commerce channel, which saw double-digit growth in 2020, and from the increased penetration of digital books (e-books and audio-books), which made for 7.4% of total segment revenue.

PERFORMANCE AT 31 DECEMBER 2020

Taking account of the situation of general crisis surrounding the Group, **the results achieved in 2020 are far higher than those initially indicated and forecast and are truly outstanding, in the face of the restrictions imposed by the emergency situation.**

Consolidated revenue amounted to **€ 744 million**, down by 15.9% versus € 884.9 million in 2019. Net of the change in the scope of consolidation of the Media area from the disposal of the five titles at end 2019, revenue fell by approximately 14%, due mostly to the effects of COVID-19.

Adjusted EBITDA amounted to **€ 98.1 million**, down by € 12.3 million versus 2019 (€ 110.4 million). This performance reflects both the **significant effects of the quick response and countermeasures** implemented by the Group to tackle the consequences of COVID-19 - which enabled it to **curb operating and structural costs by approximately € 48 million** - and the grants acknowledged for the exhibitions suspended, cancelled or postponed due to the pandemic.

With regard to the Group as a whole, special mention should be made of the **profitability percentage,** amounting to **13.2% versus 12.5%** recorded in 2019, proof of the **effectiveness of the operational efforts made**.

EBITDA amounted to **€ 84.6 million**, down by approximately € 18 million versus € 102.9 million in the prior year, due to the above trends and higher non-recurring negative items totaling € 6 million.

EBIT amounted to **€ 14.8 million**, down by approximately € 48 million versus 2019, due to higher amortization, depreciation and write-downs for a total of approximately **€ 30 million**: mention should be made of the **write-down** of *TV Sorrisi e Canzoni*, other brands and goodwill for a total of **€ 26.5 million**, in addition to the start of the amortization process of *TV Sorrisi e Canzoni* (**€ 3.5**

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million). The write-off, resulting from the impairment test, is attributable mainly to the strong discontinuity in the relevant markets of the magazines business, which accelerated the downward trend in advertising sales, relating in particular to traditional print activities, and to circulation trends in the newsstands and subscriptions channels.

Consolidated profit before tax came to **€ 1.5 million** versus € 50.6 million in 2019. In addition to the above, the drop was affected also by the greater financial expense (from € 2.2 million to **€ 4.1 million**) from the recognition of two positive components in 2019: income related to the adjustment of amortized cost under IFRS 9 and a substitute tax refund.

The adjustment of the amount of the remaining investment in **Reworld Media** to the stock market price at 31 December 2020 (€ 3.17 versus € 2.75 at 31 December 2019), together with the sale of the company's shares in the fourth quarter of the year, resulted in the recognition of a capital gain of € 0.6 million.

The result of the associates (consolidated at equity) came to a negative € 7.3 million, improving however versus 2019, thanks also to the halved investment in the company that publishes Il Giornale (SEE), although largely offset by the further deterioration in the result of the other investments in the Media area (Attica Publications, SEEC) and of Mediamond, due to the economic trend.

The **Group's net profit**, after minority interests, came to **€ 4.5 million**[2] versus **€ 28.2 million** in 2019 (which included € -2.6 million from the discontinued operations of Mondadori France).

The **net financial position** before IFRS 16 at 31 December 2020 stood at **€ -14.8 million, a sharp improvement** versus € -55.4 million at end 2019, due to the **significant cash generation** recorded in the year.
The IFRS 16 net financial position stood at € -97.6 million and includes the financial payable from the application of IFRS 16, totaling € 82.8 million.

Cash flow from ordinary operations amounted to **€ 51.2 million, up** versus € 48.4 million in 2019 (continuing operations), due also to the grants[3] received, confirming the **ability of the business to steadily generate cash, even in a highly deteriorated context.**

Group employees amounted to 1,845 units**, down by approximately 9%** versus 2,018 units at 31 December 2019, as a result of the continued efforts to increase the efficiency of the individual business areas.

BUSINESS OUTLOOK

The ability demonstrated by the Mondadori Group in 2020 to react promptly to a strongly deteriorated context, as well as the financial solidity shown by the capital position at year

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[2] It should be noted that the 2020 result benefited from the recognition of tax income of € 5.5 million related to the tax receivable from the "Patent box" facility.

[3] Pursuant to Decree M.D. 521 16/11/2020 "further allocation of a portion of the emergency fund for companies and cultural institutions", intended to provide grants to art exhibition operators.

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end, give reasons, from an operational point of view, to be optimistic all in all on the future development of the business and the results that the Group can achieve in the new year.

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

More specifically, in **2021** the Mondadori Group intends to continue to **consolidate its leadership** in the **Books** area **-** both in the school textbooks and Trade publishing segments, increasing its relevance and impact on the Group's overall activities - and to **complete** its skills and solutions in the **digital** area.

As for the Group's operating-financial targets, referring to a business scope unchanged from today's:

- **Revenue and EBITDA**
  In line with the outlined strategy and in light of the relevant context, the operating targets for 2021 envisage estimates pointing to **a slight growth in revenue** (**low single-digit**) and an **adjusted EBITDA** that reflects **margins** between **11% and 12%,** in a context - in the absence of the grants received in 2020 - that shows a **substantial stability** of the Group's operating profit.
  This is the result of a renewed effort to contain costs aimed at countering the lack of temporary measures, relating primarily to payroll costs, which brought benefits to the Group last year.
- **Net profit**
  The **net result** in 2021 is expected to **grow strongly** due also to two "one-off" effects:
  - the impact on the 2020 results of the write-down of certain balance sheet items, which is currently not expected to repeat in the new year;
  - the likely resort by the Group to tax redemption on part of the intangible asset, which would give rise to recognition of a positive tax component.
- **Business Units**
  The outlook for the individual Business Units is as follows:
  - **Trade books:** the area is expected to operate in a **low growing market with a competitive publishing plan** that should enable it to achieve higher growth rates than the market and, therefore, to **increase its market share**. The increase in operating costs attributable, as mentioned, mainly to the lack of social shock absorbers, cannot be totally neutralized by the efficiency measures planned by Management, consequently, eating away, albeit moderately, the operating profit generated by the business unit;
  - **School textbooks:** the forecast of greater changes in book adoptions authorizes expectations on **market and revenue growth** for the business unit. The more subdued growth (versus the Trade area) in operating costs is neutralized by the cost-cutting policies implemented by Management, allowing the area to keep **profitability basically steady**;
  - **Museums**: the easing of COVID-19 restrictions on the management of museum activities gives reasons to suggest a **modest "restart"** and a moderate **improvement in revenue and profitability,** net of compensation and grants received in 2020;

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- **Retail**: the deep organizational and process review, the rationalization strategy on the portfolio of stores, the continued focus on the book product as part of a broader streamlined offering are expected to bring a **sharp increase in profitability**;
- **Media**: **recovery of both the print and digital advertising market** versus 2020; with overall revenue of the area in slight decline, **percentage profitability basically steady** thanks to the continued optimization of the structures, and the continued **strengthening of the digital area**.

