HALF-YEAR REPORT
AT 30 JUNE 2021

GRUPPO MONDADORI

ARNOLDO MONDADORI EDITORE S.p.A.

Share capital € 67,979,168.40

Registered Office in Milan
Administrative Offices in Segrate (Milan)

HALF-YEAR REPORT AT 30 JUNE 2021

Arnoldo Mondadori Editore S.p.A.

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COMPOSITION OF CORPORATE BODIES

*Board of Directors**

Chairman
Marina Berlusconi

CEO
Antonio Porro

Directors
Pier Silvio Berlusconi
Elena Biffi**
Valentina Casella**
Francesco Currò
Alessandro Franzosi
Paola Elisabetta Galbiati**
Danilo Pellegrino
Alceo Rapagna**
Angelo Renoldi**
Cristina Rossello

*Board of Statutory Auditors**

Chairman
Sara Fornasiero

Standing Auditors
Flavia Daunia Minutillo
Ezio Maria Simonelli

Substitute Auditors
Mario Civetta
Annalisa Firmani
Emilio Gatto

** The Board of Directors and the Board of Statutory Auditors currently in office were appointed by the Shareholders' Meeting of 27 April 2021*

*** Independent Director*

MONDADORI GROUP ORGANIZATION

ARNOLDO MONDADORI EDITORE S.P.A.

Books

- Mondadori Libri S.p.A. **100%**
  - Giulio Einaudi editore S.p.A. **100%**
    - Edizioni EL S.r.l. **50%**
  - Mondadori Education S.p.A. **100%**
  - Electa S.p.A. **100%**
    - Abscondita S.r.l **80%**
  - Rizzoli Education S.p.A. **99.99%**
    - Rizzoli International Publications Inc. **100%**
  - Mach 2 Libri S.p.A.* **44.91%**

Retail

- Mondadori Retail S.p.A. **100%**

Media

- Mondadori Media S.p.A. **100%**
  - AdKaora S.r.l. **100%**
    - Hej! S.r.l. **100%**
  - Press-di S.r.l. **100%**
  - Mondadori Scienza S.p.A. **100%**
  - Direct Channel S.p.A. **100%**
    - Mediamond S.p.A. **50%**
    - Mondadori Seec (Beijing) Advertising Co.Ltd **50%**
- Attica Publications S.A. **41,98%**

Other business

- Monradio S.r.l. **20%**

Legend:

Subsidiary companies | Affiliated companies

As at 30 June 2021

* Put into liquidation

MONDADORI GROUP ORGANIZATION CHART

Marina Berlusconi*
Chairman

Antonio Porro*
Chief Executive Officer

Federico Angrisano	**Director of Communications and Media Relations**
Daniele Sacco	**Group HR and Organization Director, Legal and Corporate Affairs Director**
Alessandro Franzosi*	**Group Chief Financial Officer**
Enrico Selva Coddè	**Vice President of Mondadori Libri S.p.A. Managing Director of Mondadori Libri S.p.A. Trade area**
Antonio Porro*	**Managing Director of Mondadori Libri S.p.A. Educational area ad interim**
Carmine Perna	**Managing Director of Mondadori Retail S.p.A.**
Carlo Mandelli	**Managing Director of Mondadori Media S.p.A.**
Andrea Santagata	**Group Chief Innovation Officer and General Manager of Mondadori Media S.p.A.**
Francesca Rigolio	**Chief Diversity Officer**

As at 30 June 2021

* Members of the Board of Directors

DIRECTORS' REPORT ON OPERATIONS AT 30 JUNE 2021

MONDADORI GROUP HIGHLIGHTS IN FIRST HALF 2021

(Euro/millions)	1H 2021	1H 2020	*Chg.*
Revenue	**320.4**	**288.9**	***+31.5***
Adj. EBITDA	**21.5**	**11.0**	***+10.6***
% on revenue	*6.7%*	*3.8%*	
EBITDA	**19.0**	**8.4**	***+10.6***
EBIT	**0.2**	**(17.2)**	***+17.4***
Group net result	**4.4**	**(25.0)**	***+29.4***
Revenue	**320.4**	**288.9**	***+10.9%***
Books	168.9	145.9	*+15.8%*
Retail	69.8	59.0	*+18.3%*
Media	97.4	95.8	*+1.7%*
Corporate & Shared Services	19.7	22.1	*(11.0%)*
Intercompany	*(35.3)*	*(33.8)*	*n.s.*
Adj. EBITDA	**21.5**	**11.0**	***+10.6***
Books	19.8	10.9	*+8.9*
Retail	0.4	(2.8)	*+3.2*
Media	4.5	2.0	*+2.6*
Corporate & Shared Services	(2.6)	(0.2)	*(2.4)*
Intercompany	*(0.6)*	*1.0*	*(1.7)*
Group Equity	**178.0**	**144.9**	***+33.1***
Net Financial Position before IFRS 16	**(68.3)**	**(130.1)**	***+61.9***
Net Financial Position post IFRS 16	**(155.1)**	**(219.5)**	***+64.4***
End-of-period headcount	**1,829**	**1,930**	***(5.2%)***

** Changes in this document were calculated on amounts expressed in Euro thousands*

MAIN ELEMENTS IN MONDADORI BUSINESS AREAS

First half 2021 witnessed a **buoyant trend of the books market**, which **grew by 36.8%** versus the same period of 2020[1], consolidating the positive performance that had started in the first quarter of the current year. Even net of the distorting effects from the comparison with 2020, marked by the impacts of the pandemic, the books market confirms such an extraordinary performance: the comparison of the first six months of the current year with the same period of **2019** - totally unaffected by the pandemic[2] - **still shows an increase of 23%**.

The segment's buoyancy was driven by the increased reading propensity of Italians[3] - in 2020, the number of Italians in the 15-74 age group classified as "readers" was 61% versus 58% in the prior year, while 25% of book buyers (print, e-books and audiobooks) bought more books in 2021 versus the prior year[4] - explained also by the restrictive measures enforced to contain the pandemic, which limited access to other forms of leisure time entertainment.

As far as the Group is concerned, the **Books** segment of the Trade area benefited significantly from the above trends, recording a **30.7% increase in sell-out in terms of market value** in first half 2021, which allowed the Group to retain its **undisputed leadership at the national level**.

A result achieved thanks to the high quality of the Group's publishing plan, which enabled Mondadori in the first half to place 4 of its titles among the 10 bestsellers[5] "in terms of value", including A. Sallusti and L. Palamara's "*Il sistema*. *Potere, politica, affari: storia segreta della magistratura italiana*, the chartbuster in this first part of the year.

The **Retail** area too benefited from the strong upward trend of the books market, although the overall performance was negatively impacted by the closure or severe restriction of movement that marked the first months of the current year: if the comparison with 2020 shows for the first half of the year **a growth of 18.3%** (and of approximately **30% in the second quarter**, following the application in the months of March

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1 *GFK, June 2021 (figures in terms of market value)*

2 The comparison with 2020 is in fact affected by the closure enforced on all bookstores from March: from 12 March until the end of April, the government measures applied to contain the pandemic led in fact to the closure of bookstores across the Country; in the early stages, the online channel too had to apply restrictions on book deliveries due to the need to prioritize the distribution of staple goods.

3 *AIE, Libro Bianco del Cepell, 2021*

4 *"Il mercato del libro in Italia nei primi sei mesi del 2021"*, AIE Research Office on Pepe Research data (May 2021)

5 *GFK, June 2021 (ranking in terms of cover value)*

and April 2020 of a widespread total lockdown), the comparison with 2019 shows a drop of approximately 14%, reflecting the operational difficulties experienced in any case by the segment in this first part of the year.

Starting from the second half of May, as a result of the easing of restrictions, the physical market performed extremely well and therefore Mondadori Retail saw its revenue grow: specifically, **June** also grew versus 2019 (approximately +3%), with a **positive performance of the Book product of over 11%**, despite a reduction of 42 units in the network of stores versus June 2019.

Within the business unit, mention should be made of the **performance of the Book product, which rose by more than 22%** in the six-month period under review.

The **Media** area appears, once again, to be more and more "**digital oriented**": in first half 2021, the Group's digital activities posted a **positive growth rate in revenue (+48%), almost doubling its operating profit**, due partly to the consolidation of a new company (Hej!), which strengthened Mondadori Media's leadership in the tech-advertising segment.

Conversely, the traditional "magazines" component continued to be affected by the shrinking trend of circulation revenue and, in particular, add-on sales, affected to a greater extent by the unavailability of new products in the home video segment. Advertising revenue bucked the trend, and in the first six months, thanks to the rebound in print advertising sales in the second quarter, delivered a positive performance versus the prior year (approximately +5%).

The **museum** business continued to see its activities hit both by the restrictive measures enforced by the Government and health authorities, which prevented access to exhibitions and museum and archaeological sites, and by the sharp drop in tourist flows. Mention should be made that, to partly alleviate the difficulties faced by the segment, in the second quarter of the current year, Electa, the Group’s sector company, was granted relief by the authorities that partly offset, in terms of margins, the effects of the closures of archaeological sites and the suspension of exhibitions in the period under review.

As for the **School textbooks** business, it should be noted that the results for the first half are irrelevant, as the business unit accounts entirely for the costs of the operating structure and the production of textbooks sold during the adoption campaign (which was completed at the end of May) and accounts only partly for certain revenue from supplies to wholesalers.

Looking at **consolidated results**, in first half 2021, the Group achieved a **sharp increase in profitability**, thanks to the effects, on the one hand, of the **positive trend in revenue of the Books area and the**

recovery of the Retail area, as well as the digital component of the Media area, and, on the other, to the **continued actions to curb operating and structural costs,** implemented in particular in the traditional segment of the Media area, which brought a further **greater structural efficiency of the Group.**

This trend, together with the improved **financial performance and cash flow generated from ordinary operations**, bears further witness to **Mondadori's solidity** and the Group's ability to come out stronger from 2020, with bright aspirations on both the rest of the year and for the Group's medium-term growth prospects.

As further proof of the Group's ability to pursue opportunities for growth and development, on 12 July Mondadori signed an **agreement for the acquisition of 100% of DeAgostini Scuola S.p.A.**, implementing the repeatedly announced strategy of increasing its **focus on the core business of books**, pursued also through extraordinary transactions, which will further strengthen the Group's foothold in the educational publishing sector, where it currently operates through the publishing houses Mondadori Education and Rizzoli Education.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN FIRST HALF 2021

€ millions	June 2021		June 2020		% chg.
REVENUE	**320,4**		**288,9**		***10,9%***
INDUSTRIAL PRODUCT COST	94,6	*29,5%*	84,8	*29,4%*	*11,5%*
VARIABLE PRODUCT COSTS	50,7	*15,8%*	42,9	*14,9%*	*18,1%*
OTHER VARIABLE COSTS	66,2	*20,6%*	60,7	*21,0%*	*8,9%*
STRUCTURAL COSTS	24,6	*7,7%*	24,2	*8,4%*	*1,7%*
EXTENDED LABOUR COST	67,8	*21,2%*	65,5	*22,7%*	*3,4%*
OTHER EXPENSE (INCOME)	(4,9)	*(1,5%)*	(0,2)	*(0,1%)*	*n.s.*
ADJUSTED EBITDA	**21,5**	***6,7%***	**11,0**	***3,8%***	***96,3%***
RESTRUCTURING COSTS	1,7	*0,5%*	1,6	*0,6%*	*2,6%*
EXTRAORDINARY EXPENSE (INCOME)	0,8	*0,3%*	0,9	*0,3%*	*(11,3%)*
EBITDA	**19,0**	***5,9%***	**8,4**	***2,9%***	***126,1%***
AMORTIZATION AND DEPRECIATION	11,9	*3,7%*	12,4	*4,3%*	*(4,0%)*
IMPAIRMENT AND WRITE-DOWNS	0,3	*0,1%*	5,8	*2,0%*	*(94,8%)*
AMORTIZATION AND DEPRECIATION IFRS 16	6,6	*2,1%*	7,4	*2,5%*	*(9,9%)*
EBIT	**0,2**	***0,1%***	**(17,2)**	***(6,0%)***	***n.s.***
FINANCIAL EXPENSE (INCOME)	0,6	*0,2%*	2,4	*0,8%*	*(73,7%)*
FINANCIAL EXPENSE IFRS 16	1,1	*0,3%*	1,3	*0,5%*	*(17,9%)*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	0,4	*0,1%*	6,6	*2,3%*	*(93,2%)*
EXPENSE (INCOME) FROM INVESTMENTS	3,1	*1,0%*	3,4	*1,2%*	*(8,7%)*
EBT	**(5,1)**	***(1,6%)***	**(30,9)**	***(10,7%)***	***n.s.***
TAX EXPENSE (INCOME)	(9,4)	*(2,9%)*	(5,9)	*(2,0%)*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**4,4**	***1,4%***	**(25,0)**	***(8,7%)***	***n.s.***
MINORITIES	0,0	*0,0%*	(0,0)	*(0,0%)*	*n.s.*
GROUP NET RESULT	**4,4**	***1,4%***	**(25,0)**	***(8,7%)***	***n.s.***

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

ALTERNATIVE PERFORMANCE MEASURES

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 better evaluate the operating and financial performance of the Group, the definition of which is explained in the section “Glossary of terms and alternative performance measures used”.

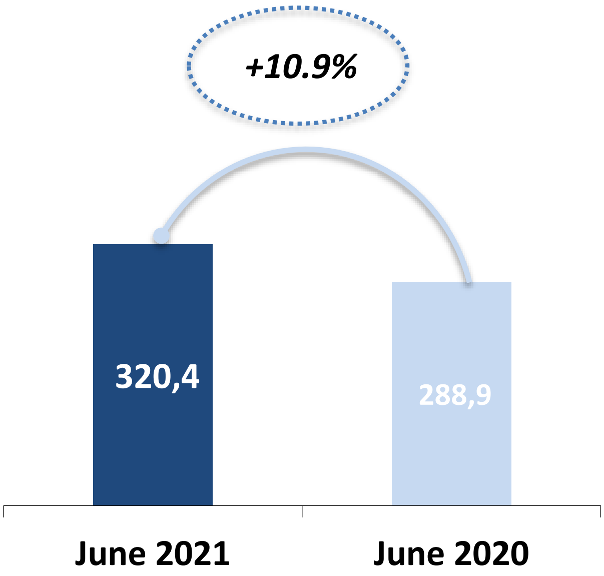
INCOME STATEMENT

REVENUE

Consolidated revenue in first half 2021 amounted to € **320.4** million, **up by 10.9%** versus € 288.9 million in the prior year, thanks in particular to the **sharp growth in the Books and Retail areas**, driven by the buoyancy of the market in the period under review. A point worth mentioning is the growth in revenue in the first half of the year versus the same period of 2020, which had seen bookstore activity in March and April impacted by the widespread and total lockdown measures ordered by the Government to counter the pandemic.

In the **Books** segment, revenue rose by **15.8%**, driven primarily by the performance of **publishers** in the Group's **Trade segment**, which largely offset the decline in activities relating to the management of museums and cultural assets, owing to the continued restrictive measures in the first months of the current year.

The **Retail** area reported **revenue growth of 18.3%**, thanks mostly to the **book** product (which **grew by approximately 22%**).



Revenue of the **Media** area saw a slight increase (**+1.7%**), thanks to the positive trend in advertising sales (approximately +28%), which more than offset the continuing decline in circulation revenue and revenue from add-on sales.

Revenue by Business Area			
(Euro/millions)	**June 21**	**June 20**	***% chg.***
Books	168,9	145,9	*15,8%*
Retail	69,8	59,0	*18,3%*
Media	97,4	95,8	*1,7%*
Corporate & Shared Services	19,7	22,1	*(11,0%)*
Total aggregate revenue	**355,7**	**322,7**	***10,2%***
Intercompany	(35,3)	(33,8)	*n.s.*
Total consolidated revenue	**320,4**	**288,9**	***10,9%***

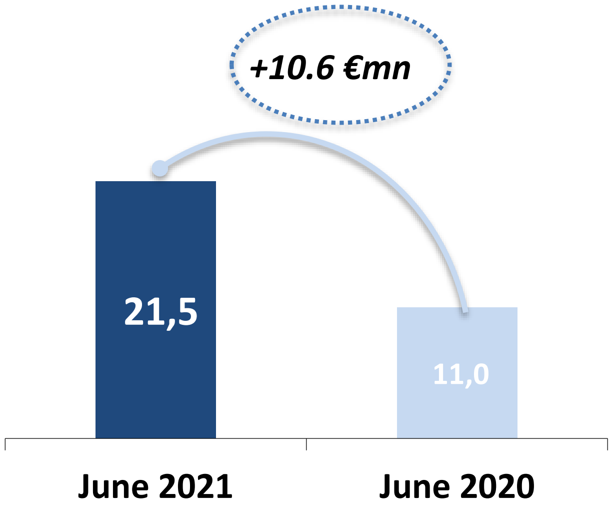
Revenue by geographical area

(Euro/millions)	**June 21**	**June 20**	***% chg.***
Italy	287,6	264,5	*8,7%*
Other EU countries	12,7	9,8	*29,6%*
Other extra EU countries	20,2	14,6	*38,1%*
Total consolidated revenue	**320,4**	**288,9**	***10,9%***

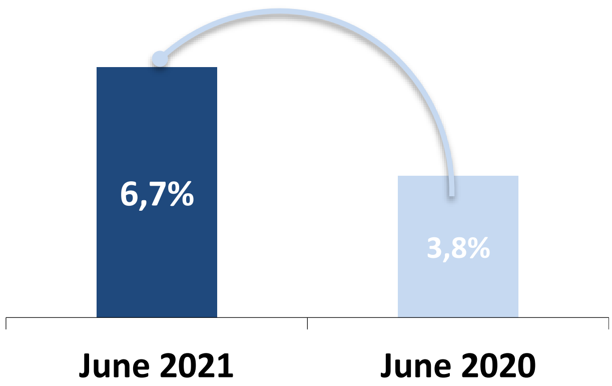
EBITDA

ies.

Adjusted EBITDA in first half 2021 amounted to a **positive € 21.5 million**, up by approximately € **11** million versus the first six months of 2020: **this positive performance** reflects, on the one hand, **the good trend in revenue recorded in the period by all business areas** and, on the other, **the ongoing efforts to curb operating and structural costs implemented by the Group**.



The **reduction in the ratio of fixed costs** (overheads and payroll costs) **to consolidated revenue** versus first half 2020 enabled the Group to achieve a **significant improvement in its margins** in the period under review **(from 3.8% to 6.7%)**.



More specifically, the various business segments achieved the following results:

- the **Books** segment saw a sharp increase in EBITDA during the period, amounting to approximately € **9** million, attributable to the **growth in revenue** in the **Trade** segment and, in part, to the relief booked during the period (approximately € 3 million, net of certain provisions), which partly offset the loss of revenue from the Group's museum

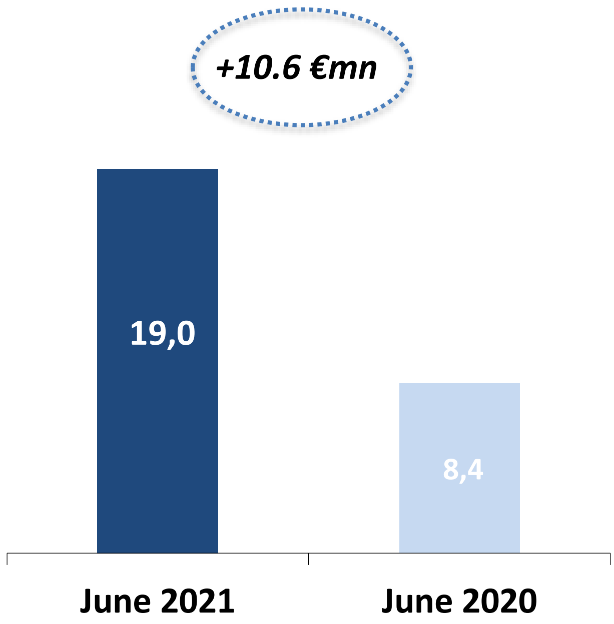
ADJUSTED EBITDA by Business Area

(Euro/millions)	**June 21**	**June 20**	***Chg.***
Books	19,8	10,9	*8,9*
Retail	0,4	(2,8)	*3,2*
Media	4,5	2,0	*2,6*
Corporate & Shared Services	(2,6)	(0,2)	*-2,4*
Intercompany	(0,6)	1,0	*-1,7*
Total ADJUSTED EBITDA	**21,5**	**11,0**	***10,6***
EBITDA margin %	***6,7%***	***3,8%***	

- the **Retail** area recorded an **improvement of € 3.2 million**, thanks to the growth posted by the book product during the period and the ongoing deep transformation and renewal of the network of physical stores, and of the organization and processes;
- the **Media** area achieved a **strong growth** versus the first six months of the prior year, amounting to **more than € 2.5 million** (up from € 2.0 million at 30 June 2020), as a result of the **continued growth of digital activities** and the ongoing cost-cutting measures that allowed it to increase the profitability of print activities;
- the **Corporate & Shared Services** area recorded a negative margin of € 2.6 million (versus € -0.2 million in first half 2020), due to a different scope of the costs of the central units subject to allocation to the business areas, as well as higher costs incurred for managing the health emergency.

Group **EBITDA** amounted to € **19** million, more than double the € 8.4 million of the prior year, showing a clear improvement attributable to the abovementioned phenomena and trends.

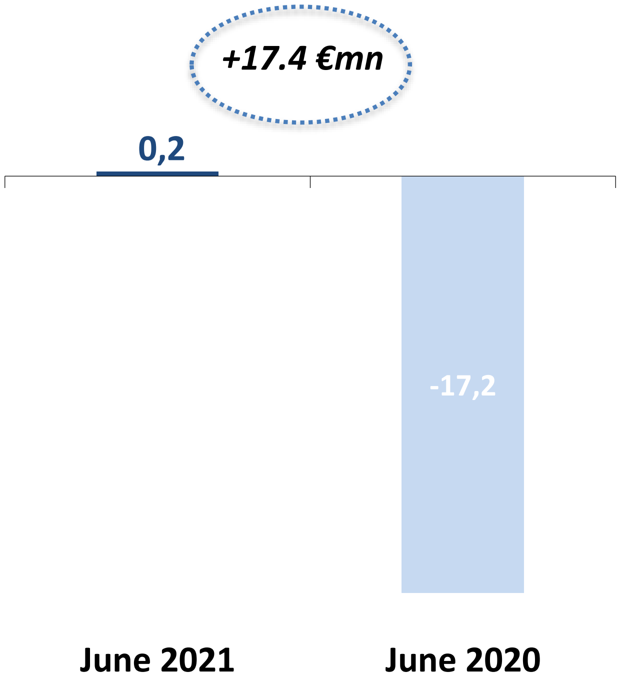
In the period under review, non-recurring expense amounted to € 2.5 million, in line with the figure for the same period of the prior year.



EBITDA by Business Area			
(Euro/millions)	**June 21**	**June 20**	***Chg.***
Books	19,3	10,3	*9,0*
Retail	0,5	(3,3)	*3,8*
Media	4,4	1,7	*2,7*
Corporate & Shared Services	(4,6)	(1,3)	*-3,3*
Intercompany	(0,6)	1,0	*-1,7*
Total EBITDA	**19,0**	**8,4**	***10,6***

EBIT

The Mondadori Group **EBIT** in first half 2021 came to operating breakeven (€ 0.2 million), an **improvement of more than € 17 million** versus the same period of 2020, attributable to the trend of the above ordinary components, to lower amortization and depreciation for a total of € 1.3 million and to the presence, in the result at 30 June 2020, of write-downs of € 5.8 million relating to the *TV Sorrisi e Canzoni* brand and the goodwill of a number of other titles in the Media area.



