GRUPPO MONDADORI

PRESS RELEASE

BoD APPROVES INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2021

- **Revenue € 588.9 million: +8.7% versus € 541.9 million at 30 September 2020;**
- **Adjusted EBITDA € 85 million: up by € 14 million (+19.8%) versus € 71 million at 30 September 2020;**
- **Net profit € 49.4 million: up by more than € 30 million (+174,5%);**
- **Group NFP before IFRS16 € -27.3 million: improving strongly versus € -82.3 million at 30 September 2020, thanks to significant cash flow generation**

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2021 GUIDANCE REVISED UPWARDS:

- **Revenue expected to grow single-digit;**
- **Adjusted EBITDA forecast at over 13% of revenue and above € 100 million;**
- **Profit confirmed on a strong growth path;**
- **Cash flow from ordinary operations forecast between € 60 million and € 65 million;**
- **Net financial position before IFRS16 expected positive at approximately € 35 million**

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ACQUISITION OF 50% OF A.L.I. – AGENZIA LIBRARIA INTERNATIONAL, TO STRENGTHEN THE THIRD-PARTY PUBLISHER DISTRIBUTION AREA

Segrate, 11 November 2021 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the Interim Management Statement at 30 September 2021 presented by CEO Antonio Porro.

HIGHLIGHTS

In first nine months 2021, thanks also to the buoyancy of the books market, the Mondadori Group recorded a **significant growth in revenue and EBITDA** across all business areas, and a **strong increase in profitability at a consolidated level**.

The overall improvement in results puts the Company in a position to pursue **further growth opportunities**, with a view to increasing focus more and more on its core business of books.

"The good performance recorded also in the third quarter bears witness to the healthy conditions of our company and to our stronger operating and financial standing marked by growing profitability", said **Antonio Porro, CEO of the Mondadori Group.**
"These results, together with the positive trend of our core markets, allow us to make an upward revision of the targets we had set for the end of the year.
We carry this momentum into 2022 with an even more solid presence in the books segment: on the one hand, with a consolidated leadership in the Trade area; on the other, with a stronger leading role in school textbooks publishing thanks to the acquisition of De Agostini Scuola.
A growth plan complemented today by the major investment in the books distribution of third-party publishers, thanks to the acquisition of 50% of A.L.I.- Agenzia Libraria International", concluded Porro.

PERFORMANCE AT 30 SEPTEMBER 2021

In first nine months 2021, consolidated revenue amounted to € 588.9 million, up by 8.7% versus € 541.9 million of the prior year, thanks to **the positive performance of all the business areas and, in**

particular, of the Books and Retail areas, which benefited from the **buoyancy of the Books market**.

Adjusted EBITDA came to a **positive € 85 million**, **increasing by € 14 million** versus € 71 million in first nine months 2020.
This performance reflects, on the one hand, **the positive trend in revenue recorded by all business areas** and, on the other, **the ongoing efforts to curb operating and structural costs implemented by management**.
The **reduction in the ratio of fixed costs** (overheads and payroll costs) **to consolidated revenue** enabled the Group to achieve a **significant improvement in its margins**, which rose to **14.4%** from 13.1% in 2020.

The Group's performance in the first nine months is even more striking when **compared with the same period of 2019**: despite a € 70 million drop in revenue, **adjusted EBITDA rose by more than € 1 million** versus € 83.4 million in first nine months 2019.

Group EBITDA, amounting to **€ 80.5 million**, **improved** versus the € 65.1 million recorded in the same period of 2020, as a result of the abovementioned trends and dynamics, and to lower non-ordinary expense of € 1.4 million versus € 3.2 million in the same period of the prior year, which recorded a provision for charges arising from a tax dispute.