- **Cash Flow and Net Financial Position**

  In 2021, the Group is expected to confirm the **cash-generating** capacity shown in recent years, in a 2020 year marked by adverse events. Specifically, forecasts on the new year indicate that **cash flow from ordinary operations** will range **between € 40 million and € 45 million**.

  These forecasts suggest, in the absence of transformational acquisitions and excluding the impacts of the adoption of the accounting standards under IFRS 16, a **positive consolidated net financial position** at year end.

  Conversely, taking account of the impact of IFRS 16, indications point to a **Group financial debt no greater than 0.8x adjusted EBITDA**.

  As already mentioned, financial strength gives reasons to believe that during the year the Group will be able to **firmly and actively pursue any acquisition opportunities** that may arise, as well as to pave the way for **a return to a shareholder remuneration policy from 2022**, applied to the net result of 2021.

PERFORMANCE OF BUSINESS AREAS

- ***BOOKS***

Owing to the COVID-19 emergency and the relating health measures adopted, at the end of the first half, the Trade Books market had lost 10.1% in terms of value versus 2019, the result of a reduction generated mainly in March (-29.2%) and April (-45.8%).
The **strong growth witnessed in the third quarter** (+8.4% versus 2019) **and especially in the fourth quarter** (+16.8% versus 2019) helped the market make a **strong recovery**, materializing at the end of the year in a **3.3% increase in terms of value**[4], driven mainly by the double-digit growth of the e-commerce channel.

Against this backdrop, the **Mondadori Group retained its leadership position** with a **24.8%** market share.
In 2020, **4 titles** from the Group's publishing houses **ranked among the top ten bestselling books in terms of value of the year,** and 10 titles among the top twenty[5].
In particular: "Fu sera e fu mattina" by K. Follett (Mondadori) in **first position overall**, "Insieme in cucina" by B. Rossi (Mondadori Electa), sixth, "Come un respiro" by F. Ozpetek and "La misura del tempo" by G. Carofiglio (Einaudi), ninth and tenth respectively.

In the **school textbooks** segment, whose market suffered an estimated 7% decline due to the pandemic[6], the Mondadori's Group publishing houses achieved a **market share of 22.1%, higher than** in 2019, thanks to the positive results of the 2020 adoption campaign.

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[4] GFK, December 2020 - sell-out figures in terms of market value (53 Weeks in 2020 vs. 52 Weeks in 2019)
[5] GFK, December 2020 (ranking in terms of cover value)
[6] Databank, June 2020 (revenue in terms of value net of channel discount)

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Revenue in the area in 2020 amounted to **€ 422.9 million**, down by 11.6% versus € 478.4 million of the prior year. Specifically:

- the Trade area fell by 5.6%;
- the Educational area dropped by 16.7%, due to the interruption of museum activities: owing to the restrictions to contain the pandemic, the area saw its operations severely impacted by the closure of sites and exhibitions, and by the virtual collapse of tourist travel also throughout the summer season.
  In the last quarter of the year, however, museum activities were able to benefit from grants which partly offset, at the margin level, the effects of the closures of archaeological sites and the suspension of exhibitions, and other measures to contain the contagion.

Revenue from the sale of **e-books and audiobooks**, which accounted for 7.8% of total publishing revenue in 2020, **rose sharply (+27.1%)**, driven by the lockdown period (March-May) which curtailed operations of the physical channel. **Listening hours** of the audiobook catalogue **jumped by over 87%** versus 2019, while **downloads of e-books increased by 21.9%**.

Adjusted EBITDA in the Books area stood at **€ 87.5 million** versus € 94.5 million in 2019, down mainly as a result of the negative trend of revenue from the Trade area and museum activities, only partly offset by the grants received which, net of the related provisions made, amounted to approximately € 8 million.

Reported EBITDA amounted to **€ 84.8 million** versus € 94 million in 2019, with a trend consistent with the above dynamics.

EBIT amounted to **€ 69.4 million** versus € 81.4 million in 2019, dropping more due partly to higher amortization and depreciation recognized in 2020 resulting from higher investments related to the creation of school textbooks in the Educational area.

- ***RETAIL***

As previously mentioned, the **books market** (which generates over 80% of revenue[7] in the area) showed **significant growth in 2020** versus 2019 (**+3.3%**[8]), driven mainly by the double-digit increase in sales in the e-commerce channel, which benefited from the restrictions imposed on the physical channels by the COVID-19 emergency: during the year, the authorities imposed the closure from 12 March 2020 until early May (first lockdown) of physical bookstores throughout the Country, as well as the points of sale located in shopping centres, for several public holidays and pre-holidays and on weekends in the last quarter of the year (second lockdown).

In 2020, as a result of the above government measures, the Retail area reported **revenue** of **€ 153.7 million**, down by € 33.2 million (approximately -18%) versus € 186.9 million in 2019, of which approximately half related to products other than Books.
If in the first six months of the year, sales were 27.5% lower than in the same period of 2019, **in the second half of the year, Mondadori Retail saw its performance improve** (-10.2% versus 2019), due in particular to the strong rebound of the Book product. **This rebound was achieved mostly in the third quarter,** which recorded **basically steady revenue** versus the prior year, while the final months of the year were affected by the introduction of new restrictions.

[7] Product revenue excluding Club revenue
[8] GFK (in terms of value)

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With regard to the trend of revenue by channel, mention should be made of the **improved performance of franchised stores** versus the network of directly-managed stores, whose operations were impacted more by the restrictive measures imposed by the authorities, and the **significant growth of online operations** (+47.7% versus 2019).