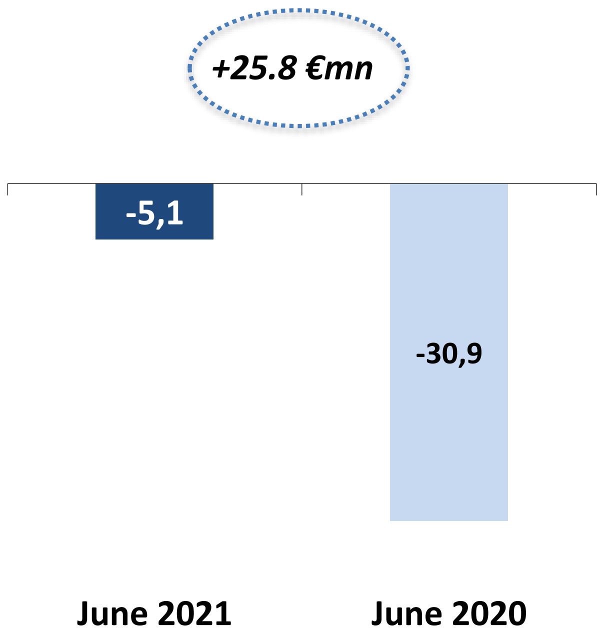
EBIT by Business Area			
(Euro/millions)	**June 21**	**June 20**	***Chg.***
Books	12,9	3,9	*9,0*
Retail	(3,7)	(8,2)	*4,4*
Media	1,0	(7,9)	*8,9*
Corporate & Shared Services	(9,3)	(6,0)	*-3,3*
Intercompany	(0,6)	1,0	*-1,7*
Total consolidated EBIT	**0,2**	**(17,2)**	***17,4***

CONSOLIDATED RESULT BEFORE TAX

The **consolidated result before tax** amounted to € **-5.1** million versus € **-30.9** million in first half 2020.

Additionally, the significant improvement is also explained by:

- the reduction of approximately € 2.0 million in financial expense (down from € **3.7** million to € **1.7** million), due to a **lower average interest rate** (down from 0.79% to 0.73%), in addition to the reduction in ancillary expense (down from 2.00% to 1.21%);
- the effects of the **sale of the investment in ReWorld Media**, completed in February 2021, which resulted in the recognition of a capital loss of € **0.4** million[6] in first quarter 2021, with a **positive change of € 6.2 million** versus a capital loss of € 6.6 million recorded at 30 June 2020;
- the result for the period of associates (consolidated at equity) came to a loss of € **-3.1** million versus € -3.4 million at 30 June 2020.

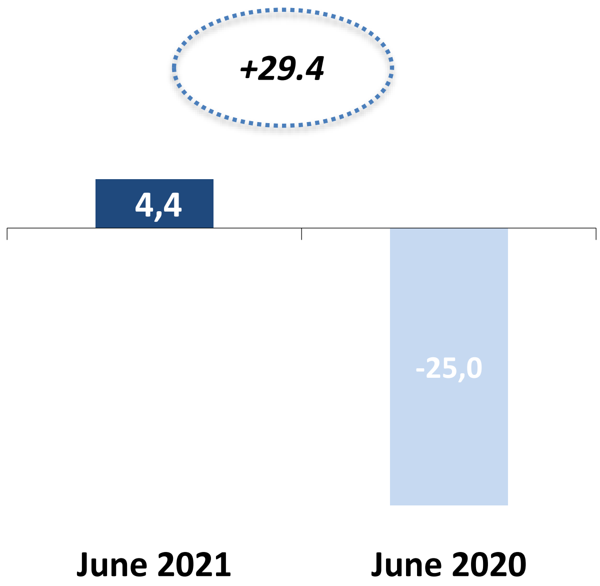


[6] The monetization of this investment generated a total gain (2019-2021) of € 1.1 million versus the original subscription value.

NET RESULT

The **Group's net profit**, after minority interests, came to € **4.4** million, a **significant recovery** from the € **-25.0** million recorded in first half 2020 (and from the loss of € 1.9 million at 30 June 2019).

Tax items for the period came to a positive € 9.4 million (€ 5.9 million at 30 June 2020), despite the increase in taxable income, due to **net non-recurring income of € 9 million** deriving from the start of the process of realigning the tax amounts of trademarks and goodwill to their respective statutory amounts (option introduced by Article 110 of Law Decree 104 of 2020).



FINANCIAL RESULTS

€ millions	June 2021	June 2020	*% chg.*
TRADE RECEIVABLES	163,5	181,4	*(9,9%)*
INVENTORY	132,4	143,5	*(7,8%)*
TRADE PAYABLES	199,2	231,1	*(13,8%)*
OTHER ASSETS (LIABILITIES)	0,3	9,0	*(96,8%)*
NET WORKING CAPITAL	**96,9**	**102,8**	***(5,8%)***
INTANGIBLE ASSETS	192,5	211,6	*(9,0%)*
PROPERTY, PLANT AND EQUIPMENT	16,5	17,9	*(7,6%)*
INVESTMENTS	16,6	23,7	*(29,8%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**225,7**	**253,2**	***(10,9%)***
ASSETS FROM RIGHTS OF USE IFRS 16	83,9	86,7	*(3,3%)*
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**309,5**	**339,9**	***(8,9%)***
PROVISIONS FOR RISKS	43,5	46,1	*(5,7%)*
POST-EMPLOYMENT BENEFITS	29,8	32,1	*(7,2%)*
PROVISIONS	**73,3**	**78,2**	***(6,3%)***
NET INVESTED CAPITAL	**333,1**	**364,5**	***(8,6%)***
SHARE CAPITAL	68,0	68,0	*0,0%*
RESERVES	105,7	102,0	*3,6%*
PROFIT (LOSS) FOR THE PERIOD	4,4	(25,0)	*n.s.*
GROUP EQUITY	**178,0**	**144,9**	***22,8%***
NON-CONTROLLING INTERESTS' EQUITY	0,0	0,1	*n.s.*
EQUITY	**178,0**	**145,0**	***22,8%***
NET FINANCIAL POSITION NO IFRS 16	68,3	130,1	*(47,5%)*
NET FINANCIAL POSITION IFRS 16	86,8	89,4	*(2,9%)*
NET FINANCIAL POSITION	**155,1**	**219,5**	***(29,3%)***
SOURCES	**333,1**	**364,5**	***(8,6%)***

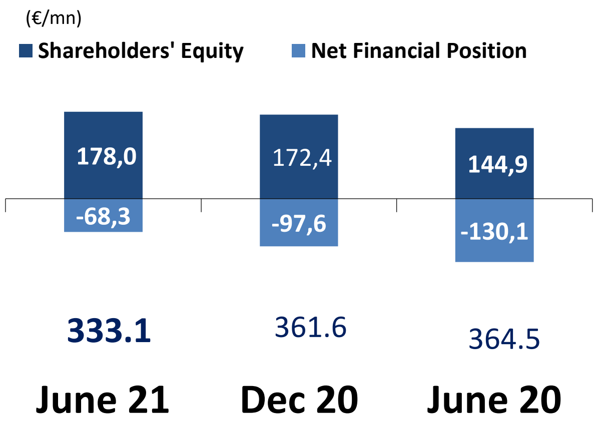
NET INVESTED CAPITAL

The Group's **Net Invested Capital** at 30 June 2021 stood at € **333.1** million, down by approximately 9% versus € 364.5 million at 30 June 2020.

Net Working Capital amounted to € **96.9** million, down by approximately **6%** versus the previous 12 months, thanks to the positive management of all its items.

Net Fixed Assets amounted to € **309.5** million, down versus € 339.9 million at 30 June 2020, due mainly to the reduction in intangible assets following the write-downs made in December 2020 on a number of Media brands.

SOURCES

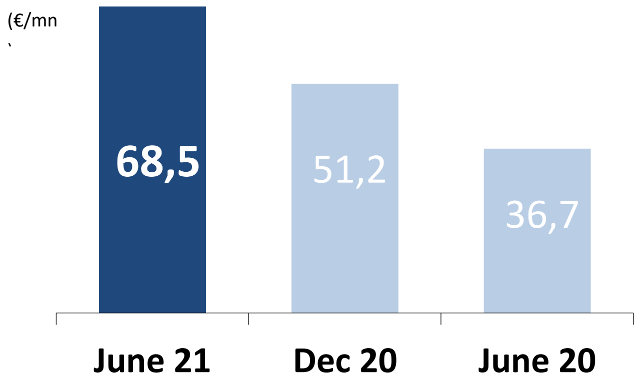


Consolidated equity increased by € 33 million, due to the improvement in the Group's net result for first half 2021 versus the same period of the prior year.

The **Net Financial Position before IFRS 16** at 30 June 2021 stood at € **-68.3** million, **down significantly by approximately 48%** versus € -130.1 million at 30 June 2020, due to the **significant cash generation recorded in the last 12 months**.

The **Net Financial Position including IFRS 16** amounted to € **-155.1** million and includes the recognition of the financial payable from the application of IFRS 16 equal to approximately € **87** million.

LTM CASH FLOW



At 30 June 2021, the **cash flow from operations** for the last twelve months came to a **positive € 81.4 million**; **cash flow from ordinary operations** (after outlays for financial expense and tax) amounted to € **68.5 million** and confirms the **Group's** positive path taken to **strengthen its financial structure,** thanks to the **business's continued ability to generate cash**.

Cash flow from extraordinary operations came to € -6.5 million and includes mainly:

- acquisitions for a total of € 6.9 million;

- restructuring costs of € 5.3 million.

PERFORMANCE BY BUSINESS AREA

(Euro/millions)	REVENUE		ADJUSTED EBITDA		EBITDA		AMORTIZATION, DEPRECIATION AND WRITE-DOWNS		EBIT	
	June 21	**June 20**	**June 21**	**June 20**	**June 21**	**June 20**	**June 21**	**June 20**	**June 21**	**June 20**
Books	168,9	145,9	19,8	10,9	19,3	10,3	(6,4)	(6,4)	12,9	3,9
Retail	69,8	59,0	0,4	(2,8)	0,5	(3,3)	(4,3)	(4,8)	(3,7)	(8,2)
Media	97,4	95,8	4,5	2,0	4,4	1,7	(3,4)	(9,6)	1,0	(7,9)
Corporate & Shared Services	19,7	22,1	(2,6)	(0,2)	(4,6)	(1,3)	(4,7)	(4,8)	(9,3)	(6,0)
Intercompany	(35,3)	(33,8)	(0,6)	1,0	(0,6)	1,0	0,0	0,0	(0,6)	1,0
TOTAL	**320,4**	**288,9**	**21,5**	**11,0**	**19,0**	**8,4**	**(18,8)**	**(25,6)**	**0,2**	**(17,2)**

The breakdown of performance by business area reflects the system used by Management to oversee Group performance, in accordance with IFRS 8.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN SECOND QUARTER 2021

€ millions	Q2 2021		Q2 2020		% chg.
REVENUE	**175,6**		**153,6**		***14,3%***
INDUSTRIAL PRODUCT COST	51,3	*29,2%*	40,3	*26,2%*	*27,4%*
VARIABLE PRODUCT COSTS	26,0	*14,8%*	23,7	*15,4%*	*9,6%*
OTHER VARIABLE COSTS	37,5	*21,4%*	33,8	*22,0%*	*11,1%*
STRUCTURAL COSTS	12,1	*6,9%*	12,2	*8,0%*	*(0,8%)*
EXTENDED LABOUR COST	32,7	*18,6%*	29,6	*19,3%*	*10,2%*
OTHER EXPENSE (INCOME)	(4,5)	*(2,5%)*	(0,1)	*(0,1%)*	*n.s.*
ADJUSTED EBITDA	**20,4**	***11,6%***	**14,0**	***9,1%***	***45,6%***
RESTRUCTURING COSTS	0,7	*0,4%*	1,1	*0,7%*	*(30,9%)*
EXTRAORDINARY EXPENSE (INCOME)	0,9	*0,5%*	0,3	*0,2%*	*184,8%*
EBITDA	**18,8**	***10,7%***	**12,7**	***8,2%***	***48,6%***
AMORTIZATION AND DEPRECIATION	6,0	*3,4%*	6,3	*4,1%*	*(5,9%)*
IMPAIRMENT AND WRITE-DOWNS	0,3	*0,2%*	5,8	*3,8%*	*(94,8%)*
AMORTIZATION AND DEPRECIATION IFRS 16	3,4	*1,9%*	3,7	*2,4%*	*(8,1%)*
EBIT	**9,2**	***5,2%***	**(3,2)**	***(2,1%)***	***n.s.***
FINANCIAL EXPENSE (INCOME)	0,0	*0,0%*	1,4	*0,9%*	*n.s.*
FINANCIAL EXPENSE IFRS 16	0,6	*0,3%*	0,6	*0,4%*	*(10,3%)*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	0,0	*0,0%*	(0,3)	*(0,2%)*	*n.s.*
EXPENSE (INCOME) FROM INVESTMENTS	1,5	*0,9%*	2,1	*1,4%*	*(28,1%)*
EBT	**7,1**	***4,0%***	**(7,1)**	***(4,6%)***	***n.s.***
TAX EXPENSE (INCOME)	(7,5)	*(4,3%)*	(1,2)	*(0,8%)*	*n.s.*
NET RESULT FOR THE PERIOD	**14,5**	***8,3%***	**(5,9)**	***(3,8%)***	***n.s.***
MINORITIES	0,0	*0,0%*	0,0	*0,0%*	*n.s.*
GROUP NET RESULT	**14,5**	***8,3%***	**(5,9)**	***(3,8%)***	***n.s.***

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

ALTERNATIVE PERFORMANCE MEASURES

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 better evaluate the operating and financial performance of the Group, the definition of which is explained in the section “Glossary of terms and alternative performance measures used”.

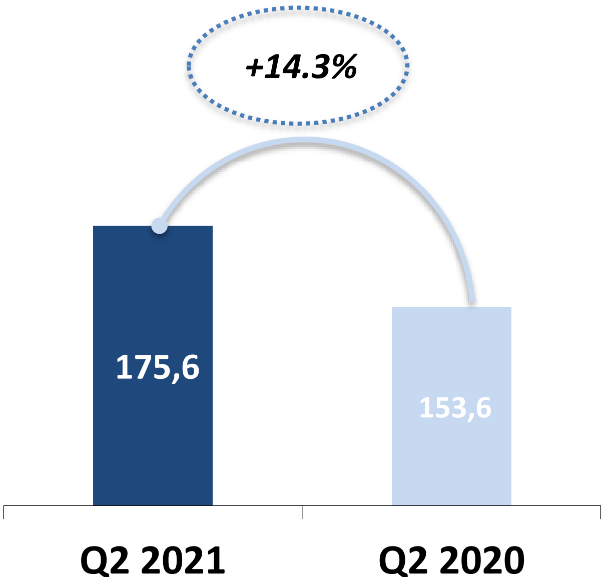
INCOME STATEMENT

REVENUE

Consolidated revenue in second quarter 2021 amounted to € **175.6** million, up by **14.3%** versus € 153.6 million of the prior year, thanks in particular to the **sharp growth in the Books market, which boosted the positive performance of the Books area and the Retail area**.

In the **Books** area, **revenue** rose by **11%**, thanks to the **strong rise in revenue generated by the Group's Trade publishing houses**, which largely offset the decline in activities relating to the management of museums and cultural assets.

The **Retail** area reported **revenue growth of 30.4%**, thanks mostly to the **book** product (which **grew by 30%**). A point worth mentioning is that the comparison with second quarter 2020 is barely meaningful as in April 2020 the business unit's activities were in every way impacted by the widespread and total lockdown measures enforced by Government.



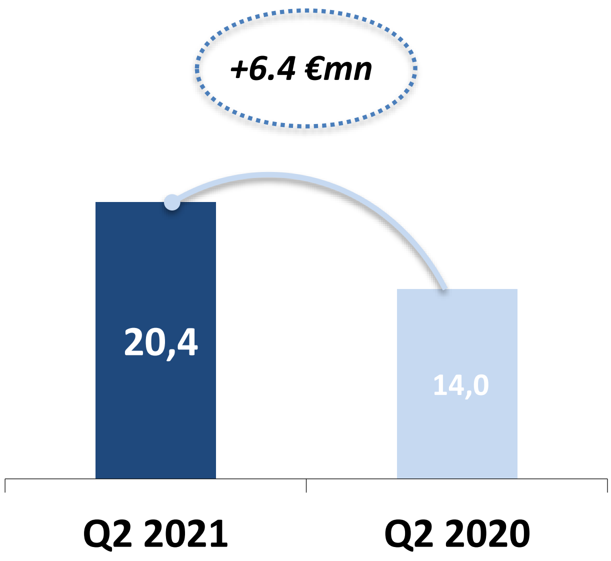
The **Media** area saw revenue rise by **12%**, reflecting a highly positive trend in advertising sales, both digital and print, which more than offset the reduction in circulation revenue and add-on sales.

Revenue by Business Area

(Euro/millions)	**Q2 2021**	**Q2 2020**	***% chg.***
Books	97,3	87,7	*11,0%*
Retail	36,4	27,9	*30,4%*
Media	50,6	45,2	*12,0%*
Corporate & Shared Services	9,9	11,0	*(9,7%)*
Total aggregate revenue	**194,3**	**171,7**	***13,1%***
Intercompany	(18,7)	(18,2)	*n.s.*
Total consolidated revenue	**175,6**	**153,6**	***14,3%***

EBITDA

Adjusted EBITDA in the period under review amounted to € **20.4** million, increasing by € **6.4** million versus second quarter 2020: **this positive performance** reflects, on the one hand, **the abovementioned brisk trend in revenue** and, on the other, the effects of the **ongoing efforts to curb operating and structural costs made by the Group**, which entirely offset the "rebound" in certain operating costs.

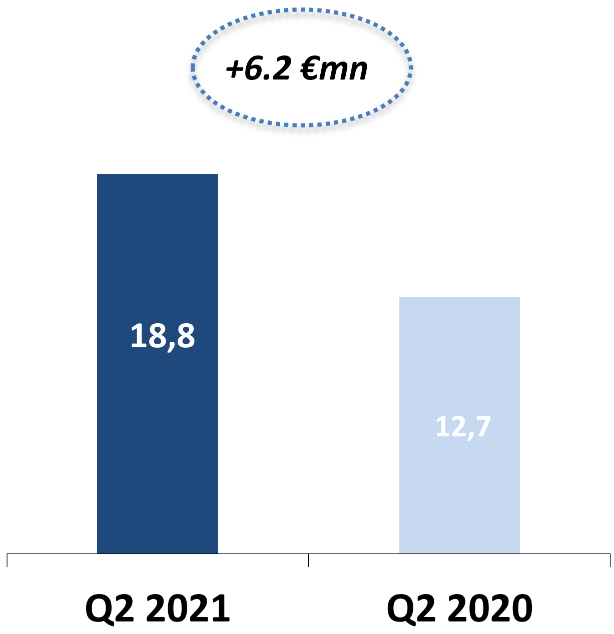


More specifically, the various business segments achieved the following results:

- the **Books** area reported a significant increase of € **3.7** million in the period, thanks also to the relief booked in the second quarter, which helped offset the collapse of the Group's activities in the museum segment;

ADJUSTED EBITDA by Business Area			
(Euro/millions)	**Q2 2021**	**Q2 2020**	***Chg.***
Books	19,2	15,5	*3,7*
Retail	0,8	(1,6)	*2,4*
Media	2,5	(0,1)	*2,6*
Corporate & Shared Services	(1,6)	(0,2)	*-1,4*
Intercompany	(0,5)	0,3	*-0,9*
Total ADJUSTED EBITDA	**20,4**	**14,0**	***6,4***
EBITDA margin %	***11,6%***	***9,1%***	

- the **Retail** area recorded an **improvement of € 2.4 million**, thanks to the remarkable performance of revenue and the deep transformation and renewal of the network of physical stores;
- the **Media** area **improved by € 2.6 million** (€ 2.5 million at 30 June 2021), as a result of the ongoing strong growth of digital activities and the continued cost containment measures in the print area;
- the **Corporate & Shared Services** area recorded a negative margin of € 1.6 million (versus a substantial balance in second quarter 2020), due to a different scope of the costs of the central structures subject to allocation to the business areas.



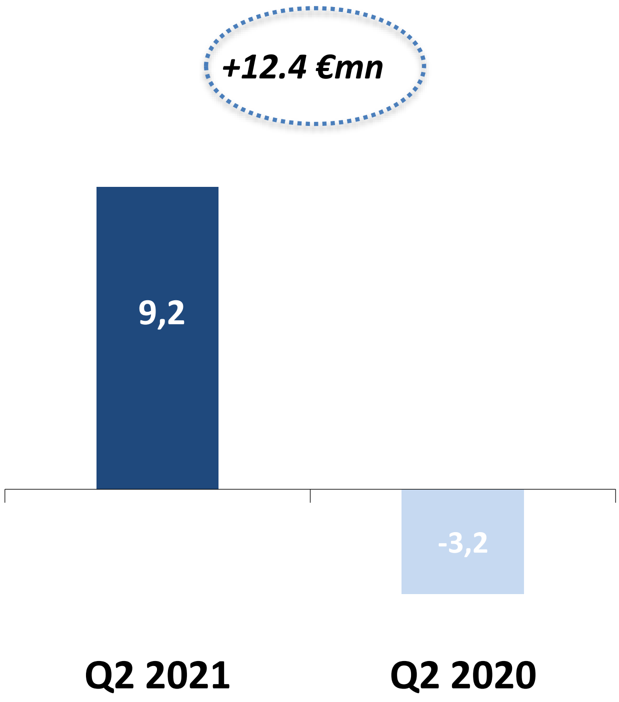
Group **EBITDA** amounted to € **18.8** million versus € 12.7 million in second quarter 2020, showing a **clear improvement**, attributable to the abovementioned phenomena and trends.

EBITDA by Business Area

(Euro/millions)	Q2 2021	Q2 2020	*Chg.*
Books	18,7	15,5	*3,2*
Retail	0,8	(2,0)	*2,8*
Media	2,4	(0,1)	*2,5*
Corporate & Shared Services	(2,6)	(1,1)	*-1,5*
Intercompany	(0,5)	0,3	*-0,9*
Total EBITDA	**18,8**	**12,7**	***6,2***

EBIT

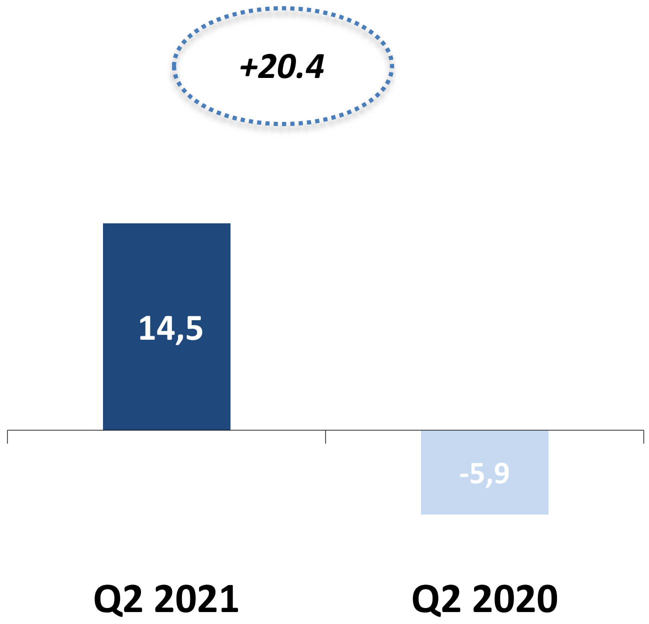
In the second quarter, the Mondadori Group **EBIT** amounted to a positive € 9.2 million, **improving by more than € 12 million** versus the same quarter of 2020, attributable to the performance of the abovementioned components, to lower amortization and depreciation of € 0.6 million, and the presence in the result at 30 June 2020 of write-downs for € 5.8 million relating to the *TV Sorrisi e Canzoni* brand and the goodwill of a number of other titles in the Media segment.



EBIT by Business Area			
(Euro/millions)	**Q2 2021**	**Q2 2020**	***Chg.***
Books	15,4	12,2	*3,2*
Retail	(1,4)	(4,4)	*3,0*
Media	0,6	(7,8)	*8,4*
Corporate & Shared Services	(5,0)	(3,5)	*-1,4*
Intercompany	(0,5)	0,3	*-0,9*
Total consolidated EBIT	**9,2**	**(3,2)**	***12,4***

NET RESULT

The **Group's net profit**, after minority interests, amounted to € **14.5** million, a **significant recovery** from the loss of € **-5.9** million in second quarter 2020. Contributing to the improved result, **non-recurring income** of **€ 9 million** from the start of the tax realignment process, previously explained in the section on the results for the first half of the year.



BOOKS

Mondadori Libri S.p.A. is the company at the head of all Group activities in the Books Area.