EBIT amounted to **€ 52 million**, **up by more than € 23 million** versus € 28.9 million in the same period of 2020, due to the dynamics of the abovementioned operating components, to lower amortization and depreciation totaling € 2.1 million, and to the presence, in the result at 30 September 2020, of write-downs of € 5.8 million relating to *TV Sorrisi e Canzoni* and the goodwill of a number of other titles in the Media area.

Consolidated profit before tax amounted to **€ 44.8 million** versus € 19.6 million in first nine months 2020. On top of that, the following items also contributed to the significant **improvement of approximately € 25 million**:

- the reduction of approximately € 1 million in financial expense (down from € 3.2 million to € 2.2 million), due primarily to a **lower average debt** and a **lower average interest rate**;
- the **improvement of approximately € 2 million** in the results of associates (consolidated at equity), thanks in particular to the performance of the joint venture Mediamond.

The **Group's net profit**, after minority interests, came to **€ 49.4 million**, a **sharp increase of € 31.4 million** versus € 18 million recorded in first nine months 2020.
Despite the growth in profit before tax, the **tax components** for the period show a **positive** operating balance of **€ 4.6 million**, due to the effect of **net non-recurring income** of **approximately € 19 million**, from the completion of the process of realigning the tax amounts of trademarks and goodwill to their respective statutory amounts.

The net financial position before IFRS16 at 30 September 2021 stands at **€ -27.3 million**, a **significant improvement of € 55 million** versus € -82.3 million at 30 September 2020, as a result of the **strong cash generation from ordinary operations recorded in the last 12 months (€ 70.7 million** including outlays for financial expense and tax).
The **IFRS 16 net financial position** stands at **€ -111.6 million** and reflects the recognition of the financial payable from the application of IFRS16.

At 30 September 2021, Group **employees amounted to 1,814 units, down by 5.3%** from 1,916 resources at 30 September 2020, despite the increase in headcount following the acquisition of Hej! (net of which the reduction would be -5.8%).

PERFORMANCE IN THIRD QUARTER 2021
In third quarter 2021, **consolidated revenue** amounted to **€ 268.5 million, up** by **6.1%** versus € 253 million of the prior year, **thanks to the positive contribution of all business areas**.

Adjusted EBITDA came to **€ 63.5 million**, **increasing by € 3.5 million** versus € 60 million of third quarter 2020, which basically reflects **the positive performance of consolidated revenue, especially in the Books area**.

EBIT too, amounting to **€ 51.8 million**, **improved by approximately € 6 million**, **up by over 12%** versus the same quarter of 2020, driven by the performance of the abovementioned components and by lower amortization and depreciation during the period.

The **Group's net profit**, after minority interests, came to **€ 45 million** versus € 43 million of third quarter 2020.
The comparison with the prior year is affected not only by the above trend in operating profit, but also by the following additional elements (which have an opposite effect):

- in third quarter 2020, the recognition of the write-up of the investment in Reworld Media (fully sold in February 2021), amounting to € 7.5 million;
- non-recurring tax income of € 9.8 million in third quarter 2021, from the completion of the tax realignment process.

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AGREEMENT ON THE ACQUISITION OF 50% OF THE BOOKS DISTRIBUTION COMPANY OF THIRD-PARTY PUBLISHERS A.L.I. - AGENZIA LIBRARIA INTERNATIONAL

The Mondadori Group announced today that it has entered into an agreement on the **acquisition** of a **50% stake in the share capital of A.L.I. S.r.l. - Agenzia Libraria International**, a group that has been operating in books distribution for over 50 years now, boasting a portfolio of more than 80 publishing houses.

Thanks to the deal, the Mondadori Group establishes a partnership that enables it to strengthen its position in the books distribution area: a constantly evolving market requiring ongoing improvement of customer service levels.
The founders of A.L.I., the Belloni family, who retain a 50% stake, will continue to manage operations, continuing the path of growth and success enjoyed by the company so far.