Despite the sharp decline in revenue, Mondadori Retail's **adjusted EBITDA** in 2020 came to a **positive € 1.3 million,** down only by € 3.8 million versus 2019.
A result achieved thanks to **heightened maintenance and renewal of the network of physical stores** (opening of **18 franchised stores and 2 directly-managed stores**), **careful cost management** and a **deep organizational and process revision** carried out in the second half of 2019 and continued even during the harshest period of the health emergency.

Reported EBITDA amounted to **€ -2.7 million** (versus € +2.9 million in 2019), due to **extraordinary items,** which mainly include restructuring costs and closure of a dispute related to IMU tax for 2013 - 2019.

EBIT (which includes, under IFRS 16, among the cost components, imputed depreciation relating to directly-managed stores) amounted to € -13 million (versus € -7.7 million in 2019) and was equally impacted by the above extraordinary components.

- ***MEDIA***

In 2020, the advertising market posted an overall 15.3% decline, heavily affected by the impact of the COVID-19 health emergency. All channels fell during the period, including digital -0.8% and magazines -36.6%[9].

The **digital advertising segment** alone showed a **clear reversal** from **third quarter 2020**, **growing by approximately 12%** in the **fourth quarter** versus the same period of the prior year.
In 2020, the magazines circulation market the in newsstands and subscriptions channels, dropped by 11.8%[10]. The add-on segment reported a negative -17.5% for add-ons bundled with magazines[11].

Against this backdrop, the Mondadori Group retained its position as **Italy's leading multimedia publisher:** in print, with a **circulation market share** of **24.2%[12]** and 10.2 million readers (6.8 million of whom women)[13]; on the web, with a reach in December of 83.5% and approximately **34 million unique users** in December 2020[14]; in social media, with an aggregate fan base of **36.5 million people** and 106 profiles[15].

In 2020, the Media area recorded revenue of **€ 197.6 million** (-23% versus € 256.6 million in 2019; -17.5% net of the titles sold at end 2019).
In the fourth quarter of the year, the drop was 18.2% (approximately -12.8% on a like-for-like basis), with a **strong upswing in digital operations** which grew by 17.3% (+20.8% on a like-for-like basis) versus fourth quarter 2019.

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[9] Nielsen, December 2020, net of search, social, classified and OTT
[10] Internal source: Press-di, December 2020 (in terms of value)
[11] Internal source: Press-di, December 2020 (in terms of value)
[12] Internal source: Press-di, December 2020 (newsstands + subscriptions channel) in terms of value
[13] Press-di, December 2020 (newsstands + subscriptions channel) in terms of value; Audipress 2020/III
[14] Comscore, December 2020
[15] Shareablee, December 2020 + internal processing on Pinterest and TikTok figures

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Specifically, in 2020:

- advertising revenue was down by a total of approximately 28%; this is the form of revenue most affected by the ongoing health emergency, which led to the cancellation in 2020 of an important event such as the Salone del Mobile. Net of scope discontinuities, the reduction would be 23%, with the print segment down -41% and **digital advertising sales basically steady** (**+0.3%** versus 2019).
  In the last quarter of the year, against the persisting decline, albeit mitigated, in revenue from print media (down by approximately -22% on a like-for-like basis), revenue from **digital** advertising **grew by approximately 21%**, as already mentioned.
- circulation revenue (newsstands and subscriptions) was down by approximately 24%, due both to the disposal of the above five titles and the impact of COVID-19; on a like-for-like basis, the fall would be approximately 14%.
- revenue from add-on products fell by approximately 26% versus 2019 (down by approximately -24% net of the disposal of the five titles).

In 2020, **digital revenue as a percentage** of the business unit's **total advertising revenue** amounted to **57%** (from 42% in 2019).

Adjusted EBITDA in the Media area amounted to **€ 7.9 million** in 2020, down by approximately € 3.3 million versus € 11.3 million in 2019.

The sharp drop in revenue was alleviated by the **effective measures to contain operating costs**, which curbed their **negative impact on profitability**, and by the **excellent result of digital operations,** which generated **higher margins than in 2019**.

Against slightly declining revenue, **digital operations** in fact recorded a growth in **adjusted EBITDA**, **up** from € 7 million to **€ 7.2 million,** with a **margin of over 20%**.

In the last quarter of 2020, Mondadori Media recorded **adjusted EBITDA** of **€ 4.7 million**, down by € 1.1 million versus the same period of the prior year, but **recovering** versus the trend seen in the first nine months of the year due to the combined effect of:

- the **positive performance of digital advertising,** which contributed in the quarter under review to an increase in margins of approximately € 1 million versus fourth quarter 2019
- the abovementioned **continued cost containment actions,** which **partly offset the decline in profitability of print operations** versus fourth quarter 2019.

Reported EBITDA amounted to **€ 3.7 million** versus € 9.4 million in 2019.

EBIT came to **€ -30.6 million** versus € 1.1 million, due to the start of amortization of *TV Sorrisi e Canzoni* (for a total annual amount of € 3.5 million) and the concurrent non-recurring write-downs of the title, other brands and goodwill for a total of € 26.5 million, which impacted only on this area.

PERFORMANCE OF ARNOLDO MONDADORI EDITORE S.P.A.

As from 1 January 2020, all the activities referring to the print and digital magazines, 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.). For a clearer understanding and comparison of results, the

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Company's income statement at 31 December 2020 is also compared with the income statement of the prior year, which is presented pro forma to take account of the changed scope due to the contribution of assets and the disposal of titles in December 2019.

The Parent Company's income statement at 31 December 2020 shows the same **profit** as in the consolidated financial statements of **€ 4.5 million** (€ 29.6 million in 2019), due to the fact that the Company has chosen to use the equity method to measure its investments in the separate financial statements.

Revenue, amounting to **€ 45.1 million**, was up versus € 38.5 million of the prior year, due mainly to the accounting of revenue recognized for services provided to the company set up in 2020, Mondadori Media S.p.A. (the Corporate and Shared Services business area and the Magazines area were included in the same company, Arnoldo Mondadori Editore S.p.A. in 2019).

Adjusted like-for-like EBITDA dropped slightly from € -0.4 million to **€ -0.9 million**, resulting mainly from higher costs related to labour management during the COVID-19 pandemic.
The year 2020 includes net negative extraordinary items of € 3.3 million, attributable mainly to M&A costs versus € 3 million in 2019.

