

**INTERIM MANAGEMENT
STATEMENT
AT 30 SEPTEMBER 2022**

ARNOLDO MONDADORI EDITORE S.p.A.

Share capital € 67,979,168.40

Registered Office in Milan

Administrative Offices in Segrate (Milan)

**INTERIM MANAGEMENT STATEMENT
AT 30 SEPTEMBER 2022**

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

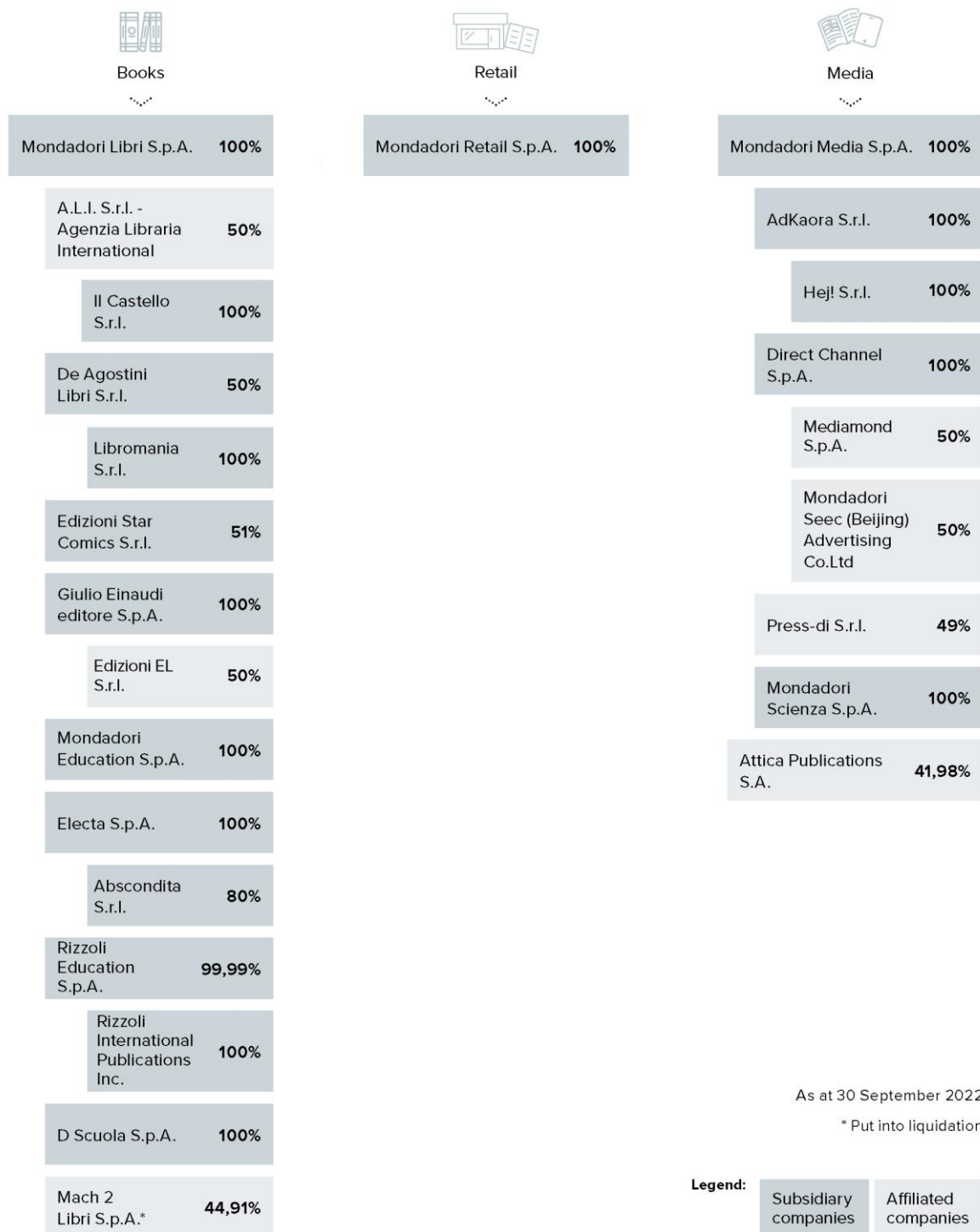
Emilio Gatto

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

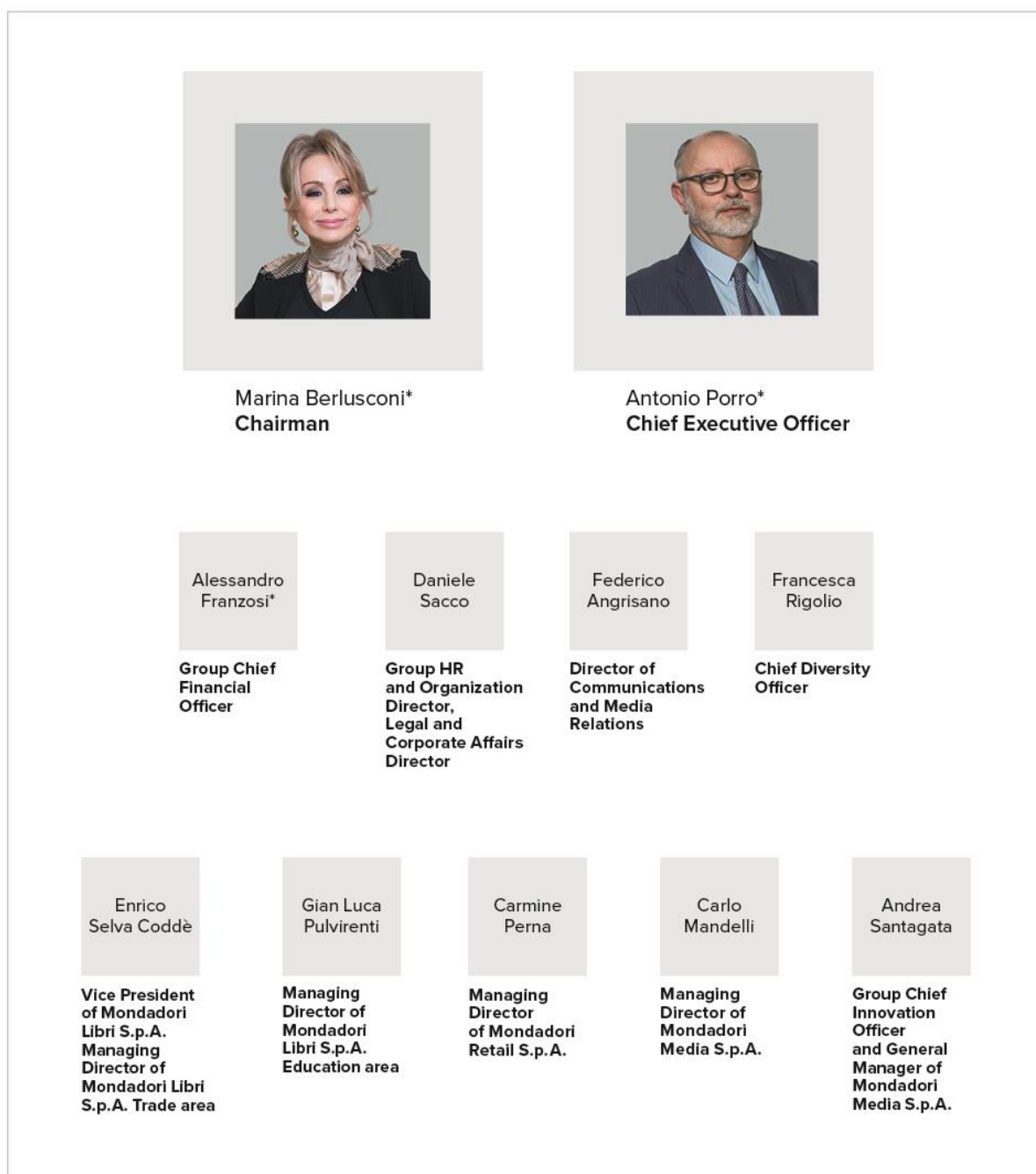
*** Independent Director*

MONDADORI GROUP ORGANIZATION

ARNOLDO MONDADORI EDITORE S.P.A.



MONDADORI GROUP ORGANIZATION CHART



As at 30 September 2022

* Members of the Board of Directors

**DIRECTORS' REPORT ON OPERATIONS
AT 30 SEPTEMBER 2022**

MONDADORI GROUP HIGHLIGHTS IN FIRST NINE MONTHS 2022

(Euro/millions)	9M 2022	9M 2022 excl. D Scuola*	9M 2021
<u>Income Statement</u>			
Revenue	678.2	611.3	588.9
Adj. EBITDA	115.5	94.1	85.0
EBITDA	114.5	93.0	80.5
EBIT	78.0	63.3	52.0
EBIT excl. PPA**	80.7		
Group net result	58.3	47.9	49.4
Adjusted Net Profit***	58.3	47.9	30.7
<u>Business Areas</u>			
Revenue	678.2	611.3	588.9
Books	443.4	376.0	348.7
Retail	126.0		114.3
Media	135.3		150.0
Corporate & Shared Services	29.6		29.6
Intercompany	(56.1)	(55.6)	(53.7)
Adj. EBITDA	115.5	94.1	85.0
Books	107.9	86.4	79.4
Retail	4.1		1.7
Media	9.3		7.8
Corporate & Shared Services	(4.0)		(3.3)
Intercompany	(1.8)		(0.6)
<u>Balance Sheet</u>			
Group Equity	269.9	259.4	223.1
Net Invested Capital	505.5	359.7	334.7
Net Financial Position before IFRS 16	(173.4)	(39.8)	(27.3)
Net Financial Position post IFRS 16	(235.7)	(100.3)	(111.6)

Human resources

End-of-period Headcount	1,895	1,768	1,814
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Changes in this report were calculated on amounts expressed in Euro thousands

** The "9M 2022 excl. D Scuola" column shows the operating and financial figures at 30 September 2022 on a like-for-like basis excluding D Scuola*

*** EBIT net of the impacts from the amortization/depreciation of the amounts resulting from the Purchase Price Allocation process of D Scuola*

**** Adjusted net profit is calculated by neutralizing non-recurring tax expense/income*

The current year has seen the Group firmly pursue the **strategic path of reshaping its business portfolio**, on the one hand, by **developing and strengthening its presence in book publishing** and, on the other, by **tapering its exposure to the magazines segment**. Since the start of the year in fact, the Group has completed/announced 6 extraordinary transactions, including the **acquisition of 51% of Edizioni Star Comics**, Italy's leading comics book publisher, the **disposal of 51% of Press-di**, active in the nationwide distribution of magazines and newspapers, and the signing of a put option giving Mondadori the right to sell the business unit related to the *Grazia* and *Icon* brands, including the related international network, to the French group Reworld Media.

While the repositioning is still partial and in the process of completion, the Group's operating and financial metrics bear witness to its positive impacts: in the first nine months, **revenue** grew by 15.2%, while **adjusted EBITDA was up by 36%, increasing by over € 30 million (from € 85.0 to € 115.5 million)**, approximately one third of which from the **operating performance of the original scope**, thanks to the **greater structural efficiency achieved**, and approximately two thirds from the contribution of the **consolidation of *D Scuola***.

In addition to the buoyant performance of operations, during the period the Group confirmed **solid cash generation** with LTM cash flow from ordinary operations in excess of € **70** million.

Mention should be made that the positive results achieved by Mondadori during the period benefited not only from Management's efforts to reshape Group activities, but also from the upbeat performance of the **books market**; after an initial consolidation phase in 2022, in third quarter it **grew by approximately 4%** versus the same period of the prior year.

In light of the positive operating results achieved and despite the uncertain economic and geopolitical context, the **outlook for 2022**, as further detailed below, **improves even in terms of topline and margins**.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN FIRST NINE MONTHS 2022

€ millions	9M 2022		9M 2022 excl. D Scuola		9M 2021	% chg.		% chg. excl. D Scuola
REVENUE	678,2		611,3		588,9	15,2%		3,8%
INDUSTRIAL PRODUCT COST	211,1	31,1%	195,2	31,9%	173,2	29,4%	21,9%	12,7%
VARIABLE PRODUCT COSTS	82,1	12,1%	77,1	12,6%	82,6	14,0%	(0,7%)	(6,7%)
OTHER VARIABLE COSTS	129,2	19,1%	113,4	18,6%	117,7	20,0%	9,8%	(3,6%)
STRUCTURAL COSTS	43,0	6,3%	40,6	6,6%	35,9	6,1%	20,0%	13,3%
EXTENDED LABOUR COST	105,4	15,5%	98,8	16,2%	100,0	17,0%	5,4%	(1,2%)
OTHER EXPENSE (INCOME)	(8,1)	(1,2%)	(7,9)	(1,3%)	(5,5)	(0,9%)	47,5%	44,7%
ADJUSTED EBITDA	115,5	17,0%	94,1	15,4%	85,0	14,4%	35,8%	10,6%
RESTRUCTURING COSTS	1,0	0,2%	1,0	0,2%	3,2	0,5%	(67,9%)	(67,9%)
EXTRAORDINARY EXPENSE (INCOME)	0,0	0,0%	0,0	0,0%	1,4	0,2%	n.s.	n.s.
EBITDA	114,5	16,9%	93,0	15,2%	80,5	13,7%	42,2%	15,6%
AMORTIZATION AND DEPRECIATION	26,1	3,8%	19,7	3,2%	18,2	3,1%	43,3%	8,3%
IMPAIRMENT AND WRITE-DOWNS	0,0	0,0%	0,0	0,0%	0,3	0,1%	n.s.	n.s.
AMORTIZATION AND DEPRECIATION IFRS 16	10,4	1,5%	10,0	1,6%	10,0	1,7%	4,2%	0,3%
EBIT	78,0	11,5%	63,3	10,4%	52,0	8,8%	50,0%	21,7%
FINANCIAL EXPENSE (INCOME)	2,8	0,4%	2,7	0,4%	2,2	0,4%	24,8%	21,7%
FINANCIAL EXPENSE IFRS 16	0,0	0,0%	(0,0)	(0,0%)	1,7	0,3%	n.s.	n.s.
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VAL.	0,0	0,0%	0,0	0,0%	0,4	0,1%	n.s.	n.s.
EXPENSE (INCOME) FROM INVESTMENTS	(0,6)	(0,1%)	(0,6)	(0,1%)	2,9	0,5%	n.s.	n.s.
EBT	75,8	11,2%	61,2	10,0%	44,8	7,6%	69,3%	36,7%
TAX EXPENSE (INCOME)	17,6	2,6%	13,4	2,2%	(4,6)	(0,8%)	n.s.	n.s.
NET RESULT FOR THE PERIOD	58,2	8,6%	47,8	7,8%	49,4	8,4%	17,8%	(3,2%)
MINORITIES	(0,1)	(0,0%)	(0,1)	(0,0%)	0,0	0,0%	n.s.	n.s.
GROUP NET RESULT	58,3	8,6%	47,9	7,8%	49,4	8,4%	18,0%	(3,0%)