The **price**, which will be paid in cash at the closing date, has been set at **€ 10.8 million**.
The deal also envisages the signing of put&call option agreements whereby the Mondadori Group has the option to acquire the additional 50% of A.L.I. in two different tranches by 30 July 2025.
In 2020, A.L.I. reported consolidated **revenue** of € 40 million, **EBITDA** of € 4.6 million and **net profit** of € 3 million (in accordance with Italian accounting standards).
At 31 December 2020, the **net financial position** (cash) stood at a positive € 5.9 million.

The scope of the transaction also includes a number of subsidiaries operating in the publishing fields.
Completion of the acquisition is subject to the authorizations of law from the competent Antitrust authority.

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BUSINESS OUTLOOK

The positive performance recorded also in the third quarter of the year by all business areas, the **continued strong cash flow generation,** as well as the **improved trend forecast for the books market throughout the year**, allow the Group to look forward with increased optimism to its development in the coming months, and therefore to **increase** - based again on the current scope - the **estimates previously disclosed for the current year**.

Performance targets:

- **consolidated revenue** is expected to **grow single-digit** *(*from low single-digit);
- **adjusted EBITDA** - in percentage terms - is forecast to be over **13% of consolidated revenue** (compared with the previous estimate of an EBITDA margin of 12%), therefore to reach over **€ 100 million**;

- the **net result** for 2021 is confirmed on a **sharp rise**, propelled by the improvement in operations and by the non-recurring benefits from the tax realignment of intangible assets already recorded.

Cash Flow and Net Financial Position:
Additionally, with regard to the Group's financial debt, one can reasonably estimate a further increase in **cash flow from ordinary operations**, bringing it to a range between **€ 60 and 65 million** (from the previous forecast between € 50 and 55 million), a **Free Cash Flow of approximately € 50 million** and, therefore, the achievement - before the impacts from the adoption of IFRS 16 - of a **positive consolidated net financial position at year end equal to approximately € 35 million**.

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 De Agostini Scuola.

PERFORMANCE OF THE BUSINESS AREAS AT 30 SEPTEMBER 2021

- ***BOOKS***

In the first nine months of the current year, the Trade books market recorded an **overall growth** of **25.3%**[1] versus the same period of the prior year; **in the third quarter, the increase was 7%**, consolidating the positive trend that had started in second half 2020.
If the comparison with 2020 is affected by the lockdown, which impacted on the operation of almost all sales channels in the months of March and April 2020, the comparison with 2019 bears more significance to the extraordinary trend that the Books market is experiencing: **growth in the first nine months of the year versus the same period of 2019 amounted, in fact, to 20.6%.**

Against this backdrop, the Mondadori Group saw an **increase in sell-out in terms of market value** of approximately **19%**, which allowed it to retain its **undisputed leadership in the Trade segment with a 23.4% market share**[2].

In the **School textbooks** segment, the Mondadori Group's publishing houses kept their **market share steady at 22.1%**, in line with the prior year, thanks to the positive results of the 2021 adoption campaign.

In first nine months 2021, **revenue** in the Books area amounted to **€ 348.7 million, up by 10.3%** versus € 316.1 million in the same period of 2020, driven in particular by the **increase recorded by the Trade area (+14.5%), the positive performance of the school textbook publishers (+5%,** due also to a different monthly schedule of revenue from 2020, which had seen a delayed return to school), **and the significant growth of Rizzoli International Publications (+27.6%)**.

Revenue from the **sale of e-books and audiobooks**, which accounted for approximately **7.4% of total publishing revenue**, fell by 3.5%, while sales of physical books were instead on the rise. **Versus 2019,** this revenue **grew instead by approximately 25%.**

Adjusted EBITDA in the Books area amounted to **€ 79.4 million** versus € 67.5 million in the same period of 2020, an **improvement of approximately € 12 million**, thanks to the abovementioned positive trend of revenue in the Trade and Education segments and of Rizzoli International Publications, and to the relief received by Electa in the museum segment and booked in the first nine months (approximately € 3 million, net already of certain provisions).
The **profitability** achieved by the Books area, amounting to **22.8%** at 30 September 2021 (versus 21.3% in the same period of 2020), is **even more worthy of notice** when compared to the profitability

[1] *GFK*, September 2021 (figures in terms of market value)
[2] *GFK*, September 2021(figures in terms of value)

recorded in the first nine months of 2019, equal to 21.5%, since the current year is still impacted by the drastic drop in volumes and margins from museum activities.