The **Company's net profit**, after tax income of € 8.6 million recognized in 2020, which includes the tax receivable arising from the use of the "Patent box" facility of € 5.2 million, amounted to € 4.5 million (versus € 29.6 million in pro forma 2019).

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The Board of Directors of Arnoldo Mondadori Editore S.p.A. has convened the **Ordinary Shareholders' Meeting on Tuesday 27 April 2021** in first call to approve the financial statements for the year ended 31 December 2020 and, if required, **in second call for Wednesday 28 April 2021**.

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PROPOSED ALLOCATION OF THE PARENT COMPANY'S NET PROFIT TO THE EXTRAORDINARY RESERVE

The Board of Directors will propose to the **Shareholders' Meeting,** called on **Tuesday 27 April 2021** in first call (in second call on Wednesday 28 April 2021), to fully allocate to the extraordinary reserve the net profit resulting from the financial statements for the year ended 31 December 2020 of Arnoldo Mondadori Editore S.p.A., equal to € 4,502,600.02.

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SIGNIFICANT EVENTS AFTER YEAR-END

On 29 January 2021, with a view to further strengthening its foothold in the digital world, the Group completed the acquisition of **Hej!**, a company that specializes in tech advertising, a sector where Mondadori already operates successfully through AdKaora, a leading media agency in the field of mobile advertising and proximity marketing.

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On 15 February 2021, the Group completed the sale of its investment in **Reworld Media** (from the original 16.3% stake to 3.2% at 31 December 2020), realizing an overall gain of approximately € 1.1 million.

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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 22 April 2020, with the approval of the financial statements at 31 December 2020, 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 sell treasury shares refer to the opportunity to attribute to the Board of Directors the power to:

- 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 employees or members of the governing or supervisory bodies of the Company or of an associate or to Shareholders.

- **Duration**

The authorization to purchase treasury shares is set to last until the approval of the financial statements for the year ending 31 December 2021, while the authorization to sell is requested 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., with a par value of € 0.26 each, in one or more tranches in an amount freely determinable by the Board of Directors - 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.

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- **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. 1,838,326 treasury shares**, equal to 0.703% of the share capital.

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 2018-2020 PERFORMANCE SHARE PLAN: DISCLOSURE PURSUANT TO ARTICLE 84-BIS, PARAGRAPH 5 OF CONSOB REGULATION NO. 11971/1999

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The Board of Directors, on the proposal of the Remuneration and Appointments Committee, resolved to grant, effective from 14.5.2021, a total of no. 878,347 Arnoldo Mondadori Editore S.p.A. shares to 8 beneficiaries, in implementation of the provisions contained in the "2018-2020 Performance Share Plan" established by the Board of Directors on 13 March 2018 and subsequently approved by the Shareholders' Meeting on 26 April 2018 (the "2018-2020 Plan").
Mention should be made that the 2018-2020 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 2018-2020 Plan have been achieved.
The 8 beneficiaries of the 2018-2020 Plan are the Chief Executive Officer and 7 managers identified by name by the Chief Executive Officer, as delegated by the Board of Directors.
The characteristics of the 2018-2020 Plan are explained in detail in the Directors' Report to the Shareholders' Meeting of 26 April 2018 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.

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The Board of Directors, on the favourable opinion of the Remuneration Committee, approved the granting of an accelerated vesting schedule on the 2019-2021 Performance Share Plan to the Chief Executive Officer, who has decided to end office, as a more favourable condition in line with the provisions of the relevant Regulation in the event of good leaving for the specific case. Accordingly, the Chief Executive Officer will be granted no. 770,142 shares effective 14.5.2021. A return condition applies in the event that the overall results of the Plan, upon approval of the 2021 financial statements, are not in line with the targets set out in the Plan.

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With regard to the prior notice of 10 November on Ernesto Mauri's decision to end his experience as Chief Executive Officer of the Mondadori Group, the Board of Directors resolved to integrate, in terms of duration and territorial scope of application, a non-compete agreement already established during his office, in reason of the protection of Group interests, also on an international level, taking account of the priority and confidentiality needs regarding the revision of strategic priorities also following the impact of the pandemic on the relevant markets.

A supplementary agreement was finalized on a gross consideration of € 800,000, with a non-compete clause extended to the territory of the European Union and until April 2023, approved by the Board of Directors on the favourable opinions of the Remuneration Committee and the Related Party Committee.

The above agreement complies also with the parameters and limits payable of consideration for the assumption of non-compete obligations governed by the Remuneration Policy for 2021 approved by the Board of Directors.

In accordance with the above, the effectiveness of the agreement is subject to approval, pursuant to Article 123 ter of the TUF, of Section One of the Remuneration Policy by the Shareholders' Meeting called on 27 April.

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PROPOSED ADOPTION OF A 2021-2023 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 key management personnel, to submit to the approval of the Ordinary Shareholders' Meeting, the adoption of a 2021-2023 Performance Share Plan, in accordance with Article 114-bis of Legislative Decree no. 58 of 24 February 1998, intended for the Chief Executive Officer who will be appointed by the Board of Directors after the Shareholders' Meeting, 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 grant 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 2021 to 2023.

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 2021-2023 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board of Directors resolved to comply with the Corporate Governance Code for Listed Companies published by the Corporate Governance Committee in line with the best practices of listed issuers.

The Board also resolved to transpose the Code by the end of the current year and will provide disclosure to the market in the corporate governance report to be published during 2022.

The Board of Directors also approved on today's date the Guidelines on the qualitative and quantitative composition deemed optimal of the Board of Directors (hereinafter the "Guidelines"), as well as the Policy on the criteria for assessing the independence requirements of directors, including the quantitative and qualitative criteria for assessing the relevance of the relationships indicated in Recommendation 7 letters c) and d) of the Corporate Governance Code.

The above documentation is made publicly available on the website www.mondadori.it *Governance* section. The Guidelines are also made publicly available on the authorized storage mechanism 1info (www.1info.it).

REGULATION ON INCREASED VOTING RIGHTS

Notice is given that the Regulation on increased voting rights, as amended by the Board of Directors' meeting held today, in order to bring the Regulation in line with the amendments to the

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Bylaws adopted by the company on 4 March 2021, as well as with the legislative and regulatory changes regarding Post Trading, is publicly available on the website www.mondadori.it Governance section.