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

*In first nine months 2022, for the purposes of greater comparability with 2021, in the column "9M 2022 excl. D Scuola", the reclassified Income Statement and Statement of Financial Position show the **operating and financial figures at 30 September 2022 excluding D Scuola** (fully consolidated at the income level as from 1 January 2022 and at the balance sheet level as from 31 December 2021).*

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

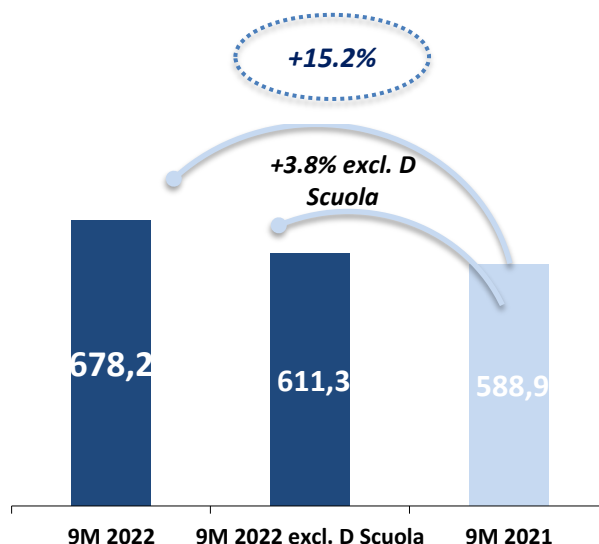
REVENUE

Consolidated revenue in first nine months 2022 amounted to € **678.2** million, increasing by **15.2%** versus € 588.9 million in the prior year; net of the consolidation of D Scuola, effective 1 January 2022, Group revenue **grew by 3.8%**, **thanks to the performance of the Books and Retail areas** and despite the additional asset disposals involving the Media area: net of the effects from the changed consolidation scope, **Group revenue on a like-for-like basis** in the first nine months of the current year would have grown by **5.8%**.

In the **Books** area, revenue rose by **27.2%** (or **7.8% without D Scuola**), thanks in particular to the growth in sales of Trade publishing houses - driven also by the consolidation, as of 1 July 2022, of **Star Comics** - and the resumption of activities related to the management of museums and cultural assets.

The **Retail** area reported **revenue growth of 10.2%**, driven mostly by the **book product (which grew by approximately 14%)**, attributable mainly to the directly-managed bookstore channel, whose performance in the prior year was burdened by the restrictions brought by the COVID-19 emergency.

The **Media** area revenue was **down by 9.8%**, due to the changes in the consolidation scope that took place: on a like-for-like basis¹, total revenue of the Media area **grew by 3.1%** versus the same period of 2021, thanks in particular to the positive performance of both print and digital **advertising sales, up by** approximately **16%** overall, which more than offset the decline in circulation revenue of the titles and add-on sales.



¹ Mention should be made of the disposal at end 2021 of the Donna Moderna and Casafacile brands, while effective 1 July 2022 Press-di, the distribution company, was deconsolidated following the sale of the 51% stake.

Revenues by Business Area					
(Euro/millions)	9M 2022	9M 2022 excl. D Scuola	9M 2021	Var.%	Var.% excl. D Scuola
Books	443.4	376.0	348.7	27.2%	7.8%
Retail	126.0	126.0	114.3	10.2%	10.2%
Media	135.3	135.3	150.0	(9.8%)	(9.8%)
Corporate & Shared Services	29.6	29.6	29.6	0.2%	0.2%
Total aggregated Revenues	734.3	666.9	642.6	14.3%	3.8%
Intercompany	(56.1)	(55.6)	(53.7)	4.5%	3.6%
Total Consolidated Revenues	678.2	611.3	588.9	15.2%	3.8%

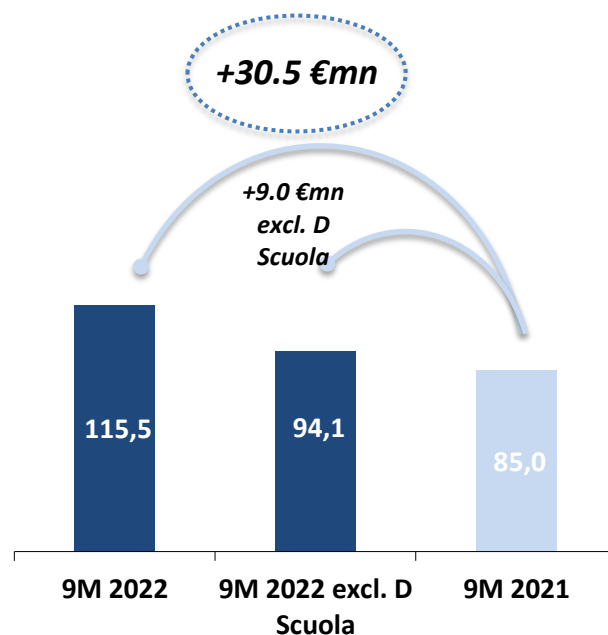
EBITDA

Adjusted EBITDA in first nine months 2022 came to a **positive € 115.5 million**; excluding the result for the period of D Scuola, **adjusted EBITDA came to a positive € 94.1 million**: the Group thus showed an **overall improvement in profitability in excess of € 30 million** versus 2021, **growing by approximately 36%**, one third of which attributable to the **positive performance across all business areas, Books and Retail** in particular, and approximately two thirds from the contribution of D Scuola (€ 21.4 million in the period under review).

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

- the **Books** area recorded an **overall growth in margins of over € 28 million** during the period; without D Scuola, the **increase** amounts to € 7 million, thanks to the positive performance of the Trade publishing houses (which also benefited from the consolidation of Star Comics), the upswing in museum activities and those related to the concessions managed by Electa, and to the increased relief granted to the latter;

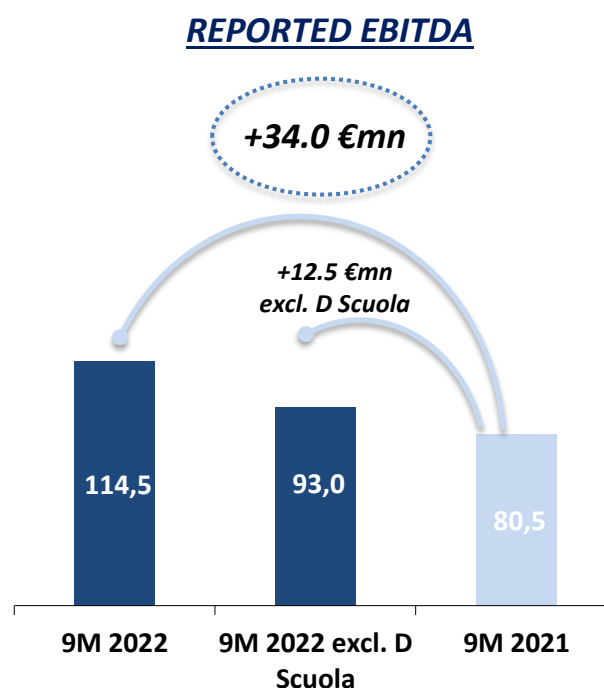
ADJ. EBITDA



ADJUSTED EBITDA by Business Area					
(Euro/millions)	9M 2022	9M 2022 excl. D Scuola	9M 2021	Var.	Var. excl. D Scuola
Books	107,9	86,4	79,4	28,5	7,0
Retail	4,1	4,1	1,7	2,4	2,4
Media	9,3	9,3	7,8	1,6	1,6
Corporate & Shared Services	(4,0)	(4,0)	(3,3)	(0,8)	(0,8)
Intercompany	(1,8)	(1,8)	(0,6)	(1,2)	(1,2)
Total ADJUSTED EBITDA	115,5	94,1	85,0	30,5	9,0

- the **Retail** area recorded an **improvement** of € **2.4** million, thanks to the growth in the period posted by book product sales and the ongoing deep renewal of the network of physical stores, despite higher costs for utilities of € 1.1 million;
- the **Media** area grew by € **1.6** million, thanks to the continued costs-curbing measures in the print area and the accounting in the first half of the tax credit recognized on paper consumption, which allowed it to reduce the negative impact on profitability resulting from the increase in the cost of raw materials;
- the **Corporate & Shared Services** area recorded a negative margin of € 4 million, down from € -3.3 million in the same period of 2021, due mainly to the increase in utility costs amounting to approximately € 1.4 million for management of the Segrate HQ.

Group **EBITDA** came to € **114.5** million or € 93.0 million without D Scuola, recording an **even stronger improvement** of € **34** million (**+42.2% yoy**), as a result of the abovementioned phenomena and dynamics, and of the positive trend of non-ordinary items in the period, more noticeable in the Corporate area, as explained in more detail below.



EBITDA by Business Area					
<i>(Euro/millions)</i>	9M 2022	9M 2022 excl. D Scuola	9M 2021	Var.	Var. excl. D Scuola
Books	106,7	85,2	78,4	28,2	6,8
Retail	3,8	3,8	1,7	2,0	2,0
Media	10,5	10,5	7,4	3,1	3,1
Corporate & Shared Services	(4,6)	(4,6)	(6,5)	1,8	1,8
Intercompany	(1,8)	(1,8)	(0,6)	(1,2)	(1,2)
Total EBITDA	114,5	93,0	80,5	34,0	12,5

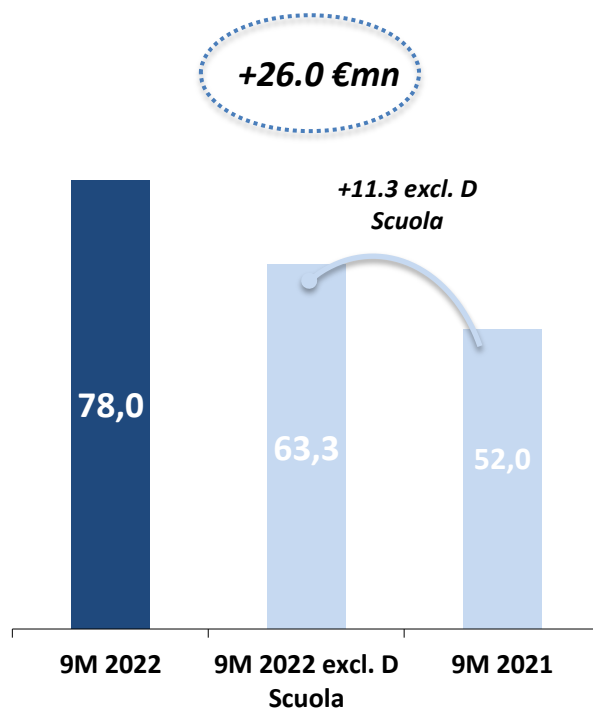
EBIT

The Mondadori Group **EBIT** at 30 September 2022 closed at a **positive € 78** million or € 63.3 million excluding the contribution of D Scuola; the growth versus 2021 shows

- i) **an improvement in the overall scope of € 26** million, equal to a **50% growth**; this performance was partly mitigated by the effects of the Purchase Price Allocation process related to the acquisition of D Scuola.

Net of the amortization/depreciation resulting from this process, consolidated **EBIT** of the new scope would stand at **approximately € 29** million (+55% yoy) and

- ii) an **improvement**, excluding the contribution of D Scuola, of € **11.3** million, attributable to the abovementioned operational dynamics.



EBIT by Business Area					
(Euro/millions)	9M 2022	9M 2022 excl. D Scuola	9M 2021	Var.	Var. excl. D Scuola
Books	88,0	73,3	68,2	19,9	5,2
Retail	(2,6)	(2,6)	(4,7)	2,0	2,0
Media	6,1	6,1	2,6	3,5	3,5
Corporate & Shared Services	(11,7)	(11,7)	(13,5)	1,8	1,8
Intercompany	(1,8)	(1,8)	(0,6)	(1,2)	(1,2)
Total EBIT	78,0	63,3	52,0	26,0	11,3
PPA	2,7				
Total EBIT ex PPA	80,7	63,3	52,0	28,7	11,3

CONSOLIDATED RESULT BEFORE TAX

Consolidated profit before tax at 30 September 2022 came to € **75.8** million (€ **61.2** million **excluding the contribution of D Scuola**), **improving by almost 70%** versus € **44.8** million in the same period of 2021.

In addition to the abovementioned operational dynamics, profit before tax was affected by the following additional elements:

- the recognition of a capital loss of € 0.4 million resulting from the sale in February 2021 of the last tranche of the **investment in Reworld Media** ²;
- the **improvement** in the year of € 3.5 million in the **results of the associates** arising from (i) the sale on 1 January 2022 of the investment in Monradio (which usually recorded losses), (ii) the profit for the period recorded by Attica, as well as (iii) the start of the accounting of the share of profits of A.L.I. of which the Group, on 11 May 2022, completed the acquisition of a 50% stake in the share capital.