- ***RETAIL***

In the first nine months of the year, Mondadori Retail achieved **revenue of € 114.3 million**, **up by 12.1%** versus € 102 million in the same period of 2020.
Sales of books, which account for 84% of total revenue for the area, rose by 15.8%.

Performance in the opening months of 2021 was affected by the anti-COVID measures, which severely curtailed sales activities, especially of **directly-managed stores** located in large cities and shopping malls.
In the second half of the period under review, thanks to the gradual lifting of social distancing measures, **directly-managed PoS** reported a **sharp recovery in revenue**, enabling them to close the first nine months with an **increase of approximately 9%** versus the prior year.
The **franchised channel**, composed mainly of proximity stores located in small towns, showed **greater resilience and responsiveness**, enabling it to record a **growth** of approximately **26%** versus the same period of the prior year.
The gradual reopening of bookstores led to a decline in the activities of the **online channel**, which posted a 24% drop in revenue during the period; versus 2019, **revenue improved, instead, by 13.1%**.

Mondadori Retail reported a **strong increase** in **adjusted EBITDA, which came to € 1.7 million, up by € 2.2 million** versus the same period of 2020, and an improvement versus the same period of 2019 (€ 0.8 million).
This result is attributable to the **deep transformation** of the Area, 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.

- ***MEDIA***

In the first nine months of the year, the Media area posted **revenue** of **€ 150 million**, **up by 4.1%** versus € 144.1 million in the same period of the prior year.

Advertising revenue grew by approximately **32%** overall (+18% excluding Hej!), and **grew even further in the third quarter by 39%** (+23% on a like-for-like basis) versus the same period of 2020. Against this backdrop:
- advertising revenue on **digital** brands **increased** by **20%** on a like-for-like basis (+44% including Hej!).
  A point worth mentioning is that **digital** revenue today accounts for **60%** of total advertising revenue, confirming Mondadori Media's leadership position in the digital field, in segments marked by high commercial value.
- advertising sales on **print** brands **increased** by approximately **16%**, benefiting from the comparison with a period negatively affected by the pandemic.

Circulation revenue was down by 5.8%, with a more moderate drop (-4%) for television titles, which account for approximately 50% of revenue in this segment.
Against this backdrop, with results that outperformed the relevant market (-6.9%[3]), the **Group's market share** rose to **23.9%**[13].

Revenue from add-on products dropped by approximately 18% versus the first nine months of 2020, but with a reversal of the trend in the third quarter this year (+2.5%), thanks in particular to the presence of a number of successful initiatives in the music segment.

Other revenue, which includes revenue from distribution activities, increased by **9.5%** versus the prior year, reflecting both the positive performance of international editions (*Grazia* in particular) and growth in newsstand distribution and subscriptions of third-party publishers.

[3] Internal source: *Press-di*, August 2021, in terms of value

Adjusted EBITDA in the Media area amounted to **€ 7.8 million, up sharply** versus € 3.2 million in the first nine months of 2020, thanks in particular to the **development of digital activities**, the **recovery** of **print advertising sales** and the **continued efforts to curb operating costs**, which contributed to the increase in profitability: the overall **EBITDA margin improved** from 2% to approximately **5%** in first nine months 2021.

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SIGNIFICANT EVENTS AFTER FIRST NINE MONTHS 2021

On 8 November 2021, the Mondadori Group announced it had received notice from the Antitrust Authority of the authorization to acquire 100% of De Agostini Scuola S.p.A..