PUBLICATION OF DOCUMENTS

Arnoldo Mondadori Editore S.p.A. hereby announces that the notice of call of the Annual General Meeting, to be held on Tuesday 27 April 2021 in first call and, if required, in second call on Wednesday 28 April 2021, will be made publicly available at the registered office, at the authorized storage mechanism 1info (www.1info.it) and on the website www.mondadori.it (*Governance* section), together with the Directors' explanatory reports, in accordance with Article 125-ter of the TUF, on the following items on the agenda to be discussed in ordinary session: financial statements at 31 December 2020 and resolutions relating to the allocation of the result for 2020 of Arnoldo Mondadori Editore S.p.A.; authorization to purchase and dispose of treasury shares pursuant to the combined provisions of articles 2357 and 2357-ter of the Italian Civil Code; appointment of the Board of Directors; appointment of the Board of Statutory Auditors; resolutions, pursuant to Article 114-bis of the TUF on the granting of financial instruments

Also made available, in the above manners, the Information Document on the 2021-2023 Performance Share Plan, prepared in accordance with Annex 3A, under the provisions of art. 84-bis of the Issuer Regulation.

The notice of call of the AGM was published today also in the daily newspaper indicated in the notice.

The additional AGM documentation will be made available, in the manners above, within the time limits of current laws.

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

Under Legislative Decree 254/2016, the Board of Directors' 2020 Report on Operations of the Mondadori Group is also composed of the Consolidated Non-Financial Statement, a qualitative-quantitative 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 2020, 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 continuous improvement of the process, in 2020 the stakeholder engagement activity was expanded by involving the customers of Mondadori Store bookstores, who were given an online questionnaire.

In accordance with the recommendations of ESMA and CONSOB, the document presents an analytical description of the actions readily taken by the Mondadori Group for the necessary prevention to protect the health of its employees and associates, to guarantee its customers access to products and services during the lockdown period and to support the bookstores and newsstands chains.

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The results for the year ended 31 December 2020, approved on today's date by the Board of Directors, will be presented by the Mondadori Group Management to the financial community in a webcast presentation 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).

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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 - 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. statement of cash flows;*
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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Annex 1
Consolidated balance sheet

Euro/millions	2020	2019	% chg.
TRADE RECEIVABLES	192.1	222.7	*(13.7%)*
INVENTORY	111.5	120.8	*(7.7%)*
TRADE PAYABLES	238.2	273.3	*(12.9%)*
OTHER ASSETS (LIABILITIES)	(21.8)	(20.7)	*n.s.*
NET WORKING CAPITAL	**43.6**	**49.4**	***(11.7%)***
INTANGIBLE ASSETS	187.7	220.3	*(14.8%)*
PROPERTY, PLANT AND EQUIPMENT	17.0	17.9	*(5.5%)*
INVESTMENTS	20.6	28.1	*(26.8%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**225.3**	**266.4**	***(15.4%)***
ASSETS FROM RIGHTS OF USE IFRS 16	80.3	93.9	*(14.6%)*
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**305.5**	**360.4**	***(15.2%)***
PROVISIONS FOR RISKS	46.4	55.1	*(15.7%)*
POST-EMPLOYMENT BENEFITS	32.8	33.4	*(1.8%)*
PROVISIONS	**79.2**	**88.5**	***(10.5%)***
NET INVESTED CAPITAL	**270.0**	**321.3**	***(16.0%)***
SHARE CAPITAL	68.0	68.0	*0.0%*
RESERVES	99.9	73.9	*35.3%*
PROFIT (LOSS) FOR THE PERIOD	4.5	28.2	*(84.0%)*
GROUP EQUITY	**172.4**	**170.0**	***1.4%***
NON-CONTROLLING INTERESTS' EQUITY	0.0	0.0	*n.s.*
EQUITY	**172.4**	**170.0**	***1.4%***
NET FINANCIAL POSITION NO IFRS 16	14.8	55.4	*(73.3%)*
NET FINANCIAL POSITION IFRS 16	82.8	95.9	*(13.6%)*
NET FINANCIAL POSITION	**97.6**	**151.3**	***(35.5%)***
SOURCES	**270.0**	**321.3**	***(16.0%)***

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Annex 2

Consolidated income statement

Euro/millions	2020		2019		% chg.
REVENUE	**744.0**		**884.9**		***(15.9%)***
INDUSTRIAL PRODUCT COST	225.3	*30.3%*	279.4	*31.6%*	*(19.4%)*
VARIABLE PRODUCT COSTS	112.7	*15.1%*	115.5	*13.1%*	*(2.5%)*
OTHER VARIABLE COSTS	144.9	*19.5%*	168.8	*19.1%*	*(14.2%)*
STRUCTURAL COSTS	49.7	*6.7%*	60.1	*6.8%*	*(17.3%)*
EXTENDED LABOUR COST	131.3	*17.6%*	153.2	*17.3%*	*(14.3%)*
OTHER EXPENSE (INCOME)	(18.0)	*(2.4%)*	(2.6)	*(0.3%)*	*n.s.*
ADJUSTED EBITDA	**98.1**	***13.2%***	**110.4**	***12.5%***	***(11.2%)***
RESTRUCTURING COSTS	8.9	*1.2%*	6.4	*0.7%*	*39.0%*
EXTRAORDINARY EXPENSE (INCOME)	4.6	*0.6%*	1.1	*0.1%*	*299.9%*
EBITDA	**84.6**	***11.4%***	**102.9**	***11.6%***	***(17.7%)***
AMORTIZATION AND DEPRECIATION	26.8	*3.6%*	22.4	*2.5%*	*19.9%*
IMPAIRMENT AND WRITE-DOWNS	28.6	*3.8%*	3.6	*0.4%*	*n.s.*
AMORTIZATION AND DEPRECIATION IFRS 16	14.4	*1.9%*	14.6	*1.7%*	*(1.6%)*
EBIT	**14.8**	***2.0%***	**62.3**	***7.0%***	***(76.2%)***
FINANCIAL EXPENSE (INCOME)	4.1	*0.5%*	2.2	*0.2%*	*87.6%*
FINANCIAL EXPENSE IFRS 16	2.5	*0.3%*	2.4	*0.3%*	*5.2%*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(0.6)	*(0.1%)*	(1.0)	*(0.1%)*	*n.s.*
EXPENSE (INCOME) FROM INVESTMENTS	7.3	*1.0%*	8.1	*0.9%*	*(10.7%)*
EBT	**1.5**	***0.2%***	**50.6**	***5.7%***	***(96.9%)***
TAX EXPENSE (INCOME)	(3.0)	*(0.4%)*	18.6	*2.1%*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**4.5**	***0.6%***	**32.0**	***3.6%***	***(85.9%)***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	0.0	*0.0%*	2.6	*0.3%*	*(100.0%)*
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**4.5**	***0.6%***	**29.4**	***3.3%***	***(84.7%)***
MINORITIES	0.0	*0.0%*	1.2	*0.1%*	*(99.9%)*
GROUP NET RESULT	**4.5**	***0.6%***	**28.2**	***3.2%***	***(84.0%)***