Total **financial expense** for the period, amounting to € 2.8 million, decreased by € 1.1 million, despite higher ancillary expense on the outstanding pool loan:

- the more affordable terms of the new loans taken out by the Group allowed it in the current year to contain the cost of debt and bring it into line - net of higher ancillary expense - basically with the figure recorded in 2021, despite the Group's greater financial exposure in the period following the acquisition of D Scuola. The average cost of debt in fact, including ancillary expense ("all-in cost"), was **1.53%** at 30 September 2022 versus 2.33% at the same date of the prior year.
- Financial expense from the application of IFRS 16 was significantly better than in 2021, thanks to the recognition of non-recurring income of approximately € 1.5 million from the early termination of the old lease contract for the Segrate HQ (renegotiated as of July 2022).

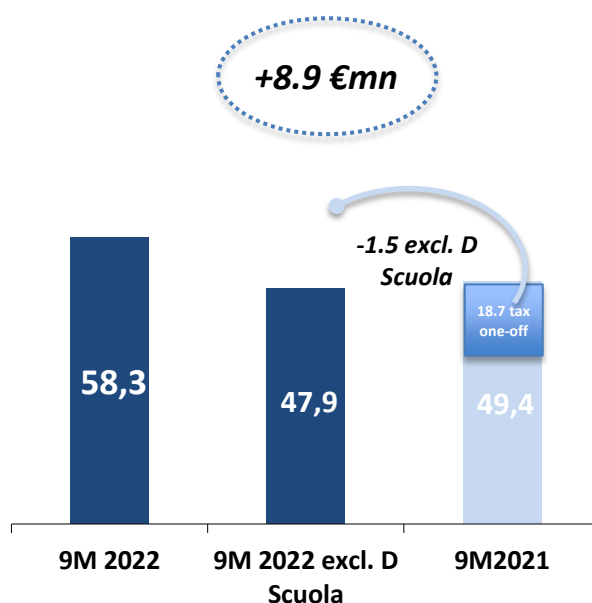
² The monetization of this investment generated a total gain (2019-2021) of € 1.1 million.

NET RESULT

The **Group's net profit at 30 September 2022**, after minority interests, came to € **58.3** million (or € **47.9** million excluding the net profit of D Scuola), **up by 18%** versus € **49.4** million in first nine months 2021. Mention should be made that the 2021 result had benefited from **non-recurring income** of € **18.7** million, resulting from the realignment of the tax amounts of trademarks and goodwill to their respective statutory amounts.

The tax charge for the period in fact, unaffected by non-ordinary items, closed with a negative € 17.6 million versus the income of € 4.6 million recognized at 30 September 2021.

Neutralizing the one-off tax income of 2021, **net profit in first nine months 2022 would be up by approximately 90%** versus € 30.7 million in the prior year.



FINANCIAL RESULTS

€ millions	9M 2022	9M 2022 excl. D Scuola	9M 2021	% chg.	% chg. excl. D Scuola
TRADE RECEIVABLES	215.1	190.0	195.6	10.0%	(2.9%)
INVENTORY	159.9	150.9	121.8	31.3%	23.9%
TRADE PAYABLES	252.3	221.3	199.9	26.2%	10.7%
OTHER ASSETS (LIABILITIES)	(29.4)	(13.6)	(12.9)	n.s.	5.1%
NET WORKING CAPITAL CONTINUING OPERATIONS	93.4	106.1	104.6	(10.7%)	1.4%
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)	0.0	0.0	(2.7)	n.s.	n.s.
NET WORKING CAPITAL	93.4	106.1	101.9	(8.3%)	4.1%
INTANGIBLE ASSETS	376.0	213.8	189.4	98.6%	12.9%
PROPERTY, PLANT AND EQUIPMENT	19.4	19.4	16.4	18.3%	18.0%
INVESTMENTS	29.5	29.5	16.4	80.0%	79.9%
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	425.0	262.8	222.2	91.3%	18.2%
ASSETS FROM RIGHTS OF USE IFRS 16	59.3	57.6	80.9	(26.7%)	(28.9%)
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	484.3	320.3	303.1	59.8%	5.7%
PROVISIONS FOR RISKS	43.0	41.2	41.1	4.6%	0.2%
POST-EMPLOYMENT BENEFITS	29.2	25.5	29.1	0.1%	(12.5%)
PROVISIONS	72.2	66.7	70.3	2.8%	(5.1%)
NET INVESTED CAPITAL	505.5	359.7	334.7	51.0%	7.4%
SHARE CAPITAL	68.0	68.0	68.0	0.0%	0.0%
RESERVES	141.3	141.2	105.8	33.5%	33.5%
PROFIT (LOSS) FOR THE PERIOD	58.3	47.9	49.4	18.0%	(3.0%)
GROUP EQUITY	267.5	257.1	223.1	19.9%	15.2%
NON-CONTROLLING INTERESTS' EQUITY	2.3	2.3	0.0	n.s.	n.s.
EQUITY	269.9	259.4	223.1	20.9%	16.2%
NET FINANCIAL POSITION NO IFRS 16	173.4	39.8	27.3	n.s.	45.6%
NET FINANCIAL POSITION IFRS 16	62.3	60.4	84.2	(26.1%)	(28.3%)
NET FINANCIAL POSITION	235.7	100.3	111.6	111.2%	(10.2%)
SOURCES	505.5	359.6	334.7	51.0%	7.4%

For the purposes of greater comparability with 2021, the above table shows the reclassified statement of financial position in first nine months 2022 based on a scope that excludes the contribution of D Scuola (fully consolidated at the balance sheet level at 31 December 2021).

Under IFRS 5 and for the sake of correct comparison, at 30 September 2021 the balance sheet amounts referring to the investment in Press-di Distribuzione Stampa Multimedia S.r.l., sold on 7 July 2022, are shown under "Assets (Liabilities) disposed of or being disposed of".

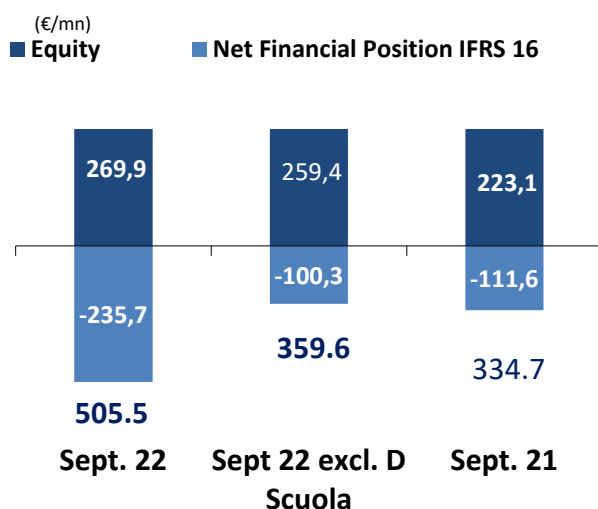
NET INVESTED CAPITAL

The Group's **Net Invested Capital** at 30 September 2022 - excluding the contribution of D Scuola - amounted to € **359.7** million, increasing versus € 334.7 million at 30 September 2021.

Net Working Capital (of continuing operations, without D Scuola) amounted to € **106.1** million, up versus the previous 12 months (€ 101.9 million), attributable basically to higher inventory in the Books area.

Net Fixed Assets amounted to € **320.3** million, up versus € 303.1 million at 30 September 2021, despite the sharp drop in assets for rights of use (IFRS 16) linked mainly to the renegotiation of the lease contract for the Segrate HQ, as a result of the increase in intangible assets - due mainly to the recognition, albeit provisional, of goodwill emerging from the acquisition of *Star Comics* - and the investments following the acquisition of 50% of A.L.I..

SOURCES



Consolidated equity at 30 September 2022 **increased by almost € 50** million versus the same period

of the prior year, due to the positive results achieved in the last twelve months and despite the distribution of dividends of € 22.2 million.

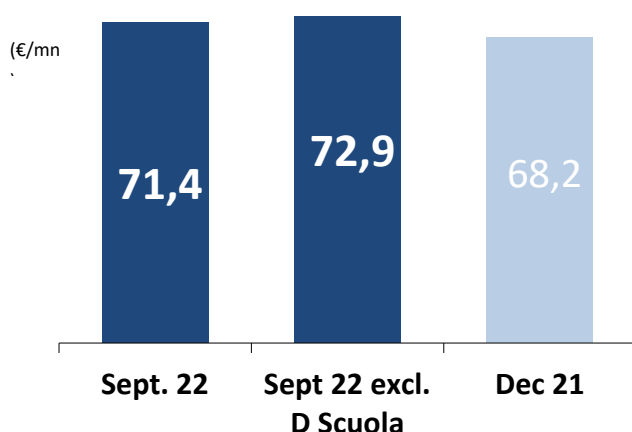
The Net Financial Position at 30 September 2022:

- excluding D Scuola, before IFRS 16, stood at a **negative € 39.8** million, only slightly up from the net debt recorded at 30 September 2021, due to the cash out from the acquisitions of A.L.I. and Edizioni Star Comics, and to the return to dividend distribution; including IFRS 16, the NFP stood at a negative €

100.3 million, due to the recognition of an additional financial debt of € 60.4 million (decreasing, consistently with assets for rights of use, due to the renegotiation of the lease contract for the Segrate HQ);

- considering the effects of the acquisition of D Scuola, the net financial position stood at € -173.4 million (excluding IFRS 16), or € -235.7 million including IFRS 16.

LTM CASH FLOW

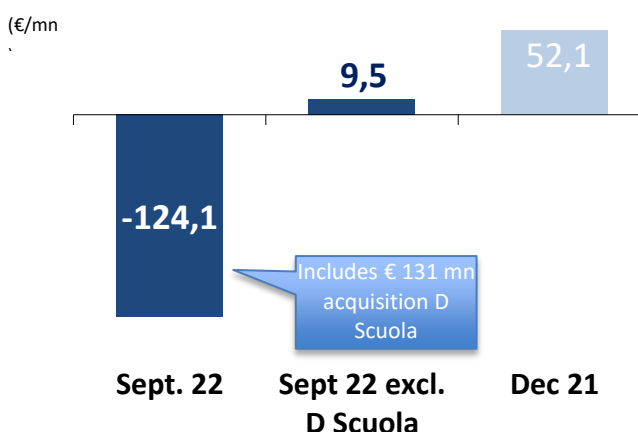


Mention should be made that the generation of cash flow from ordinary operations benefited from the revaluation, amounting to € 10.1 million at 30 September 2022, of derivative instruments related to interest rate risk hedges applied to drawdowns of the pool loan.

The **LTM cash flow from ordinary operations** (after cash out for financial expense and tax), excluding D Scuola from the scope, amounted to € 72.9 million, allowing the **Group to continue to strengthen its financial structure**.

D Scuola, consolidated as from January 2022, reported a negative cash flow of € 1.5 million in the period, consistent with the seasonal nature of the school textbooks business.

LTM FREE CASH FLOW



At 30 September 2022, again excluding the contribution of D Scuola, **LTM cash flow from extraordinary operations came to a negative € 63.4 million**, due to cash out for restructuring costs of € 10.2 million and for acquisitions of € 52.5 million. As a result, the **LTM Free Cash Flow** at 30 September 2022 amounted to € 9.5 million.

Total **cash flow** in the last 12 months, including payment of dividends for € 22.2 million, amounted to a negative € 12.7 million.

The LTM cash flow from extraordinary operations of the overall scope includes, instead, the impact of the acquisition of D Scuola for approximately € 131 million; as a result, the Free Cash Flow of the overall scope, due also to the impact of the seasonal nature of D Scuola, saw a cash out of approximately € 124 million, while the total Cash Flow amounted to approximately € 146 million.