The provision envisages the adoption of appropriate behavioural measures, as indicated by the Authority and shared by the Mondadori Group, to safeguard the competitiveness of the school textbooks market, including, in particular, the commitment to continue to keep De Agostini Scuola separated until 31 December 2024.

These remedies confirm the rationale of the acquisition, the business development plan and the potential for value creation initially estimated by the Group.

The Authority's go-ahead triggers the fulfilment of the suspensive condition attached to the agreement on the sale of the investment in De Agostini Scuola; the sale will therefore be fully executed on the closing date, scheduled to take place later this year.

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*The results at 30 September 2021, approved today by the Board of Directors, will be presented to the financial community by the Mondadori Group CEO Antonio Porro and CFO Alessandro Franzosi at a conference call scheduled **today at 4:30 pm**.*

The relevant documentation will be concurrently available on the website www.gruppomondadori.it (Investors section) and on 1Info (www.1info.it).

Journalists will be able to follow the presentation, in listening mode only, by connecting to the dedicated number +39.028020927, and via the web in audio mode by registering at the link https://hditalia.choruscall.com/?calltype=2&info=company.

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

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

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Annex 1
Consolidated balance sheet

	FINAL		
€ millions	Sept. 2021	Sept. 2020	*% chg.*
TRADE RECEIVABLES	195.6	204.9	*(4.5%)*
INVENTORY	121.8	125.6	*(3.0%)*
TRADE PAYABLES	199.9	216.3	*(7.6%)*
OTHER ASSETS (LIABILITIES)	(13.7)	(7.7)	*n.s.*
NET WORKING CAPITAL	**102.2**	**103.7**	***(1.4%)***
INTANGIBLE ASSETS	189.5	210.4	*(9.9%)*
PROPERTY, PLANT AND EQUIPMENT	16.4	17.5	*(6.0%)*
INVESTMENTS	16.4	21.5	*(23.5%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**222.3**	**249.3**	***(10.8%)***
ASSETS FROM RIGHTS OF USE IFRS 16	80.9	85.0	*(4.8%)*
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**303.3**	**334.3**	***(9.3%)***
PROVISIONS FOR RISKS	41.1	48.3	*(14.8%)*
POST-EMPLOYMENT BENEFITS	29.6	31.9	*(7.2%)*
PROVISIONS	**70.8**	**80.2**	***(11.8%)***
NET INVESTED CAPITAL	**334.7**	**357.7**	***(6.4%)***
SHARE CAPITAL	68.0	68.0	*0.0%*
RESERVES	105.8	101.3	*4.4%*
PROFIT (LOSS) FOR THE PERIOD	49.4	18.0	*n.s.*
GROUP EQUITY	**223.1**	**187.3**	***19.1%***
NON-CONTROLLING INTERESTS' EQUITY	0.0	0.1	*n.s.*
EQUITY	**223.1**	**187.4**	***19.1%***
NET FINANCIAL POSITION NO IFRS 16	27.3	82.3	*(66.8%)*
NET FINANCIAL POSITION IFRS 16	84.2	88.0	*(4.3%)*
NET FINANCIAL POSITION	**111.6**	**170.4**	***(34.5%)***
SOURCES	**334.7**	**357.7**	***(6.4%)***