Cost of personnel includes costs for collaborations and temporary employment.

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Annex 3

Consolidated income statement - fourth quarter 2020

Euro/millions	Q4 2020		Q4 2019		% chg.
REVENUE	**202.1**		**225.9**		***(10.6%)***
INDUSTRIAL PRODUCT COST	65.8	*32.5%*	74.0	*32.8%*	*(11.2%)*
VARIABLE PRODUCT COSTS	40.3	*19.9%*	29.3	*13.0%*	*37.5%*
OTHER VARIABLE COSTS	39.5	*19.5%*	41.0	*18.2%*	*(3.7%)*
STRUCTURAL COSTS	13.9	*6.9%*	18.3	*8.1%*	*(24.3%)*
EXTENDED LABOUR COST	33.0	*16.3%*	38.5	*17.0%*	*(14.1%)*
OTHER EXPENSE (INCOME)	(17.5)	*(8.6%)*	(2.2)	*(1.0%)*	*n.s.*
ADJUSTED EBITDA	**27.1**	***13.4%***	**27.0**	***12.0%***	***0.3%***
RESTRUCTURING COSTS	6.2	*3.1%*	3.4	*1.5%*	*80.7%*
EXTRAORDINARY EXPENSE (INCOME)	1.4	*0.7%*	(0.9)	*(0.4%)*	*n.s.*
EBITDA	**19.5**	***9.7%***	**24.5**	***10.8%***	***(20.3%)***
AMORTIZATION AND DEPRECIATION	7.2	*3.6%*	5.6	*2.5%*	*30.3%*
IMPAIRMENT AND OTHER WRITE-DOWNS	22.8	*11.3%*	3.3	*1.5%*	*n.s.*
AMORTIZATION AND DEPRECIATION IFRS 16	3.6	*1.8%*	3.5	*1.6%*	*2.1%*
EBIT	**(14.1)**	***(7.0%)***	**12.2**	***5.4%***	***n.s.***
FINANCIAL EXPENSE (INCOME)	0.9	*0.4%*	1.5	*0.7%*	*(42.5%)*
FINANCIAL EXPENSE IFRS 16	0.6	*0.3%*	0.6	*0.3%*	*(7.1%)*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	0.3	*0.1%*	(2.0)	*(0.9%)*	*n.s.*
EXPENSE (INCOME) FROM INVESTMENTS	2.1	*1.1%*	2.8	*1.2%*	*(24.3%)*
EBT	**(18.0)**	***(8.9%)***	**9.2**	***4.1%***	***n.s.***
TAX EXPENSE (INCOME)	(4.5)	*(2.2%)*	2.6	*1.1%*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**(13.5)**	***(6.7%)***	**6.6**	***2.9%***	***n.s.***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	0.0	*0.0%*	1.5	*0.7%*	*n.s.*
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**(13.5)**	***(6.7%)***	**5.1**	***2.3%***	***n.s.***
MINORITIES	0.0	*0.0%*	(0.0)	*(0.0%)*	*n.s.*
GROUP NET RESULT	**(13.5)**	***(6.7%)***	**5.1**	***2.3%***	***n.s.***

Cost of personnel includes costs for collaborations and temporary employment.

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Annex 4
Group cash flow

Euro/millions	2020	2019
INITIAL NFP IFRS 16	**(151.3)**	**(255.9)**
FINANCIAL LIABILITIES APPLICATION OF IFRS 16	(95.9)	(108.7)
INITIAL NFP NO IFRS 16	**(55.4)**	**(147.2)**
ADJUSTED EBITDA (NO IFRS 16)	82.4	94.5
NWC AND PROVISIONS	1.2	(5.4)
CAPEX NO IFRS 16	(21.8)	(18.4)
CASH FLOW FROM OPERATIONS	**61.9**	**70.8**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(3.7)	(1.6)
TAX	(6.9)	(20.7)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATIONS	**51.2**	**48.4**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	0.0	1.8
CASH FLOW FROM ORDINARY OPERATIONS	**51.2**	**50.3**
RESTRUCTURING COSTS	(5.2)	(5.4)
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS AND ASSOCIATES	(1.1)	(7.4)
PURCHASE/DISPOSAL	(0.5)	58.4
OTHER	(3.7)	(1.1)
CF EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	0.0	(3.0)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**(10.5)**	**41.5**
TOTAL CASH FLOW	**40.7**	**91.8**
NET FINANCIAL POSITION NO IFRS 16	**(14.8)**	**(55.4)**
IFRS 16 EFFECTS IN THE PERIOD	13.0	12.8
FINAL NET FINANCIAL POSITION	**(97.6)**	**(151.3)**