CONSOLIDATED FINANCIAL HIGHLIGHTS OF THIRD QUARTER 2022

€ millions	3Q 2022		3Q 2022 excl. D Scuola		3Q 2021	% chg.		% chg. excl. D Scuola
REVENUE	323,1		272,6		268,5	20,3%		1,5%
INDUSTRIAL PRODUCT COST	98,8	30,6%	87,1	31,9%	78,6	29,3%	25,6%	10,7%
VARIABLE PRODUCT COSTS	35,8	11,1%	32,0	11,7%	31,9	11,9%	12,1%	0,2%
OTHER VARIABLE COSTS	55,2	17,1%	45,3	16,6%	51,5	19,2%	7,1%	(12,0%)
STRUCTURAL COSTS	13,8	4,3%	12,9	4,7%	12,0	4,5%	14,4%	6,9%
EXTENDED LABOUR COST	31,7	9,8%	29,7	10,9%	31,4	11,7%	0,7%	(5,5%)
OTHER EXPENSE (INCOME)	(0,0)	(0,0%)	(0,0)	(0,0%)	(0,6)	(0,2%)	n.s.	n.s.
ADJUSTED EBITDA	87,9	27,2%	65,7	24,1%	63,5	23,7%	38,5%	3,4%
RESTRUCTURING COSTS	0,5	0,2%	0,5	0,2%	1,5	0,6%	(64,4%)	(64,4%)
EXTRAORDINARY EXPENSE (INCOME)	(0,3)	(0,1%)	(0,3)	(0,1%)	0,6	0,2%	n.s.	n.s.
EBITDA	87,7	27,2%	65,4	24,0%	61,5	22,9%	42,7%	6,5%
AMORTIZATION AND DEPRECIATION	9,5	3,0%	7,4	2,7%	6,3	2,3%	51,3%	16,7%
IMPAIRMENT AND WRITE-DOWNS	0,0	0,0%	0,0	0,0%	0,0	0,0%		
AMORTIZATION AND DEPRECIATION IFRS 16	3,4	1,1%	3,3	1,2%	3,3	1,2%	2,1%	(1,8%)
EBIT	74,8	23,1%	54,8	20,1%	51,8	19,3%	44,3%	5,8%
FINANCIAL EXPENSE (INCOME)	1,0	0,3%	1,0	0,4%	1,6	0,6%	n.s.	n.s.
FINANCIAL EXPENSE IFRS 16	(1,1)	(0,3%)	(1,1)	(0,4%)	0,6	0,2%	n.s.	n.s.
EXPENSE (INCOME) FROM INVESTMENTS	(0,5)	(0,2%)	(0,5)	(0,2%)	(0,2)	(0,1%)	n.s.	n.s.
EBT	75,4	23,3%	55,4	20,3%	49,8	18,6%	n.s.	n.s.
TAX EXPENSE (INCOME)	19,4	6,0%	13,8	5,1%	4,8	1,8%	n.s.	n.s.
RESULT FROM CONTINUING OPERATIONS	56,0	17,3%	41,6	15,3%	45,0	16,8%	24,3%	(7,6%)
MINORITIES	0,4	0,1%	0,4	0,2%	(0,0)	(0,0%)		
GROUP NET RESULT	55,5	17,2%	41,1	15,1%	45,0	16,8%	23,2%	(8,6%)

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

*In the table above, for the purposes of greater comparability with 2021, in the column "3Q 2022 excl. D Scuola", the reclassified Income Statement and Statement of Financial Position show the **operating and financial figures of third quarter 2022 excluding D Scuola** (fully consolidated at the income level as from 1 January 2022 and at the balance sheet level as from 31 December 2021).*

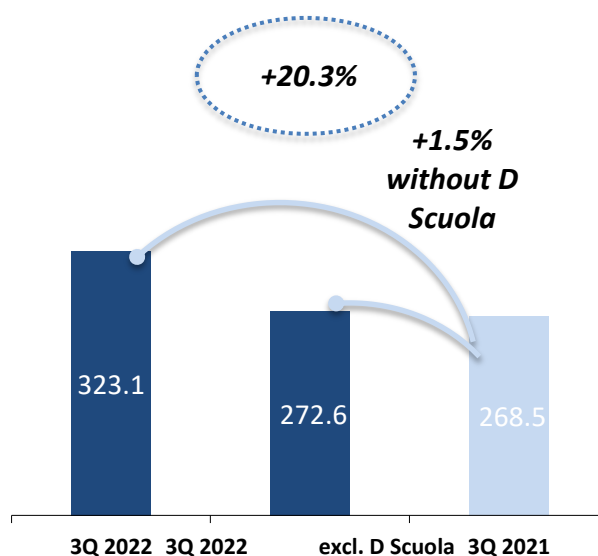
ALTERNATIVE PERFORMANCE MEASURES

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

In third quarter 2022, **consolidated revenue** amounted to € **323.1** million, **increasing** by approximately **20%** versus € 268.5 million in the prior year; net of the consolidation of D Scuola, effective 1 January 2022, Group revenue would have **grown by 1.5%** thanks to the **contribution**, in particular, of the **Books and Retail** areas, despite the additional disposals of non-core assets involving the Media area: net of all the effects from changes in the scope, Group revenue would have recorded a **like-for-like growth** of **+3.4% in the third quarter**.



In the **Books** area, revenue rose by **37.6%** - or **9.4% without D Scuola** - thanks in particular to the growth in sales of Trade publishing houses, driven also by the consolidation of **Star Comics** (as of 1 July 2022), and the resumption of activities related to the management of museums and cultural assets, still badly hit in 2021 by the restrictive measures to contain the pandemic.

The **Retail** area reported an **8.6% growth in revenue**, thanks mostly to the **book** product (which **grew by approximately 12% in the quarter**) and to the performance of directly-managed bookstores.

The **Media** area revenue was **down** by 29.6%, due mainly to the changes in the consolidation scope: on a like-for-like basis³, total revenue of the Media area **fell by 9.4%** versus third quarter 2021, due mainly to the different timing of the FuoriSalone event for Interni which, in the current year was organized in June instead of in September in 2021; revenue from digital activities partly offset the effects of bringing the event forward to the second quarter, and grew by approximately 11% in the quarter versus the same period of 2021.

³ Mention should be made of the disposal at end 2021 of the Donna Moderna and Casafacile brands, while effective 1 July 2022 Press-di, the distribution company, was deconsolidated.

The quarter also saw a continued structural and add-on sales.
downtrend of circulation revenue of the titles

Revenue by Business Area					
(Euro/millions)	3Q 2022	3Q 2022 excl. D Scuola	3Q 2021	Var. %	Var. % excl. D Scuola
Books	247,4	196,7	179,8	37,6%	9,4%
Retail	48,4	48,4	44,6	8,6%	8,6%
Media	37,1	37,1	52,6	(29,6%)	(29,6%)
Corporate & Shared Services	10,0	10,0	9,9	0,6%	0,6%
Total aggregated Revenue	342,8	292,1	286,9	19,5%	1,8%
Intercompany	(19,7)	(19,5)	(18,4)	7,1%	6,0%
Total consolidated Revenue	323,1	272,6	268,5	20,3%	1,5%

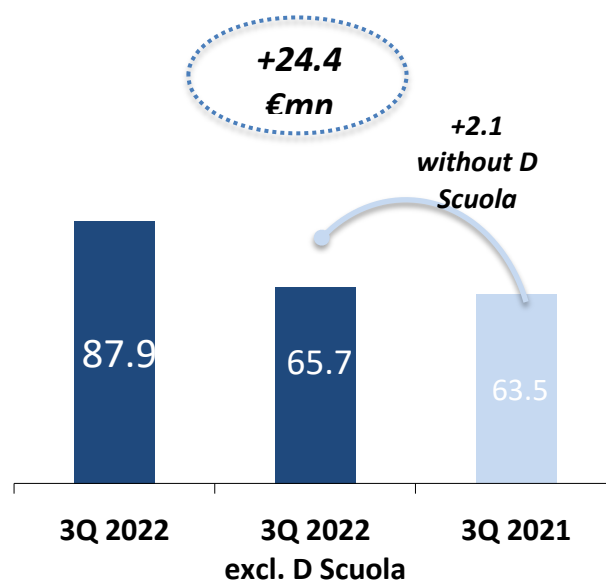
EBITDA

Adjusted EBITDA in third quarter 2022 came to a **positive € 87.9 million, up by over € 24 million** versus 2021.

Excluding the contribution of D Scuola, **adjusted EBITDA** came to € **65.7** million, increasing by € 2.1 million versus third quarter 2021, or by **+3.4%**. This increase is attributable in particular to the **positive performance** of the **Books** segment, which in third quarter 2022 benefited also from the consolidation of Star Comics, and the **Retail** segment.

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

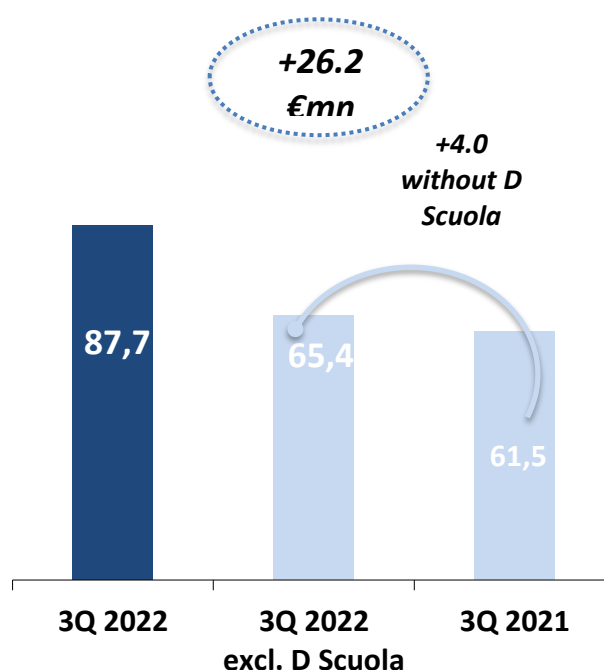
- the **Books** area **increased** by € **2.2** million in the period, without D Scuola, attributable mainly to the Trade area, which benefited from both the upswing in Electa's museum and concession activities and the consolidation of Star Comics;



ADJUSTED EBITDA by Business Area					
(Euro/millions)	3Q 2022	3Q 2022 excl. D Scuola	3Q 2021	Var.	Var. excl. D Scuola
Books	84,1	61,8	59,6	24,5	2,2
Retail	2,8	2,8	1,3	1,5	1,5
Media	1,6	1,6	3,2	(1,7)	(1,7)
Corporate & Shared Services	(0,3)	(0,3)	(0,6)	0,3	0,3
Intercompany	(0,2)	(0,2)	0,0	(0,2)	(0,2)
Total ADJUSTED EBITDA	87,9	65,7	63,5	24,4	2,1

- the **Retail** area recorded a **strong improvement, amounting to over € 1.5 million**, thanks to revenue growth, especially in the Book product, and the continued development and renovation of the network of directly-managed stores, despite higher utility costs of approximately € 0.9 million;
- the **Media** area recorded a **decrease** versus third quarter 2021 of € **1.7 million**, concentrated mainly in the print area, as a result of the different timing of the accounting of the contribution of the "FuoriSalone" event (which was held in 2021 in the third quarter);
- the **Corporate & Shared Services** area recorded a negative margin of € 0.3 million, recovering from € -0.6 million in third quarter 2021, despite the increase in utility costs from the management of the Segrate HQ of approximately € 0.9 million, due to the recognition of a one-off contribution related to the renegotiation of the lease contract for the HQ.

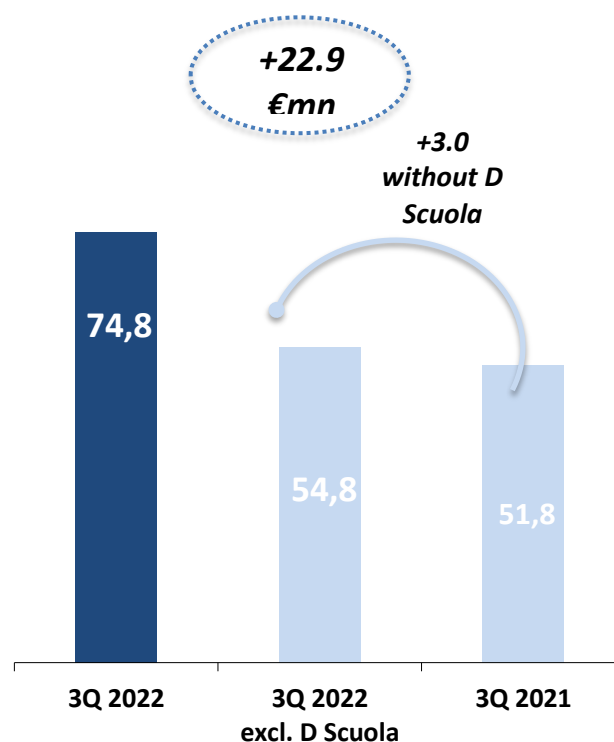
Group **EBITDA** came to € **87.7 million** or € **65.4 million without D Scuola**, improving by € **26.2 million** versus the prior year. Excluding the contribution of D Scuola, EBITDA stood at € 65.4 million, increasing by € 4 million or 6.5% versus 2021, attributable to the mentioned business phenomena, and to a positive trend in non-ordinary items, especially in the Corporate and Media areas as further explained below.



EBITDA by Business Area					
(Euro/millions)	3Q 2022	3Q 2022 excl. D Scuola	3Q 2021	Var.	Var. excl. D Scuola
Books	83,7	61,4	59,1	24,6	2,3
Retail	2,7	2,7	1,2	1,5	1,5
Media	2,2	2,2	3,0	(0,8)	(0,8)
Corporate & Shared Services	(0,7)	(0,7)	(1,9)	1,1	1,1
Intercompany	(0,2)	(0,2)	0,0	(0,2)	(0,2)
Total EBITDA	87,7	65,4	61,5	26,2	4,0

EBIT

In third quarter 2022, the Mondadori Group EBIT closed with a positive € 74.8 million or € 54.8 million excluding the contribution of D Scuola. The like-for-like comparison with 2021 shows an **improvement of € 3.0 million (+5.8%)**, attributable to the mentioned dynamics, partly offset by higher amortization/depreciation resulting from the greater expenditure made in the last 12 months; **at the overall scope level, however, the improvement amounted to approximately € 23 million**, given that D Scuola operations in the quarter in question contributed approximately € 20 million.



EBIT by Business Area					
(Euro/millions)	3Q 2022	3Q 2022 excl. D Scuola	3Q 2021	Var.	Var. excl. D Scuola
Books	76,6	56,7	55,3	21,3	1,4
Retail	0,6	0,6	(0,9)	1,5	1,5
Media	0,7	0,7	1,6	(0,9)	(0,9)
Corporate & Shared Services	(3,1)	(3,1)	(4,2)	1,1	1,1
Intercompany	(0,2)	(0,2)	0,0	(0,2)	(0,2)
Total EBIT	74,8	54,8	51,8	22,9	3,0

CONSOLIDATED RESULT BEFORE TAX

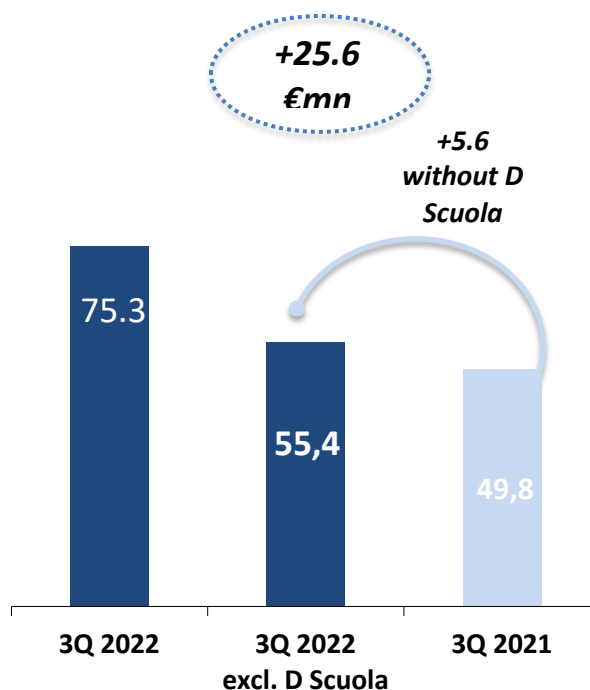
Consolidated profit before tax amounted to € **75.3** million or € **55.4** million **without the contribution of D Scuola, improving** by € **25.6** and € **5.6** million respectively, versus € **49.8** million in third quarter 2021.