The Mondadori Group is Italy's market leader in the **Trade** Books Area: the publishing products that traditionally make up the core business are fiction, non-fiction, and books for young readers, both in print and electronic format. The Mondadori Group operates under various publishing brands: *Mondadori*, *Giulio Einaudi editore*, *Piemme*, *Sperling & Kupfer*, *Frassinelli*, *Rizzoli*, *BUR*, *Fabbri Editori*, *Rizzoli Lizard* and *Mondadori Electa*.

In the **Educational** segment, the Mondadori Group operates in the Italian school textbooks and, to a lesser extent, university publishing market, in art and illustrated books publishing, in the management of museum concessions and in the organization of exhibitions and cultural events.

The Mondadori Group covers the school textbooks segment through Mondadori Education and Rizzoli Education, which produce textbooks, courses, teaching tools and multimedia content for every school level, from primary school to the first and second-level secondary schools.

The publishing house publishes Electa-branded titles in the Art and Architecture areas, including exhibition catalogues, museum guides and sponsor books. In December 2019, Electa completed the acquisition of *Abscondita*, a Milan-based art literature publishing house.

The Group is also active in the United States through the publishing house Rizzoli International Publications under the brands *Rizzoli*, *Rizzoli New York*, *Rizzoli Electa* and *Universe* and with the *Rizzoli Bookstore* located in New York.

Relevant market performance

In the first half of the current year, the Trade books market posted a **sharp growth** of **36.8%**[7] versus the same period of the prior year, **strengthening the trend that had started in second half 2020**.

If the comparison with first half 2020 is affected in every way by the lockdown measures, which impacted on the operation of almost all sales channels in the months of March and April 2020, the comparison with first half 2019 bears more significance to the extraordinary trend that the Books market is experiencing: **growth in the first six months of the year versus the same period of 2019 amounted, in fact, to 23%.**

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7 *GFK, June 2021 (figures in terms of market value)*

Mention should be made that the market's positive trend in the period benefited from the expiry, in February 2021, of the **App18 bonus**[8] for 2020, which led to a concentration of book purchases by 18-year-olds in the period (80% of purchases made via the App18 were for books), while the equivalent bonus relating to the prior year expired in December 2019; the positive contribution of the bonus in first half 2021 is estimated by the Italian Publishers' Association at € 75 million.

As for the different **product** categories making up the segment, **hardcovers**, which account for approximately 84% of the market, **grew by 39.8%** versus the same period of 2020, while **paperbacks** grew slightly less (+23.2%).

Against this backdrop, Mondadori saw an **increase in sell-out in terms of market value** of **30.7%**, enabling the Group to retain its **undisputed leadership**.

Trade Market shares	30 June 2021	30 June 2020
Mondadori Group	**23.7%**	**24.8%**
GeMS Group	11.3%	10.9%
Giunti Group	7.2%	7.7%
Feltrinelli	6.0%	6.0%
DeAgostini Group	1.3%	1.5%
Sellerio	1.1%	1.4%
Other publishers	49.3%	47.7%

GFK, June 2021 (in terms of value)

As proof of the **quality of the publishing plan**, mention should be made that during the first six months of the year, the Group placed **4 titles in the top ten bestsellers in terms of value**[9]: *"Il sistema. Potere, politica, affari: storia segreta della magistratura italiana"* by A. Sallusti and L. Palamara (Rizzoli), which was the chartbuster in the opening months of the year, ranking firmly at the top, followed in third place by "*La disciplina di Penelope"* by G. Carofiglio (Mondadori), "*Io sono Giorgia"* by G. Meloni (Rizzoli), and "*Insieme in cucina*. *Divertirsi in cucina con le ricette di «Fatto in casa da Benedetta»"* by B. Rossi (Mondadori Electa).

Additionally, Donatella Di Pietrantonio's *Borgo Sud*, published by Einaudi in 2020, came second in the LXXV edition of the *Strega* in 2021.

[8] *Initiative of the Ministry of Culture (in its fifth edition) dedicated to promoting culture among young people: a voucher worth € 500 to spend on cinema, music and concerts, cultural events, books, museums, visits to monuments and archaeological parks, theatre and ballet, audiovisual publishing products, music courses, theatre courses and foreign language courses, as well as subscriptions to newspapers, also in digital format.*

[9] *GFK, June 2021 (ranking in terms of cover value)*

#	Title	Author	Publisher
1	**Il sistema. Potere, politica affari: storia segreta della magistratura italiana**	**Sallusti Alessandro, Palamara Luca**	**RIZZOLI**
2	L'inverno dei leoni. La saga dei Florio	Auci Stefania	NORD
3	**La disciplina di Penelope**	**Carofiglio Gianrico**	**MONDADORI**
4	Cambiare l'acqua ai fiori	Perrin Valérie	E/O
5	Le storie del quartiere	Lyon Gamer	MAGAZZINI SALANI
6	Una terra promessa	Obama Barack	GARZANTI
7	**Io sono Giorgia**	**Meloni Giorgia**	**RIZZOLI**
8	Finché il caffè è caldo	Kawaguchi Toshikazu	GARZANTI
9	La sorella perduta. Le sette sorelle	Riley Lucinda	GIUNTI EDITORE
10	**Insieme in cucina. Divertirsi in cucina con le ricette di «Fatto in casa da Benedetta»**	**Rossi Benedetta**	**MONDADORI ELECTA**

School textbooks experience a typical seasonal performance that sees sales squeezed in the second half of the year following the adoption campaign: as a result, official market shares are unavailable at 30 June 2021.

In the first months of the current year too, the **museum** segment continued to have its operations severely impacted by the closure of sites and exhibitions owing to the measures to contain the pandemic and by the virtual collapse of tourist travel.

Performance of the Books Area

Books *(Euro/millions)*	**June 21**	**June 20**	***Chg.***	***% chg.***
Revenue	168,9	145,9	*23,0*	*15,8%*
Adj. EBITDA	19,8	10,9	*8,9*	*81,2%*
EBITDA	19,3	10,3	*9,0*	*87,4%*
EBIT	12,9	3,9	*9,0*	*231,7%*

Revenue

(Euro/millions) **Books Revenue**	**1H 2021**	**1H 2020**	***% chg.***
Total TRADE	**109.5**	**90.0**	***+21.7%***
Education	35.8	34.4	*+3.9%*
Mondadori Electa (incl. AbsconditA)	2.5	5.8	*(56.9%)*
Rizzoli International Publications	17.7	12.7	*+39.3%*
Intercompany	*(0.2)*	*(0.1)*	
Total EDUCATIONAL	**55.8**	**52.8**	***+5.7%***
Distribution and other services	3.6	3.1	*+16.4%*
Total revenue	**168.9**	**145.9**	***15.8%***

Revenue in the first six months of 2021 amounted to € **168.9** million**, up by 15.8%** versus first half 2020, led in particular by the **sharp increase recorded by the Trade area**.

TRADE revenue

Revenue of the Trade area in the first six months amounted to € 109.5 million, up by approximately **22%** versus first half 2020, driven by the buoyant performance of the books market recorded in the period; the comparison with **first half 2019**, unaffected by the pandemic, shows an **increase of 2.5%** (€ 106.8 million at 30 June 2019).

The **Hardcover** segment saw all the Group's publishing houses release works that were truly appreciated by readers. Specifically:

- **Mondadori**: for fiction, the titles "*La disciplina di Penelope*" by G. Carofiglio, "*La città di vapore*" by C.R. Zafón, *"Sembrava bellezza"* by T. Ciabatti; for non-fiction, *"Una storia americana"* by F. Costa; for miscellaneous, "*Per tutto il resto dei miei sbagli*" by Camilla Boniardi (known on Instagram as Camihawke, an influencer boasting millions of followers), "*Normal English*" by N. Cerletti and *"Succede sempre qualcosa di meraviglioso"* by G. Gotto; for paperbacks, mention should be made of a number of new titles linked to the popular Netflix series "*La regina degli scacchi*" by W. Tevis and the various volumes by J. Quinn linked to the success of the "*Bridgerton"* series.
- **Einaudi**: the titles "*L'uomo del porto*" by C. Cassar Scalia, *"Quando tornerò"* by M. Balzano, *"Prima persona singolare"* by Murakami Haruki, *"Ultima notte a Manhattan"*

by Don Winslow. Also worth mentioning, the successful paperback edition of "*Stai Zitta*" by M. Murgia;

- **Piemme**: “*La legge dell’innocenza*” by M. Connelly in foreign fiction. For non-fiction, "*Il portavoce*" by R. Casalino, "*Tutto ma prete mai*" by D. Banzato and "*Il profumo di mio padre*" by E. Fiano. In the Children's segment, moreover, the publisher retained its leading position with the titles of *Geronimo Stilton*;
- **Sperling & Kupfer**: "*Later*" by S. King and “*Il gioco della vita*” by D. Steel for foreign fiction; for Italian fiction, volume 1 and 2 of "*365 giorni senza di te*" by Campani-Di Girolamo, inspired by a TV series; for non-fiction, a noteworthy mention goes to “*Elisabetta*. *Per sempre regina*”, the latest book by A. Caprarica, and for miscellaneous "*Max90*", by singer Max Pezzali;
- **Rizzoli**: the most successful titles published in the first months of the year include "*Il sistema*" by Sallusti-Palamara, firmly at the top of the market's top ten, published in the non-fiction segment, alongside another more recent political title, "*Io sono Giorgia*" by Giorgia Meloni and the posthumous book by Gigi Proietti "*Ndo cojo cojo*"; for Italian fiction, "*Gli occhi di Sara*" by M. De Giovanni; the miscellaneous titles include "*Era meglio il libro*" by comedian Valerio Lundini
- **Mondadori Electa**: for miscellaneous, "*Non ho niente da mettermi (tranne il sorriso)*" by E. Petrella, while for non-fiction, the latest "*Tutto Montemagno*" by the digital entrepreneur of the same name; still firmly in the market's top ten, Benedetta Rossi's latest success title "*Insieme in cucina*", published in the last quarter of 2020. In the Children’s segment, the *Me contro te* titles continue to enjoy top positions.

Educational Revenue

In first half 2021, the segment's revenue amounted to € 55.8 million, up by almost 6% versus the same period of 2020 (€ 52.8 million), driven by the positive performance of sales in the United States by the publishing house Rizzoli International and the higher sales of school products, which allowed a recovery from the effects of the closure of cultural venues due to the COVID-19 pandemic, which affected Electa's activities in the first half of the current year.

- **Education**: school textbooks generated total revenue of € 35.8 million, up by 3.9% versus the prior year (€ 34.4 million in 2020), thanks to higher revenue from top accounts, the good performance of Mondadori Education university textbooks and revenue from the training business. As in every year, revenue generated in the first half of the year accounts for only 20%

of the annual figure, due to the seasonal nature of the school business, with most of the revenue earned in the third quarter.

- **Electa**: in the first six months of 2021, revenue totaled € 2.5 million versus € 5.8 million in the prior year, down by 56.5%. One should bear in mind that the first two months of 2020 were still unaffected by the pandemic, while first half 2021 was impacted in every way by the closure of museums, bookstores and archaeological sites ordered by the Authorities, due to the continuing national health emergency, with a gradual restart of activities from the end of April, with minimal visitor volumes versus the pre-pandemic period.
- **Rizzoli International Publications** recorded revenue of € 17.7 million in the first half of the year, up by almost 40% versus the same period of 2020. In terms of local currency, the increase stands at 52.5% versus first half 2020 and at 43.5% versus first half 2019, due to the remarkable trend in sales of catalogue titles, especially on the e-commerce channel and abroad, as well as the good performance of new titles published during the year.

E-books and audiobooks

Revenue from the sale of e-books and audiobooks, which accounted for approximately **7.3% of total publishing revenue**, fell by 3.7% versus the prior year, bucking the trend of sales of print books. Specifically, listening hours of the audiobook catalogue and the number of e-book downloads, both on a strong rise in 2020 due to the closure of the physical channel, dropped by 20% and 11%, respectively, in first half 2021 versus first half 2020.

Despite the drop recorded in the first half of the year, overall digital net revenue was still more than 30% higher than in 2019.

The main e-book titles in the first six months of 2021 were "*La disciplina di Penelope*" by G. Carofiglio (Mondadori), "*Il sistema*" by Sallusti-Palamara (Rizzoli), *"Bridgerton vol.1 - Il duca e io",* "*Fu sera e fu mattina*" by K. Follett (Mondadori), *"Bridgerton vol.2 - Il visconte che mi amava"* by J. Quinn (Mondadori), "*La legge dell'innocenza*" by M. Connelly (Piemme). The most popular audiobook titles were *“Fu sera e fu mattina”* and *“I pilastri della terra”* by K. Follett.

During the year, Mondadori Libri published new digital titles, increasing its catalogue to over 28,300 e-book titles.

EBITDA

Adjusted EBITDA in the Books area amounted to € **19.8** million versus € 10.9 million in first half 2020, an **improvement of approximately € 9 million**, thanks to the positive trend in the period of revenue from the Trade segment and of Rizzoli International Publications, and to the relief received by Electa in the museum segment and booked in the first half (approximately € 3 million, net already of certain provisions).

The margins of the Books area are even more significant when compared to the same half of 2019 (€ 16.2 million), achieved thanks to the improvement of the publishing houses in the Trade segment and of Rizzoli International Publications, in the Educational segment, which largely offset the decline in the margins of the museum activities.

Reported EBITDA amounted to € 19.3 million versus € 10.3 million at 30 June 2020, while **EBIT** amounted to € **12.9** million versus € 3.9 million in first half 2020, with an upward trend consistent with the above dynamics.

RETAIL

The Mondadori Group has the largest network of bookstores in Italy, currently consisting of approximately **550 stores**, organized as follows:

Stores	June 2021	Dec. 2020	June 2020	*Chg. yoy*
Directly-managed bookstores	37	34	35	*+2*
Franchised bookstores	510	520	518	*-8*
Total	**547**	**554**	**553**	***-6***

The total number of points of sale fell by a net 6 units versus the same period of the prior year (mainly 6 small Point franchises). The number of directly-managed stores reached 37 following the new openings: two in May and two in June located inside shopping centres scattered across the Country.
The above network is completed by 51 shop-in-shops (up by 7 units) and by the online channel with the e-commerce site www.mondadoristore.it.

Relevant market performance

The Books market (which now accounts for **over 80%** of the Retail division's revenue[10]) was on a strong rise in first half 2021 versus the prior year (**up by 36.8%**[11]), thanks mainly to the e-commerce channel and driven, in terms of purchasing methods, by the COVID-19 health emergency.
The importance of the online channel in shopping habits in the first half of the year impacted negatively on Mondadori Retail's **market share**, which stood at **10.4%** (10.9% at 30 June 2020), given the small size of the Group's e-commerce activities.
Starting from the second half of May, as a result of the easing of restrictions, the physical market performed extremely well and therefore Mondadori Retail saw its revenue grow.

[10] *Product revenue excluding Club revenue*
[11] *GFK, June 2021 (figures in terms of market value)*

Performance of the Retail Area

Retail *(Euro/millions)*	**June 21**	**June 20**	***Chg.***	***% chg.***
Revenue	69,8	59,0	*10,8*	*18,3%*
Adj. EBITDA	0,4	(2,8)	*3,2*	*n.s.*
EBITDA	0,5	(3,3)	*3,8*	*n.s.*
EBIT	(3,7)	(8,2)	*4,4*	*n.s.*

Revenue

The first half was negatively impacted by the abovementioned government measures, which caused severe restrictions on sales activities until at least mid-May.

However, in the first six months of the year, the Retail area recorded revenue of € 69.8 million, up by € 10.8 million **(approximately +18.3%)** versus the same period of the prior year, due primarily to the positive performance of the **book** product (up by more than € 9 million, **approximately +22%, versus the same period of 2020)**.

A breakdown of the various business segments of Mondadori Retail shows that directly-managed stores experienced a **more modest growth (+12%) versus the prior year,** affected by their location in large populated areas of high tourist value and, as a result, particularly exposed to both competition from online sales and the virtual collapse of tourism. On the other hand, the **franchised channel**, composed mainly of proximity stores located in small towns, **grew strongly** by approximately **42%**, boosted again by the excellent performance of the book product.

The revenue trend by channel is as follows:

Retail Revenue (Euro/millions)	**1H 2021**	**1H 2020**	***% chg.***
Directly-managed bookstores	18.7	16.7	12.0%
Franchised bookstores	36.2	25.4	42.3%
Online	7.3	10.4	(30.0%)
Stores	**62.2**	**52.5**	***18.3%***
Book clubs and other	7.6	6.5	*17.9%*
Total revenue	**69.8**	**59.0**	***18.3%***

As far as the product categories are concerned:

- **books** were the main item of revenue **(over 80% of the total**), driven by the **22.1%** growth recorded in the first half of the year versus 2020, and the strategic decision to increasingly focus sales policy on this product;
- **Extra-book** sales fell, not only as a result of the pandemic, but also due to the established strategic decision to focus on products that complement the core books business.

EBITDA

In the first six months, Mondadori Retail recorded a strong improvement in **adjusted EBITDA, which amounted to € +0.4 million (€ +3.2 million** versus the same period of 2020).
This improvement is the result of the deep transformation of the company as a whole, the ongoing renewal and development of its network of physical stores, as well as careful cost management and a thorough review of the organization and processes. Targets achieved thanks to the constant efforts made on product innovation and the expansion of the range of publishing initiatives, accompanied by new services and communication formats for customers and partners. The structural actions adopted over the past few years have resulted in a marked improvement in the company's operating and financial performance, with improved figures also versus the same period of 2019.

Reported EBITDA closed on a positive tone (€ +0.5 million versus € -3.3 million in first half 2020) and was on a strong rise **(€ +3.8 million**).

EBIT came to € -3.7 million (€ -8.2 million in first half 2020), recording a significant improvement **(€ +4.4 million**).

MEDIA

As from 1 January 2020, all the activities referring to Mondadori Group magazines and websites, as well as the investments in the Magazines Italy Area, were transferred to Mondadori Media S.p.A. (100% owned by Arnoldo Mondadori Editore S.p.A.).

More specifically, the business unit transferred to Mondadori Media S.p.A. comprises:

- the print+digital magazines and relating shared services;
- the subsidiaries Direct Channel S.p.A. (100%), Press-di Distribuzione Stampa e Multimedia S.r.l. (100%), Adkaora S.r.l. (100%), Mondadori Scienza S.p.A. (100%) and the subsidiaries Mediamond (50%), Attica Publications S.A. (41.98%) and Mondadori Seec (Beijing) Advertising Co. Ltd (50%), publisher of the magazine *Grazia* in China.

Relevant market performance

The relevant market performed as follows in first half 2021:

- in the first five months, the **advertising market** posted a notable increase of **23.7%** versus the same period of 2020, greatly affected by the pandemic; looking at the trends of the individual segments: **digital +27.2%**, **TV +30.4%**, **newspapers +7.8%**, **radio +22.1%** and **magazines -2.9%**[12];
- the **magazines circulation market** declined by **8.1%**[13]**;**
- the **add-on sales market** reported a negative **5.7%** (-22.1% for add-ons bundled with magazines, +3.1% for those with newspapers)[14].

Mondadori's market share (in magazine circulation), as a result of a slightly better performance than the core market, stood at **23.7%**, up slightly versus 23.3% recorded in May of the prior year[13].

In 2021, the Mondadori Group, as **Italy's top multimedia publisher**, continued its efforts to engage readers and users and strengthen communities across all media:

- in print with **10.4 million readers**[15] **(6.8 million women)**;
- on the web with an average reach for the first five months of **80%** (approximately **32.4** million average unique users, +1.4% versus the same period of 2020)[16];
- in social media with a fanbase at 30 June 2021 of **41.4** [17] million and **112** profiles.

[12] Nielsen, May 2021
[13] Internal source: Press di, May 2021, in terms of value
[14] Internal source: Press di, May 2021, in terms of value
[15] Audipress I, 2021
[16] Comscore, May 2021, average figure for first 5 months

In the **digital** area, Mondadori Media was once again the **leading** publisher in segments with high sales value and audience figures:

- wellness with ***MyPersonalTrainer***: 16.2 million unique users in May[18], and an aggregate fanbase of 1.9 million[19];
- parenting with ***NostroFiglio***: 2.4 million unique users in May, thanks to a completely revamped site and an aggregate fanbase of 1.3 million at June 2021;
- the women's&lifestyle segment with the network ***DonnaModerna***: 8.1 million unique users in May, and an aggregate fanbase of 3.6 million at June 2021, thanks also to the contribution of two recently acquired Instagram accounts;
- food with ***GialloZafferano:*** 19.7 million unique users in the month of May and an aggregate fanbase of 14.5 million in Italy, while the growth abroad of GialloZafferano and the Blog pages counts a fanbase of 4.8 million.

Performance of the Media Area

Media *(Euro/millions)*	**June 21**	**June 20**	***Chg.***	***% chg.***
Revenue	97,4	95,8	*1,6*	*1,7%*
Adj. EBITDA	4,5	2,0	*2,6*	*128,9%*
EBITDA	4,4	1,7	*2,7*	*164,6%*
EBIT	1,0	(7,9)	*8,9*	*n.s.*

Revenue

The Media area reported revenue of € **97.4** million in the first six months of 2021, **up by 1.7%** versus the same period of the prior year. **Digital advertising activities**, which account for approximately **19%** of the area's total **revenue** (up from approximately 13% in June 2020), posted a **sharp growth of 48%** in the first half**,** driven also by the consolidation of Hej!, active in the tech advertising segment acquired in January 2021, net of which **growth** would stand at **25.7%**.

[17] Shareablee + internal processing
[18] Comscore, May 2021
[19] Shareablee (for Facebook, Instagram, Youtube and Twitter) + internal processing (for Pinterest and TikTok)

Media *(Euro/millions)*	**1H 2021**	**1H 2020**	***% chg.***
Circulation	34.8	37.2	*(6.4%)*
Add-on sales	12.3	16.8	*(27.0%)*
Print Advertising	10.8	10.3	*4.8%*
Digital Advertising	18.0	12.2	*47.9%*
Total Advertising	28.8	22.5	*28.2%*
Distribution/Other revenue	21.5	19.3	*11.1%*
Total revenue	**97.4**	**95.8**	***1.7%***

Specifically

- **Circulation** revenue (newsstands + subscriptions) fell by **6.4%**; within the Group's portfolio of brands, television titles performed better (with an overall decline in circulation of approximately 3%), while the *CasaFacile* brand grew by approximately 14%.
- Revenue from **add-on products** (DVDs, CDs, gifts and books), bundled with Mondadori magazines, was down by approximately **27%** versus first half 2020, although less than the drop recorded in the second quarter (-16.6%); the decline was attributable mainly to the lack of successful initiatives in the musical product area versus the prior year, which benefited from the good response to the *Queen* series and the *Pooh* series. Generally speaking, the negative effects from the reduced availability of DVD titles continued, due to the lack of film releases caused by the persisting pandemic.
- **Advertising** revenue - amounting to approximately € 29 million - **grew** by approximately **28%** overall (up by 16% excluding the contribution of the acquisition of Hej!), or by **over 50% in the second quarter** (up by 41% on a like-for-like basis), a performance that benefited from the comparison with a quarter negatively affected by the pandemic:
    - **digital** activities **grew by 25.7% on a like-for-like basis** while, including the contribution of the newly-acquired Hej!, the increase versus the first half of the prior year stands at approximately **48%**;
    - **print** advertising sales **rose** by approximately **5%**, a performance that benefited from the comparison with a six-month period negatively affected by the pandemic.

A point worth mentioning is that **digital revenue** now accounts for **63%** of total advertising revenue (from 54% in 1H 2020).

- Other revenue, which includes revenue from distribution activities, increased by **11.1%** versus the first half of the prior year, reflecting both the positive performance of international editions (*Grazia* in particular) and growth in newsstand distribution and subscriptions by the third-party publishers distributed.

EBITDA

Adjusted EBITDA in the Media area amounted to € 4.5 million, up sharply versus the first six months of 2020 (€ 2.0 million), thanks in particular to the **development of digital activities** and the **continued efforts to curb operating costs**, which contributed to the increase in profitability of print activities: the overall EBITDA margin improved from 2% to approximately 5% in first half 2021.

Reported EBITDA amounted to € **4.4** million, up versus € 1.7 million in first half 2020.

EBIT came to a positive € **1.0** million versus a negative € 7.9 million at 30 June 2020, as a result of the start of the amortization of *TV Sorrisi e Canzoni* and other titles.