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

DESCRIPTION	2020	2019 pro forma	% chg.	Contribution of business unit 01/01/2020	2019 published
TRADE RECEIVABLES	13.7	11.0	*25.3%*	35.9	46.9
INVENTORY		0.0	*0.0%*	5.1	5.1
TRADE PAYABLES	20.8	18.8	*10.5%*	52.9	71.7
DEFERRED TAX ASSETS (LIABILITIES)	0.7	0.1	*402.8%*	(22.2)	(22.0)
OTHER ASSETS (LIABILITIES)	5.9	(0.2)	*n.s.*	(12.7)	(12.9)
NET WORKING CAPITAL	**(0.4)**	**(7.9)**	***(94.8%)***	**(46.8)**	**(54.7)**
INTANGIBLE ASSETS	7.4	9.5	*(21.7%)*	113.2	122.7
PROPERTY, PLANT AND EQUIPMENT	5.9	5.0	*19.0%*	0.4	5.4
ASSETS FROM RIGHTS OF USE IFRS 16	47.4	54.3	*(12.7%)*		54.3
INVESTMENTS	363.3	438.8	*(17.2%)*	(4.7)	434.1
NET FIXED ASSETS	**424.1**	**507.6**	***(16.5%)***	**108.9**	**616.5**
PROVISIONS FOR RISKS	5.6	12.0	*(53.2%)*	14.1	26.1
POST-EMPLOYMENT BENEFITS	2.9	3.4	*(15.5%)*	5.4	8.8
PROVISIONS	**8.5**	**15.4**	***(44.8%)***	**19.4**	**34.8**
NET INVESTED CAPITAL	**415.2**	**484.3**	***(14.3%)***	**42.6**	**526.9**
SHARE CAPITAL	68.0	68.0	*0.0%*	0.0	68.0
RESERVES	99.9	73.9	*35.3%*	0.0	73.9
PROFIT (LOSS) FOR THE PERIOD	4.5	28.2	*(84.0%)*	0.0	28.2
EQUITY	**172.4**	**170.0**	***1.4%***	**0.0**	**170.0**
NET FINANCIAL POSITION NO IFRS 16	194.1	258.8	*(25.0%)*	42.6	301.4
NET FINANCIAL POSITION IFRS 16	48.6	55.5	*(12.4%)*	0.0	55.5
NET FINANCIAL POSITION	**242.7**	**314.3**	***(22.8%)***	**42.6**	**356.9**
SOURCES	**415.1**	**484.3**	***(14.3%)***	**42.6**	**526.9**
SUBTOTAL NWC + PROVISIONS	**(8.9)**	**(23.3)**	***(61.8%)***	**(66.2)**	**(89.6)**
CHECK	**0.0**	**(0.0)**	***(155.9%)***	**0.0**	**0.0**
CHECK	**0.0**	**(0.0)**	***(155.9%)***	**0.0**	**0.0**

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

Euro/millions	2020		2019 pro forma		Chg	% chg.	2019 disposal of titles	2019 contribution of business unit	2019 published
REVENUE	**45.1**		**38.5**		***6.6***	***17.1%***	**17.2**	**172.3**	**228.0**
INDUSTRIAL PRODUCT COST	0.0	*0.0%*	(0.0)	*(0.0%)*	*0.0*	*(175.7%)*	3.8	36.4	40.2
VARIABLE PRODUCT COSTS	0.4	*0.8%*	0.0	*0.1%*	*0.3*	*709.0%*	8.7	71.3	80.0
STRUCTURAL COSTS	25.8	*57.2%*	15.8	*41.0%*	*10.0*	*63.2%*	0.4	17.1	33.3
EXTENDED LABOUR COST	20.3	*45.1%*	25.4	*66.0%*	*(5.1)*	*(20.1%)*	5.1	39.7	70.2
OTHER EXPENSE (INCOME)	(0.5)	*(1.1%)*	(2.4)	*(6.1%)*	*1.9*	*(78.6%)*	0.0	(0.3)	(2.7)
ADJUSTED EBITDA	**(0.9)**	***(2.0%)***	**(0.4)**	***(1.0%)***	***(0.5)***	***133.7%***	**(0.739)**	**8.071**	**6.9**
RESTRUCTURING COSTS	2.3	*5.1%*	2.1	*5.4%*	*0.2*	*11.1%*	0.0	1.7	3.8
EXTRAORDINARY EXPENSE (INCOME)	1.0	*2.3%*	0.9	*2.4%*	*0.1*	*12.1%*	0.0	0.5	1.4
EBITDA	**(4.2)**	***(9.4%)***	**(3.4)**	***(8.7%)***	***(0.9)***	***25.3%***	**(0.7)**	**5.9**	**1.7**
AMORTIZATION AND DEPRECIATION	4.1	*9.0%*	3.4	*8.7%*	*0.7*	*21.4%*	0.0	7.3	10.7
AMORTIZATION AND DEPRECIATION IFRS 16	5.9	*13.0%*	5.8	*15.1%*	*0.1*	*1.1%*	0.0	0.0	5.8
EBIT	**(14.2)**	***(31.4%)***	**(12.5)**	***(32.5%)***	***(1.6)***	***13.0%***	**(0.7)**	**(1.5)**	**(14.8)**
FINANCIAL EXPENSE (INCOME)	2.3	*5.1%*	2.1	*5.5%*	*0.1*	*7.0%*	0.0	0.7	2.8
FINANCIAL EXPENSE IFRS 16	1.4	*3.2%*	1.4	*3.6%*	*0.0*	*1.5%*	0.0	0.0	1.4
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(0.6)	*(1.3%)*	(1.0)	*(2.6%)*	*0.4*	*(43.6%)*	0.0	0.0	(1.0)
EXPENSE (INCOME) FROM INVESTMENTS	(13.2)	*(29.2%)*	(43.1)	*(111.8%)*	*29.9*	*(69.4%)*	0.0	0.6	(45.3)
EBT	**(4.1)**	***(9.1%)***	**28.0**	***72.7%***	***(32.1)***	***(114.7%)***	**(0.7)**	**(2.8)**	**27.3**
TAX EXPENSE (INCOME)	(8.6)	*(19.1%)*	(2.5)	*(6.5%)*	*(6.1)*	*241.6%*	0.0	(0.7)	(3.2)
RESULT FROM CONTINUING OPERATIONS	**4.5**	***10.0%***	**30.5**	***79.3%***	***(26.0)***	***(85.3%)***	**(0.7)**	**(2.1)**	**30.5**
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	0.0	*0.0%*	(2.3)	*(6.0%)*	*2.3*	*(100.0%)*	0.0	0.0	(2.3)
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**4.5**	***10.0%***	**28.2**	***73.3%***	***(23.7)***	***(84.1%)***	**(0.7)**	**(2.1)**	**28.2**
MINORITIES	0.0	*0.0%*	0.0	*0.0%*	*0.0*	*n.s.*	0.0	0.0	0.0
GROUP NET RESULT	**4.5**	***10.0%***	**28.2**	***73.3%***	***(23.7)***	***(84.1%)***	**(0.7)**	**(2.1)**	**28.2**