On top of the improvement in operating profit, the increase without D Scuola versus the prior year was affected by:

- the reduction of **financial expense** by € **0.6** million as a result of the recognition in the third quarter of the prior year of the initial fair value of interest rate risk hedges when they were entered into (July 2021);
- the improvement of IFRS 16 financial expense, due mainly to the

recognition of non-recurring income of approximately € 1.5 million from the early termination of the old lease contract for the Segrate HQ (renegotiated as of July 2022);

- the **performance of the associates**, which recorded a profit of € 0.5 million in the period (versus € 0.2 million in third quarter 2021), attributable in particular to the accounting of the result of the 50% stake in A.L.I. (acquired on 11 May 2022).



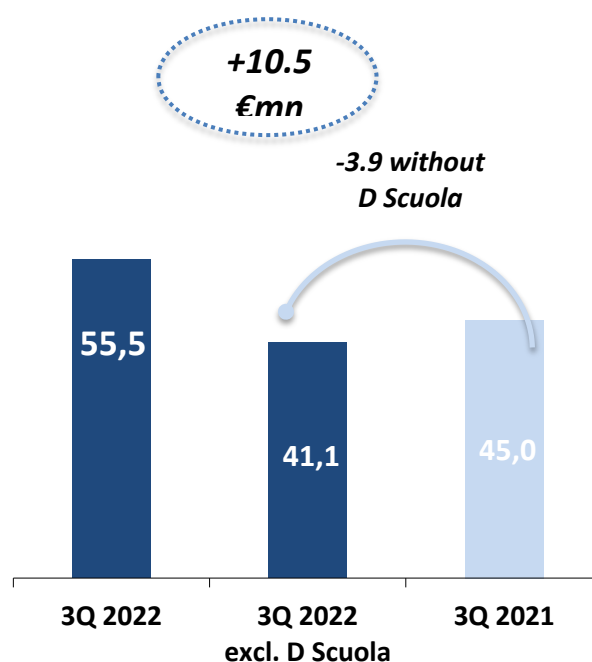
NET RESULT

Group net profit, after minority interests, amounted to € **55.5** million; excluding the contribution of D Scuola, net profit in third quarter 2022 would amount to € **41.1** million, down versus € 45 million in the third quarter of the prior year.

The trend of net profit was in fact affected by tax components, which in third quarter 2021 had benefited from a **net non-recurring income of approximately € 9.8** million, resulting from the completion of the

process of realigning the tax amounts of trademarks and goodwill to their respective statutory amounts, which had already begun in first half 2021.

In 2022, the tax burden in the third quarter amounted to a negative € 19.4 million or € 13.8 million net of D Scuola (versus € 4.8 million in third quarter 2021).



PERFORMANCE BY BUSINESS AREA

OVERALL SCOPE

(Euro/millions)

	Revenue		ADJUSTED EBITDA		EBITDA		D&A		EBIT	
	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2021
Books	443.4	348.7	107.9	79.4	106.7	78.4	(18.6)	(10.2)	88.0	68.2
Retail	126.0	114.3	4.1	1.7	3.8	1.7	(6.4)	(6.4)	(2.6)	(4.7)
Media	135.3	150.0	9.3	7.8	10.5	7.4	(4.4)	(4.8)	6.1	2.6
Corporate & Shared Services	29.6	29.6	(4.0)	(3.3)	(4.6)	(6.5)	(7.0)	(7.1)	(11.7)	(13.5)
Intercompany	(56.1)	(53.7)	(1.8)	(0.6)	(1.8)	(0.6)	0.0	0.0	(1.8)	(0.6)
TOTAL	678.2	588.9	115.5	85.0	114.5	80.5	(36.5)	(28.5)	78.0	52.0

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

BOOKS

Mondadori Libri S.p.A. is the Group company heading all of the Group's activities in the Books Area, traditionally divided into two business units, Trade and Education.

The scope of the **Trade** business unit includes:

- editorial activities relating to the publication - both in paper and digital format (e-books and audio-books) - of the fiction, non-fiction, children's and miscellaneous works by the publishing houses, which enable the Group to hold a leadership position at national level: **Mondadori, Einaudi, Rizzoli, Fabbri, Piemme, Sperling & Kupfer, Frassinelli, and Mondadori Electa**; as of 1 July 2022, these were joined by **Star Comics**, Italy's leading comic books publisher, specialized in the publication on the domestic market of the major international productions including, in particular, Japanese manga;
- art publishing where the Group operates under the **Electa** and, from 2020, **Abscondita** brands. The segment's activities include publishing of works on art, architecture, exhibition catalogues, museum guides and sponsor books in art publishing, as well as the management of museum concessions and the organization of exhibitions and cultural events;
- the publishing house **Rizzoli International Publications**, which operates on the US market with the **Rizzoli, Rizzoli New York, Rizzoli Electa and Universe** brands and with the *Rizzoli Bookstore* located in New York.

The **Education** business unit operates in the field of school textbooks and legal publishing and, to a lesser extent, university textbooks.

In **school textbooks**, the Group boasts a **leadership position** with an adoption share of approximately 32%⁴ including the activities of **D Scuola** which, at end 2021, joined **Mondadori Education and Rizzoli Education**, strengthening the publishing offer of textbooks, courses, teaching tools and multimedia content for every school level, from primary school to the first- and second-level secondary schools, both with proprietary and distributed brands.

⁴ ESAIE, 2022 (adopted sections)

Relevant market performance

Following the remarkable growth seen in 2021, the year 2022 has witnessed a **consolidation phase of the books market**, which was **basically steady** in terms of **value (+0.1%)** and **volume (+0.1%)** versus the same period of 2021⁵.

A breakdown of this trend into the various product categories shows that **Hardcovers** - which account for approximately 82% of the market - declined slightly by 1.2%, while **Paperbacks** ("catalogue titles") bucked the trend and **grew by 6.5%**.

Against this backdrop, the publishing houses of the Mondadori Group recorded a **growth in sell-out of 2.4%** during the period, the result of a **gradually improving** performance during the year: the **third quarter**, in particular, recorded a **14.6% growth in sell-out** versus the market's approximately 4% growth.

Thanks to these results, Mondadori was able to retain its **domestic leadership**, with its **market share growing to 26.9%**.

Trade Market shares	30 September 2022	30 September 2021 <i>Pro Forma</i>
Mondadori Group	26.9%	26.3%
GeMS Group	11.1%	11.3%
Giunti Group	8.0%	7.5%
Feltrinelli	6.3%	6.1%
Other publishers	47.8%	49.0%

Source: GFK, September 2022 (in terms of value); Pro forma includes Edizioni Star Comics

In the first nine months, the Group placed **2 titles in the top ten bestsellers** in terms of value⁶, as shown in the table below:

⁵ GFK, September 2022 (Week 39)

⁶ GFK, September 2022 (ranking in terms of cover value)

#	Title	Author	Publisher
1	Fabbricante di lacrime	Doom Erin	MAGAZZINI SALANI
2	Il caso Alaska Sanders	Dicker Joël	LA NAVE DI TESEO
3	Violeta	Allende Isabel	FELTRINELLI
4	It ends with us. Siamo noi a dire basta	Hoover Colleen	SPERLING & KUPFER
5	Rancore	Carofiglio Gianrico	EINAUDI
6	Le ossa parlano	Manzini Antonio	SELLERIO EDITORE PALERMO
7	Nel modo in cui cade la neve	Doom Erin	MAGAZZINI SALANI
8	Solo è il coraggio, Giovanni Falcone, il romanzo	Saviano Roberto	BOMPIANI
9	Una vita come tante	Yanagihara Hanya	SELLERIO EDITORE PALERMO
10	Cambiare l'acqua ai fiori	Perrin Valérie	E/O

In July, the Mondadori Group **won the 76th edition of the Strega Prize** with *Spatriati* by Mario Desiati, published by Einaudi, and placed three other titles among the winners: from second to fourth place: respectively, *Quel maledetto Vronskij* by Claudio Piersanti for Rizzoli, *E poi saremo salvi* by Alessandra Carati for Mondadori, and *Niente di vero* by Veronica Raimo for Einaudi.

As shown in the table below, in the **School textbooks** segment, the publishing houses of the Mondadori Group achieved a **32.3% market share** (including the share of D Scuola), down slightly versus the prior year when the decline was attributable entirely to the primary school segment marked by greater volatility and lower profitability.

Education Market Shares	2022	2021 PF
Mondadori Group	32.3%	32.9%
Zanichelli	24.4%	24.1%
Pearson	13.7%	13.8%
Other publishers	29.6%	29.2%

Source: IEA, October 2022 (first-year sections adopted, provisional figures)

In the current year, the **museum segment**, as a result of the easing of the restrictive measures to contain the pandemic and the upward trend in international tourist flows, saw a renewal of its operations linked to the organization of exhibitions (including management of the related bookstores) and art publishing, albeit to a lesser extent than in the pre-COVID-19 period.

Performance of the Books Area

Books					
<i>(Euro/millions)</i>	9M 2022	9M 2022 excl. D Scuola	9M 2021	Var.	Var. excl. D Scuola
Revenue	443.4	376.0	348.7	94.7	27.3
Adj EBITDA	107.9	86.4	79.4	28.5	7.0
EBITDA	106.7	85.2	78.4	28.2	6.8
EBIT	88.0	73.3	68.2	19.9	5.2
PPA	2.7				
EBIT ex PPA	90.7	73.3	68.2	22.6	5.2

Revenue

<i>(Euro/millions)</i>	9M 2022	9M 2022 excl. D Scuola	9M 2021	% chg.	% chg. lfl*
Trade publishing houses	175.9		165.1	+6.6%	+1.7%
Mondadori Electa	16.7		6.9	+143.9%	+143.9%
Rizzoli International Publications	30.7		29.0	+6.0%	+6.0%
Total TRADE	223.4		200.9	+11.2%	+7.2%
Total EDUCATION	213.7	146.2	144.2	+48.2%	+1.4%
Distribution and other services	6.3	4.6	3.6	+74.1%	+27.7%
Total revenue	443.4	366.1	348.7	+27.2%	+5.5%

*The like-for-like change neutralizes all scope changes: in addition to D Scuola, Star Comics and DeAgostini Libri

In first nine months 2022, **revenue** in the Books area amounted to € **443.4** million, **increasing** by approximately **27%** versus the same period of 2021, driven by the **positive performance** of the publishing houses in the **Trade** area, which, thanks also to the **sharp upswing in Electa's activities**, **grew by over 11%** (+7.2% on a like-for-like basis), and by the **consolidation of D Scuola**; considering the 2021 like-for-like basis alone, growth stands at **5.5%**.

- **Trade publishing houses:** revenue in the first nine months of the current year amounted to € 175.9 million (€ 165.1 million in the same period of 2021), **up by 6.6%** versus the prior year, driven by the

positive performance of all publishing houses (+1.7% on a like-for-like basis), particularly in the third quarter (+2.8% on a like-for-like basis), as well as by the consolidation of De Agostini Libri (as of 1 July 2022) and the newly-acquired Star Comics (as of 1 July 2022).