CORPORATE & SHARED SERVICES

The **Corporate & Shared Services** segment includes - besides the Group's top management organizations - the Shared Services functions providing services to Group companies and the different business areas.

These services are mainly associated with activities regarding: Administration, Management Control and Planning, Treasury and Finance, Purchasing, IT, Human Resources, Logistics, Legal and Corporate Affairs, and External and Institutional Relations.

Revenue comes basically from services provided to subsidiaries and associates which, in first half 2021, fell by € 2.4 million, as a result of lower costs of the central units attributable to the continued efficiency actions, and to a different allocation of costs of the top structures to the business areas.

Adjusted EBITDA for the area came to a negative € **2.6 million** (a negative € 0.2 million in first half 2020), due to the abovementioned different criteria for allocating charges to the business areas and the costs incurred for managing the emergency (anti COVID-19 antigen swabs) and smart-working management.

Including non-recurring items, **EBITDA** amounted to € **-4.6** million, down versus the first half of the prior year (€ -1.3 million), due partly to the supplementary agreement to the non-compete clause, amounting to € 800,000[20], awarded to the previous CEO at the end of his term of office, as well as costs incurred for certain M&A activities.

EBIT of the Area amounted to € **-9.3** million (€ -6.0 million in 1H 2020).

Corporate & Shared Services				
(Euro/millions)	**June 21**	**June 20**	***Chg.***	***% chg.***
Revenue	19,7	22,1	*(2,4)*	*(11,0%)*
Adj. EBITDA	(2,6)	(0,2)	*(2,4)*	*n.s.*
EBITDA	(4,6)	(1,3)	*(3,3)*	*n.s.*
EBIT	(9,3)	(6,0)	*(3,3)*	*n.s.*

[20] *Non-compete clause extended within the European Union and until April 2023.*

BALANCE SHEET

The **Mondadori Group's Net Financial Position**, **excluding the impact of IFRS 16**, stood at € **-68.3** million at 30 June 2021, **improving significantly by 48%** (approximately € +62 million) versus € -130.1 million at 30 June 2020.

Posizione finanziaria netta *(Euro/milioni)*	**Giu 21**	**Giu 20**	**Dic 20**
Cassa ed altre disponibilità liquide equivalenti	48,1	27,5	110,2
Attività (passività) in strumenti finanziari derivati	(0,8)	(1,0)	(0,8)
Altre attività (passività) finanziarie	4,7	24,3	13,8
Finanziamenti (breve e medio/lungo termine)	(120,2)	(180,9)	(138,0)
Attività (passività) finanziarie destinate alla dismissione	0,0	0,0	0,0
Posizione finanziaria netta escluso IFRS16	**(68,3)**	**(130,1)**	**(14,8)**
Debiti finanziari IFRS16	(86,8)	(89,4)	(82,8)
Posizione finanziaria netta totale	**(155,1)**	**(219,5)**	**(97,6)**

IFRS 16 NFP stood at € **-155.1 million** and includes the IFRS 16 impact of € -86.8 million; the improvement versus June 2020 is approximately € 64 million.

The overall credit lines available to the Group at 30 June 2021 amounted to € 711.2 million, € **450.0 million** of which **committed**.

The Group’s short-term loans, amounting to € 261.2 million, € 30.0 million of which drawn down at 30 June 2021, included overdraft credit lines on current accounts, advances subject to collection and "hot money" flows.

The Group refinanced its committed lines of credit, repaying the existing lines by signing a new loan agreement on 11 May 2021 with a pool of banks (Banco BPM, BNL, Intesa Sanpaolo and Unicredit) totaling € 450.0 million and maturing on 31 December 2026:

(Euro/millions)	**Line of Credit**		**Of which: unutilized**	**Of which with interest rate hedge**
Term Loan A	95.0	(1)	-	95.0
RCF	125.0	(2)	125.0	-
Acquisition Line C	230.0	(3)	230.0	-
Total	**450.0**		**355.0**	**95.0**

(1) Maturities: 6 equal instalments of € 15.8 million, maturing on 31 December each year until 31 December 2026
(2) Bullet loan, coming to maturity on 31 December 2026
(3) Final maturity on 31 December 2026, availability period until end of April 2023; repayment in equal instalments equal to 1/3 of the drawn amount of the line as from 31 December 2024

The Group's **NFP** and the relating **LTM cash flow** are detailed below:

€ millions	LTM Jun 21	Dec. 2020
INITIAL NFP IFRS 16	**(219,5)**	**(151,3)**
FINANCIAL LIABILITIES APPLICATION OF IFRS 16	(89,4)	(95,9)
INITIAL NFP NO IFRS 16	**(130,1)**	**(55,4)**
ADJUSTED EBITDA (NO IFRS 16)	93,7	82,4
NWC AND PROVISIONS	10,1	1,2
CAPEX NO IFRS 16	(22,4)	(21,8)
CASH FLOW FROM OPERATIONS	**81,4**	**61,9**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(2,4)	(3,7)
TAX	(10,5)	(6,9)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATIONS	**68,5**	**51,2**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OP	0,0	0,0
CASH FLOW FROM ORDINARY OPERATIONS	**68,5**	**51,2**
RESTRUCTURING COSTS	(5,3)	(5,2)
EXTRAORDINARY TAX	3,7	0,1
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS ANI	(0,2)	(1,1)
PURCHASE/DISPOSAL	(6,9)	(0,5)
OTHER INCOME AND EXPENDITURE	2,1	(3,8)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**(6,5)**	**(10,5)**
TOTAL CASH FLOW	**61,9**	**40,7**
NET FINANCIAL POSITION NO IFRS 16	**(68,3)**	**(14,8)**
IFRS 16 EFFECTS IN THE PERIOD	2,4	13,0
FINAL NET FINANCIAL POSITION	**(155,1)**	**(97,6)**

Cash generation over the last 12 months is structured as follows.

- **Cash flow from ordinary operations closed with a positive € 68.5 million**, increasing sharply versus the figure recorded in December 2020, thanks to greater profitability of the businesses and a more positive trend in net working capital: the figure includes € 81.4 million deriving from operations, after deducting tax and financial expense for a total of € 12.9 million; cash flow from operations is the result of **operating income of approximately € 94 million**, capital expenditure for approximately € 22 million, and positive net working capital dynamics (including provisions) for € 10 million, attributable mainly to the Retail area.

- **Cash flow from non-ordinary operations came to € -6.5 million** and included mainly:
    - the **acquisition**, in the Media area, of Hej!, specialized in tech-advertising, for € **6.9** million;
    - the cash in of **extraordinary tax** for € **3.7** million from the tax receivable related to the "Patent Box" facility for the years 2015-2018;
    - outlays for **restructuring costs** of € **5.3** million;
    - recapitalization of the investee **SEE** for € **1.7** million.

€ millions	June 2021	June 2020	% chg.
TRADE RECEIVABLES	163,5	181,4	*(9,9%)*
INVENTORY	132,4	143,5	*(7,8%)*
TRADE PAYABLES	199,2	231,1	*(13,8%)*
OTHER ASSETS (LIABILITIES)	0,3	9,0	*(96,8%)*
NET WORKING CAPITAL	**96,9**	**102,8**	***(5,8%)***
INTANGIBLE ASSETS	192,5	211,6	*(9,0%)*
PROPERTY, PLANT AND EQUIPMENT	16,5	17,9	*(7,6%)*
INVESTMENTS	16,6	23,7	*(29,8%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**225,7**	**253,2**	***(10,9%)***
ASSETS FROM RIGHTS OF USE IFRS 16	83,9	86,7	*(3,3%)*
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**309,5**	**339,9**	***(8,9%)***
PROVISIONS FOR RISKS	43,5	46,1	*(5,7%)*
POST-EMPLOYMENT BENEFITS	29,8	32,1	*(7,2%)*
PROVISIONS	**73,3**	**78,2**	***(6,3%)***
NET INVESTED CAPITAL	**333,1**	**364,5**	***(8,6%)***
SHARE CAPITAL	68,0	68,0	*0,0%*
RESERVES	105,7	102,0	*3,6%*
PROFIT (LOSS) FOR THE PERIOD	4,4	(25,0)	*n.s.*
GROUP EQUITY	**178,0**	**144,9**	***22,8%***
NON-CONTROLLING INTERESTS' EQUITY	0,0	0,1	*n.s.*
EQUITY	**178,0**	**145,0**	***22,8%***
NET FINANCIAL POSITION NO IFRS 16	68,3	130,1	*(47,5%)*
NET FINANCIAL POSITION IFRS 16	86,8	89,4	*(2,9%)*
NET FINANCIAL POSITION	**155,1**	**219,5**	***(29,3%)***
SOURCES	**333,1**	**364,5**	***(8,6%)***

The COVID-19 impacts have had repercussions on the Group's activities, leading to a review of stock procurement policies and a reduction in production volumes, in terms of the number of new publications in the Books area and, in general, of print runs of books and magazines.

Specifically, with regard to 30 June 2020:

- **trade receivables**, despite the increase in revenue, recorded a decline:
  - in the Books area, customer exposure decreased since, during the lockdown period in 2020, the Group granted payment extensions to bookstores, and also due to the significant growth in sales in the e-commerce channel, which typically has more advantageous collection conditions;
  - in the Retail area, owing to two different aspects: on the one hand, the granting of payment extensions during the lockdown period to franchised bookstores; on the other, higher revenue versus the prior year from the network of company-owned stores, which were severely impacted in first half 2020, which see an immediate conversion into cash.

Added to all that, the positive management of receivables pursued across all business areas;

- **inventory** decreased as a result of the rationalized purchases (specifically, a reduction in stocks of products from third-party publishers distributed in the Educational Books area) and the policy of limiting print runs in the Trade Books area;
- **trade payables** fell due to lower production and purchase costs for third-party products;
- **other assets and liabilities** fell by € 8.7 million, due primarily to the decrease in receivables due from authors, as a result of the write-down of advances made in the financial statements at 31/12/2020;
- **intangible assets** decreased by approximately € 20 million, due to the effect of the impairment of *TV Sorrisi e Canzoni* and certain brands made in the 2020 financial statements, as well as the amortization process underway, which also involves from 2020 the amortization of *TV Sorrisi e Canzoni*;
- **assets from rights of use** decreased mainly as a result of amortization;
- the value of **investments** fell by approximately € 7 million, due mainly to the affiliates (Monradio and Mondadori SEEC);
- **provisions** decreased by € 2.6 million, following the closure of a number of legal disputes and the updating of risks for outstanding disputes; **post-employment benefits** decreased due to the reduction in headcount, following the structural efficiency measures implemented, and the start of the early retirement plan, the first part of which was completed in November 2020.

PERSONNEL

Group employees with a fixed-term or permanent labour contract amounted to **1,829 units, down by 5.2%** versus 1,930 resources at 30 June 2020, despite the staff absorbed by the Group following the acquisition of Hej! (net of which the reduction in staff would amount to -5.8%), due primarily to the efficiency measures continued across all the areas.

Group employees at end first half 2021:

Headcount	**30 June 2021**	**30 June 2020**	***% chg.***
Arnoldo Mondadori Editore S.p.A.	249	279	*(10.8%)*
Italian subsidiaries	1,534	1,603	*(4.3%)*
Foreign subsidiaries	46	46	*0.0%*
Total	**1,829**	**1,930**	***(5.2%)***

Headcount by Business Area	**30 June 2021**	**30 June 2020**	***% chg.***
Books	646	643	*0.5%*
Retail	327	351	*(6.8%)*
Media	546	584	*(6.5%)*
Corporate & Shared Services	310	352	*(11.9%)*
Total	**1,829**	**1,930**	***(5.2%)***

In the **Books** area, the number of employees was basically steady versus the prior year.

The decrease in the **Retail** area reflects actions for achieving greater efficiencies both in the central units and in the organizational structure of the directly-managed stores network.

The trend recorded by the **Media** area comes to -8.2% net of the staff that joined the Group following the acquisition of Hej!, reflecting the efficiencies achieved in the editorial units.

The **Corporate & Shared Services** area recorded a drop in headcount of approximately **12%**, due to the efficiency measures taken at the central units and the start of the 2020-2022 early retirement plan.

Cost of personnel[21] amounted to € **67.8** million, an **increase of approximately 3%** versus the first six months of the prior year, which had benefited from social safety net measures, the use of outstanding holidays and the reduction in variable management pay adopted in 2020, which more than offset the positive effect of the reduction in average headcount.

Euro/millions	**30 June 2021**	**30 June 2020**	***% chg.***
Extendend Labour Cost (before restructuring)	**67.8**	65.5	*3.4%*

[21] *Cost of enlarged personnel includes costs for collaborations and temporary employment*

SIGNIFICANT EVENTS IN FIRST HALF

On **29 January 2021**, with a view to further strengthening its foothold in the digital world, the Mondadori 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; the synergies and pooling of Hej! assets with AdKaora's will help expand the offer and strength in the tech advertising market, providing companies with innovative solutions for conversational mobile marketing.

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

On 12 April 2021, the Ministry of Culture, through the Directorate-General of Museums, published Decree 326 confirming the previous decrees dated 25 March 2021 (nos. 282 and 283), which approved the outcome of the preliminary phase regarding applications for a further allocation of a portion of the emergency fund dedicated to companies and cultural institutions for relief measures to art exhibition operators for the year 2020, and therefore allocated approximately € 4.6 million in compensation to Electa, the Group's sector company.

On 27 April 2021, the **Shareholders' Meeting** of the Company, among other resolutions, appointed the new corporate bodies, who will remain in office for three years until the approval of the financial statements for the year ending 31 December 2023.

The new **Board of Directors** consists of 12 members:

- **Marina Berlusconi** (Chairman), **Antonio Porro, Pier Silvio Berlusconi, Alessandro Franzosi, Elena Biffi, Danilo Pellegrino, Francesco Currò, Angelo Renoldi, Cristina Rossello, Paola Elisabetta Galbiati, Valentina Casella** (drawn from the majority list submitted by the shareholder Fininvest S.p.A.);
- **Alceo Rapagna** (drawn from the minority list submitted by a grouping of shareholders formed of asset management companies and institutional investors).

The Shareholders' Meeting also appointed the new **Board of Statutory Auditors**, composed as follows:

- **Sara Fornasiero** as **Chairperson** (drawn from the minority list submitted by a grouping of shareholders formed of asset management companies and institutional investors);
- **Ezio Maria Simonelli** and **Flavia Daunia Minutillo** as **Standing Auditors** (drawn from the

majority list submitted by the shareholder Fininvest S.p.A.);

- **Emilio Gatto** and **Annalisa Firmani**, as **Substitute Auditors** (drawn from the majority list submitted by the shareholder Fininvest S.p.A.);
- **Mario Civetta**, as **Substitute Auditor** (drawn from the minority list submitted by a grouping of shareholders formed of asset management companies and institutional investors).

The Board of Directors of Arnoldo Mondadori Editore S.p.A., which met after the Shareholders' Meeting, chaired by Marina Berlusconi, appointed **Antonio Porro as the new Chief Executive Officer**, granting him the relating management powers.

The Board of Directors also appointed the members of the following committees in compliance with the principles established by the Corporate Governance Code:

- **Control, Risk and Sustainability Committee**: Angelo Renoldi as Chairman (independent); Alceo Rapagna (independent); Cristina Rossello;
- **Remuneration and Appointments Committee**: Angelo Renoldi as Chairman (independent); Elena Biffi (independent); Cristina Rossello;
- **Related Party Committee**: Elena Biffi as Chairperson (independent); Angelo Renoldi (independent); Paola Elisabetta Galbiati (independent).

The Board also appointed, until expiry of its term, therefore, until approval of the financial statements for the year ending 31 December 2023:

- Valentina Casella as **Lead Independent Director**;
- **Alessandro Franzosi** as **Financial Reporting Manager**.

On 12 May 2021, the Mondadori Group announced the signing of a new loan agreement for a total of € 450 million expiring on 31 December 2026, which replaces and extends the current credit lines expiring on 31 December 2022.

This loan consists of an Amortizing Term Loan line of € 95 million to repay the existing debt; a Revolving line (RCF) of € 125 million to support the financial requirements of ordinary operations; a line of € 230 million for potential acquisitions, consistent with the strategic guidelines previously disclosed to the market.

The new agreement, concluded with a pool of four banks (Banca Nazionale del Lavoro/BNP Paribas, Banco BPM, Intesa Sanpaolo and Unicredit), sets better financial conditions than those under the pool loan agreement concluded on 22 December 2017, in terms of lower interest rates and ancillary expense.

The initial spread of the new credit lines is 70 bps, 25 bps lower than the current 95 bps. The rate may vary depending on consolidated NFP/EBITDA movements pre-IFRS 16, from a low of 70 bps to a high of

160 bps.

The pre-IFRS 16 consolidated NFP/EBITDA ratio is 3.25x for all financial years, while the net financial debt covenant cannot exceed a maximum amount of € 385 million at 30 June 2021; € 350 million at 30 June 2022; € 315 million at 30 June 2023; € 280 million at 30 June 2024; € 245 million at 30 June 2025; € 210 million at 30 June 2026.

PURCHASE OF TREASURY SHARES

At **30 June 2021**, Arnoldo Mondadori Editore S.p.A. held no. 481,798 treasury shares, equal to 0.184% of the share capital.

SIGNIFICANT EVENTS AFTER FIRST HALF

On **1 July 2021,** the Mondadori Group announced that negotiations are underway for the acquisition of 100% of De Agostini Scuola S.p.A., a school textbooks publisher owned by De Agostini Editore S.p.A..

The process, which followed the acceptance of a binding offer, had envisaged the signing of the contract subject to the successful outcome of further important stages, such as the sharing between the parties of specific contractual terms being discussed and the positive completion of confirmatory due-diligence activities by the Mondadori Group.

On **12 July 2021**, the Mondadori Group signed an agreement with De Agostini Editore S.p.A. - following the negotiations disclosed on 1 July - for the acquisition of 100% of De Agostini Scuola S.p.A., one of Italy's top school textbooks publishers.

The company's products are targeted to every level of education - with a marked presence especially in the secondary school segment - through a series of brands including DeA Scuola, Petrini, Marietti Scuola, UTET Università, Cideb-Black Cat and Garzanti Scuola.

The transaction is consistent with the strategy - repeatedly announced by Mondadori - of focusing on the core business of books, in which the Group boasts a longstanding leadership in Trade and is one of the top school textbook players. The acquisition will enable the Company to further strengthen its foothold in the school textbook field, where it currently operates through the publishing houses Mondadori Education and Rizzoli Education.

The value of the transaction has been defined on the basis of an Enterprise Value of € 157.5 million, equal to 7.4 times the reported EBITDA recorded by De Agostini Scuola in 2020. The price will be defined on the basis of the average normalized net financial position over the 12 months before the closing date.

De Agostini Scuola posted in 2020 revenue of € 70.8 million, reported EBITDA of € 21.4 million, with a margin of 30%, and net profit of € 12.2 million. At 31 December 2020, the net financial position (net cash) stood at a positive € 20.8 million.

The agreement, which also makes all of the brands currently covering De Agostini Scuola's school textbook publishing market available to the Mondadori Group, includes the typical representations and warranties for the purchaser.

The consideration for the transaction will be settled in cash at the closing date by drawing on the acquisition-related line of credit, recently defined as part of the loan agreement signed by the Group on 12 May.

Completion of the transaction is subject to the authorizations of law from the competent Antitrust authority.

OTHER INFORMATION

Adhesion to the legislative simplification process adopted by CONSOB resolution no. 18079 of 20 January 2012. Disclosure pursuant to Article 70, paragraph 8, and Article 71, paragraph 1-bis, of CONSOB Regulation no. 11971/99 as subsequently amended

On and with effect from 13 November 2012, the Board of Directors of Arnoldo Mondadori Editore S.p.A., pursuant to Article 3 of CONSOB Resolution no. 18079 of January 20, 2012 and in relation to the provisions set out in Article 70, paragraph 8, and Article 71, paragraph 1-bis, of CONSOB Regulation no. 11971/1999, resolved to avail itself of the right to waive the obligation of disclosure envisaged by the aforementioned CONSOB Regulation on the occasion of significant transactions relating to mergers, spin-offs and capital increases through contribution of assets in nature, acquisitions and transfers.

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 millions)	June 2021	June 2020
EBITDA ADJUSTED	**21,5**	**11,0**
Restructuring Costs	1,7	1,6
Extraordinary Expense (Income)	0,8	0,9
EBITDA	**19,0**	**8,4**

With regard to **adjusted EBITDA in first half 2020**, the following items were excluded from EBITDA:

a) restructuring costs for a total 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".

With regard to **adjusted EBITDA in first half 2021**, the following items were excluded from EBITDA:

a) restructuring costs for a total of € 1.7 million, included in "Cost of personnel" in the income statement;

b) expense of a non-ordinary nature for a total of € 0.8 million, included in "Sundry expense (income)" and "Cost of services".

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

Result before tax (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 discontinued or discontinuing operations.

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.

BUSINESS OUTLOOK

The positive performance recorded in the first half of the year, driven in particular by the strong growth trend of the Books area, as well as the **continued Group cash flow generation**, allow the Group to be optimistic about its outlook and to confirm at a consolidated level - and on the basis of the current scope of consolidation - the **previously disclosed estimates**.

- **Performance targets**
  - **consolidated revenue** for 2021 is forecast to **grow slightly** (**low single-digit**);
  - **adjusted EBITDA** - in percentage terms - is estimated at around **12% of revenue**;
  - the **net result** for 2021 is confirmed on a **sharp rise**, propelled by the improvement in operations as well as the tax realignment of intangible assets, which in the first half enabled the recognition of an initial non-recurring positive tax component; additionally, mention should be made that the result for 2020 was negatively impacted by the write-down of certain balance sheet items.

- **Cash Flow and Net Financial Position**

Additionally, with regard to the Group's financial debt, one can reasonably confirm the estimates of **cash flow from ordinary operations** ranging **between € 50 and € 55 million**, therefore the achievement - before the impacts from the adoption of IFRS 16 - of a **positive consolidated net financial position at year end.**

As previously anticipated, the financial strength achieved by the Group has paved the way for a possible return to a **shareholder remuneration policy** from 2022, applied to the net result of 2021.

The above forecasts, drawn up on the basis of the current scope, may be updated upon completion of the acquisition of DeAgostini Scuola, subject to the authorizations of law from the Antitrust authority.