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GRUPPO MONDADORI

Annex 7

Arnoldo Mondadori Editore S.p.A. statement of cash flows

Statement of cash flows		
(Euro millions)	**12/31/2020**	**12/31/2019**
Result for the period	4.5	28.2
Adjustments		
Amortization, depreciation and write-downs	9.9	16.5
Income tax for the period	(8.6)	(3.2)
Stock options	0.6	1.4
Provisions and post-employment benefits	(1.0)	(3.0)
Gains (losses) from disposal of intangible assets, property plant and equipment and investments	0.0	0.0
(Income)/expense from securities valuation	(0.6)	(1.0)
(Income)/expense from measurement of investments at equity	(13.2)	(48.6)
Net financial expense (income) on loans, leases and derivative transactions	3.0	4.1
Other non-monetary adjustments to discontinued operations	-	2.3
Cash flow generated from operations	**(5.4)**	**(3.3)**
(Increase) decrease in trade receivables	(3.2)	(1.6)
(Increase) decrease in inventory	0.0	(0.2)
Increase (decrease) in trade payables	0.0	7.7
(Payment) cash in from income tax	-	8.8
Increase (decrease) in provisions and post-employment benefits	3.5	(0.7)
Net change in other assets/liabilities	(10.2)	(9.3)
Net change in discontinued operations	-	(3.7)
Net change in contribution	(66.2)	-
Cash flow generated from (absorbed by) operations	**(81.5)**	**(2.4)**
Price collected (paid) net of cash transferred/acquired	-	(0.6)
(Purchase) disposal of intangible assets	(0.9)	(9.7)
(Purchase) disposal of property, plant and equipment	(2.7)	(0.7)
(Purchase) disposal of investments	(40.2)	(5.1)
(Purchase) disposal of discontinued operations	-	45.9
Income from investments - dividends	30.0	30.0
(Purchase) disposal of securities	18.8	(12.6)
(Purchase) disposal from contribution	138.3	-
Cash flow generated from (absorbed by) investing activities	**143.2**	**47.1**
Increase (decrease) in payables to banks for loans	7.5	(102.8)
Change in other financial assets - Intercompany	(13.0)	33.6
Change in other financial liabilities - Intercompany	(23.2)	(0.5)
(Purchase) disposal of treasury shares	2.2	(2.7)
Net change in other financial assets/liabilities	105.1	(4.6)
Changes in equity from contribution	(29.4)	-
Cash in of net financial income (payment of net financial expense) on loans and transactions in derivatives	(2.1)	(4.3)
Cash flow generated from (absorbed by) discontinued operations	-	(4.7)
(Purchase) disposal from contribution	(42.7)	-
Cash flow generated from (absorbed by) financing activities	**4.4**	**(86.0)**
Increase (decrease) in cash and cash equivalents	**66.1**	**(41.2)**
Increase (decrease) in cash from contribution	**0.0**	**-**
Cash and cash equivalents beginning of period	**35.6**	**76.8**
Cash and cash equivalents end of period	**101.7**	**35.6**

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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): net result for the period before income tax, other financial income and expense, amortization, depreciation and write-downs of fixed assets. The Group also provides information on the percentage of EBITDA on net sales. EBITDA measured by the Group allows operating results to be compared with those of other companies, net of any effects from financial and tax items, and of depreciation and amortization, which may vary from company to company for reasons unrelated to general operating performance.

Adjusted gross operating profit (adjusted EBITDA): gross operating profit as explained above, net of income and expense of a non-ordinary nature such as:
(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.

Euro thousands	**2020**	**2019**
Gross Operating Profit - EBITDA (as shown in the financial statements)	***84,626***	***102,891***
Restructuring costs under “Cost of personnel" NOTE 33	8,901	6,402
Expense from acquisition and disposal of companies and business units, other (income) expense, NOTE 32 and NOTE 34	4,557	2,043
Loss (profit) from disposal of fixed assets and investments NOTE 34		-903
Adjusted Gross Operating Profit - Adjusted EBITDA (as shown in the Directors' Report on Operations)	***98,084***	***110,433***

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

Operating profit (EBT): EBT or consolidated income before tax is the net result for the period before income tax.

Result from continuing operations: net result of the Group, excluding the contribution of Mondadori France and the financial expense charged to the subsidiary in 2019.

Result from discontinued operations: net result in 2019 of Mondadori France, together with the recognition of the fair value adjustment of the disposal 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.

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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 12 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 category	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 (a)	Grant Date (b)	Purchase price of instruments, if applicable	Market price when granted (c)	Vesting period
Ernesto Riccardo Mauri	Chief Executive Officer of Arnoldo Mondadori Editore S.p.A.	24.4.18	Arnoldo Mondadori Editore S.p.A. shares	645,843	18.3.21	N.S.	1.648	1.1.2018 – 31.12.2020
Ernesto Riccardo Mauri	Chief Executive Officer of Arnoldo Mondadori Editore S.p.A.	17.4.19	Arnoldo Mondadori Editore S.p.A. shares	770,143	18.3.21	N.S.	1.648	1.1.2019 – 31.12.2020 (d)
Key management personnel of Arnoldo Mondadori Editore S.p.A.	Executives	24.4.18	Arnoldo Mondadori Editore S.p.A. shares	200,929	18.3.21	N.S.	1.648	1.1.2018 – 31.12.2020
Other employees of Arnoldo Mondadori Editore S.p.A. and its subsidiaries	Executives	24.4.18	Arnoldo Mondadori Editore S.p.A. shares	31,575	18.3.21	N.S.	1.648	1.1.2018 – 31.12.2020

(a) The number of shares refers to the actual grantings approved by the Board of Directors on 18 March 2021.
(b) The shares were granted effective as from 14 May 2021 by the Board of Directors, which met on 18 March 2021; the Remuneration and Appointments Committee expressed its proposal on 5 March 2021.
(c) 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 14 May 2021.
(d) the vesting period indicated refers to the "accelerated vesting" schedule approved by the Board of Directors, as a more favourable condition envisaged by the regulation in the event of good leaving in favour of the Chief Executive Officer. The original vesting period of the Plan is 1.1.2019-31.12.2021

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