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

- **Mondadori:** for Fiction "*La mascella di Caino*" by Torquemada, "*L'equazione del cuore*" by M. De Giovanni, "*Quattro stagioni per vivere*" by M. Corona, "*Le mogli hanno sempre ragione*" by L. Bianchini, and "*Gli avversari*" by J. Grisham, for Non-Fiction "*Suicidio occidentale*" by F. Rampini, "*La crepa e la luce*" by G. Calabresi, for Miscellaneous "*La pura vida*" by G. Gotto;
 - **Einaudi:** "*Rancore*" by G. Carofiglio, "*Niente di vero*" by Veronica Raimo, "*Il rosmarino non capisce l'inverno*" by Matteo Bussola, "*Dove sei, mondo bello*" by S. Rooney, "*La carrozza della santa*" by Cristina Cassar Scalia. Mention should also be made of the impressive performance of Mario Desiati's "*Spatriati*", winner of the 2022 edition of the Strega Prize.
 - **Piemme:** "*Le ore più buie*" by M. Connelly for Foreign Fiction and "*Il mostro*" by M. Renzi, "*La pace interiore*" by C. Amirante, "*Fine dei giochi*" by A. Gucci for Non-Fiction. In the Children's segment, the publisher retained its leading position with the titles of *Geronimo Stilton*;
 - **Sperling & Kupfer:** in Foreign Fiction, great success came from "*It ends with us*" by C. Hoover, ranking in the Top Ten bestsellers and, again by the same author, highly positive sales of "*All your perfects*" released in March in an edition with revamped graphics specifically for the publication of the new title. Other titles worth mentioning are "*Noi due come un sogno*" by N. Sparks, "*Fairy Tale*" by S. King, and for Miscellaneous "*Leonardo del Vecchio*" by T. Ebhardt;
 - **Rizzoli:** the most successful Non-Fiction titles include "*Lobby e Logge*" by Sallusti-Palamara, for Italian fiction "*Un volo per Sara*" by M. de Giovanni, "*Lo faccio per me*" by S. Andreoli, "*La scelta*" by W. Veltroni and "*Mi prometto il mare*" by R. Bertoldi;
 - **Mondadori Electa:** for Miscellaneous "*Se ci credi, puoi*" by A. Baruto and "*Stardust House. Il libro ufficiale*".
- **E-books and audio-books:** revenue from the sales of e-books and audio-books, which account for approximately **7.7%** of total **publishing revenue**, **grew by 2.3%** in the period under review versus the prior year (+0.5% on a like-for-like basis), as a result of opposing trends in the sales of e-books, which declined, and audio-books, which, conversely, recorded a sharp growth:
 - the main titles purchased in e-book format were "*Rancore*" by Gianrico Carofiglio (Einaudi), "*Per niente al mondo*" by K. Follett (Mondadori), "*La carrozza della santa*" by Cristina Cassar Scalia (Einaudi), "*Niente di vero*" by Veronica Raimo (Einaudi), "*Un volo per Sara*" by Maurizio

De Giovanni (Rizzoli) and “*Spatriati*” by Mario Desiati (Einaudi). Mention should be made that new titles were published in digital format in the third quarter, increasing the catalogue to approximately 30,500 e-book titles (on a like-for-like basis);

- the most popular audiobook titles were “*Per niente al mondo*” and “*I pilastri della terra*” by K. Follett.
- **Mondadori Electa:** in first nine months 2022, revenue amounted to € 16.7 million, **rising sharply** versus € 6.9 million in the prior year, thanks to the upswing in museum and concession-related activities. Mention should be made that the first few months of 2021 had been badly hit by the effects of the pandemic, in particular by the closures of museums, bookshops and archaeological sites ordered by the authorities. In 2022, activities gradually resumed: Electa recorded a positive trend in bookshop sales in Venice, thanks to the remarkable success of the Art Biennial - *Il latte dei sogni*, to the number of visitors at the Archaeological Parks in Rome, especially at the Colosseum Park (operated under concession), and to the exhibition business with the exhibitions in Parma (*I Farnese*) and Mantua (*Depero*).
- **Rizzoli International Publications** reported consolidated revenue of € 30.7 million in the nine months, **increasing by approximately 6%** versus the same period of 2021. At constant exchange rates, this change is negative (-5.7%), due to several delayed deliveries of new books by printers, delayed to later months, and a reduction in the shipment of catalogue products, especially in the e-commerce channel. Conversely, revenue of the Retail segment from the New York Bookstore performed extremely well in the period under review, growing by almost 30%.
- **Education:** publishing houses in the school textbooks business recorded total revenue of € **213.7** million, **up by 48.2%** versus first nine months 2021, due mainly to the changed consolidation scope related to the consolidation of the publishing house D Scuola, which contributed € 67.5 million to revenue for the period. On a like-for-like basis, revenue was **up slightly by 1.4%** versus the same period of 2021 (€ 144.2 million), thanks to the early availability versus the prior year of a number of textbooks and the resulting accounting of the related revenue.

EBITDA

Adjusted EBITDA of the Books area in first nine months, including the contribution of D Scuola (€ 21.4 million in the period under review), stood at € **107.9** million, **up by more than € 28** million. Net of D Scuola, adjusted EBITDA on a like-for-like basis would come to € **86.4** million versus € 79.4 million in the same period of 2021, an **improvement of over € 7** million **or approximately +9%**, thanks in particular to the **positive trend of Trade publishing houses** (comprising since 1 July the comics publisher Star Comics), the **upswing in Electa's museum and concession-related activities, and the higher contribution of the relief recognized to this business** (€ 6.3 million versus approximately € 3 million in 2021).

Reported EBITDA on a like-for-like basis - amounting to € 85.2 million - **improved** by € **6.8** million versus € 78.4 million at 30 September 2021. **EBIT** on a like-for-like basis came to € 73.3 million versus € 68.2 million in first nine months 2021, with an upward trend consistent with the mentioned operating dynamics. The overall scope recorded EBIT, net of PPA effects, of € 90.7 million.

RETAIL

The Mondadori Group operates the most extensive network of bookstores in Italy - a cultural presence active throughout the Country thanks to more than 500 stores in all Italian regions and provinces, from large cities to smaller towns - online with its e-commerce site [mondadoristore.it](https://www.mondadoristore.it) and through the *Bookclub* formula.

As for the network of physical stores, mention should be made of the ongoing development and maintenance implemented by the Group and involving both directly-managed and franchised stores. With regard to the development of the network in the year, the following should be taken into account:

- **directly-managed stores**, which recorded a strong growth in sales, counted 41 units at end September, following the recent openings in Genoa (former Corso Sardegna Market) at the beginning of April, Campobasso (Montenero di Bisaccia - Costa Verde) at end May, Latina (Latinafiori Shopping Centre) in July, and Padua (Piazza Garibaldi former Rinascente) in September;
- **franchised stores** saw a slight reduction in the number of units, due almost exclusively to the closure of small bookstores, as shown by the concurrent growth in related sales. The franchised world thus sees a continued and gradual focus on the Bookstore format, medium-sized bookstores with strong sales.

Overall, the network at end September counted over 500 Mondadori-branded bookstores, plus shop-in-shops, Club Mondolibri corners.

On the Online front, the Group is present with the e-commerce site www.mondadoristore.it, while the eBooks and Audiobooks segment continues the partnership with the Rakuten Kobo Group.

Relevant market performance

In a basically steady domestic books market (+0.1%⁷) versus 2021, the physical channel continued to grow versus the same period of the prior year, a period dominated by the challenging COVID-19 emergency context.

The market share of Mondadori Retail stood at 12.6% (up by 1.4% versus the same period of the prior year), driven by the outstanding performance of the physical stores.

⁷ GFK (in terms of value)

Performance of the Retail Area

Retail (Euro/millions)	9M 2022	9M 2021	Var.
Revenue	126,0	114,3	11,6
Adj EBITDA	4,1	1,7	2,4
EBITDA	3,8	1,7	2,0
EBIT	(2,6)	(4,7)	2,0

Revenue

In the first nine months, the Retail area posted **revenue** of € **126.0** million, up by € 11.6 million (**+10.2%**) versus the same period of the prior year.

The ongoing development and renovation of existing stores and the focus on the core business of books have enabled the Mondadori Store network to consolidate its role on the market, as shown by the **solid growth in revenue from the Book product** (€ **+11.9** million, **+13.6%**), which is higher at the end of the third quarter even than in the pre-COVID period.

The revenue trend by channel is as follows:

(Euro/millions)	9M 2022	9M 2021	% chg.
Directly-managed bookstores	43.9	32.4	+35.3%
Franchised bookstores	62.2	59.3	+4.9%
Online	9.9	11.4	-12.9%
Stores	116.0	103.1	+12.5%
Book clubs and other	9.9	11.2	-11.1%
Total revenue	126.0	114.3	+10.2%

The breakdown between the two categories of stores (directly managed and franchised) of the positive results for the year show the following:

- **directly-managed stores** reported a **sharp increase in revenue (+35.3%** versus the prior year), due to the abovementioned strategy of focusing on the book product and network development activities, and to the restrictions on activities in 2021 brought by the anti-COVID measures;

- the **franchised channel**, composed mainly of proximity stores located in small towns, continued its progression, **increasing by +4.9%** versus the same period of the prior year.

As far as the product categories are concerned:

- **Books** were the main item of revenue (**over 80% of the total**), up by an overall **13.6%** versus 2021;
- **Extra-book** sales were on a positive trend versus the same period of the prior year, thanks to growth in the Impulse and Gift Box segments and the effect of the inventory disposals of a number of product categories, brought by the strategic decision to exit activities marked by decreasing revenue and margins in physical stores (such as Consumer Electronics).

EBITDA

Mondadori Retail shows a **positive and sharply growing adjusted EBITDA** of € **4.1 million** (€ **+2.4 million** versus first nine months 2021).

The structural actions put in place in recent years have brought a strong turnaround in operating and financial performance of the Company, as already seen by last year's results. This target was achieved thanks to the deep transformation of the Company as a whole, the ongoing renewal and development of the network of physical stores, as well as careful cost management and a thorough review of the organization and processes. All this complemented by constant work on product innovation and the expansion of the range of publishing products, accompanied by new services, communication formats for clients and partners, and ongoing training of HQ and store staff.

Reported EBITDA too showed a positive and growing figure of € **3.8 million** (€ **+2.0 million versus 2021**).

EBIT stood at € -2.6 million, in turn improving significantly (€ **+2.0 million versus third quarter 2021**).

MEDIA

Mondadori Media S.p.A. is the Group company heading all the activities in the magazine and digital media segments, comprising:

- the activities of print magazines and digital brands;
- the subsidiaries Direct Channel S.p.A. (100%), Adkaora S.r.l. (100%), Hej! S.r.l. (100%) and Mondadori Scienza S.p.A. (100%);
- the associates Press-di Distribuzione Stampa e Multimedia S.r.l. (49%), 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 2022:

- the **advertising market** in the first eight months **declined by 4.5%** versus the prior year; individual segments performed as follows: **digital -2.9%**, **TV -8.8%**, **newspapers -4.4%**, **radio +4.2%** and **magazines -0.8%**⁸;
- the **magazines circulation market** declined by **7.4%**⁹;
- the **add-on sales market** closed with a negative **13.6%** (-8.0% for add-ons to magazines, -16.4% to newspapers)¹¹.

Mondadori's market share in terms of circulation, as a result of a performance - on a like-for-like basis of portfolio of titles - that outdid the relevant market, stood at **21%**, up versus 20.5% in August of the prior year¹¹.

In 2022, 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 **8.8 million readers**¹⁰;
- on the web with a reach of **71%** (approximately **29.5 million** unique users¹¹);
- in social media with a fanbase at 30 September 2022 of **70.7 million**¹² and **101** profiles.

⁸ Nielsen, August 2022

⁹ Internal source: Press di, August 2022, in terms of value, excluding the titles sold at end 2021 (Donna Moderna, Casafacile)

¹⁰ Audipress I, 2022

¹¹ Comscore, August 2022, average figure for first 8 months

¹² Shareablee + internal processing

In February 2022, Mondadori Media launched **The Wom**, the new 100% inclusive digital brand and new social and web magazine dedicated to young millennials and Generation Z focused on the themes of Diversity & Inclusion: a few months after the online launch of the beta version on social networks and the web, today **The Wom** counts a total **fanbase of 4.7 million followers**, 90% of whom are women, and an **audience of 10 million unique users per month**, positioning the brand as a **leader in the under-35 female segment**¹³.

Performance of the Media Area

Media (Euro/millions)	9M 2022	9M 2021	Var.
Revenue	135,3	150,0	(14,7)
Adj EBITDA	9,3	7,8	1,6
EBITDA	10,5	7,4	3,1
EBIT	6,1	2,6	3,5

Revenue

The Media area recorded revenue of € **135.3** million in first nine months 2022, dropping by approximately 10% versus the same period of the prior year, but **increasing by approximately 3% on a like-for-like basis** (excluding the effect of the deconsolidation of the titles sold at end 2021 and the distribution activities of Press-di, the majority of which was sold effective 1 July 2022). Breaking down the performance:

- **digital activities**, which now account for **24% of the area's total revenue**, **rose sharply by 16%** (+21.8% on a like-for-like basis of brands);
- **traditional print activities**, excluding the titles sold at end 2021 and distribution activities, **were down by approximately 3%**.

¹³ Shareablee and Insight, September 2022; Google Analytics, September 2022

Media (Euro/millions)	9M 2022	9M 2021	9M 2021 on a like-for-like basis	% chg.	% chg. LFL
Circulation	42.8	53.6	46.6	(20.1%)	(8.2%)
Add-on sales	18.1	19.4	18.7	(6.9%)	(3.0%)
<i>Print Advertising</i>	14.5	17.2	13.8	(15.6%)	+5.3%
<i>Digital Advertising</i>	31.9	27.4	26.2	+16.3%	+21.8%
Total Advertising	46.4	44.6	40.0	+4.0%	+16.1%
Distribution/Other revenue	28.0	32.3	24.9	(13.6%)	+9.5%
Total revenue	135.3	150.0	137.5	(9.8%)	+3.1%

Specifically:

- **Circulation** revenue (newsstands + subscriptions) fell by **8.2%** on a like-for-like basis; breaking down the performance, TV titles, which account for approximately 60% of the total, outperformed the overall trend of circulation revenue with a 5.2% decrease, while the *Chi* brand, during the summer period, bucked the trend and recorded a buoyant performance in circulation revenue growing by over 5%.
- Revenue from **add-on products** (DVDs, CDs, gadgets and books) sold as add-ons to Mondadori magazines, again on a like-for-like basis of portfolio, was down by **3%** versus first nine months 2021, due mainly to a decline in the music product, only partly offset by a positive performance in the gadgets segment.
- **Advertising** revenue was **up** by approximately **16%**, driven by the positive performance of both the Print area (+5%), thanks to the success of the FuoriSalone 2022 event linked to the Interni brand, and the Digital area (approximately +22%), which benefited from the strong growth of **AdKaora** (as a result of the development and monetization of new advertising formats for mobile phones) and **Hej!** (thanks to the development of conversional marketing solutions).

Thanks to this growth, **digital revenue** as a percentage of total advertising revenue stands at **69%** of the total (61% in 9M 2021).

- Other revenue, which includes revenue from newsstand distribution and subscriptions, increased by **9.5%** on a like-for-like basis versus the prior year, the result mainly of growth in the portfolio of third-party publishers distributed and related services.

EBITDA

Adjusted EBITDA in the Media area amounted to € **9.3** million, up versus first nine months 2021, the result of two opposing trends that marked the two segments of the area.