For the Board of Directors

The Chairman

Marina Berlusconi

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2021

CONSOLIDATED BALANCE SHEET

Assets (Euro/thousands)	Notes	30 June 2021	31 December 2020
Intangible assets	10	**192,526**	**187,722**
Investment property		**-**	**-**
Land and buildings		2,240	2,304
Plant and equipment		2,754	2,672
Other tangible fixed assets		11,512	11,977
Property, plant and equipment	11	**16,506**	**16,953**
Assets from rights of use	12	**83,859**	**80,267**
Equity-accounted investees		16,052	20,331
Other investments		586	270
Total investments	13	**16,638**	**20,601**
Non-current financial assets	20	**644**	**677**
Pre-paid tax assets	14	**55,890**	**54,050**
Other non-current assets	15	**808**	**1,222**
Total non-current assets		**366,871**	**361,492**
Tax receivables	16	**9,492**	**8,387**
Other current assets	17	**86,968**	**76,446**
Inventory	18	**132,364**	**111,452**
Trade receivables	19	**163,462**	**192,129**
Other current financial assets	20	**10,651**	**15,902**
Cash and cash equivalents	21	**48,078**	**110,247**
Total current assets		**451,015**	**514,563**
Discontinued operations		**-**	**-**
Total assets		**817,886**	**876,055**

CONSOLIDATED BALANCE SHEET

Liabilities (Euro/thousands)	Notes	30 June 2021	31 December 2020
Share capital		**67,979**	**67,979**
Share premium reserve		**-**	**-**
Treasury shares		**(766)**	**(2,771)**
Other reserves and results carried forward		**106,465**	**102,698**
Profit (loss) for the period		**4,354**	**4,503**
Group equity	22	**178,032**	**172,409**
Share capital and reserves attributable to non-controlling interests	22	**11**	**7**
Total equity		**178,043**	**172,416**
Provisions	23	**43,502**	**46,435**
Post-employment benefits	24	**29,796**	**32,757**
Non-current financial liabilities	25	**78,016**	**66,732**
Financial liabilities IFRS 16	25	**74,688**	**71,050**
Deferred tax liabilities	14	**21,210**	**30,380**
Other non-current liabilities		**-**	**-**
Total non-current liabilities		**247,212**	**247,354**
Income tax payables	16	**1,546**	**6,213**
Other current liabilities	26	**130,111**	**125,266**
Trade payables	27	**199,241**	**238,198**
Payables to banks and other financial liabilities	25	**49,614**	**74,869**
Financial liabilities IFRS 16	25	**12,119**	**11,739**
Total current liabilities		**392,631**	**456,285**
Discontinued liabilities		**-**	**-**
Total liabilities		**817,886**	**876,055**

CONSOLIDATED INCOME STATEMENT

(Euro/thousands)	Notes	30 June 2021	30 June 2020
Revenue from sales and services	28	**320,436**	**288,914**
Decrease (increase) in inventory	18	(15,611)	(17,630)
Cost of raw and ancillary materials, consumables and goods	29	60,268	52,236
Cost of services	30	193,758	180,724
Cost of personnel	31	64,644	61,947
Other (income) costs	32	(1,649)	3,223
EBITDA		**19,026**	**8,414**
Amortization and impairment loss on intangible assets	10	10,049	16,168
Depreciation and impairment loss on property, plant and equipment	11	2,158	2,082
Amortization/depreciation of assets from rights of use	12	6,634	7,366
EBIT		**185**	**(17,202)**
Financial expense (income)	33	2,143	10,285
Expense (income) from investments	34	3,095	3,388
Result before tax		**(5,053)**	**(30,875)**
Income tax	35	(9,411)	(5,859)
Result from continuing operations		**4,358**	**(25,016)**
Result from discontinued operations		-	-
Net result		**4,358**	**(25,016)**
Attributable to:			
- Minority shareholders	22	**4**	**(2)**
- Parent Company shareholders		**4,354**	**(25,014)**
Net earnings per share of continuing operations (in Euro units)	36	0.017	(0.097)
Diluted earnings per share of continuing operations (in Euro units)	36	0.017	(0.096)
Net earnings per share (in Euro units)		0.017	(0.097)
Diluted net earnings per share (in Euro units)	36	0.017	(0.096)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Euro/thousands)	Notes	**30 June 2021**	**30 June 2020**
Net result		**4,358**	**(25,016)**
Items reclassifiable to income statement			
Profit (loss) deriving from the conversion of currency denominated financial statements of foreign companies	22	731	86
Other profit (loss) from equity-accounted investees	22	106	(196)
Effective part of profit (loss) on cash flow hedge instruments (cash flow hedge)	20	(15)	(3)
Profit (loss) from held-for-sale assets (fair value)		-	-
Tax effect on other profit (loss) reclassifiable to income statement		3	1
Items reclassified to income statement			
Profit (loss) on cash flow hedge instruments		260	151
Profit (loss) from held-for-sale assets (fair value)		-	-
Tax effect on other profit (loss) reclassified to income statement		(62)	(37)
Items not reclassifiable to income statement			
Actuarial profit (loss)	24	21	(117)
Tax effect on other profit (loss) not reclassifiable to income statement		6	33
Total other profit (loss) net of tax effect		1,050	(82)
Comprehensive result for the period		**5,408**	**(25,098)**
Attributable to:			
- Non-controlling interests		**4**	**(2)**
- Parent Company shareholders		**5,404**	**(25,096)**

For the Board of Directors

The Chairman

Marina Berlusconi

Marina Berlusconi

Consolidated statement of changes in equity at 30 June 2020

Euro/thousands	Notes	Share capital	Treasury shares	Performance share reserve	Cash flow hedge reserve	Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the period	Total Group equity	Minority shareholders’ equity	Total
Balance at 1 January 2020		**67,979**	**(4,940)**	**4,311**	**(977)**	**0**	**172**	**719**	**74,568**	**28,200**	**170,032**	**9**	**170,041**
- Allocation of result									28,200	(28,200)	-		-
- Dividends paid											-		-
- Change in consolidation scope											-	69	69
- Transactions on treasury shares			(605)								(605)		(605)
- Performance share				643							643		643
- Other changes			2,774	(3,052)			(3)	1	254		(26)	(3)	(29)
- Comprehensive profit (loss)					113		19	(84)	(129)	(25,014)	(25,095)	(2)	(25,097)
Balance at 30 June 2020	**22**	**67,979**	**(2,771)**	**1,902**	**(864)**	**0**	**188**	**636**	**102,893**	**(25,014)**	**144,949**	**73**	**145,022**

Consolidated statement of changes in equity at 30 June 2021

Euro/thousands	Notes	Share capital	Treasury shares	Performance share reserve	Cash flow hedge reserve	Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the period	Total Group equity	Minority shareholders’ equity	Total
Balance at 1 January 2021		**67,979**	**(2,771)**	**2,144**	**(623)**	**0**	**(1,981)**	**312**	**102,846**	**4,503**	**172,409**	**7**	**172,416**
- Allocation of result									4,503	(4,503)	-		-
- Dividends paid											-		-
- Change in consolidation scope											-		-
- Transactions on treasury shares			(479)								(479)		(479)
- Performance share				698							698		698
- Other changes			2,484	(1,977)					(507)		-		-
- Comprehensive profit (loss)					186		897	27	(60)	4,354	5,404	4	5,408
Balance at 30 June 2021	**22**	**67,979**	**(766)**	**865**	**(437)**	**0**	**(1,084)**	**339**	**106,782**	**4,354**	**178,032**	**11**	**178,043**

For the Board of Directors
The Chairman
Marina Berlusconi

Marina Berlusconi

CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro/thousands)	Notes	30/06/2021	30/06/2020
Net result		4,354	(25,014)
Adjustments			
Amortization, depreciation and impairment	10-11-12	18,841	25,616
Income tax for the year	35	(9,411)	(5,859)
Performance Shares		698	588
Provisions (utilization) and post-employment benefits		7,360	6,114
Capital loss (gain) from the disposal of intangible assets, property, plant and equipment, investments		8	(2)
Capital loss (gain) from the measurement of financial assets		268	6,606
(Income) expense of equity-accounted investees	34	3,095	3,388
Net financial expense on loans, leases and derivative transactions	33	1,953	2,988
Other non-monetary adjustments to assets held for sale		-	-
Cash flow generated from operations		**27,166**	**14,425**
(Increase) decrease in trade receivables		29,746	40,560
(Increase) decrease in inventory		(22,534)	(28,306)
Increase (decrease) in trade payables		(38,231)	(42,713)
Income tax payments		(5,923)	(6,869)
Advances and post-employment benefits		(2,883)	(1,771)
Net change in other assets/liabilities		(13,092)	(22,408)
Cash flow generated from (absorbed by) assets held for sale		-	-
Cash flow generated from (absorbed by) operations		**(25,751)**	**(47,082)**
Price collected (paid) net of cash transferred/acquired		(6,826)	(1,510)
(Purchase) disposal of intangible assets		(9,623)	(6,372)
(Purchase) disposal of property, plant and equipment		(2,138)	(2,480)
(Purchase) disposal of investments		(1,036)	(611)
(Purchase) disposal of financial assets		4,836	2,388
Cash flow generated from (absorbed by) assets held for sale		-	-
Cash flow generated from (absorbed by) investing activities		**(14,787)**	**(8,585)**
Net change in financial liabilities		(12,096)	49,762
Payment of net financial expense on loans and transactions with derivatives		(664)	(926)
Net refund leases		(7,320)	(8,016)
Interest on leases		(1,072)	(1,305)
(Purchase) disposal of treasury shares	22	(479)	(605)
Cash flow generated from (absorbed by) assets held for sale		-	-
Cash flow generated from (absorbed by) financing activities		**(21,631)**	**38,910**
Increase (decrease) in cash and cash equivalents		**(62,169)**	**(16,757)**
Cash and cash equivalents at the beginning of the period	21	**110,247**	**44,211**
Cash and cash equivalents at the end of the period	21	**48,078**	**27,454**

For the Board of Directors
The Chairman
Marina Berlusconi

Marina Berlusconi

Consolidated Balance Sheet pursuant to CONSOB Resolution no. 15519 of 27 July 2006

Assets (Euro/thousands)	Notes	**30/06/2021**	of which related parties (Note 39)	**31/12/2020**	of which related parties (Note 39)
Intangible assets	10	**192,526**	**-**	**187,722**	**-**
Investment property		**-**	**-**	**-**	**-**
Land and buildings		2,240	-	2,304	-
Plant and equipment		2,754	-	2,672	-
Other tangible fixed assets		11,512	-	11,977	-
Property, plant and equipment	11	**16,506**	**0**	**16,953**	**0**
Assets from rights of use	12	**83,859**		**80,267**	**-**
Equity-accounted investees		16,052	-	20,331	-
Other investments		586	-	270	-
Total investments	13	**16,638**	**0**	**20,601**	**0**
Non-current financial assets	20	**644**	**500**	**677**	**500**
Pre-paid tax assets	14	**55,890**	**-**	**54,050**	**-**
Other non-current assets	15	**808**	**-**	**1,222**	**-**
Total non-current assets		**366,871**	**500**	**361,492**	**500**
Tax receivables	16	**9,492**	**1,917**	**8,387**	**1,475**
Other current assets	17	**86,968**	**74**	**76,446**	**(10)**
Inventory	18	**132,364**	**-**	**111,452**	**-**
Trade receivables	19	**163,462**	**26,667**	**192,129**	**30,833**
Other current financial assets	20	**10,651**	**10**	**15,902**	**-**
Cash and cash equivalents	21	**48,078**	**-**	**110,247**	**-**
Total current assets		**451,015**	**28,668**	**514,563**	**32,298**
Discontinued operations			**-**	**-**	**-**
Total assets		**817,886**	**29,168**	**876,055**	**32,798**

Consolidated Balance Sheet pursuant to CONSOB Resolution no. 15519 of 27 July 2006

Liabilities (Euro/thousands)	Notes	**30/06/2021**	of which related parties (Note 39)	**31/12/2020**	of which related parties (Note 39)
Share capital		**67,979**	**-**	**67,979**	**-**
Share premium reserve		**-**	**-**	**-**	**-**
Treasury shares		**(766)**	**-**	**(2,771)**	**-**
Other reserves and results carried forward		**106,465**	**-**	**102,698**	**-**
Profit (loss) for the period		**4,354**	**-**	**4,503**	**-**
Group equity	22	**178,032**	**0**	**172,409**	**0**
Share capital and reserves attributable to non-controlling interests	22	**11**	**-**	**7**	**-**
Total equity		**178,043**	**0**	**172,416**	**0**
Provisions	23	**43,502**	**-**	**46,435**	**-**
Post-employment benefits	24	**29,796**	**-**	**32,757**	**-**
Non-current financial liabilities	25	**78,016**	**-**	**66,732**	**-**
Financial liabilities IFRS 16	25	**74,688**		**71,050**	**-**
Deferred tax liabilities	14	**21,210**	**-**	**30,380**	**-**
Other non-current liabilities		**-**	**-**	**-**	**-**
Total non-current liabilities		**247,212**	**0**	**247,354**	**0**
Income tax payables	16	**1,546**	**-**	**6,213**	**4,404**
Other current liabilities	26	**130,111**	**671**	**125,266**	**575**
Trade payables	27	**199,241**	**10,989**	**238,198**	**14,264**
Payables to banks and other financial liabilities	25	**49,614**	**-**	**74,869**	**553**
Financial liabilities IFRS 16	25	**12,119**	**-**	**11,739**	**-**
Total current liabilities		**392,631**	**11,660**	**456,285**	**19,796**
Discontinued liabilities			**-**	**-**	**-**
Total liabilities		**817,886**	**11,660**	**876,055**	**19,796**

Consolidated Income Statement pursuant to CONSOB Resolution no. 15519 of 27 July 2006

(Euro/thousands)	Notes	**30 June 2021**	of which related parties (Note 39)	of which non-recurring (income) expense (Note 40)	**30 June 2020**	of which related parties (Note 39)	of which non-recurring (income) expense (Note 40)
Revenue from sales and services	28	**320,436**	**19,419**	**-**	**288,914**	**8,870**	**-**
Decrease (increase) in inventory	18	(15,611)	-	-	(17,630)	-	-
Cost of raw and ancillary materials, consumables and goods	29	60,268	691	-	52,236	1,286	-
Cost of services	30	193,758	4,957	-	180,724	3,484	-
Cost of personnel	31	64,644	(21)	-	61,947	(93)	-
Other (income) costs	32	(1,649)	92	-	3,223	53	-
EBITDA		**19,026**	**13,700**	**0**	**8,414**	**4,140**	**0**
Amortization and impairment loss on intangible assets	10	10,049	-	-	16,168	-	-
Depreciation and impairment loss on property, plant and equipment	11	2,158			2,082	-	-
Amortization/depreciation of assets from rights of use	12	6,634			7,366	-	-
EBIT		**185**	**13,700**	**0**	**(17,202)**	**4,140**	**0**
Financial expense (income)	33	2,143	(11)	-	10,285	(12)	-
Expense (income) from other investments	34	3,095	-	-	3,388	-	-
Result before tax		**(5,053)**	**13,711**	**0**	**(30,875)**	**4,152**	**0**
Income tax	35	(9,411)	-	(9,072)	(5,859)	-	
Result from continuing operations		**4,358**	**13,711**	**9,072**	**(25,016)**	**4,152**	**0**
Result from discontinued operations			-	-	-	-	-
Net result		**4,358**	**13,711**	**9,072**	**(25,016)**	**4,152**	**0**
Attributable to:							
- Minority shareholders	22	**4**	**-**	**-**	**(2)**	**-**	**-**
- Parent Company shareholders		**4,354**	**13,711**	**9,072**	**(25,014)**	**4,152**	**-**

EXPLANATORY NOTES

1. GENERAL INFORMATION

The core business of Arnoldo Mondadori Editore S.p.A. and of its directly or indirectly owned companies (hereinafter jointly referred to as the “Mondadori Group” or the “Group”) is the publishing of books and magazines.

The Group also carries out retailing activities through directly-owned and franchised stores located across Italy.

Arnoldo Mondadori Editore S.p.A., with registered office in Via Bianca di Savoia 12, Milan, and headquarters in Strada privata Mondadori, Segrate/Milan, is listed on the STAR segment of the Electronic Stock Market (MTA) of Borsa Italiana S.p.A..

The publication of the consolidated financial statements of the Mondadori Group at 30 June 2021 was authorized by the Board of Directors’ resolution of 29 July 2021.

2. FORM AND CONTENT

The Consolidated Half-Year Financial Report includes the condensed consolidated half-year financial statements, prepared in compliance with the provisions set out in IAS 34 and Article 154-ter of the Finance Consolidation Act and, therefore, does not include all the supplementary information required for the full-year report, and should be read jointly with the Group's consolidated annual report at 31 December 2020.

The following criteria were adopted in the preparation of these financial statements:

- current and non-current assets and current and non-current liabilities are shown separately in the consolidated balance sheet;
- in the consolidated income statement, the analysis of costs is performed on the basis of the nature of costs, since the Group deems this method more representative than a presentation by function;
- the consolidated comprehensive income statement contains revenue and cost items that are not recognized under income (loss) for the period as required or allowed by the other IAS/IFRS accounting standards;
- the statement of cash flows was prepared using the indirect method.

Regarding the requirements of CONSOB Resolution no. 15519 of 27 July 2006, specific supplementary tables are used to highlight significant transactions with “Related parties” and “Non-recurring transactions”.
The amounts shown in the tables and in these notes are expressed in Euro thousands unless otherwise stated.

3. CONSOLIDATION SCOPE

In first half 2021, the consolidation scope of the Mondadori Group remained unchanged versus 31 December 2020, except for the acquisition of 100% of the shares of Hej! S.r.l..

Preparation criteria
The Mondadori Group's condensed consolidated half-year financial statements have been prepared on a going concern basis.
The Group's financial situation and medium-term prospects allow it to maintain a positive attitude towards future developments, albeit in a still partly affected economic scenario impacted by the COVID-19 health emergency.

The same accounting standards adopted for the preparation of the annual financial statements for the year ended 31 December 2020. have been used herein.
The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Changes in accounting standards
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments include the temporary easing of requirements referring to the effects on the financial statements at a time when the interest rate offered on the interbank market (IBOR) is replaced by an alternative rate that is substantially free of risk (Risk Free Rate - RFR):

The amendments include the following practical expedients:

- a practical expedient that provides for contract changes or changes in cash flow that are directly required by the reform to be treated as changes to a variable interest rate, the equivalent to a change in a market-based interest rate;
- it provides for the changes required by the IBOR reform to be made in the scope of hedging relationships and hedging documentation without having to discontinue the hedging relationship;

- it provides temporary relief to entities in having to comply with the requirements of separate identification when an RFR is designated as a hedge for a risk component.

These changes have no impact on the Group's consolidated half-year financial statements.

4. USE OF ESTIMATES

The preparation of the Group's condensed consolidated half-year financial statements and the relevant notes required the use of estimates and assumptions based on subjective judgements, statistics and available information; the final figures may differ even significantly from such estimates, following possible changes in the factors considered in the determination of the estimates.

The most significant accounting estimates are outlined below:

Goodwill, intangible assets with indefinite useful life and other non-current assets

The value of goodwill of intangible assets with indefinite useful life and other non-current assets with finite useful life (for the latter, in the presence of indications of impairment) is assessed by comparing the book value of the individual assets or the smallest Cash Generating Unit that generates its own cash flows with their recoverable value, represented by the higher of fair value, less costs to sell, and value in use. This process includes, among others, the application of methods such as discounted cash flow, with the relevant assumptions.

Amortization/depreciation

The useful life of tangible and intangible assets is determined by the Directors when the asset is purchased. The Group regularly assesses any changes in technology, market conditions and expectations of future events that could have an impact on the useful life and duration of amortization/depreciation.

Write-down of advances to authors

The Group estimates the amount of the advances paid to authors to be written down, as they are considered non-recoverable, based on the analyses carried out for published literary works and those yet to be published.

Write-down of inventory

The Group estimates the amount of inventory to subject to impairment loss based on specific analyses ascertaining finished product marketability and the relevant turnover rates, and, for orders in progress, taking account of the possible risk of their non-completion.

Provision for bad debts

The recoverability of receivables is measured by considering the risk of non-payment, ageing and losses on receivables expected to arise on the receivables.

Returns to receive

In the publishing sector, it is an accepted practice for unsold books and magazines to be returned to the publisher under pre-established conditions.
Therefore, at the end of each reporting period of the Financial Report, the Group measures the quantities that are expected to be returned in subsequent periods: this estimate is based on statistics and takes account also of the level of circulation of books and magazines.

Provision for risks

Allocations made for costs for legal, tax and arbitration disputes are based on complex estimates that take account of the likelihood of losing the disputes.

Post-employment benefits

Allocations made in favour of employees are based on actuarial assumptions: any changes in the underlying assumptions may have significant effects on the provisions.

Income tax

Income tax (both current and deferred) is calculated based on the applicable rates in each individual country in which the Group operates, according to a prudent interpretation of currently applicable tax laws.

5. SEASONAL NATURE OF BUSINESS ACTIVITIES

Due in particular to the seasonal nature of the school textbooks publishing business, revenue and profits in the second half of the year are expected to be higher.

6. SEGMENT REPORTING

The information under IFRS 8 reflects the Group organizational structure, which includes the following Divisions: Books, Media, Retail, Corporate & Shared Services.

This structure gives a clear representation of the Group's differentiation in terms of products sold and services rendered and is used by Top Management as the basis for corporate reporting and in the definition of corporate strategies and plans, as well as in the valuation of investment opportunities and allocation of resources.
Information relating to segment reporting is included in the notes.

7. ACQUISITION IN THE FIRST HALF

On 29 January 2021, with a view to strengthening its digital presence in the Media area, the Mondadori Group completed the acquisition of 100% of Hej! S.r.l., a company that specializes in tech advertising, a sector where the Group already operates successfully through AdKaora, a leading media agency in the field of mobile advertising and proximity marketing.
The synergies and the pooling of Hej! and AdKaora assets will help expand the range of solutions, providing companies with innovative conversational mobile marketing solutions.

A comparison between consideration and equity of the acquiree shows a difference of € 6,323 thousand, provisionally allocated to goodwill, since the purchase price allocation process at the date of this Half-Year Report has yet to be completed.

8. NON-RECURRING INCOME AND EXPENSE

Under CONSOB resolution no. 15519 of 27 July 2006, in a specific table in the "Explanatory notes", any income and expense deriving from non-recurring transactions have been identified, i.e., transactions and events which, by nature, do not occur repeatedly during normal business.

9. IMPAIRMENT PROCESS

For the purpose of preparing these interim condensed financial statements, an impairment test was carried out to identify any impairment indicators; in accordance with IAS 36, both external and internal sources within the Mondadori Group were taken into consideration.

Mondadori's share price at 30 June 2021 was € 1.608 versus € 1.51 at 31 December 2020 and € 0.96 at 30 June 2020.

As a result of this price trend, market capitalization at 30 June 2021 stood at € 420 million, increasing sharply versus 31 December 2020 and 30 June 2020, higher than the book equity value of € 178 million.

As for business performance, mention should be made that first half 2021 saw an improvement in EBITDA across all the Group's operating segments versus the same period of the prior year and versus forecasts.

An analysis was carried out on the performance of the CGUs comprising assets with finite and indefinite useful life recorded in the financial statements, in order to assess the possible presence of impairment indicators by comparing the following:

- the actual figures of first half 2021 with the forecasts for the same period;
- the forecasts for 2022 and 2023 included in the plan approved by the Board of Directors in November 2020, and used for the impairment test for the purposes of the 2020 financial statements, and those included in the update to such plan, approved by the Board of Directors on 29 July 2021.

Taking account of the results of the analyses carried out, as well as the headrooms between carrying amount and recoverable amount/fair value at 31 December 2020, a number of CGUs were chosen to undergo impairment testing at 30 June 2021, using the plan update approved by the Board of Directors on 29 July 2021.

The discount rate at 30 June 2021 was calculated using the same method as for the impairment test made at 31 December 2020, and was equal to 6.03% for the Books area and 6.06% for the Media area.

The impairment process resulted in a write-down of € 302 thousand relating to the *Focus* brand and the digital site *Farmaco e Cura*.

To complete the work carried out, a sensitivity analysis of the results obtained from the impairment test was performed by varying the discount rate.
As a result of the sensitivity analysis, the 0.5% increase in the discount rate would result in further write-downs of € approximately € 0.7 million.

10. INTANGIBLE ASSETS

"Intangible assets" totaled € 192,526 thousand, increasing by € 4,804 thousand versus the amounts at 31 December 2020.

Intangible assets (Euro/thousands)	30/06/2021	31/12/2020
Intangible assets with finite useful life	92,718	94,158
Intangible assets with indefinite useful life	99,808	93,564
Total intangible assets	**192,526**	**187,722**

"Intangible assets with finite useful life" include:

- the magazine titles *Chi, Tele+, Interni* and *TV Sorrisi e Canzoni*, published by Mondadori Media S.p.A., each of which is a Cash Generating Unit;
- proprietary and licensed application software;
- cost of development, represented by the costs for the launch of new publishing projects in the Educational area;
- intangible assets in progress, also attributable mainly to new publishing projects.

Intangible assets with finite useful life (Euro/thousands)	Titles	Trademarks	Customer lists	Software, licenses, patents and rights	Cost of development	Other assets, assets in progress and advances	Total
Historical cost at 31/12/2019	17,289	19,842	1,684	25,742	37,641	9,072	111,270
Capital expenditure	-	-	-	1,810	9,893	5,218	16,921
Disposals	-	-	-	-	(1,154)	-	(1,154)
Change in the consolidation scope	-	-	-	6	-	-	6
Other changes	76,825	520	-	1,274	3,825	(5,254)	77,190
Historical cost at 31/12/2020	94,114	20,362	1,684	28,832	50,205	9,036	204,233
Accumulated amortization and impairment loss at 31/12/2019	9,066	7,531	1,684	13,597	26,836	2,268	60,982
Amortization	4,436	1,060	-	4,923	11,496	553	22,468
Write-downs/(write-backs)	22,112	1,291	-	-	768	185	24,356
Disposals	-	-	-	-	(1,154)	-	(1,154)
Change in the consolidation scope	-	-	-	5	-	-	5
Other changes	3,749	-	-	-	-	(331)	3,418
Accumulated amortization and impairment loss at 31/12/2020	39,363	9,882	1,684	18,525	37,946	2,675	110,075
Net book value at 31/12/2019	8,223	12,311	0	12,145	10,805	6,804	50,288
Net book value at 31/12/2020	**54,751**	**10,480**	**0**	**10,307**	**12,259**	**6,361**	**94,158**

In first half 2021, capital expenditure in "intangible assets with finite useful life", amounting to € 8,440 thousand, referred mainly to:

- € 7,609 thousand in costs for the creation and development of publishing products of the Education area;
- € 287 thousand in software.