<u>Annex 2</u>

Consolidated income statement

	FINAL				
€ millions	Sept. 2021		Sept. 2020		*% chg.*
REVENUE	**588.9**		**541.9**		***8.7%***
INDUSTRIAL PRODUCT COST	173.2	*29.4%*	159.6	*29.4%*	*8.5%*
VARIABLE PRODUCT COSTS	82.6	*14.0%*	72.4	*13.4%*	*14.1%*
OTHER VARIABLE COSTS	117.7	*20.0%*	105.4	*19.4%*	*11.7%*
STRUCTURAL COSTS	35.8	*6.1%*	34.0	*6.3%*	*5.2%*
EXTENDED LABOUR COST	100.0	*17.0%*	100.0	*18.5%*	*0.0%*
OTHER EXPENSE (INCOME)	(5.5)	*(0.9%)*	(0.5)	*(0.1%)*	*n.s.*
ADJUSTED EBITDA	**85.0**	***14.4%***	**71.0**	***13.1%***	***19.8%***
RESTRUCTURING COSTS	3.2	*0.5%*	2.7	*0.5%*	*16.9%*
EXTRAORDINARY EXPENSE (INCOME)	1.4	*0.2%*	3.2	*0.6%*	*(56.8%)*
EBITDA	**80.5**	***13.7%***	**65.1**	***12.0%***	***23.6%***
AMORTIZATION AND DEPRECIATION	18.2	*3.1%*	19.5	*3.6%*	*(6.7%)*
IMPAIRMENT AND WRITE-DOWNS	0.3	*0.1%*	5.8	*1.1%*	*(94.8%)*
AMORTIZATION AND DEPRECIATION IFRS 16	10.0	*1.7%*	10.8	*2.0%*	*(7.8%)*
EBIT	**52.0**	***8.8%***	**28.9**	***5.3%***	***79.8%***
FINANCIAL EXPENSE (INCOME)	2.2	*0.4%*	3.2	*0.6%*	*(29.9%)*
FINANCIAL EXPENSE IFRS 16	1.7	*0.3%*	1.9	*0.3%*	*(12.3%)*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	0.4	*0.1%*	(0.9)	*(0.2%)*	*n.s.*
EXPENSE (INCOME) FROM INVESTMENTS	2.9	*0.5%*	5.1	*0.9%*	*(43.3%)*
EBT	**44.8**	***7.6%***	**19.6**	***3.6%***	***128.7%***
TAX EXPENSE AND (INCOME)	(4.6)	*(0.8%)*	1.6	*0.3%*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**49.4**	***8.4%***	**18.0**	***3.3%***	***174.6%***
MINORITIES	0.0	*0.0%*	(0.0)	*(0.0%)*	*n.s.*
GROUP NET RESULT	**49.4**	***8.4%***	**18.0**	***3.3%***	***174.5%***

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

Annex 3
Consolidated income statement - III quarter

	FINAL				
€ millions	Q3 2021		Q3 2020		% chg.
REVENUE	**268.5**		**253.0**		***6.1%***
INDUSTRIAL PRODUCT COST	78.6	*29.3%*	74.8	*29.6%*	*5.2%*
VARIABLE PRODUCT COSTS	31.9	*11.9%*	29.5	*11.7%*	*8.2%*
OTHER VARIABLE COSTS	51.5	*19.2%*	44.6	*17.6%*	*15.5%*
STRUCTURAL COSTS	12.0	*4.5%*	11.0	*4.4%*	*9.0%*
EXTENDED LABOUR COST	31.4	*11.7%*	33.3	*13.2%*	*(5.6%)*
OTHER EXPENSE (INCOME)	(0.6)	*(0.2%)*	(0.3)	*(0.1%)*	*n.s.*
ADJUSTED EBITDA	**63.5**	***23.7%***	**60.0**	***23.7%***	***5.8%***
RESTRUCTURING COSTS	1.5	*0.6%*	1.1	*0.4%*	*38.2%*
EXTRAORDINARY EXPENSE (INCOME)	0.6	*0.2%*	2.3	*0.9%*	*(75.4%)*
EBITDA	**61.5**	***22.9%***	**56.7**	***22.4%***	***8.4%***
AMORTIZATION AND DEPRECIATION	6.3	*2.3%*	7.1	*2.8%*	*(11.5%)*
IMPAIRMENT AND WRITE-DOWNS	0.0	*0.0%*	0.0	*0.0%*	
AMORTIZATION AND DEPRECIATION IFRS 16	3.3	*1.2%*	3.5	*1.4%*	*(3.3%)*
EBIT	**51.8**	***19.3%***	**46.1**	***18.2%***	***n.s.***
FINANCIAL EXPENSE (INCOME)	1.6	*0.6%*	0.8	*0.3%*	*99.1%*
FINANCIAL EXPENSE IFRS 16	0.6	*0.2%*	0.6	*0.2%*	*0.2%*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	0.0	*0.0%*	(7.5)	*(3.0%)*	*n.s.*
EXPENSE (INCOME) FROM INVESTMENTS	(0.2)	*(0.1%)*	1.8	*0.7%*	*n.s.*
EBT	**49.8**	***18.6%***	**50.4**	***19.9%***	***(1.3%)***
TAX EXPENSE AND (INCOME)	4.8	*1.8%*	7.4	*2.9%*	*n.s.*
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**45.0**	***16.8%***	**43.0**	***17.0%***	***4.7%***
MINORITIES	(0.0)	*(0.0%)*	0.0	*0.0%*	*n.s.*
GROUP NET RESULT	**45.0**	***16.8%***	**43.0**	***17.0%***	***4.7%***