- The **print** area in fact improved its results driven by:
 - the increased profits from the FuoriSalone 2022 event;
 - the accounting of a tax receivable of € 1.9 million recognized on paper consumption;
 - the continuing actions to contain operating costs launched in prior years.
- Conversely, the **digital** area saw its result fall, attributable to one-off editorial and development costs incurred for the launch of the social magazine *The Wom* and the lower performance of digital brand advertising sales, only partly offset by the **strong trend** recorded by the **MarTech segment**.

Reported EBITDA stood at € **10.5** million, up versus € 7.4 million in 2021, partly as a result of (i) the release of a provision for risks, the size of which deemed to be in excess of the underlying contingent liabilities and (ii) the recognition of the capital gain from the sale of 51% of Press-di Distribuzione Stampa e Multimedia S.r.l. on 7 July 2022.

EBIT stood at a positive € **6.1** million versus € 2.6 million at 30 September 2021, thanks to the strong improvement in the mentioned operational dynamics.

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 mainly from services provided to subsidiaries and associates, and was basically steady in first nine months 2022 versus the same period of 2021.

The area's **adjusted EBITDA** amounted to a negative € **4.0** million, deteriorating versus € -3.3 million in 2021, due to the increase in utility costs relating to the management of the headquarters, amounting to approximately € 1.4 million in the first nine months of the year.

EBITDA, including non-ordinary items, stood at € **-4.6** million, improving significantly versus the prior year, thanks to the reduction (€ 2.5 million) in non-recurring expense for the year, resulting partly from the recognition in 2021 of costs from the supplementary non-compete agreement (€ 800,000¹⁴) awarded to the outgoing CEO.

EBIT in the area amounted to € **-11.7** million (€ -13.5 million in 9M 2021), increasing by € 1.8 million due to the abovementioned dynamics.

Corporate & Shared Services			
<i>(Euro/millions)</i>	9M 2022	9M 2021	Var.
Revenue	29,6	29,6	0,1
Adj EBITDA	(4,0)	(3,3)	(0,8)
EBITDA	(4,6)	(6,5)	1,8
EBIT	(11,7)	(13,5)	1,8

¹⁴ 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**, reflects at 30 September 2022 net debt of € **173.4** million. Excluding D Scuola, net debt would fall to € 39.8 million: a comparison with the same figure of 2021 shows an increase of € 12.5 million, attributable to the acquisitions completed during the year, as further explained below.

Net Financial Position				
<i>(Euro/millions)</i>	Sept. 2022	Sept. 2022 excl. D Scuola	Sept. 2021	Dec. 2021
Cash and Cash equivalents	17.0	164.8	87.4	90.7
Assets (Liabilities) from derivative financial instruments	10.0	10.0	(1.0)	(0.1)
Other Financial Assets (Liabilities)	(24.9)	(39.0)	(5.1)	(26.4)
Loans (short and medium/long term)	(175.6)	(175.6)	(110.6)	(164.4)
Held-for-sale Financial Assets (Liabilities)	0.0	0.0	2.1	5.4
Net Financial Position ex IFRS16	(173.4)	(39.8)	(27.3)	(94.8)
Financial payables IFRS16	(62.3)	(60.4)	(84.2)	(84.3)
Total Net Financial Position	(235.7)	(100.3)	(111.6)	(179.1)

IFRS 16 NFP stood at € **-235.7** million and includes the IFRS 16 impact of € -62.3 million; without D Scuola, the figure would come to € -100.3 million, improving by approximately € 11 million versus 30 September 2021: the impact, in terms of cash out, of the acquisitions completed by the Group is, in fact, offset by the lower financial debt accounted for under IFRS 16, due mainly to the renegotiation of the terms of the lease contract for the Group's Segrate HQ.

The table below shows the Group's cash flow generation in the last 12 months prior to 30 September 2022: the second column shows in particular the Group's **Free Cash Flow** which, excluding the effects of the acquisition of D Scuola (which still generates small cash outs from operations, given the seasonal nature of the school business), amounted to € **9.5** million.

€ mn	9M 2022	9M 2022 Excl. D Scuola	2021 Excl. D Scuola
INITIAL NFP IFRS 16	(111.6)	(111.6)	(97.6)
FINANCIAL LIABILITIES APPLICATION OF IFRS 16	(84.2)	(84.2)	(82.8)
INITIAL NFP NO IFRS 16	(27.3)	(27.3)	(14.8)
ADJUSTED EBITDA (NO IFRS 16)	121.1	100.1	91.0
NWC AND PROVISIONS	10.6	24.2	10.3
CAPEX NO IFRS 16	(33.7)	(29.6)	(22.0)
CASH FLOW FROM OPERATIONS	98.0	94.7	79.3
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(2.7)	(2.7)	(2.4)
TAX	(21.1)	(16.4)	(13.9)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATIONS	74.2	75.7	62.9
ORDINARY CF FROM DISCONTINUED OR DISCONTINUING OPERATIONS	(2.8)	(2.8)	5.3
CASH FLOW FROM ORDINARY OPERATIONS	71.4	72.9	68.2
RESTRUCTURING COSTS	(10.2)	(10.2)	(6.9)
EXTRAORDINARY TAX	(0.3)	(0.3)	3.4
SHARE CAPITAL INCREASE/DIVIDENDS ASSOCIATES	(1.5)	3.5	(0.1)
M&A	(179.7)	(52.5)	(8.6)
OTHER INCOME AND EXPENDITURE	(3.7)	(3.7)	(3.5)
EXTRAORDINARY CF FROM DISCONTINUED OR DISCONTINUING OPERATIONS	(0.1)	(0.1)	(0.3)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	(195.6)	(63.4)	(16.1)
FREE CASH FLOW	(124.1)	9.5	52.1
DIVIDENDS PAID	(22.2)	(22.2)	
TOT. CASH FLOW	(146.3)	(12.7)	52.1
NET FINANCIAL POSITION NO IFRS 16	(173.5)	(39.8)	37.4
IFRS 16 EFFECTS IN THE PERIOD	22.2	24.0	0.7
FINAL NET FINANCIAL POSITION	(235.7)	(100.3)	(44.7)

Looking at the individual items:

- **cash flow from ordinary operations**, despite higher expenditure, came to a **positive € 72.9 million**, up versus the figure recorded in December 2021 and June 2022, as a result of the **increase in cash flow from operations** resulting from improved profitability of the businesses and greater efficiency in managing Net Working Capital;
- **cash flow from non-ordinary operations** came to € **-63.4 million** and included mainly cash out for:
 - **acquisitions** in the period, amounting to € **52.5 million** reflecting, in addition to the consideration for the purchase of 50% of A.L.I. and 51% of Star Comics, the financial debt arising from the exercise of the put/call agreement governing the future purchase of the remaining 49% of the latter company;
 - **restructuring costs** of € **10.1 million**.

As a result of the above, the total **Free Cash Flow** generated by the Group in the last 12 months amounted to € **9.5 million** before the cash out from payment in May of dividends for € 22.2 million.

The **LTM Cash Flow from Ordinary Operations of the overall scope** at 30 September 2022 amounted to € **71.4** million, while the related Free Cash Flow, which includes the net cash out of approximately € 131 million for the acquisition of D Scuola, was € -124.1 million.

Mention should be made that the generation of cash flow from ordinary operations benefited from the revaluation, amounting to € **10.1** million at 30 September 2022, of derivative instruments related to interest rate risk hedges applied to drawdowns of the pool loan entered into in May 2021.

Below is a summary of the Group's financial position at 30 September 2022 versus the prior year, both including and excluding the effects of the consolidation of D Scuola.

€ millions	9M 2022	9M 2022	9M 2021	% chg.	% chg.
		excl. D Scuola			excl. D Scuola
TRADE RECEIVABLES	215.1	190.0	195.6	10.0%	(2.9%)
INVENTORY	159.9	150.9	121.8	31.3%	23.9%
TRADE PAYABLES	252.3	221.3	199.9	26.2%	10.7%
OTHER ASSETS (LIABILITIES)	(29.4)	(13.6)	(12.9)	n.s.	5.1%
NET WORKING CAPITAL CONTINUING OPERATIONS	93.4	106.1	104.6	(10.7%)	1.4%
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)	0.0	0.0	(2.7)	n.s.	n.s.
NET WORKING CAPITAL	93.4	106.1	101.9	(8.3%)	4.1%
INTANGIBLE ASSETS	376.0	213.8	189.4	98.6%	12.9%
PROPERTY, PLANT AND EQUIPMENT	19.4	19.4	16.4	18.3%	18.0%
INVESTMENTS	29.5	29.5	16.4	80.0%	79.9%
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	425.0	262.8	222.2	91.3%	18.2%
ASSETS FROM RIGHTS OF USE IFRS 16	59.3	57.6	80.9	(26.7%)	(28.9%)
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	484.3	320.3	303.1	59.8%	5.7%
PROVISIONS FOR RISKS	43.0	41.2	41.1	4.6%	0.2%
POST-EMPLOYMENT BENEFITS	29.2	25.5	29.1	0.1%	(12.5%)
PROVISIONS	72.2	66.7	70.3	2.8%	(5.1%)
NET INVESTED CAPITAL	505.5	359.7	334.7	51.0%	7.4%
SHARE CAPITAL	68.0	68.0	68.0	0.0%	0.0%
RESERVES	141.3	141.2	105.8	33.5%	33.5%
PROFIT (LOSS) FOR THE PERIOD	58.3	47.9	49.4	18.0%	(3.0%)
GROUP EQUITY	267.5	257.1	223.1	19.9%	15.2%
NON-CONTROLLING INTERESTS' EQUITY	2.3	2.3	0.0	n.s.	n.s.
EQUITY	269.9	259.4	223.1	20.9%	16.2%
NET FINANCIAL POSITION NO IFRS 16	173.4	39.8	27.3	n.s.	45.6%
NET FINANCIAL POSITION IFRS 16	62.3	60.4	84.2	(26.1%)	(28.3%)
NET FINANCIAL POSITION	235.7	100.3	111.6	111.2%	(10.2%)
SOURCES	505.5	359.6	334.7	51.0%	7.4%

For the purposes of greater comparability with 2021, the above table shows the reclassified statement of financial position in first nine months 2022 based on a scope that excludes the contribution of D Scuola (fully consolidated at the balance sheet level at 31 December 2021).

Under IFRS 5 and for the sake of correct comparison, at 30 September 2021 the balance sheet amounts referring to the investment in Press-di Distribuzione Stampa Multimedia S.r.l., sold on 7 July 2022, are shown under "Assets (Liabilities) disposed of or being disposed of".

The main changes versus 30 September 2021, excluding the consolidation of D Scuola, involved:

- **trade receivables**, down by 2.9%, despite an increase in revenue of over € 22 million, due to:
 - the growth of stores owned by the Retail area marked by immediate conversion into receipts;
 - the resumption of museum activities managed by Electa, in the Books area, which show the same immediate conversion of revenue items into receipts;
 - the higher advertising revenue from the digital segment of the Media area, marked by more favourable collection conditions than the print segment.

Added to all that, the greater efficiency in management of receivables implemented across all business areas;

- **inventory** increased by 23.9%, due to increased production in the Books area, the raw material procurement policy and greater raw material costs;
- **trade payables** increased by 10.7%, due to higher production volumes and as specified in the point above;
- **intangible assets** increased by approximately € 24 million, attributable mainly to the recognition - albeit provisional - of goodwill from the acquisitions of *Edizioni Star Comics* and *De Agostini Libri*;
- **tangible assets** increased by € 3 million, consisting of expenditure made in the opening of new stores in the Retail area;
- **investments** increased by € 13.1 million, attributable mainly to the acquisition of A.L.I. in early May;
- **assets for rights of use** decreased by over € 23 million, due mainly to the renegotiation of the lease contract for the Segrate HQ.

An analysis of the scope that includes the consolidation of D Scuola shows:

- the sharp increase in intangible assets, € 376 million versus € 189.4 million at 30 September 2021, as a result of the recognition of the impacts from the acquisition of D Scuola;
- the Group's Net Financial Position (excluding IFRS 16), which stood at € -173.4 million, and at € -235.7 million including the IFRS 16 impact.

PERSONNEL

Group employees with a fixed-term or permanent labour contract amounted to **1,895 units, up by 4.5%** versus 1,814 units at 30 September 2021 (+81 units), due primarily to the inclusion of **D Scuola** staff (totaling **127 units**).

Neutralizing the effect of all scope changes - namely, the acquisitions of **D Scuola**, **De Agostini Libri** and **Star Comics**, and the disposals of titles and assets in the Media area - the Group workforce would **drop by approximately 1%**, thanks to the continued efforts to increase the efficiency of individual business areas and functions.

Group Employees at 30 September 2022:

Headcount by Business Area	30 September 2022	30 September 2022 excl. D Scuola	30 September 2021	% chg.
Books	850	728	643	+32.2%
Retail	308	308	324	(4.9%)
Media	448	448	541	(17.2%)
Corporate & Shared Services	289	284	306	(5.6%)
Total	1,895	1,768	1,814	+4.5%

In the **Books** area, the headcount, net of the employees who joined the Group following the acquisitions of D Scuola, De Agostini Libri and Star Comics, was up by 5.8% versus the prior year, due mainly to the reopening of Electa Bookshops at exhibitions and museum sites.

The decrease in the **Retail** area reflects the 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 would be **-3.7%** net of the titles sold at end 2021 and Press-di, whose 51% stake was sold effective 1 July 2022.

The **Corporate & Shared Services** area recorded a decrease in units of approximately **7%**, net of the addition of certain staff functions from the integration of D Scuola.

Personnel expense¹⁵ amounted to € **105.4** million or € 98.8 million net of the consolidation of D Scuola: a like-for-like comparison shows a slightly decreasing trend versus the first nine months of the prior year.