In the first half of the year, the value attributed to the " *Farmaco e Cura*" site was written down for the amount of € 211 thousand.

Intangible assets with finite useful life (Euro/thousands)	Titles	Tradem arks	Custome r lists	Software, licenses, patents and rights	Cost of develop ment	Other assets, assets in progress and advances	Total
Historical cost at 31/12/2020	94,114	20,362	1,684	28,832	50,205	9,036	204,233
Capital expenditure	-	-	-	288	4,171	3,981	8,440
Disposals	-	-	-	-	-	-	0
Change in the consolidation scope	-	-	-	175	428	-	603
Other changes	-	-	(1,684)	216	2,452	(2,814)	(1,830)
Historical cost at 30/06/2021	94,114	20,362	0	29,511	57,256	10,203	211,446
Accumulated amortization and impairment loss at 31/12/2020	39,363	9,882	1,684	18,525	37,946	2,675	110,075
Amortization	1,551	472	-	2,472	5,121	131	9,747
Write-downs/(write-backs)	-	211	-	-	-	-	211
Disposals	-	-	-	-	-	-	0
Change in the consolidation scope	-	-	-	-	316	-	316
Other changes	-	-	(1,684)	-	-	63	(1,621)
Accumulated amortization and impairment loss at 30/06/2021	40,914	10,565	0	20,997	43,383	2,869	118,728
Net book value at 31/12/2020	54,751	10,480	0	10,307	12,259	6,361	94,158
Net book value at 30/06/2021	**53,200**	**9,797**	**0**	**8,514**	**13,873**	**7,334**	**92,718**

Intangible assets with indefinite useful life include:

- the series of the Books area;
- the trademarks acquired against payment;
- goodwill.

Intangible assets with indefinite useful life (Euro/thousands)	Titles	Trademarks and series	Goodwill	Total
Historical cost at 31/12/2019	76,825	48,151	53,518	178,494
Capital expenditure	-	-	254	254
Disposals	-	-	-	0
Change in the consolidation scope	-	-	-	0
Other changes	(76,825)	(520)	(35)	(77,380)
Historical cost at 31/12/2020	0	47,631	53,737	101,368
Impairment loss at 31/12/2019	3,749	994	3,690	8,433
Write-downs/(write-backs)	-	-	3,120	3,120
Other changes/disposals	(3,749)	-	-	(3,749)
Impairment loss at 31/12/2020	0	994	6,810	7,804
Net book value at 31/12/2019	73,076	47,157	49,828	170,061
Net book value at 31/12/2020	**0**	**46,637**	**46,927**	**93,564**

In first half 2021, the related goodwill for € 6,323 thousand was recorded on a provisional basis, since the purchase price allocation process of the cost relating to the acquisition of the controlling interest in Hej! S.r.l. has yet to be completed at the date of this Half-Year Report.

At the end of the impairment process, goodwill relating to the *Focus* brand was also written down by € 91 thousand.

Intangible assets with indefinite useful life (Euro/thousands)	Titles	Trademarks and series	Goodwill	Total
Historical cost at 31/12/2020	-	47,631	53,737	101,368
Capital expenditure		-	6,323	6,323
Disposals		-	-	0
Change in the consolidation scope		-	-	0
Other changes		-	12	12
Historical cost at 30/06/2021	0	47,631	60,072	107,703
Impairment loss at 31/12/2020	-	994	6,810	7,804
Write-downs/(write-backs)	-	-	91	91
Other changes/disposals	-	-	-	0
Impairment loss at 30/06/2021	0	994	6,901	7,895
Net book value at 31/12/2020	0	46,637	46,927	93,564
Net book value at 30/06/2021	**0**	**46,637**	**53,171**	**99,808**

Amortization, write-downs and write-backs of intangible assets

Amortization and impairment loss of intangible assets (Euro/thousands)	**1° half 2021**	**1° half 2020**
Titles	1,551	2,069
Trademarks	472	524
Customer lists	-	-
Software	2,180	2,143
Licenses, patents and rights	292	350
Cost of development	5,121	4,852
Other intangible assets	131	384
Total amortization of intangible assets	**9,747**	**10,322**
Write-downs of intangible assets	302	5,846
Write-backs of intangible assets	-	-
Total write-downs (write-backs) of intangible assets	**302**	**5,846**
Total amortization and impairment loss of intangible assets	**10,049**	**16,168**

Amortization and write-downs of intangible assets, amounting to € 10,049 thousand, decreased by € 6,119 thousand, due primarily to the write-down of *TV Sorrisi e Canzoni*, recorded in 2020.

The availability and use of intangible assets recognized in these financial statements are not subject to any lien or restriction.

11. PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment" amounted to € 16,506 thousand, down by € 447 thousand.

Capital expenditure in first half 2021 amounted to € 1,630 thousand, of which € 848 thousand in the Retail area, regarding the opening of four new stores located in shopping centres scattered across the Country; the remaining part is distributed over the other business units and relates mainly to extraordinary maintenance on the headquarters and the purchase of personal computers and equipment to encourage smart working by staff.

Disposals during the six-month period involved assets that were almost completely depreciated, referring mainly to the Retail area, due to the closure of the Milan-Via Marghera and Como stores.

The table below shows a breakdown of "Property, plant and equipment" in 2020 and in first half 2021:

Property, plant and equipment (Euro/thousands)	Land	Instrumental buildings	Plant and equipment	Other tangible assets	Total
Historical cost at 31/12/2019	903	5,605	21,939	57,719	86,166
Capital expenditure	-	-	851	3,824	4,675
Disposals	-	-	(163)	(1,158)	(1,321)
Change in the consolidation scope	-	-	-	17	17
Other changes	-	-	119	(547)	(428)
Historical cost at 31/12/2020	903	5,605	22,746	59,855	89,109
Accumulated depreciation and impairment loss at 31/12/2019	-	4,071	18,968	45,187	68,226
Depreciation	-	133	808	3,378	4,319
Write-downs/(write-backs)	-	-	455	706	1,161
Disposals	-	-	(153)	(1,150)	(1,303)
Change in the consolidation scope	-	-	-	(16)	(16)
Other changes	-	-	(4)	(227)	(231)
Accumulated depreciation and impairment loss at 31/12/2020	0	4,204	20,074	47,878	72,156
Net book value at 31/12/2019	903	1,534	2,971	12,532	17,940
Net book value at 31/12/2020	**903**	**1,401**	**2,672**	**11,977**	**16,953**

Property, plant and equipment (Euro/thousands)	Land	Instrumental buildings	Plant and equipment	Other tangible assets	Total
Historical cost at 31/12/2020	903	5,605	22,746	59,855	89,109
Capital expenditure	-	-	313	1,317	1,630
Disposals	-	-	(1,864)	(3,240)	(5,104)
Change in the consolidation scope	-	-	-	13	13
Other changes	-	-	124	17	141
Historical cost at 30/06/2021	903	5,605	21,319	57,962	85,789
Accumulated depreciation and impairment loss at 31/12/2020	-	4,204	20,074	47,878	72,156
Depreciation	-	64	355	1,738	2,157
Write-downs/(write-backs)	-	-	-	-	0
Disposals	-	-	(1,864)	(3,226)	(5,090)
Change in the consolidation scope	-	-	-	4	4
Other changes	-	-	-	56	56
Depreciation and impairment losses at 30/06/2021	0	4,268	18,565	46,450	69,283
Net book value at 31/12/2020	903	1,401	2,672	11,977	16,953
Net book value at 30/06/2021	**903**	**1,337**	**2,754**	**11,512**	**16,506**

"Other tangible assets" can be broken down as follows:

Other tangible assets (Euro/thousands)	**30/06/2021**	**31/12/2020**
Industrial and commercial equipment	138	163
Electronic office equipment	2,043	2,183
Office furniture, facilities and fittings	3,278	3,413
Motor and transport vehicles	20	25
Leasehold improvements	5,698	5,801
Assets under construction and advances	335	392
Total other tangible assets	**11,512**	**11,977**

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment (Euro/thousands)	1° half 2021	1° half 2020
Instrumental buildings	64	69
Plant and equipment	356	404
Equipment	35	40
Electronic office equipment	585	587
Furniture and fittings	472	441
Motor and transport vehicles	5	5
Leasehold improvements	641	536
Total depreciation of property, plant and equipment	**2,158**	**2,082**
Write-downs of tangible assets	-	-
Write-backs of tangible assets	-	-
Total write-downs (write-backs) of tangible assets	**0**	**0**
Total depreciation and impairment loss on tangible assets	**2,158**	**2,082**

Depreciation in the period, amounting to € 2,158 thousand, rose versus € 2,082 thousand in first half 2020, due to increased expenditure in leased assets and furniture in the Retail area.

12. ASSETS FROM RIGHTS OF USE

In first half 2021, assets under lease contracts for third-party assets referred mainly to the renewal and new lease contracts relating to new openings in the Retail area (€ 12,040 thousand versus a total of € 12,781 thousand in capital expenditure) and the expiry of certain lease contracts in the Retail area (€ 4,958 thousand), as well as depreciation in the period.

Assets from rights of use (Euro/thousands)	Rights of use buildings	Rights of use motor vehicles	Rights of use hardware	Total
Historical cost at 31/12/2019	105,987	645	1,306	107,938
Capital expenditure	7,864	458	-	8,322
Disposals	(10,238)	-	-	(10,238)
Other changes	(473)	-	-	(473)
Historical cost at 31/12/2020	103,140	1,103	1,306	105,549
Accumulated depreciation at 31/12/2019	13,790	188	21	13,999
Depreciation	13,831	311	257	14,399
Disposals	(2,816)	-	-	(2,816)
Other changes	(300)	-	-	(300)
Accumulated depreciation at 31/12/2020	24,505	499	278	25,282
Net book value at 31/12/2019	92,197	457	1,285	93,939
Net book value at 31/12/2020	**78,635**	**604**	**1,028**	**80,267**

Assets from rights of use (Euro/thousands)	Rights of use buildings	Rights of use motor vehicles	Rights of use hardware	Total
Historical cost at 31/12/2020	103,140	1,103	1,306	105,549
Capital expenditure	12,781	-	-	12,781
Disposals	(4,958)	-	-	(4,958)
Other changes	266	-	-	266
Historical cost at 30/06/2021	111,229	1,103	1,306	113,638
Accumulated depreciation at 31/12/2020	24,505	499	278	25,282
Depreciation	6,369	136	128	6,633
Disposals	(2,186)	-	-	(2,186)
Other changes	50	-	-	50
Accumulated depreciation at 30/06/2021	28,738	635	406	29,779
Net book value at 31/12/2020	78,635	604	1,028	80,267
Net book value at 30/06/2021	**82,491**	**468**	**900**	**83,859**

13. INVESTMENTS

“Equity-accounted investees" and "Investments in other companies" totaled € 16,368 thousand, down by € 3,963 thousand versus 31 December 2020.

Investments (Euro/thousands)	**30/06/2021**	**31/12/2020**
Equity-accounted investees	16,053	19,459
Investments in other companies	585	1,142
Total investments	**16,638**	**20,601**

In first half 2021, there were no changes in the scope of equity-accounted investees; the impairment is attributable to Monradio S.r.l. and Mondadori SEEC Advertising Co. Ltd.

Equity-accounted investees - Details (Euro/thousands)	**30/06/2021**	**31/12/2020**
Investments in joint ventures:		
- Edizioni EL S.r.l.	3,224	3,590
- Attica Publications Group	7,476	7,383
- Mediamond S.p.A.	482	697
- Mondadori Seec Advertising Co. Ltd	3,074	4,065
- DI 2 S.r.l.	178	105
Total investments in joint ventures	**14,434**	**15,840**
Investments in associates:		
- Monradio S.r.l.	1,200	3,205
- GD Media Service S.r.l.	260	245
- Milano Distribuzione Media S.r.l.	159	169
Total investments in associates	**1,619**	**3,619**
Total equity-accounted investees	**16,053**	**19,459**

"Investments in other companies".

Investments in other companies - Details (Euro/thousands)	30/06/2021	31/12/2020
Investments in other companies:		
- Società Europea di Edizioni S.p.A.	315	872
- Società Editrice Il Mulino S.p.A.	197	197
- Consuledit S.r.l.	1	1
- Consorzio Sistemi Informativi Editoriali Distributivi	10	10
- Immobiliare Editori Giornali S.r.l.	52	52
- Consorzio Edicola Italiana	10	10
Total investments in other companies	**585**	**1,142**

14. PRE-PAID TAX ASSETS AND DEFERRED TAX LIABILITIES

"Pre-paid tax assets", amounting to € 55,890 thousand, increased by € 1,840 thousand; "Deferred tax liabilities", amounting to € 21,210 thousand, decreased by € 9,170 thousand.

(Euro/thousands)	30/06/2021	31/12/2020
IRES on tax losses	5,555	5,555
Pre-paid IRES	45,722	44,193
Pre-paid IRAP	4,613	4,302
Total pre-paid tax assets	**55,890**	**54,050**
Deferred IRES	18,366	26,292
Deferred IRAP	2,844	4,088
Total deferred tax liabilities	**21,210**	**30,380**

Specifically:

- "IRES on tax losses", amounting to € 5,555 thousand, remained unchanged versus 31 December 2020;
  The Directors consider the amounts recorded to be fully recoverable, considering the right to carry forward tax losses without time limits and the expected results envisaged in the Group plans;
- other prepaid tax assets (IRES and IRAP) increased, as a result of the change in provisions subject to taxation; the most significant amount refers to the provision for advances to authors;
- deferred tax liabilities, IRES and IRAP, dropped significantly, as a result mainly of the option, introduced by Article 110 of Legislative Decree no. 104 of 2020, to realign the tax amounts of brands and goodwill with their respective statutory amounts, of which the Mondadori Group made use for a total of € 37,427 thousand. This option then led to a reduction of € 10,194 thousand in the provision for deferred taxation, which had been recorded in prior years to take account of temporary differences between the two amounts; the related substitute tax, calculated at 3%, was concurrently recorded for € 1,123 thousand, of which the first instalment, equal to one third of the amount, was paid by 30 June 2021.

Temporary differences that led to the recognition of pre-paid tax

(Euro/thousands)	30/06/2021 Amount of temporary differences	Current tax rate	Pre-paid tax	31/12/2020 Amount of temporary differences	Current tax rate	Pre-paid tax
Difference between book value and tax value of intangible assets	8,071	(*)	1,937	3,079	(*)	739
Difference between book value and tax value of investment property and investments in property, plant and equipment	864	(*)	207	789	(*)	189
Provision for bad debts	17,191	(*)	4,149	16,315	(*)	3,938
Write-down of inventory	27,435	(*)	6,616	29,354	(*)	7,076
Write-down of advances to authors	40,287	(*)	9,680	35,974	(*)	8,645
Provisions	43,631	(*)	10,471	45,686	(*)	10,965
Post-employment benefits	2,563	(*)	615	3,161	(*)	758
Elimination of intercompany income	10,138	(*)	2,433	9,492	(*)	2,278
Returns to receive	34,082	(*)	8,180	33,457	(*)	8,030
Other temporary differences	5,929	(*)	1,435	6,455	(*)	1,575
Total for IRES purposes	**190,191**		**45,723**	**183,762**		**44,193**
Difference between book value and tax value of intangible assets	7,715	(*)	300	2,655	(*)	104
Difference between book value and tax value of investment property and investments in property, plant and equipment	315	(*)	12	335	(*)	13
Write-down of inventory	24,416	(*)	952	26,420	(*)	1,030
Write-down of advances to authors	39,024	(*)	1,522	34,747	(*)	1,355
Provisions	1,022	(*)	40	1,334	(*)	52
Post-employment benefits	1,249	(*)	49	1,409	(*)	55
Elimination of intercompany income	10,138	(*)	394	9,492	(*)	369
Returns to receive	34,082	(*)	1,329	33,457	(*)	1,305
Other temporary differences	323	(*)	15	465	(*)	19
Total for IRAP purposes	**118,284**		**4,613**	**110,314**		**4,302**

(*) With regard to income tax, each Group company applied the tax rate applicable in the country of residence.
As for IRAP, each Group company applied the tax rate in force, taking into account the distribution of the tax base by region.

Temporary differences that led to the recognition of deferred tax

(Euro/thousands)	30/06/2021 Amount of temporary differences	Current tax rate	Deferred tax	31/12/2020 Amount of temporary differences	Current tax rate	Deferred tax
Difference between book value and tax value of intangible assets	71,983	(*)	17,276	104,254	(*)	25,021
Difference between book value and tax value of investment property and investments in property, plant and equipment	785	(*)	188	785	(*)	188
Post-employment benefits	140	(*)	34	100	(*)	24
Other temporary differences	3,618	(*)	868	4,410	(*)	1,059
Total for IRES purposes	**76,526**		**18,366**	**109,549**		**26,292**
Difference between book value and tax value of intangible assets	72,121	(*)	2,812	103,987	(*)	4,056
Difference between book value and tax value of investment property and investments in property, plant and equipment	810	(*)	32	810	(*)	32
Total for IRAP purposes	**72,931**		**2,844**	**104,797**		**4,088**

(*) With regard to income tax, each Group company applied the tax rate applicable in the country of residence.
As for IRAP, each Group company applied the tax rate in force, taking into account the distribution of the tax base by region.

15. OTHER NON-CURRENT ASSETS

"Other non-current assets", amounting to € 808 thousand, decreased by € 414 thousand versus 31 December 2020, due mainly to the reduction in the receivable from the sale of 75% of Stile Italia Edizioni S.r.l..

Other non-current assets (Euro/thousands)	**30/06/2021**	**31/12/2020**
Guarantee deposits	133	138
Other	675	1,084
Total other non-current assets	**808**	**1,222**

16. TAX RECEIVABLES AND PAYABLES

Tax receivables (Euro/thousands)	**30/06/2021**	**31/12/2020**
Receivables from the tax authorities for IRAP	919	452
Receivables from the tax authorities for IRES	22	24
Receivables from Fininvest for IRES	1,917	1,475
Receivables from the tax authorities for VAT	5,788	5,268
Other receivables from the tax authorities	846	1,168
Total tax receivables	**9,492**	**8,387**

"Tax receivables", equal to € 9,492 thousand, increased by € 1,105 thousand versus 31 December 2020, as a result of:

- the higher receivable from the tax authorities for IRAP advances paid in June 2021;
- the higher receivable from Fininvest, due primarily to withholding tax paid in foreign countries;
- the higher VAT receivable, attributable to the settlement in the second quarter of the current year, due to higher turnover.

“Other receivables from the tax authorities", amounting to € 846 thousand, refers mainly to the receivable recognized as a result of the deduction of IRAP from the taxable base for IRES, with the filing of the relating refund application.

For the tax disputes below, in respect of which the Group paid the amounts due in prior years. No receivables were recorded at 30 June 2021:

- regarding Arnoldo Mondadori Editore S.p.A.:
  - Year 2004, the Central Division of the Lombardy Region raised a few points on the application of a 12.50% withholding tax on the interest paid on a loan stock in favour of a subsidiary for a total of € 999 thousand, plus applicable ancillary expense; against such assessment, an appeal is currently pending before the Court of Cassation;
  - Year 2005: the Central Division of the Lombardy Region challenged the omitted payment of a 12.50% withholding plus applicable ancillary expense by means of a tax assessment, in relation to interest paid on a loan stock stated in 2004 for a total of € 3,051 thousand. Against such assessment, an appeal is currently pending before the Court of Cassation;
- as for Giulio Einaudi Editore S.p.A., in 2017 the Regional Tax Commissions of Piedmont and Latium upheld the first instance ruling in favour of the Company, against which the Revenue Agency has filed an appeal regarding the challenge of the assessment notices issued at the time for the years from 2005 to 2009. Following the outcome of the appeal filed by the Inland Revenue before the Court of Cassation against the second instance rulings that confirmed the annulment of the payment notices of the stamp duty for the years 2005, 2006, and 2007, the Supreme Court had referred the case to the Regional Tax Commission of Piedmont. The Company reinstated the case within the time limits of law.

Income tax payables (Euro/thousands)	30/06/2021	31/12/2020
Payables to the tax authorities for IRAP	450	916
Payables to the tax authorities for IRES	1,096	893
Payables to Fininvest for IRES	-	4,404
Total income tax payables	**1,546**	**6,213**

“Income tax payables", amounting to € 1,546 thousand, decreased by € 4,667 thousand, due to lower current tax accrued in the six months, as a result of the seasonal nature of certain businesses.

17. OTHER CURRENT ASSETS

“Other current assets", amounting to € 86,969 thousand, increased by € 10,523 thousand, as a result mainly of:

- advance payments to agents that were higher than the commissions accrued in the reporting period, due to the seasonal nature of certain businesses, especially in the Educational area;
- advances recognized to authors of the Trade Books area, for the publication of new titles in second half 2021 and in the next financial years.

“Other receivables, accrued income and prepaid expenses" includes marketing, promotion and delivery costs relating to magazine issues for second half 2021, as well as costs for advance fees.

Other current assets (Euro/thousands)	30/06/2021	31/12/2020
Receivables from agents	4,202	251
Receivables from authors	133,028	122,785
Provision for advances to authors	(67,633)	(63,010)
Receivables from suppliers and associates	5,957	6,331
Accrued income and prepaid expenses	8,116	7,080
Other receivables from associates and affiliates	74	(10)
Other receivables	3,225	3,019
Total other current assets	**86,969**	**76,446**

18. INVENTORY

"Inventory" at 30 June is typically much higher than at the end of the year, due to the seasonal nature of the Educational area's business, where production takes place mainly in the first half of the year and sales in the second.

Specifically:

- raw materials, amounting to € 8,819 thousand, increased by € 2,247 thousand, due to the supply of the Books area (€ +1,973 thousand) and the Magazines area (€ 274 thousand), needed to meet production requirements in the third quarter;
- "Work in progress, semi-finished products and contract work", amounting to € 9,995 thousand, fell by € 466 thousand versus 31 December 2020, referring mostly to the Magazines area;
- "Finished products and goods", amounting to € 113,550 thousand, increased by € 19,131 thousand, due mainly to the production of school textbooks and books for the Trade market, which increased by € 13,086 thousand and € 1,765 thousand respectively, and to supplies to the Group's network of stores, amounting to € 4,280 thousand.

Inventory (Euro/thousands)	**30/06/2021**	**31/12/2020**
Raw and ancillary materials and consumables	9,534	7,270
Write-down of raw and ancillary materials and consumables	(715)	(698)
Total raw and ancillary materials and consumables	**8,819**	**6,572**
Work in progress, semi-finished products and contract work	11,105	11,562
Write-down of work in progress, semi-finished products and contract work	(1,110)	(1,101)
Total work in progress and semi-finished goods	**9,995**	**10,461**
Finished products and goods	189,166	168,350
Write-down of finished products and goods	(75,616)	(73,931)
Total finished products and goods	**113,550**	**94,419**
Total inventory	**132,364**	**111,452**

Inventory of "Finished products and goods" included books produced by the Group, third-party publishers' books purchased for re-sale in the Retail sector and merchandising, paper processing and gifts.

Inventory write-down was calculated separately and analytically for each Group company, taking account of finished product marketability, any failed revenue generation from orders in progress and semi-finished products, and deterioration of raw materials.

Inventory - Write-down (Euro/thousands)	Raw materials	Work in progress and semi-finished products and contract work	Finished products and goods
Balance at 31/12/2019	571	1,046	81,077
Changes in the year:			
- allocation	167	96	1,211
- utilizations	(40)	(16)	(8,123)
- other changes	-	(25)	(234)
Balance at 31/12/2020	**698**	**1,101**	**73,931**
Changes in the year:			
- allocation	17	1	2,714
- utilizations	-	-	(1,109)
- other changes	-	8	80
Balance at 30/06/2021	**715**	**1,110**	**75,616**

No inventory is subject to restriction to cover liabilities.

Decrease (increase) in inventory

The income statement effects resulting from the changes in inventory and the provisions for value adjustments are detailed below.