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

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Annex 4

Group cash flow

	LTM	
€ millions	LTM Set 21	FY 2020
INITIAL NFP IFRS16	**(170.4)**	**(151.3)**
FINANCIAL LIABILITIES APPLICATION OF IFRS16	(88.0)	(95.9)
INITIAL NFP NO IFRS16	**(82.3)**	**(55.4)**
ADJUSTED EBITDA (NO IFRS16)	97.2	82.4
NWC AND PROVISIONS	8.9	1.2
CAPEX NO IFRS16	(19.8)	(21.8)
CASH FLOW FROM OPERATIONS	**86.3**	**61.9**
FINANCIAL INCOME (EXPENSE) NO IFRS16	(3.2)	(3.7)
TAX	(11.2)	(6.9)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUNG OPERATIONS	**71.9**	**51.2**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	(1.2)	0.0
CASH FLOW FROM ORDINARY OPERATIONS CONTINUNG OPERATIONS	**70.7**	**51.2**
RESTRUCTURING COSTS	(5.5)	(5.2)
EXTRAORDINARY TAX	3.9	0.1
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS AND ASSOCIATES	(0.5)	(1.1)
PURCHASE/DISPOSAL	(7.1)	(0.5)
OTHER INCOME AND EXPENDITURE	(5.7)	(3.8)
CF FROM EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	(0.6)	0.0
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**(15.5)**	**(10.5)**
FREE CASH FLOW	**55.2**	**40.7**
NET FINANCIAL POSITION NO IFRS16	**(27.3)**	**(14.8)**
IFRS16 EFFECTS IN THE PERIOD	3.6	13.0
FINAL NET FINANCIAL POSITION	**(111.6)**	**(97.6)**

GRUPPO MONDADORI

Annex 5
GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES USED

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

Specifically, the alternative measures used include:

Gross Operating Profit (EBITDA): 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)	30/09/2021	30/09/2020
EBITDA ADJUSTED	**71.0**	**85.0**
RESTRUCTURING COSTS	2.7	3.2
EXTRAORDINARY EXPENSE (INCOME)	3.2	1.4
EBITDA	**65.1**	**80.5**

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

a) restructuring costs for a total of € 2.7 million, included in "cost of personnel" in the income statement;

b) expense of a non-ordinary nature for a total of € 3.2 million, included in "Sundry expense (income)" and "Cost of services".

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

a) restructuring costs for a total of € 3.2 million, included in "cost of personnel" in the income statement;

b) expense of a non-ordinary nature for a total of € 1.4 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.

Free Cash Flow: the sum of cash flow from ordinary and non-ordinary operations in the reporting period (excluding payment of dividends, if any).