<i>€ millions</i>	9M 2022	9M 2022 excl. D Scuola	9M 2021	% <i>chg.</i>	% <i>chg. excl.</i> D Scuola
Extended Labour Cost (before restructuring)	105.4	98.8	100.0	+5.4%	(1.2%)

¹⁵ *Cost of enlarged personnel includes costs for collaborations and temporary employment*

SIGNIFICANT EVENTS IN FIRST NINE MONTHS 2022

On 25 February 2022, the Mondadori Group announced that it had received notice from the Antitrust Authority of the authorization to acquire from De Agostini Editore S.p.A. a 50% stake in the share capital of DeA Planeta Libri S.r.l..

On 7 March 2022, the Mondadori Group announced that it had received notice from the Antitrust Authority of the authorization to acquire a 50% stake in A.L.I. S.r.l. - Agenzia Libreria International, specialized in the distribution of books.

On 1 April 2022, the Mondadori Group, through its subsidiary Mondadori Libri S.p.A., in execution of the agreement signed and disclosed to the market last 22 November 2021, completed the acquisition from De Agostini Editore, of a 50% stake in the share capital of De Agostini Libri S.r.l., formerly DeA Planeta Libri, specialized in trade books with focus on the children's and non-fiction segments.

The scope of the deal includes Libromania S.r.l., wholly-owned by De Agostini Libri and active in the promotion of third-party publishers: the agreements reached include put&call options, exercisable in second half 2022, which entitle the Mondadori Group to acquire 100% of Libromania.

The total maximum value of the acquisition, taking account of the 100% valuation of Libromania, is set at € 4.5 million.

The transaction, which creates a partnership with a time-honoured publishing house boasting a strong heritage and know-how, is in line with the repeatedly announced strategy of increasing the focus on the core business of books, pursued also through a process of vertical integration in the books market.

In 2021, De Agostini Libri reported consolidated revenue of € 13.9 million and EBITDA of € 0.2 million.

As a result of the existing corporate governance structure, the Mondadori Group has fully consolidated the investment.

On 11 May 2022, the Mondadori Group, through its subsidiary Mondadori Libri S.p.A., completed the acquisition of 50% of A.L.I. S.r.l. - Agenzia Libreria International, operating in the distribution of books and boasting a client portfolio of over 80 publishers. The transaction took place in execution of the agreement signed and disclosed to the market last 11 November 2021.

Thanks to this acquisition, the Mondadori Group takes a further step along the path of increasing focus on the books market, through a process of vertical integration that allows the Group to strengthen its position in the promotion and distribution of third-party publishers, with a view to continually improving the service level and expanding the customer portfolio.

As already disclosed, the scope of the transaction includes a number of subsidiaries operating in the publishing field.

The acquisition price, paid in cash, is € 10.8 million.

The 50% stake in A.L.I. is consolidated at equity effective as from 1 May 2022.

The final agreements envisage the acquisition by the Mondadori Group of a further 25% stake in A.L.I., effective as from 28 February 2023, at a price to be set based on average EBITDA 2021-2022. As from 1 March 2023, the company will be then fully consolidated.

The deal also governs the subscription of put&call options, which give Mondadori the right to acquire the remaining 25% of A.L.I. by 30 July 2025 at a price to be set based on average EBITDA 2023-2024.

On 6 June 2022, the Mondadori Group signed an agreement on the acquisition of a 51% stake in Edizioni Star Comics S.r.l., Italy's leading comic books publisher, specialized in the publication on the domestic market of the major international productions including, in particular, Japanese manga.

On 30 June 2022, the Mondadori Group, through its subsidiary Mondadori Libri S.p.A., then completed the **acquisition of 51% of Edizioni Star Comics S.r.l.**, effective **1 July 2022**, the date from which Mondadori fully consolidated the company.

The price for the acquisition of 51% of the share capital of Edizioni Star Comics - paid fully in cash - is € 14.28 million, defined on the basis of an Enterprise Value (for 100% of the company) of € 28 million and an estimated net financial position at closing of zero.

In 2021, Edizioni Star Comics recorded strong growth in results versus the prior year: revenue of € 21.6 million, EBITDA of € 7.2 million, net profit of € 5.1 million, and a positive net financial position (cash) of € 4.3 million.

The scope of the transaction also includes the acquisition of 100% of Grafiche Bovini S.r.l., a company controlled by the same family of founders, specialized in printing activities exclusively of products published by Edizioni Star Comics.

The price will be adjusted based on the final net financial position at 30 June 2022.

The contract also envisages the following:

- the underwriting of call option contracts, which give the Mondadori Group the right to acquire the remaining 49% stake in Edizioni Star Comics, exercisable in two equal tranches starting from the approval of the 2024 and 2027 financial statements, respectively, at a price to be set on the basis of the average EBITDA of the relevant previous three years. Should Mondadori fail to exercise the call options, the agreements govern put options in favour of the sellers exercisable under the same price conditions.
- Simone Bovini and Claudia Bovini - who founded and have so far successfully managed Edizioni Star Comics,

bringing it to its leading role in the Italian comic books market - will retain management responsibilities and continue to serve as managing directors of the company.

The activities of Edizioni Star Comics can find further opportunities for growth within the Mondadori Group, thanks to the synergies generated by the deal, including, in particular, access to the most extensive network of bookstores in Italy, where Mondadori Retail is developing spaces specifically dedicated to the comics product.

On 7 July 2022, the Mondadori Group completed the disposal to Artoni Group S.p.A. and SRH S.r.l. - two local distributors of daily newspapers and magazines - of 51% of the share capital of Press-di Distribuzione Stampa e Multimedia S.r.l.; the company is wholly owned by Mondadori Media S.p.A. and is active in the national distribution of newspapers and magazines for the Mondadori Group and for approximately 90 third-party publishers.

The transaction, which did not envisage changes in the contractual terms and conditions already applied to distribution activities, is intended to increase efficiency and achieve synergies through a vertical integration process in the sector by involving specialized players; additionally, Righel Anglois will continue to hold his position as CEO.

The disposal of 51% of Press-di, which contributed approximately € 29 million to the Mondadori Group's consolidated revenue in 2021, envisaged a consideration of € 1.5 million; the transaction produced no material operating, financial or business effects and no impact on the Group's guidance for 2022 as disclosed to the market.

TREASURY SHARES

At **30 September 2022**, Arnoldo Mondadori Editore S.p.A. held no. 1,147,991 treasury shares equal to **0.440% of the share capital**, of which no. 410,000 purchased in the current year in execution of the purchase programme to service the 2022-2024, 2021-2023, and 2020-2022 Performance Share Plans, the start of which was approved by the Board of Directors on 12 May 2022 (and concluded on 16 June 2022).

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2022

On 20 October 2022, the subsidiary Mondadori Media S.p.A. was granted by Reworld Media S.A. the option to sell to it the business unit related to the *Grazia* and *Icon* brands through a put option.

The scope of the option includes the print and digital publishing activities of the two titles, as well as the relating international network that ensures the brands' overall presence in over 20 countries with licensed publications. In 2021, these activities generated revenue of approximately € 18 million.

Based on the terms for exercising the option, the consideration for the scope in question is € 8.5 million, including € 2 million as earn-out conditional on the achievement of certain financial results in 2023 by the activities disposed of. The consideration was defined on the basis of an Enterprise Value of € 11 million (including earn-out), net of the difference between the average net working capital over the last 12 months and the net working capital at the closing date.

The Mondadori Group, pursuant to the provisions of law, will launch the consultation procedure with the trade unions, following which the option will become exercisable.

The decisions taken, as a result of the ongoing assessments, on the exercise of the option and any further phases, terms and conditions of the process underlying the transaction will be promptly disclosed to the market. The transaction - the possible completion of which will also be subject to the outcome of the assessment procedure by the Offices of the Presidency of the Council of Ministers referred to in Law Decree 21/2012 - would be in line with the Mondadori Group's strategic path of increasing focus on the core business of books and brands with greater potential for multimedia exploitation.

GLOSSARY OF TERMS AND 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 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.

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”.

With regard to adjusted EBITDA in first nine months 2022, the following items were excluded from EBITDA:

- a) restructuring costs for a total of € 1 million, included in “Cost of personnel” in the income statement;

b) income of a non-ordinary nature for a total of € 0.014 million, included in “Sundry expense (income)” and “Cost of services”.

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

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

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: cash flow in the last 12 months (Last Twelve 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).

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

BUSINESS OUTLOOK

In light of the **positive operating-financial trend** seen in the **first nine months of the year**, and despite the geopolitical uncertainty and the persisting problems arising from the increase in costs both in the procurement of raw materials, paper in particular, and for energy consumption, for the full year 2022 the Group believes:

- to be able to **improve the estimate of:**
 - **revenue, forecast to grow high single-digit** (from mid single-digit);
 - **adjusted EBITDA, forecast to increase by 25% or more** (from over 20%);

given the positive performance recorded by the Book product in the third quarter, as well as the consolidation of the Star Comics publishing house in the second half of the year;

- to be able to **confirm at the consolidated level the other previously disclosed estimates.**

Specifically:

- **double-digit growth of net result**, thanks also to much lower restructuring costs and to the improved results of associates versus 2021;
- **Cash flow from Ordinary Operations in line with 2021;**
- **Free Cash Flow** in the region of € **10/15** million (before dividend);
- **Group Net Financial Debt (IFRS 16) at 1.3x Adjusted EBITDA.**

For the Board of Directors

The Chairman

Marina Berlusconi

Consolidated Financial Statements at 30 September 2022

Consolidated balance sheet

Assets (Euro/thousands)	30/09/2022	31/12/2021
Intangible assets	376,034	351,844
Land and buildings	-	-
Plant and equipment	3,088	2,701
Other tangible fixed assets	16,358	11,913
Property, plant and equipment	19,446	14,614
Assets from rights of use	59,344	80,725
Equity-accounted investees	28,714	17,859
Other investments	809	875
Total investments	29,523	18,734
Non-current financial assets	12,972	553
Pre-paid tax assets	69,307	71,484
Other non-current assets	205	156
Total non-current assets	566,831	538,110
Tax receivables	8,189	8,833
Other current assets	83,922	70,610
Inventory	159,943	120,731
Trade receivables	215,143	164,971
Other current financial assets	1,346	181
Cash and cash equivalents	17,018	90,714
Total current assets	485,561	456,040
Discontinued operations	-	28,430
Total assets	1,052,392	1,022,580

Consolidated balance sheet

Liabilities (Euro/thousands)	30/09/2022	31/12/2021
Share capital	67,979	67,979
Treasury shares	(2,024)	(1,803)
Other reserves and results carried forward	143,294	109,186
Profit (loss) for the period	58,277	44,206
Group equity	267,526	219,568
Share capital and reserves attributable to non-controlling interests	2,331	13
Total equity	269,857	219,581
Provisions	43,030	47,079
Post-employment benefits	29,186	33,062
Non-current financial liabilities	139,839	122,953
Financial liabilities IFRS 16	50,217	71,340
Deferred tax liabilities	37,478	35,873
Other non-current liabilities	-	-
Total non-current liabilities	299,750	310,307
Income tax payables	15,006	17,431
Other current liabilities	138,506	139,990
Trade payables	252,301	222,997
Payables to banks and other financial liabilities	64,928	68,659
Financial liabilities IFRS 16	12,044	12,944
Total current liabilities	482,785	462,021
Discontinued liabilities	-	30,671
Total liabilities	1,052,392	1,022,580

Consolidated income statement

(Euro/thousands)	30 September 2022	30 September 2021
Revenue from sales and services	678,186	588,917
Decrease (increase) in inventory	(25,583)	(10,061)
Cost of raw and ancillary materials, consumables and goods	127,171	102,914
Cost of services	367,318	320,645
Cost of personnel	99,855	94,679
Other (income) expense	(5,039)	247
EBITDA	114,464	80,493
Amortization and impairment loss on intangible assets	22,971	15,446
Depreciation and impairment loss on property, plant and equipment	3,119	3,067
Amortization/depreciation and impairment loss of assets from rights of use	10,394	9,974
EBIT	77,980	52,006
Financial expense (income)	2,800	4,337
Expense (income) from investments	(601)	2,916
Result before tax	75,781	44,753
Income tax	17,621	(4,623)
Result from continuing operations	58,160	49,376
Result from discontinued operations	-	-
Net result	58,160	49,376
Attributable to:		
- Non-controlling interests	(117)	2
- Parent Company shareholders	58,277	49,374
Earnings per share of continuing operations (expressed in Euro units)	(0.224)	(0.190)
Diluted earnings per share of continuing operations (expressed in Euro units)	(0.223)	(0.189)
Net earnings per share (in Euro units)	(0.224)	(0.190)
Diluted net earnings per share (in Euro units)	(0.223)	(0.189)

Consolidated comprehensive income statement

(Euro/thousands)	30 September 2022	30 September 2021
Net result	58,152	49,376
<i>Items reclassifiable to income statement</i>		
Profit (loss) from the conversion of currency denominated financial statements of foreign companies	3,257	1,366
Other profit (loss) from equity-accounted investees	125	62
Effective part of profit (loss) on cash flow hedge instruments (<i>cash flow hedge</i>)	10,092	476
Profit (loss) from held-for-sale assets (fair value)	-	-
Tax effect on other profit (loss) reclassifiable to income statement	(2,422)	(114)
<i>Items reclassified to income statement</i>		
Profit (loss) on cash flow hedge instruments	246	379
Profit (loss) from held-for-sale assets (fair value)	-	-
Tax effect on other profit (loss) reclassified to income statement	(59)	(91)
<i>Items not reclassifiable to income statement</i>		
Actuarial profit (loss)	763	(199)
Tax effect on other profit (loss) not reclassifiable to income statement	(187)	48
Total other profit (loss) net of tax effect	11,815	1,927
Comprehensive net result	69,967	51,303
Attributable to:		
- Non-controlling interests	(117)	2
- Parent Company shareholders	70,084	51,301

For the Board of Directors

The Chairman

Marina Berlusconi