Decrease (increase) in inventory (Euro/thousands)	**1° half 2021**	**1° half 2020**
Changes in finished products and goods	(15,528)	(23,282)
Allocation to the provision for write-downs of finished products and goods	2,714	5,863
Utilization of the provision for write-downs of finished products and goods	(1,109)	(164)
Total changes in finished products and goods	**(13,923)**	**(17,583)**
Changes in work in progress and semi-finished goods	558	375
Allocation to the provision for write-downs of work in progress and semi-finished goods	1	-
Utilization of the provision for work in progress and semi-finished goods	-	-
Total changes in work in progress and semi-finished goods	**559**	**375**
Changes in raw and ancillary materials and consumables	(2,264)	(422)
Allocation to the provision for write-downs of raw and ancillary materials and consumables	17	-
Utilization of the provision for write-downs of raw and ancillary materials and consumables	-	-
Total changes in raw and ancillary materials and consumables	**(2,247)**	**(422)**
Total decrease (increase) in inventory	**(15,611)**	**(17,630)**

19. TRADE RECEIVABLES

Trade receivables (Euro/thousands)	**30/06/2021**	**31/12/2020**
Receivables from customers	137,193	161,727
Receivables from associates	25,539	29,968
Receivables from parent companies	18	36
Receivables from affiliates	712	398
Total trade receivables	**163,462**	**192,129**

"Trade receivables", amounting to € 137,193 thousand, fell by € 24,534 thousand versus 31 December 2020, and by € 21,197 thousand versus 30 June 2020, more consistent owing to the seasonal nature of a number of businesses.

The lower exposure to customers, versus the same period of 2020, is due primarily:

- in the Trade Books area (€ -12,933 thousand) to payment extensions granted to bookstores during the lockdown period in 2020, to the increase in sales in the e-commerce channel, which has more advantageous collection conditions, and to the increase in the provision for returns to receive, due to the increase in revenue;
- in the Retail area (€ -5,373 thousand) to the payment extensions granted to franchised bookstores during the lockdown period in 2020, and to the higher revenue earned by company-owned bookstores, severely impacted during the lockdown period, which see an immediate conversion into cash;
- in the Magazines area (€ -5,676 thousand), thanks to the positive management of receivables and the increase in the provision for returns to receive.

“Receivables from associates", amounting to € 25,539 thousand, increased by € 3,772 thousand versus 30 June 2020, attributable almost entirely to Mediamond S.p.A., the Group's ad agency, as a result of the growth in advertising sales.
Receivables from associates, parent companies and affiliates are explained in the Annex "Transactions with related parties"; transactions with related parties are carried out under normal market conditions.

“Customers – returns to receive”, amounting to € 124,467 thousand, increased in both the Magazines area and the Books area by € 24,174 thousand versus 30 June 2020, as a result of revenue growth.

Trade receivables **Receivables from customers** (Euro/thousands)	**30/06/2021**	**31/12/2020**
Receivables from customers	277,340	302,268
Customers – returns to receive	(124,467)	(125,451)
Provision for bad debts	(15,680)	(15,090)
Total receivables from customers	**137,193**	**161,727**

There were no trade receivables due over five years.

With regard to the provision for bad debts, it should be noted that for each Group company, an accurate analysis is performed of each individual debt item position, considering also the customer solvency rating, together with an assessment of expected losses based on historical data and forward-looking information.

Trade receivables **Receivables from customers - Provision for bad debts** (Euro/thousands)	**30/06/2021**	**31/12/2020**
Balance at beginning of year	15,090	21,033
Changes in the year:		
- allocation	1,868	5,014
- utilizations	(1,233)	(11,029)
- changes in consolidation scope and other changes	(45)	72
Total provision for bad debts	**15,680**	**15,090**

20. FINANCIAL ASSETS

”Non-current financial assets", amounting to € 644 thousand, refers mainly to the loan granted to Attica Publications for € 500 thousand.

Non-current financial assets (Euro/thousands)	**30/06/2021**	**31/12/2020**
Financial receivables from associates	500	500
Financial receivables	144	177
Total non-current financial assets	**644**	**677**

“Other current financial assets", amounting to € 10,651 thousand, includes mainly the receivable from the deferred payment of the price for the sale of Mondadori France.

The reduction, versus the amounts at 31 December 2020, is attributable to the sale of the Reworld Media shares.

Other current financial assets (Euro/thousands)	**30/06/2021**	**31/12/2020**
Financial receivables from customers	-	-
Financial receivables from associates	-	-
Financial receivables from parent companies	-	-
Financial receivables from affiliates	-	-
Financial receivables from others	10,641	10,521
Total financial receivables	**10,641**	**10,521**
Financial assets at fair value with adjustments recognized in the income statement	-	5,372
Available-for-sale financial assets	10	9
Assets from derivative instruments	-	-
Total other current financial assets	**10,651**	**15,902**

Assets and liabilities resulting from derivative instruments

Assets and liabilities resulting from derivative instruments - Details (Euro/thousands)	Type of derivative instrument	Fair value at 30/06/2021	Fair value at 31/12/2020
Non-current financial assets (liabilities)			
- Rate derivatives	*Cash flow hedge*	(790)	(820)
Current financial assets (liabilities)			
- Currency derivatives	*Trading*	-	-

The Group has adopted a Financial Risk Management policy. The use of derivative instruments is in line with the guidelines contained in such policy. In order to verify hedging efficiency, the Group performs a series of monthly effectiveness tests set out in the accounting standards applied.

Perspective tests envisage that at the beginning of a hedge transaction and for its entire duration, each individual hedge proves effective. This means that any changes in the fair value or cash flow of the hedged item almost completely offset any changes in the fair value or cash flow of the hedged instrument.

The method adopted by the Group to assess effectiveness is the Dollar Offset Method or Ratio Analysis.

The Group calculates the fair value of current hedge transactions on a monthly basis.

At 30 June 2021, four transactions were in place to hedge the existing interest rate risk (with Banco BPM, BNP Paribas, Intesa Sanpaolo and Unicredit), applying to 100% of the Line A Term Loan of the amortizing pool loan agreement concluded in May 2021, coming to maturity in December 2026 for a total notional amount of € 95.0 million and a weighted average rate of -0.086%.

Hedge impact on income statement and equity:

Cash flow hedge reserve (Euro/thousands)	**30/06/2021**	**31/12/2020**
Initial balance gross of the tax impact	(819)	(1,286)
Amount recognized in the year	613	951
Amount endorsed from reserve and recognized in the income statement:		
- adjustments to expense	(35)	(158)
- adjustments to income	(196)	(326)
Final balance gross of the tax impact	**(437)**	**(819)**
Inefficient part of hedge	0	0

21. CASH AND CASH EQUIVALENTS

The item amounted to € 48,078 thousand, down significantly versus 31 December 2020; the fair value of cash and cash equivalents is equal to the relevant book value at 30 June 2021.

Cash and cash equivalents (Euro/thousands)	**30/06/2021**	**31/12/2020**
Cash and cash on hand	195	728
Bank deposits	47,236	109,030
Postal deposits	647	489
Total cash and cash equivalents	**48,078**	**110,247**

Further details on the changes in cash and cash equivalents are found in the consolidated statement of cash flows.

Net financial position (Euro/thousands)	**30/06/2021**	**31/12/2020**
Non-current financial assets	644	677
Current financial assets	10,651	15,902
Cash and cash equivalents	48,078	110,247
Non-current financial liabilities	(78,016)	(66,732)
Current financial liabilities	(49,614)	(74,869)
Financial liabilities IFRS 16	(86,807)	(82,789)
Net financial position	**(155,064)**	**(97,564)**

The table below shows the Group net financial position in accordance with CONSOB recommendations.

	Net financial position (Euro/thousands)	**30/06/2021**	**31/12/2020**
	- Cash	195	728
	- Bank deposits	47,236	109,030
	- Postal deposits	647	489
A	Liquid funds	48,078	110,247
B	Cash equivalents	-	5,372
C	Other current financial assets	10,651	10,530
D	**Liquidity (A+B+C)**	**58,729**	**126,149**
	- Current bank payables	(124)	(535)
	- Other current financial payables	(15,604)	(13,800)
E	Current financial debt (including debt instruments, excluding current portion of non-current financial debt)	(15,728)	(14,335)
	- Loans	(46,005)	(72,273)
F	Current portion of non-current financial debt	(46,005)	(72,273)
G	**Current financial debt (E+F)**	**(61,733)**	**(86,608)**
H	**Net current financial debt (G-D)**	**(3,004)**	**39,541**
	- Loans	(74,208)	(65,681)
	- Financial liabilities IFRS 16	(74,688)	(71,050)
	- Derivatives and other financial liabilities	(3,808)	(1,051)
I	Non-current debt (excluding current portion and debt instruments)	(152,704)	(137,782)
J	Debt instruments	-	-
K	Trade payables and other non-current payables	-	-
L	**Non-current financial debt (I+J+K)**	**(152,704)**	**(137,782)**
M	**Total financial debt (H+L)**	**(155,708)**	**(98,241)**

Should the balance of “Non-current financial assets”, amounting to € 644 thousand and not included in the CONSOB format, be added to the above table, the Group net financial position would come to € -155,064 thousand.
With respect to the latter amount, if short and medium/long-term financial payables, recorded as a result of the application of IFRS 16, are excluded, the net financial position stands at € -68,257 thousand.

Further information regarding the Group's net financial position is found in Notes 20 and 25.

22. EQUITY

Equity at 30 June 2021, including minority shareholders, amounted to € 178,043 thousand, increasing by € 5,627 thousand versus 31 December 2020.

The main changes in the first half are shown below:

- profit for the period, including the result attributable to non-controlling interests, of € 4,358 thousand;
- the adjustment of the "Cash flow hedge reserve", which resulted in an increase in equity of € 186 thousand;
- the adjustment of the "Conversion reserve", which resulted in an increase of € 897 thousand;
- the entry, in the specific reserve, of the portion relating to the Performance Share Plan accrued in the six months, which resulted in a reduction in equity of € 1,279 thousand;
- the decrease in the value of treasury shares purchased to service the Performance Share plans for € 2,005 thousand.

In first half 2021, Arnoldo Mondadori Editore S.p.A. purchased a total of no. 291,960 treasury shares (0.112% of the share capital) on the MTA at an average unit price of € 1.6427, for a total amount of € 480 thousand.
The purchases, authorized by the Shareholders' Meetings of 17 April 2019, 22 April 2020 and 27 April 2021, are intended to provide the company with the shares to service the Performance Share Plans for the three-year periods 2019-2021, 2020-2022 and 2021-2023; the fair value of the shares assigned, amounting to € 766 thousand, is recorded in a specific equity reserve.

Reserves attributable to non-controlling interests, amounting to € 11 thousand, refer to Rizzoli Education S.p.A. and Abscondita S.r.l..

23. PROVISIONS

"Provisions", amounting to € 43,502 thousand, decreased by € 2,933 thousand; specifically, the most significant changes regarded:

- the "Provision for investment risks", which decreased by € 1,458 thousand, as a result of payments requested by the liquidator of Mach 2 Libri S.r.l., offset against credit positions;
- the "Provision for personnel downsizing risks" decreased by € 924 thousand, as a result of utilizations related to the actions aimed at improving the efficiency of the structures;
- the "Provisions for contractual commitments", which decreased by € 802 thousand, due to capital expenditure made under the concession agreement with Parco del Colosseo;
- the "Provision for tax disputes", which increased by € 300 thousand, due to potential tax liabilities arising from certain ongoing tax audits.

Provisions (Euro/thousands)	31/12/2020	Allocations	Utilizations	30/06/2021
Provision for agents' contractual risks	2,012	-	(4)	2,008
Provision for personnel downsizing risks	6,433	96	(1,016)	5,513
Provision for legal risks	14,211	462	(464)	14,209
Provision for investment risks	1,802	-	(1,458)	343
Provision for tax disputes	0	300	-	300
Provision for contractual commitments	8,367	888	(1,690)	7,565
Provision for contractual commitments ad agency	2,817	30	(61)	2,787
Other provisions for risks	10,793	576	(592)	10,777
Total provisions	**46,435**	**2,352**	**(5,285)**	**43,502**

24. POST-EMPLOYMENT BENEFITS

This item, amounting to € 29,796 thousand, decreased by € 2,961 thousand: the indemnity for post-employment benefits decreased due to the reduction in headcount, down from 1,845 units at 31 December 2020 to 1,829 units at 30 June 2021; the value of the provision for supplementary agents' indemnity decreased due to the termination of certain relationships that led to the payment of post-employment benefits to agents.

Post-employment benefits (Euro/thousands)	**30/06/2021**	**31/12/2020**
Provision for post-employment benefits (TFR)	16,840	18,761
Provision for supplementary agents' indemnity (FISC)	12,934	13,974
Provision for retirement and kindred obligations	22	22
Total post-employment benefits	**29,796**	**32,757**

Post-employment benefits and the supplementary agents' indemnity were determined by applying an actuarial method in compliance with IAS 19 and IAS 37.

It should be noted that for both calculations, a discounting rate based on the iBoxx benchmark, Euro area, rating AA and with a 10+ duration, was used consistently with past valuations.

Actuarial assumptions to measure TFR	**30/06/2021**	**31/12/2020**
Economic assumptions:		
- increase in cost of living	0.50%	0.50%
- discounting rate	0.79%	0.34%
Demographic assumptions:		
- probability of death	IPS55 tables	IPS55 tables
- probability of disability	INPS-2000 tables	INPS-2000 tables
- probability of leaving for other reasons	From 3.72% to 18.24%	From 3.72% to 18.24%
- retirement age	Regulations in force	Regulations in force

Actuarial assumptions to measure FISC	**30/06/2021**	**31/12/2020**
Economic assumptions:		
- discounting rate	0.79%	0.34%
Demographic assumptions:		
- probability of death/disability	1.0%	1.0%
- probability of leaving service	5.0%	5.0%
- probability of voluntary resignation	1.5%	1.5%
- average age of agency contract termination	Regulations in force	Regulations in force

The sensitivity analysis, obtained by increasing and decreasing the rate by 0.5%, shows a higher or lower effect on the provision for post-employment benefits of approximately € 300 thousand.

Post-employment benefits cost items, booked under income statement, include the service cost of companies with less than 50 employees for € 15 thousand, financial expense of € 29 thousand, and the portion paid into the supplementary pension scheme for € 3,225 thousand.

Changes in the "Provision for supplementary agents' indemnity" reflect the turnover in the Group's sales force.

"Provision for retirement" was not subject to discounting as the effects would be irrelevant.

Post-employment benefits - Details (Euro/thousands)	TFR	FISC	Provision for retirement
Balance at 31/12/2020	18,761	13,974	22
Changes in 2021:			
- allocations	17	52	-
- utilizations	(2,069)	(683)	-
- reversals	-	-	-
- discounting	29	-	-
- changes in consolidation scope and other changes	102	(409)	-
Balance at 30/06/2021	**16,840**	**12,934**	**22**

25. FINANCIAL LIABILITIES

Total current and non-current financial liabilities, amounting to € 214,437 thousand, dropped by € 9,953 thousand versus 31 December 2020, due mainly to:

- the higher amortized cost of the A Term Loan, pool loan, amounting to € 3,139 thousand;
- the reduction in short-term loans of € 14,700 thousand;
- the increase in other financial payables of € 3,868 thousand;
- the higher payables from the application of IFRS 16 for € 4,018 thousand.

Financial liabilities (Euro/thousands)	**30/06/2021**	**31/12/2020**
Non-current financial liabilities	78,016	66,732
Current financial liabilities	49,614	74,869
Financial liabilities IFRS 16	86,807	82,789
Total financial liabilities	**214,437**	**224,390**

"Non-current financial liabilities" includes:

- € 74,208 thousand from the amortized cost of the Line A Amortizing Term Loan, taken out with a pool of banks in May 2021, coming to maturity in December 2026;
- € 790 thousand for the fair value of the existing derivative contracts;
- € 3,018 thousand in other financial payables, including amounts relating to the acquisition.

Non-current financial liabilities (Euro/thousands)	Actual interest rate	Maturity 1-5 years	Maturity over 5 years	**30/06/2021**	**31/12/2020**
Loans	0.96%	74,208	-	74,208	65,681
Liabilities from derivatives		790	-	790	820
Other financial payables		3,018	-	3,018	231
Total non-current financial liabilities		**78,016**	**0**	**78,016**	**66,732**

“Payables to banks and other current financial liabilities” amounted to € 49,614 thousand and included:

- € 15,833 thousand for the portion of the A Term Loan of the pool loan, coming to maturity in December 2021;
- € 30,000 thousand for hot money loans maturing from August to October 2021;
- € 3,485 thousand in other financial payables, including amounts relating to the acquisition.

Payables to banks and other current financial liabilities (Euro/thousands)	Actual interest rate	**30/06/2021**	**31/12/2020**
Bank deposits		124	535
Loans	0.31%	46,005	72,273
Financial payables to associates		-	553
Other financial payables		3,485	1,508
Total payables to banks and other current financial liabilities		**49,614**	**74,869**

At 30 June 2021, the Net Financial Position Financial Covenant net of IFRS 16 payables resulting from the consolidated half-year report amounted to € 68,257 thousand, far below the cap of € 385,000 thousand set out in the pool loan agreement.
The forecasts contained in the medium-term plan show no reasonably foreseeable sign of overshooting the cap in the future.

Changes in committed credit lines:

(Euro/thousands)	**31/12/2020**	Utilizations	Repayments	Other changes	**30/06/2021**
Pool loan December 2017 (maturity 12/2022)					
Line A - Term Loan	95,000		(95,000)		-
Amortized cost	(1,819)			1,819	-
Pool loan May 2021 (maturity 12/2026)					
Line A - Term Loan		95,000			95,000
Amortized cost		(3,139)		(1,819)	(4,958)
Total	**93,181**	**91,861**	**(95,000)**	**0**	**90,042**

"Financial liabilities IFRS 16", amounting to € 86,807 thousand, increased by € 4,018 thousand versus 31 December 2020.

The amount was determined by classifying the rights of use in clusters, based on the contractual maturity, and applying a different discount rate to each of them: for Italian companies equal to the three-month Euribor (zero floor) plus a spread, and for US companies equal to the three-month treasury rate plus a spread.

Financial liabilities IFRS 16 (Euro/thousands)	Maturity 1-5 years	Maturity over 5 years	**30/06/2021**	**31/12/2020**
Non-current financial liabilities IFRS 16	54,192	20,496	74,688	71,050
Current financial liabilities IFRS 16	12,119	-	12,119	11,739
Total financial liabilities IFRS 16	**66,311**	**20,496**	**86,807**	**82,789**

For information relating to the financial instruments, reference should be made to Note 19 - "Financial assets" in these Notes.

26. OTHER CURRENT LIABILITIES

"Other current liabilities", amounting to € 130,111 thousand, increased by € 4,845 thousand versus 31 December 2020.

Specifically:

- "Customer advances", which includes payables to subscribers, increased by € 509 thousand, due to advances received on supplies to be completed in the Books area;
- "Tax payables" rose by € 292 thousand, due primarily to the substitute tax payable on the realignment of the tax amounts of certain assets with their related statutory amounts;
- "Payables to welfare and social security entities" decreased by € 822 thousand, due to the different impact of additional year-end monthly payments from those recognized in June;
- "Payables to authors and associates" rose by € 6,547 thousand, due to the increase in revenue and activities carried out in first half 2021;
- "Other payables, accrued liabilities and deferred income" decreased by € 1,382 thousand, due to lower deferrals in the museum activities and Media area.

Other current liabilities (Euro/thousands)	**30/06/2021**	**31/12/2020**
Customer advances	2,168	1,659
Tax payables	7,226	6,934
Payables to welfare and social security entities	10,775	11,597
Payables to associates and affiliates	671	575
Other payables	109,271	104,501
Total other current liabilities	**130,111**	**125,266**

"Other payables" is broken down below.

Other current liabilities – Other payables (Euro/thousands)	30/06/2021	31/12/2020
Payroll and other payables to personnel	15,701	15,628
Payables to authors and associates	66,965	60,418
Payables to subscription and instalment customers	18,592	19,060
Other payables, accrued liabilities and deferred income	8,013	9,395
Total other payables	**109,271**	**104,501**

27. TRADE PAYABLES

"Trade payables", amounting to € 199,241 thousand, decreased by € 38,953 thousand versus 31 December 2020 and by € 31,839 thousand versus 30 June 2020, more consistent owing to the seasonal nature of a number of businesses.

A comparison with the figures at 30 June 2020 shows an increase in the Retail area, marked in the first half of the prior year by fewer purchases, due to the closure of stores during the lockdown period, and a decrease in payables in the other business areas, due to fewer purchases of products from third-party publishers distributed in the Educational area and more timely payments, which also led to a reduction in the share of past dues in the Trade Books area and the Media area.

Trade payables (Euro/thousands)	30/06/2021	31/12/2020
Payables to suppliers	189,325	224,784
Payables to associates	6,875	10,175
Payables to parent companies	8	38
Payables to affiliates	3,033	3,197
Total trade payables	**199,241**	**238,194**

“Payables to associates", amounting to € 6,875 thousand, decreased by € 3,300 thousand versus 31 December 2020 and by € 464 thousand versus 30 June 2020; payables refer mainly to transactions with Edizioni EL S.r.l. as a result of the distribution contract for publishing products, and with Mediamond S.p.A. for the purchase of goods in exchange for advertising pages.

Payables to associates, parent companies and affiliates are detailed in Annex "Transactions with related parties"; transactions with related parties are carried out under normal market conditions.

There were no trade payables due over twelve months.

28. REVENUE FROM SALES AND SERVICES

Consolidated revenue in first half 2021 amounted to € 320,436 thousand versus € 288,914 thousand in the same period of the prior year, which was impacted more by the Government restrictions to counter the COVID-19 health emergency.

Revenue from sales and services (Euro/thousands)	**1° half 2021**	**1° half 2020**	**Difference %**
Books	168,904	145,874	15.8%
Retail	69,777	58,991	18.3%
Media	97,378	95,769	1.7%
Corporate & Shared Services	19,665	22,104	(11.0%)
Aggregate revenue	**355,724**	**322,738**	**10.2%**
Intercompany revenue	(35,288)	(33,824)	4.3%
Total revenue from sales and services	**320,436**	**288,914**	**10.9%**

Revenue from the Books area increased by 15.8%, driven by:

- the remarkable growth of the Trade market (+36.8%; *GFK, figures in terms of value at June 2021*), in addition to Mondadori's contribution with four titles placed in the top ten bestsellers in the first half of the year;
- the outstanding performance by Rizzoli International Publications (+39.3%), partly offset by the drop in turnover of Electa S.p.A., which was impacted again by the continued closure of museums and the impossibility of organizing exhibition events, in the Educational segment

In the Retail area, the measures enforced to curb the spread of COVID-19 were less adverse than those adopted in first half 2020, bringing, together with the above trend in the books market, a strong rise in revenue of approximately 18%.

Revenue from the Media area grew by 1.7%, driven by the positive trend in advertising sales, both in the print and digital segments.

The "Directors' Report on Operations" contains further details on revenue trends and the Group's various lines of business.

29. COST OF RAW MATERIALS, GOODS AND CONSUMABLES

The increase in revenue led to a rise in "Cost of raw materials, goods and consumables", which rose from € 52,236 thousand to € 60,268 thousand.

The cost of paper purchases increased in the Trade Books area (€ 624 thousand) and in the Media area (€ 648 thousand), while the cost of goods and consumables rose in the Retail area (€ 9,946 thousand), due to purchases made by the Group's network of stores, and fell in the Educational area, due to a reduction in the purchase of products from third-party publishers (€ 3,903 thousand).

Cost of raw materials, goods and consumables (Euro/thousands)	**1° half 2021**	**1° half 2020**
Paper	18,861	17,670
Goods for re-sale and consumables	41,407	34,566
Total cost of raw materials, goods and consumables	**60,268**	**52,236**

30. COST OF SERVICES

“Cost of services" amounted to € 193,758 thousand, up by € 13,034 thousand versus first half 2020, mainly in the variable components, in line with the revenue trend.

The most significant changes regarded:

- costs for rights and royalties, amounting to € 41,937 thousand, rose as a result of higher revenue from the Trade area and the impact of the write-down of advances to authors;
- the cost of commissions, amounting to € 12,033 thousand, rose due to the positive performance of the Trade Books area and Rizzoli International Publications;
- printing and processing costs, amounting to € 54,753 thousand, were down due to a favorable renegotiation of fees;
- logistics costs, amounting to € 23,488 thousand, rose due to the greater volume of product handled and an increase in fees;
- the Publisher's share, amounting to € 3,403 thousand, was up due to the changed consolidation scope which includes, from January 2021, Hej! S.r.l.;
- costs for other services, amounting to € 2,529 thousand, were up due to the higher costs incurred for staff training and the portion of relief received which is estimated to be reinvested.

Cost of services (Euro/thousands)	**1° half 2021**	**1° half 2020**
Rights and royalties	41,937	32,626
Commissions and costs for agents	12,033	10,693
Printing and external processing	54,753	55,307
Logistics costs	23,488	21,904
Consultancy services and collaborations	13,311	15,051
Newsstands channel fee	10,124	11,833
Purchase of advertising space and promotion expenses	9,399	7,437
Publisher's share	3,403	1,427
Travel, gifts and entertainment expenses	684	1,143
Directors' and statutory auditors' fees	2,693	2,091
Insurance	976	1,139
Utilities	1,778	2,173
Catering, security and cleaning services	1,700	1,875
Market surveys, news agencies	1,356	1,199
Bank services and commissions	614	644
IT, technical support and administrative services	5,506	4,817
Temporary work fees	1,731	2,054
Fees, rents and service expenses	5,743	6,329
Other services	2,529	982
Total cost of services	**193,758**	**180,724**

"Directors' and statutory auditors' fees" comprises fees paid to Directors and Statutory Auditors for € 2,454 thousand and € 239 thousand, respectively.

31. COST OF PERSONNEL

Group employees with a fixed-term or permanent labour contract totaled 1,829 units, down by 101 units versus 30 June 2020, despite the acquisition of Hej! S.r.l. which saw the entry of 10 units.
In addition to the usual efficiency operations that involved all business areas, the most significant reduction is attributable to the early retirement plan, which affected the Corporate area and the Media area.

Headcount	**Actual 30/06/2021**	**Actual 30/06/2020**	**Average 1° half 2021**	**Average 1° half 2020**
Executives	99	97	98	98
White collars, middle managers and journalists	1,723	1,821	1,732	1,838
Blue collars	7	12	8	12
Total	**1,829**	**1,930**	**1,838**	**1,948**

Cost of personnel, amounting to € 64,644 thousand, rose by € 2,697 thousand versus first half 2020, which had benefited from the use of social safety nets, the use of outstanding holidays, and the reduction in variable management pay.

Cost of personnel (Euro/thousands)	1° half 2021	1° half 2020
Salaries and wages	46,753	45,185
Social security expense	13,747	13,231
Post-employment benefits TFR	17	14
Supplementary pension scheme plans	3,225	3,338
Other costs	902	179
Total cost of personnel	**64,644**	**61,947**

The Shareholders' Meetings of 17 April 2019, 22 April 2020 and 27 April 2021 approved the Performance Share Plans for the three-year periods 2019-2021, 2020-2022 and 2021-2023, intended for certain Mondadori Group staff who hold key roles in achieving strategic results.
The cost accrued in first half 2021 and recognized in the income statement, regarding the fair value of shares granted, amounted to € 698 thousand.

In first half 2021, the Performance Share Plan for the three-year period 2018-2020 came to maturity.

Pursuant to IFRS 2, granted shares were stated at fair value upon their granting.

32. OTHER EXPENSE (INCOME)

“Other expense (income)" came to a positive € 1,648 thousand versus a negative € 3,223 thousand in first half 2020.

Other expense (income) (Euro/thousands)	1° half 2021	1° half 2020
Other revenue and income	(7,105)	(554)
Other operating expense	5,457	3,777
Total other expense (income)	**(1,648)**	**3,223**

Specifically:

- “Other revenue and income" rose by € 6,551 thousand, due largely to contributions, recognized in accordance with government measures, in support of companies hit by the effects of the health emergency, and to higher contingencies;

Other expense (income) – Other revenue and income (Euro/thousands)	**1° half 2021**	**1° half 2020**
Year's contributions	5,225	42
Capital gains from the disposal of fixed assets and business units	5	2
Contingent assets	1,649	291
Other	226	219
Total other revenue and income	**7,105**	**554**

- “Other operating expense" rose by € 1,677 thousand, due primarily to the impact of compensation paid following settlements or provisions for new legal disputes.

Other expense (income) – Other operating expense (Euro/thousands)	**1° half 2021**	**1° half 2020**
Receivables management	1,846	2,000
Reimbursements and settlements	988	(1,075)
Contributions and grants	720	804
Contingent liabilities	415	184
Capital loss from the disposal of fixed assets and business units	14	-
Other tax and duties	1,238	1,093
Other expense	236	774
Total other operating expense	**5,457**	**3,780**

33. FINANCIAL EXPENSE (INCOME)

Net financial expense at 30 June 2021 decreased by € 8,142 thousand versus the first six months of the prior year, as a result mainly of:

- lower interest expense (€ 224 thousand), due to the Group's lower bank exposure;
- income, amounting to € 1,356 thousand, related to the impact on the amortized cost of the medium/long-term loan, following the refinancing in May 2021;
- lower expense, amounting to € 6,160 thousand, relating to the valuation at 30 June 2020 of Reworld Media shares, the sale of which was completed in February 2021;
- lower IFRS 16 expense of € 233 thousand;
- lower net sundry financial expense of € 169 thousand.

Financial expense (income) (Euro/thousands)	**1° half 2021**	**1° half 2020**
Interest from banks and post offices	1	1
Financial income from derivatives	-	-
Financial income	195	134
Other interest	14	12
Total interest and other financial income	**210**	**147**
Interest to banks	10	2
Interest on bonds, loans and borrowings and other comm.	444	668
Ancillary expense (income) on loans, including changes in financial liabilities	(796)	639
Financial expense from derivatives	1,053	376
Financial expense from discounting of assets/liabilities	29	75
Other interest	70	672
Total interest and other financial expense	**810**	**2,432**
Exchange losses (gains)	**23**	**87**
Expense (income) from financial assets	448	6,608
Financial expense IFRS 16	1,072	1,305
Total financial expense (income)	**2,143**	**10,285**

34. EXPENSE (INCOME) FROM INVESTMENTS

"Expense (income) from investments", amounting to € 3,095 thousand, improved by € 293 thousand versus first half 2020; as for Monradio S.r.l. and Mondadori SEEC Advertising Co., there was a positive performance by the Attica Publications Group and Edizioni EL S.r.l..

Expense (income) from investments (Euro/thousands)	**1° half 2021**	**1° half 2020**
Equity-accounted investees:		
- Attica Publications Group	(115)	250
- Società Europea di Edizioni S.p.A.	698	738
- GD Media Service S.r.l.	(15)	5
- Milano Distribuzione Media S.r.l.	9	-
- Stile Italia Edizioni S.r.l.	-	55
- Edizioni EL S.r.l.	(751)	(272)
- Mediamond S.p.A.	179	1,305
- Mondadori Seec Advertising Co. Ltd	1,159	235
- Monradio S.r.l.	2,005	945
- DI2 S.r.l.	(74)	127
Total expense (income) from investments	**3,095**	**3,388**

35. INCOME TAX

Income tax (Euro/thousands)	**1° half 2021**	**1° half 2020**
IRES on income for the period	275	(4,774)
IRAP for the period	1,183	310
Total current tax	**1,458**	**(4,464)**
Deferred/pre-paid tax for IRES	(9,449)	(1,023)
Deferred/pre-paid tax for IRAP	(1,555)	(107)
Total deferred/pre-paid tax	**(11,004)**	**(1,130)**
Other tax items	135	(265)
Total income tax	**(9,411)**	**(5,859)**

A comparison between tax income in first half 2021, amounting to € 9,411 thousand, and the figure recorded in the same period of 2020, amounting to € 5,859 thousand, resulted in a greater positive effect between the two periods of € 3,552 thousand.

The difference is due primarily to two opposing components: the significant improvement in the result before tax generated higher tax expense of € 5,958 thousand; the realignment of the tax amounts of certain trademarks and goodwill to their respective statutory amounts, pursuant to Article 110 of Legislative Decree no. 104/2020, led to the release of deferred tax, recorded in prior years on this difference, totaling € 9,072 thousand, net of the substitute tax on the amounts subject to realignment.

36. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the period attributable to the Group by the weighted average number of outstanding ordinary shares in the reporting period.

	1° half 2021	**1° half 2020**
Net result for the period (Euro/000)	4,358	(25,016)
Weighted average number of outstanding ordinary shares (no./000)	259,997	258,612
Basic earnings per share from continuing operations (Euro)	**0.017**	**(0.097)**

	1° half 2021	**1° half 2020**
Net result for the period (Euro/000)	4,354	(25,014)
Weighted average number of outstanding ordinary shares (no./000)	259,997	258,612
Basic earnings per share (Euro)	**0.017**	**(0.097)**

Diluted earnings per share are calculated by dividing net profit for the period attributable to the Group by the weighted average number of outstanding ordinary shares in the period.

	1° half 2021	1° half 2020
Net result for the period (Euro/000)	4,358	(25,016)
Weighted average number of outstanding ordinary shares (no./000)	259,997	258,612
Number of options with diluted effect (no./000)	1,083	1,006
Diluted earnings per share from continuing operations (Euro)	**0.017**	**(0.096)**

	1° half 2021	1° half 2020
Net result for the period (Euro/000)	4,354	(25,014)
Weighted average number of outstanding ordinary shares (no./000)	259,997	258,612
Number of options with diluted effect (no./000)	1,083	1,006
Diluted earnings per share (Euro)	**0.017**	**(0.096)**

37. COMMITMENTS

At 30 June 2021, the Mondadori Group has commitments underwritten for a total amount of € 66,040 thousand (€ 72,354 thousand at 31 December 2020), represented mainly by guarantees issued on VAT receivables subject to reimbursement and prize contests transactions.

38. POTENTIAL LIABILITIES

Following tax audits by the Finance Police, Mondadori Retail S.p.A. received tax assessments for IRES, IRAP and VAT relating to the 2003-2006 tax years. All these tax assessments were challenged before the Provincial Tax Commission, which upheld the appeals. The Office filed an appeal before the Regional Tax Commission, which confirmed the first instance ruling, annulling the contested acts. The Office filed an appeal before the Court of Cassation after receiving cancellation of all assessment notices from the Regional Tax Commission.

39. RELATED PARTIES

Transactions carried out with related parties, including intercompany transactions, do not qualify as either atypical or unusual, since they refer to standard business activities performed by Group companies. When performed out of the scope of standard conditions or when they are imposed by specific regulatory conditions, transactions with related parties are in any case carried out under market conditions.

Transactions with related parties: figures at 30 June 2021

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Cost of personnel	Other expense (income)	Financial expense (income)
Parent companies:														
- Fininvest S.p.A.	18		1,917		8						16	(21)		
Associates														
- Mach 2 Libri S.p.A.														
- Venezia Musei Società per i servizi museali S.c.a r.l.														
- Harlequin Mondadori S.p.A.														
- Attica Publications Group	49	500			3				4				1	(11)
- Edizioni EL S.r.l.	782			18	3,367			(1)	893	24	51			
- ACI-Mondadori S.p.A. (in liquidation)														
- Consorzio COVAR (in liquidation)														
- Stile Italia Edizioni S.r.l.														
- Campania Arte S.c.a r.l.														
- Mondadori Independent Media LLC														
- MdM Milano Distribuz. Media S.r.l.	2,833				4				6,183		56		(4)	
- Mediamond S.p.A.	21,310			46	1,480			479	20,509	427	(68)		60	
- Mondadori Seec Advertising Co. Ltd	524				93				709				35	
- GD Media Service S.r.l.	37				217				33	194	275			
- Monradio S.r.l.	4				2									
- Gold 5 S.r.l.														
- Skira Rizzoli Publications Inc.														
- DI2 S.r.l.					1,709						3,259			
Total associates	**25,539**	**500**	**0**	**64**	**6,875**	**0**	**0**	**478**	**28,331**	**645**	**3,573**	**0**	**92**	**(11)**

Transactions with related parties: figures at 30 June 2021

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Cost of personnel	Other expense (income)	Financial expense (income)
Affiliates:														
- RTI - Reti Televisive Italiane S.p.A.	461			18	2,242			132	(3,147)	(2)	192			
- Publitalia 80 S.p.A.					542						650			
- Digitalia ’08 S.r.l.														
- Banca Mediolanum S.p.A.								9			(1)			
- TaoDue S.r.l.				2							(2)			
- Il Teatro Manzoni S.p.A.											1			
- Mediaset S.p.A.									(10)					
- Alba Servizi Autotrasporti S.p.A.														
- Mediolanum Comunicazione S.p.A.														
- Fininvest Real Estate Services S.p.A.											10			
- RMC Italia S.p.A.														
- Radio Subasio S.r.l..									9					
- Medusa Film S.p.A.	7													
- Radio Mediaset S.p.A.	244				249				365		374			
Total affiliates	**712**	**0**	**0**	**20**	**3,033**	**0**	**0**	**141**	**(2,783)**	**(2)**	**1,224**	**0**	**0**	**0**
Other companies:														
- Società Europea di Edizioni S.p.A.	398			(10)	1,073			52	(6,129)	48	144			
Total related parties	**26,667**	**500**	**1,917**	**74**	**10,989**	**0**	**0**	**671**	**19,419**	**691**	**4,957**	**(21)**	**92**	**(11)**
of which related parties from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage on item	**16.3%**	**4.4%**	**20.2%**	**0.1%**	**5.5%**	**0.0%**	**0.0%**	**0.5%**	**6.1%**	**1.1%**	**2.6%**	**n.s.**	**n.s.**	**n.s.**

Transactions with related parties: balance sheet figures at 31 December 2020 and income statement figures at 30 June 2020

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Cost of personnel	Other expense (income)	Financial expense (income)
Parent companies:														
- Fininvest S.p.A.	36		1,475		38		4,404				21	(22)		
Associates														
- Mach 2 Libri S.p.A.	1,458													
- Venezia Musei Società per i servizi museali S.c.a r.l.														
- Harlequin Mondadori S.p.A.														
- Attica Publications Group	72	500			8				4					(12)
- Edizioni EL S.r.l.	1,147			19	5,259				903	31	26			
- ACI-Mondadori S.p.A. (in liquidation)														
- Consorzio COVAR (in liquidation)														
- Stile Italia Edizioni S.r.l.									(2,837)		(1,289)	(43)		
- Campania Arte S.c.a r.l.														
- Mondadori Independent Media LLC														
- Venezia Accademia Soc. per i serv. mus. S.c.a r.l.													(1)	
- Mediamond S.p.A.	26,875			46	3,163			502	18,294	843	492		28	
- Mondadori Seec Advertising Co. Ltd	409				90				261				17	
- GD Media Service S.r.l.	3				276					265	354			
- Monradio S.r.l.	4				2						2			
- Gold 5 S.r.l.														
- Skira Rizzoli Publications Inc.														
- DI2 S.r.l.					1,377						2,951			
Total associates	**29,968**	**500**	**0**	**65**	**10,175**	**0**	**0**	**502**	**16,625**	**1,139**	**2,536**	**(43)**	**44**	**(12)**

Transactions with related parties: balance sheet figures at 31 December 2020 and income statement figures at 30 June 2020

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Cost of personnel	Other expense (income)	Financial expense (income)
Affiliates:														
- RTI - Reti Televisive Italiane S.p.A.	377			8	1,380			11	(1,062)	123	7			
- Publitalia 80 S.p.A.					1,808						757			
- Digitalia ’08 S.r.l.														
- Banca Mediolanum S.p.A.								10						
- TaoDue S.r.l.									36					
- Il Teatro Manzoni S.p.A.									15		15	(28)		
- Mediaset S.p.A.	10													
- Alba Servizi Autotrasporti S.p.A.														
- Mediolanum Comunicazione S.p.A.														
- Fininvest Real Estate Services S.p.A.											10			
- RMC Italia S.p.A.											1			
- Radio Subasio S.r.l.	4				4				15		15			
- Medusa Film S.p.A.	7													
- Radio Mediaset S.p.A.					5				200		131			
Total affiliates	**398**	**0**	**0**	**8**	**3,197**	**0**	**0**	**21**	**(796)**	**123**	**936**	**(28)**	**0**	**0**
Other companies:														
- Società Europea di Edizioni S.p.A.	432			(83)	854	553		52	(6,959)	24	(9)		9	
Total related parties	**30,833**	**500**	**1,475**	**(10)**	**14,264**	**553**	**4,404**	**575**	**8,870**	**1,286**	**3,484**	**(93)**	**53**	**(12)**
of which related parties from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage on item	**16.0%**	**3.0%**	**17.6%**	**n.s.**	**6.0%**	**0.7%**	**70.9%**	**0.5%**	**3.1%**	**2.5%**	**1.9%**	**n.s.**	**1.7%**	**n.s.**

40. NON-RECURRING EXPENSE (INCOME)

In first half 2021, the Mondadori Group recorded non-recurring income, in accordance with CONSOB resolution no. 15519 of 27 July 2006, relating to the realignment of tax amounts of certain trademarks and goodwill to their respective statutory amounts, pursuant to Article 110 of Legislative Decree no. 104/2020.

41. FAIR VALUE MEASUREMENT

Some of the Group's financial assets and liabilities were measured at fair value.

Financial assets (liabilities) (Euro/thousands)	**Fair value 30 June 2021**	**Fair value hierarchy**	**Valuation method and main inputs**
Interest rate swap contracts	(790)	Level 2	*Discounted cash flow*. Future cash flows are discounted based on the forward rate curve expected at the end of the period and on the contractual fixing rates, also taking the counterparty default risk into account

42. OPERATING SEGMENTS

The disclosure required by IFRS 8 - Operating segments - is provided by taking into account the Group's organizational structure, based on which the periodic reporting is made, used by the Top Management to define actions and strategies, evaluate investment opportunities and allocate resources.
The presentation is unchanged from the situation shown in the 2020 Annual Report.

Segment reporting: figures at 30 June 2021

(Euro/thousands)	Books	Retail	Media	Corporate & Shared Services	Unallocated items and consolidation adjustments	Consolidated result
Revenue from sales and services from external customers	**151,922**	**69,546**	**98,244**	**724**	**-**	**320,436**
Revenue from sales and services from other sectors	**16,981**	**232**	**(866)**	**18,940**	**(35,287)**	**0**
EBITDA	**19,325**	**525**	**4,406**	**(4,584)**	**(646)**	**19,026**
EBIT	**12,885**	**(3,741)**	**968**	**(9,281)**	**(646)**	**185**
Financial income (expense)	287	319	152	1,385	-	2,143
Income (expense) from equity-accounted investees	(751)	-	1,143	2,703	-	3,095
Result before tax and non-controlling interests	**13,350**	**(4,060)**	**(327)**	**(13,370)**	**(646)**	**(5,053)**
Income tax	-	-	-	(9,411)	-	(9,411)
Result attributable to non-controlling interests	4	-	-	-	-	4
Result from discontinued operations	-	-	-	-	-	0
Net result	**13,346**	**(4,060)**	**(327)**	**(3,959)**	**(646)**	**4,354**
Amortization, depreciation and write-downs	6,440	4,266	3,438	4,697	-	18,841
Non-monetary costs	12,635	(204)	972	572	-	13,975
Non-recurring income (expense)	8,542	-	530	-	-	9,072
Capital expenditure	7,703	883	7,092	837	-	16,515
Equity-accounted investees	3,226	-	11,626	1,200	-	16,052
Total assets	480,188	110,121	191,270	233,818	(197,511)	817,886
Total liabilities	217,398	113,940	152,325	346,363	(190,181)	639,845

	Revenue from sales and services	**Fixed assets**
Italy	287,567	207,305
Other EU countries	12,674	-
USA	17,520	1,727
Other extra EU countries	2,675	-
Consolidated result	**320,436**	**209,032**

Segment reporting: income statement figures at 30 June 2020 and balance sheet figures at 31 December 2020

(Euro/thousands)	Books	Retail	Media	Corporate & Shared Services	Unallocated items and consolidation adjustments	Consolidated result
Revenue from sales and services from external customers	**132,893**	**58,697**	**96,550**	**774**	**-**	**288,914**
Revenue from sales and services from other sectors	**12,978**	**293**	**(782)**	**21,329**	**(33,818)**	**0**
EBITDA	**10,312**	**(3,325)**	**1,665**	**(1,254)**	**1,016**	**8,414**
EBIT	**3,884**	**(8,151)**	**(7,930)**	**(6,021)**	**1,016**	**(17,202)**
Financial income (expense)	484	610	442	8,749	-	10,285
Income (expense) from equity-accounted investees	(272)	-	1,977	1,683	-	3,388
Result before tax and non-controlling interests	**3,672**	**(8,761)**	**(10,349)**	**(16,453)**	**1,016**	**(30,875)**
Income tax	-	-	-	(5,859)	-	(5,859)
Result attributable to non-controlling interests	(2)	-	-	-	-	(2)
Result from discontinued operations	-	-	-	-	-	0
Net result	**3,674**	**(8,761)**	**(10,349)**	**(10,594)**	**1,016**	**(25,014)**
Amortization, depreciation and write-downs	6,428	4,826	9,595	4,767	-	25,616
Non-monetary costs	11,330	724	821	8,925	-	21,800
Non-recurring income (expense)	-	-	-	-	-	0
Capital expenditure	15,597	2,645	717	2,896	-	21,855
Equity-accounted investees	3,591	-	12,663	4,077	-	20,331
Total assets	531,958	107,813	196,561	304,984	(265,261)	876,055
Total liabilities	229,863	110,116	157,278	465,313	(258,931)	703,639

	Revenue from sales and services	Fixed assets
Italy	264,511	202,820
Other EU countries	10,296	-
USA	12,796	1,856
Other extra EU countries	1,311	-
Consolidated result	**288,914**	**204,676**

43. SIGNIFICANT EVENTS AFTER FIRST HALF

On 12 July 2021, the Mondadori Group signed an agreement with De Agostini Editore S.p.A. for the acquisition of 100% of De Agostini Scuola S.p.A., one of Italy's top school textbooks publishers.

The company’s products are targeted to every level of education, with a significant presence in the secondary school segment; in 2020, it generated revenue of € 70.8 million, reported EBITDA of € 21.4 million and a positive net financial position of € 20.8 million.

The acquisition will enable the Group to further strengthen its foothold in the school textbooks field, where it currently operates through the publishing houses Mondadori Education and Rizzoli Education.

The value of the transaction was defined on the basis of an Enterprise Value of € 157.5 million; the price will be defined on the basis of the average normalized net financial position over the 12 months before the closing date.

Completion of the transaction is subject to the authorizations of law from the competent Antitrust authority.

For the Board of Directors
The Chairman
Marina Berlusconi

Certification of the condensed consolidated half-year financial statements pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Antonio Stefano Porro, in his capacity as CEO, and Alessandro Franzosi, in his capacity as Financial Reporting Manager of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in Article 154-bis, par. 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:
   - the adequacy in relation to the Company's characteristics and
   - the actual application of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements of the first six months of 2021.

2. The valuation of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at 30 June 2021 was carried out based on a specific process defined by Arnoldo Mondadori Editore consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. We also certify that:

   3.1 the condensed consolidated half-year financial statements at 30 June 2021:
   - a) have been prepared in compliance with the applicable international accounting standards acknowledged at the EU level, pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002, and specifically to IAS 34 - Interim Financial Reporting, and with the provisions set out for the implementation of Article 9 of Legislative Decree no. 38/2005;
   - b) reflect the accounting books and entries;
   - c) give a true and fair view of the financial position and results of operations of the Issuer and the group of companies included in the consolidation scope.

   3.2 the interim report on operations includes a reliable analysis of the significant events that took place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The report also includes a reliable analysis of the main transactions with related parties.

29 July 2021

The CEO
(Antonio Stefano Porro)

The Financial Reporting Manager
(Alessandro Franzosi)

Arnoldo Mondadori Editore S.p.A.

Review report on the interim condensed consolidated financial statements at June 30, 2021

(Translation from the original Italian text)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Arnoldo Mondadori Editore S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes of Arnoldo Mondadori Editore S.p.A. and its subsidiaries (the "Mondadori Group") as of 30 June 2021. The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Mondadori Group as of June 30, 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, July 30, 2021

EY S.p.A.
Signed by: Luca Pellizzoni, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers