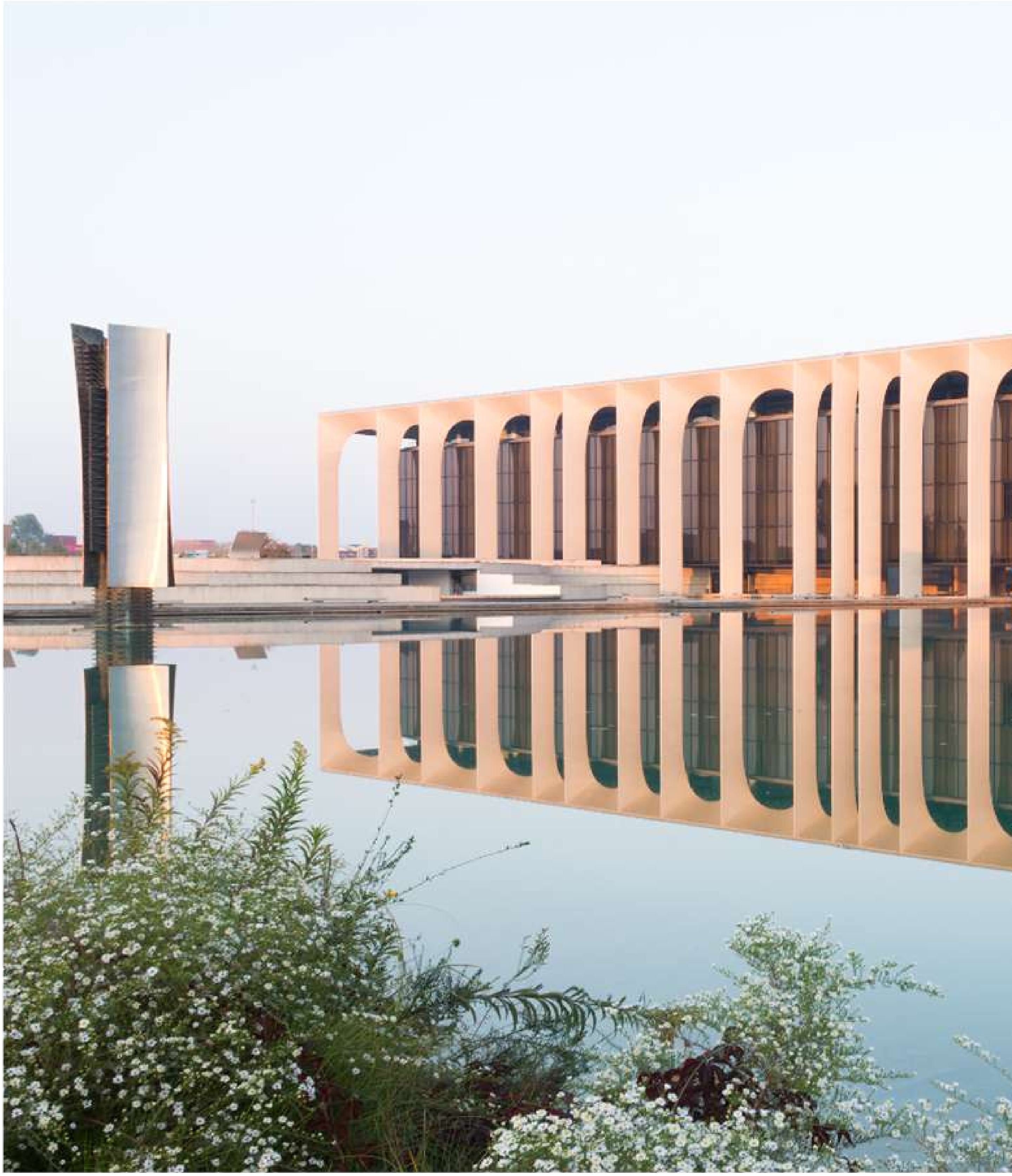
2022 ANNUAL FINANCIAL REPORT

GRUPPO MONDADORI



ARNOLDO MONDADORI EDITORE SpA

Share Capital € 67,979,168.40

Registered Office in Milan
Administrative Offices in Segrate (Milan)

2022
ANNUAL
FINANCIAL
REPORT

Consolidated Financial Statements of the Mondadori Group and Financial statements of Arnoldo Mondadori Editore SpA as at 31 December 2022

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LETTER TO STAKEHOLDERS

For our Group, **2022** was an **extremely positive year,** characterised by **very significant results,** mainly achieved through the acceleration of our **repositioning strategy and refocus on the book as a product** over the last two years. It is a path that other important international groups in the industry have today decided to embark on but in which Mondadori can proudly claim it is a forerunner.

Multiple **purchases** in the **book** segment **have been completed in the last 24 months**, both in the Trade and School textbooks area, clearly strengthening the Group's competitive positioning, expanding its editorial offers and making a significant contribution towards further improving its future prospects.

The parallel consolidation of the presence in the **book promotion** and **third-party publishers distribution** segments is the underlying assumption for both the development of another promising business area and the identification of new opportunities for inorganic growth.

The uninterrupted effort to **strengthen and develop** our **network of bookstores** in a capillary fashion and the continuous attention paid to adapting the characteristics, format and dimensions of the stores to suit the various needs expressed by the market bear witness to the Group's constant commitment to guaranteeing its publishing houses adequate capacity to convey its editorial proposals to readers.

In the Media area, we are careful to make the most of the **opportunities** offered up over time by **digital technology**, also seeking to consolidate the role played by Mondadori as leading multimedia publishers in Italy, whilst at the same time reducing exposure to the traditional magazines segment and its vulnerability to demands coming from the technological transition.

Thanks to the work carried out during the course of the year, we have successfully consolidated and further strengthened our economic-financial structure, with **revenues and margins showing two-figure growth**, at the same time having all the resources we need to face up to **the demanding and increasingly complex market scenario.**

It is in fact evident how the geopolitical and macroeconomic context proposed throughout the year just passed, and continue to propose, instability factors and challenges - first and foremost the dramatic rise in energy and commodity costs - which the Group has had to face, and continues to have to face, but to which it has shown its capacity to **respond quickly and effectively.**

It must be stressed that the amount of resources Mondadori has allocated to financing the growth and development plans described previously, and the return in **2022, after more than 10 years**, to the distribution of a significant **dividend** to its shareholders, constitute the most concrete sign of financial solidity characterising our Group. The resources available to us, and which we have proven able to generate, allow us to continue to cultivate ambitious growth, investment and development targets for the next few years, guaranteeing shareholders a suitable remuneration of their capital.

During the year, we also continued, and further increased, the opportunities for listening and discussing with all our internal and external interlocutors, with the aim of consolidating the **key topics** and **areas** on which we want to focus **our commitment and work** as leading publishers of the Italian cultural scene: from **Diversity & Inclusion** to the **2022 Three-Year Sustainability Plan** and the definition of a **hybrid work model** on the basis of the various needs of the different professional areas.

During the year, we worked to spread an **inclusive culture**, including within our company: webinars, focus groups, surveys and specific initiatives have allowed us to offer **moments of awareness-raising** and **training** on Diversity & Inclusion topics. Our aim is to be a company that allows everyone to **enhance their uniqueness**, appealing to the **new generations**. Professionalism, new skills and profiles are crucial to our future.

In 2023, we will continue this virtuous path with great **determination and faith**, with the aim of **consolidating the numerous transformations** that have characterised the year just ended and make the most of all the **additional growth opportunities** the market can offer.

We have the desire, the know-how and the tools to face up to all the challenges that await us.

Marina Berlusconi
Chairman of the Mondadori Group

Antonio Porro
Chief Executive Officer of the
Mondadori Group

COMPOSITION OF THE CORPORATE BOARDS

CORPORATE OFFICES AND SUPERVISORY 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

ALTERNATE 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 STRUCTURE

ARNOLDO MONDADORI EDITORE S.P.A.

Books

- Mondadori Libri S.p.A. **100%**
  - A.L.I. S.r.l. - Agenzia Libraria International **50%**
    - Il Castello S.r.l. **50%**
  - D Scuola S.p.A. **100%**
  - De Agostini Libri S.r.l. **50%**
  - Edizioni Star Comics S.r.l. **51%**
  - Electa S.p.A. **100%**
    - Abscondita S.r.l. **80%**
  - Giulio Einaudi editore S.p.A. **100%**
    - Edizioni EL S.r.l. **50%**
  - Libromania S.r.l. **100%**
  - Mach 2 Libri S.p.A.* **44,91%**
  - Mondadori Education S.p.A. **100%**
  - Rizzoli Education S.p.A. **99,99%**
  - Rizzoli International Publications Inc. **100%**

Retail

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

Media

- Mondadori Media S.p.A. **100%**
  - AdKaora S.r.l. **100%**
    - Hej! S.r.l. **100%**
  - Direct Channel S.p.A. **100%**
    - Mediamond S.p.A. **50%**
    - Mondadori Seec (Beijing) Advertising Co.Ltd **50%**
  - Mondadori Scienza S.p.A. **100%**
  - Press-di S.r.l. **20%**
  - Zenzero S.r.l. **72%**
- Attica Publications S.A. **41,98%**

As at 31 December 2022

* Put into liquidation

Key terms: Subsidiary companies | Associates

ORGANISATIONAL STRUCTURE OF THE MONDADORI GROUP

Marina Berlusconi*
Chairman

Antonio Porro*
Chief Executive Officer

Alessandro Franzosi*
Group Chief Financial Officer

Daniele Sacco
HR and Organisation Director, Legal and Corporate Affairs

Federico Angrisano
Communication and Media Relations Director

Francesca Rigolio
Chief Diversity Officer

Enrico Selva Coddè
Deputy Chairman of Mondadori Libri S.p.A. and Chief Executive Officer of Mondadori Libri S.p.A. Trade Area

Gian Luca Pulvirenti
Chief Executive Officer Education area Mondadori Libri S.p.A.**

Carmine Perna
Chief Executive Officer Education area Mondadori Libri S.p.A.

Carlo Mandelli
Chief Executive Officer of Mondadori Media S.p.A.

Andrea Santagata
Group Chief Innovation Officer and General Manager of Mondadori Media S.p.A.

As at 31 December 2022

* Members of the Board of Directors

** From September 2022

OVERVIEW OF GROUP ACTIVITIES

Mondadori is the **top Italian publisher**, leading the market of **trade books** and **school** textbooks market, where it operates through the Country's most prestigious publishing houses and publishing trademarks, and **one of the major players in the retail segment**, thanks to a widespread network of bookstores across the Country.

The Group is also the leading **multimedia publisher, with a strong presence in the digital and social media segments**, as well as a in the print magazine segment.

BOOKS

Mondadori Libri S.p.A. is the wholly-owned subsidiary that is responsible for all activities in the Books area, traditionally divided into the two segments 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, with a market share of 27% at the end of 2022: **Mondadori, Giulio Einaudi editore, Piemme, Sperling & Kupfer, Frassinelli, Rizzoli, BUR, Fabbri Editori, Rizzoli Lizard, Mondadori Electa** and starting 1 April 2022 **De Agostini Libri** and, from 1 July 2022, **Star Comics**, Italy's leading comic books publisher, specialised 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 **Abscondita** brands. The segment's activities envisage the publication of works on art, architecture, exhibition catalogues, museum guides and sponsor books in art publishing, whilst as regards the management of places of art and culture, the management of museum concessions owned by the Group and the organisation 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 32.3%[1] 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, training courses and multimedia content for every school level, from primary school to middle and secondary schools, through to university publishing with a large catalogue of approximately 30 proprietary and distributed brands.

[1] Source: ESAIE, 2022 (adopted sections)

RETAIL

Through its wholly-owned subsidiary **Mondadori Retail** S.p.A., the Group manages **the most extensive network of bookstores in Italy**, with a 12.5%2 share in the books market. With a widespread presence throughout the Country and a business proposition focused on books (which account for over 80% of revenue), the company operates in the physical channel with **over 500 directly-managed stores** or franchised stores, under the Mondadori Bookstore, Mondadori Megastore and Mondadori Point brands, on the web with the **e-commerce** site Mondadoristore.it; these formats are complemented by the bookclub formula.

MEDIA

Mondadori Media S.p.A. is the wholly-owned subsidiary that groups together all of the Group's activities related to the development of print and digital brands from a multi-channel perspective:

- 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%), Mondadori Scienza S.p.A. (100%) and Zenzero S.r.l. (72%);

- the investee companies Mediamond (50%), Attica Publications S.A. (41.98%), Mondadori Seec (Bejiing) Advertising Co. Ltd (50%) and Press-di Distribuzione Stampa e Multimedia S.r.l. (20%).

With an audience of 27.7 million unique users per month3, 76 million fans and 9.2 million readers4, Mondadori Media retains its position as the top multimedia Italian publisher, a leader in digital and social media, as well as one of the largest players in magazines with a 21% market share (at December 2022). As at 31 December 2022, the company manages a portfolio of 15 titles, 13 digital brands and 110 social profiles, with a strong leadership in the vertical segments food, TV and health&wellness5. The Group is also active in the field of mobile advertising and proximity marketing through the company AdKaora in tech-advertising, with the company Hej! and in influencer marketing with Zenzero, the talent agency with the best Italian food creators.

CORPORATE & SHARED SERVICES

The Corporate Area includes - besides the top management organizations - Parent Company functions providing services that cut across the different companies and business areas of the Group.

The area therefore includes administration, planning and control, treasury and finance, IT, logistics, HR management and organization, legal and corporate affairs, management of Group purchasing, general services, communications and media relations.

Revenue comes mainly from consideration for services provided to subsidiaries and associates.

[2] Source: GFK, December 2022 (in terms of value)
[3] Source: Audiweb, December 2022
[4] Source: Audipress III, 2022
[5] Shareablee + Tik Tok and Pinterest, at 31 December 2022

GROUP HISTORY MILESTONES

1907

LUCE

Arnoldo Mondadori begins publishing activities in Ostiglia (Mantua) by launching the magazine ***Luce!***

1920

GIALLI MONDADORI

1929
Launch of ***Gialli Mondadori***, the first Italian series of crime novels.

1930

GRAZIA

1933
Mondadori created the ***Medusa*** series, open to the works of the great authors of contemporary foreign fiction.
1938
Launch of ***Grazia***, the first large distribution women's weekly.

1940

BIBLIOTECA MODERNA MONDADORI

1948
Mondadori publishes the ***Biblioteca Moderna Mondadori***, the first series of quality books at budget prices designed to reach a large number of readers, mainly young people.

1950

MONDADORI PER VOI

1954
Establishment of the *Mondadori per Voi* **chain of bookstores**, with the goal of re-launching domestic book circulation.

1960

OSCAR

1962
Mondadori launches ***Panorama***, Italy's first newsmagazine.
1965
The Italian book market is swept by the launch of the Mondadori ***Oscar*** series: the first budget price paperbacks sold also at newsstands.

1970

NEW MONDADORI HQ IN SEGRATE

1975
The new Mondadori headquarters is inaugurated at Segrate (MI), designed by one of the most renowned architects of the 20th century, Oscar Niemeyer.

1980

LISTING ON THE MILAN STOCK EXCHANGE

1982
The Group is listed on the Milan Stock Exchange.
1988
Founding of Elemond, a publishing house that controls the well-known **Electa and Einaudi** brands.

1990

LAUNCH OF MITI

1991
Mondadori becomes part of the Fininvest Group.
1995
Following the launch of ***Miti***, Italy's first series of budget paperbacks, Mondadori launches a new mass-market strategy designed to expand the book market in Italy.
1998
Development of the chain of bookstores through the acquisition of the **Gulliver** series and the opening of a chain of franchised Mondadori bookstores.

2000

100 YEARS IN BUSINESS

2002
Leonardo Mondadori passes away. **Marina Berlusconi** is appointed Group Chairman.
2003
Mondadori acquires 70% of **Piemme** and an investment in Attica Publishing, a leader in the Greek magazines sector.
2005
Mondadori lands in the radio market with R101.
2006
The Group acquires Emap France, France's third magazine publisher. Founding of Mondadori France. Mondadori's international expansion policy aims also at single brand licensing, in particular, ***Grazia***, which grows into a broad global network in just a few years.
2007
Mondadori celebrates its **100th anniversary**.

2010

ACQUISITION OF RCS LIBRI

2013
The Group renews the top management and reorganizes the operating units; a new development plan is defined, focused on core activities (trade and educational books, retail, magazines) and on digital.
2014
Establishment of **Mondadori Libri** S.p.A., dedicated to the management of book activities. Advertising sales on magazines, digital publications and radio stations are transferred to Mediamond, a 50-50 joint venture with Publitalia '80.
2015
The Group increases its stake in the Gruner+Jahr/Mondadori joint venture, publisher of *Focus*, to 100%; *non-core assets* are sold.
2016
The Mondadori Group acquires **RCS Libri**, consolidating its leadership in Trade books. It accelerates growth in the digital area with the acquisition of **Banzai Media**.
2017
Piemme and Sperling & Kupfer are incorporated into Mondadori Libri S.p.A., which in turn absorbs the trade unit of Rizzoli Libri. The **Rizzoli Electa** brand is launched for the international expansion of illustrated books and the organization of international exhibitions. Creation of the **Children's Business Unit**.
2019
With the sale of the subsidiary Mondadori France and a number of non-core Italian titles, the process of repositioning of the Group's activities takes another step forward. In the Books Area, Electa acquires the Milanese publishing house Abscondita, specialized in art publishing.

2020

FOCUS ON THE CORE BUSINESSES

2020
Establishment of **Mondadori Media S.p.A.**, dedicated to the development of print and digital brands in a multichannel perspective. During the lockdown period following the outbreak of the COVID-19 pandemic, the Group ensures business continuity and protects the health of its people through a new organizational model.
2021
The Group appoints **Antonio Porro new Chief Executive Officer.**
A significant step forward in the strategic process of increasing focus on the core business of books through the acquisition of **D Scuola**, one of the leading players in school textbook publishing. This transaction will enable the Mondadori Group to become the leading player in the school textbook publishing area.

2022

NEW BOOK ACQUISITIONS

The path of strategic reshaping of the portfolio of activities aimed at strengthening the presence in book publishing: during the year, 51% of **Star Comics** was taken over, Italy's most important comic publisher, and the acquisition completed of 50% of **De Agostini Libri**.
The Group also started a vertical integration process on the book market with the acquisition of 100% of **Libromania** and 50% of **ALI - Agenzia Libraria International**: the two transactions allow for the development of the business of book promotion and third-party publisher distribution. In terms of digital, Mondadori Media has increased its presence on social networks through the acquisition of Webboh, the most important Italian community of the generation Z and with the creation of Zenzero, the talent agency with the best Italian food creators. In a parallel fashion, the progressive lightening of exposure in the magazines segment continues [with the sale of the print and digital business of the brands Grazia and Icon with the related international network, completed early 2023, and of 80% of Press-di Distribuzione Stampa e Multimedia.]
More than 10 years on, the Group is back to a policy of remunerating shareholders, relying on a favourable economic context and the financial solidity achieved during the year. The first Sustainability Plan has been approved: the document identifies the areas and actions aimed at continuously improving environmental, social and governance performance.

MONDADORI SHARE

Arnoldo Mondadori Editore S.p.A. ordinary shares have been listed on the Italian Stock Exchange since 1982 (ISIN Code: IT0001469383).

Mondadori shares are included in the indexes of the Italian Stock Exchange:
- general: FTSE Italia All Share, FTSE Italia Star(since December 2016) and FTSE Italia Mid Cap;
- industry specific: FTSE Italia Servizi al consumo and FTSE Italia Media.

In 2022, Mondadori's share traded at an average price of **€ 1.83** (equivalent to an average market capitalization of approximately **€ 478 million**), while the volume traded on the market came to approximately 253,900 average shares per day. In 2022, Mondadori shares traded on the market managed by Borsa Italiana S.p.A. therefore reached the average daily equivalent of more than **€ 0.5 million** (a maximum of **€ 6.5 million** recorded on 14 January 2022)

On 30 December 2022, the last trading day of the year, Mondadori's share recorded a closing price **of € 1.81**, with a **market capitalization of approximately € 473 million.**

The market highlights for 2022 are as follows::

Market data		
General data	ISIN	IT0001469383
	No. Shares*	261,458,340
	Free float	46,3%
Price (€, %)	Closing price on 30/12/2021 in euros	2.04
	Closing price on 30/12/2022 in euros	1.81
	Annual performance %	-11,4%
	Average price in euros	1.83
	High in € (14/01/2022)	2.23
	Low in € (29/09/2022)	1.50
Volumes (thousands)	Average volume 2022	253.9
	Maximum volume (14/01/2022)	2,914.9
	Minimum Volume (01/11/2022)	16.5
Stock market capitalization (€ millions)	Average market capitalization	477.5
	Market capitalization at 30/12/2021	533.4
	Market capitalization at 30/12/2022	472.7

Source: FactSet
* Number of shares issued at 31 December 2022

MONDADORI SHARE PRICE PERFORMANCE IN 2022

Source: FactSet

FINANCIAL MARKETS

2022 was a negative year for the international financial markets, affected by geopolitical tensions and high inflation: share prices recorded more or less marked reductions in all Eurozone countries and the United States of America, with the "growth" segments penalised in particular, in a general context of high volatility and low liquidity, which particularly struck SMEs.

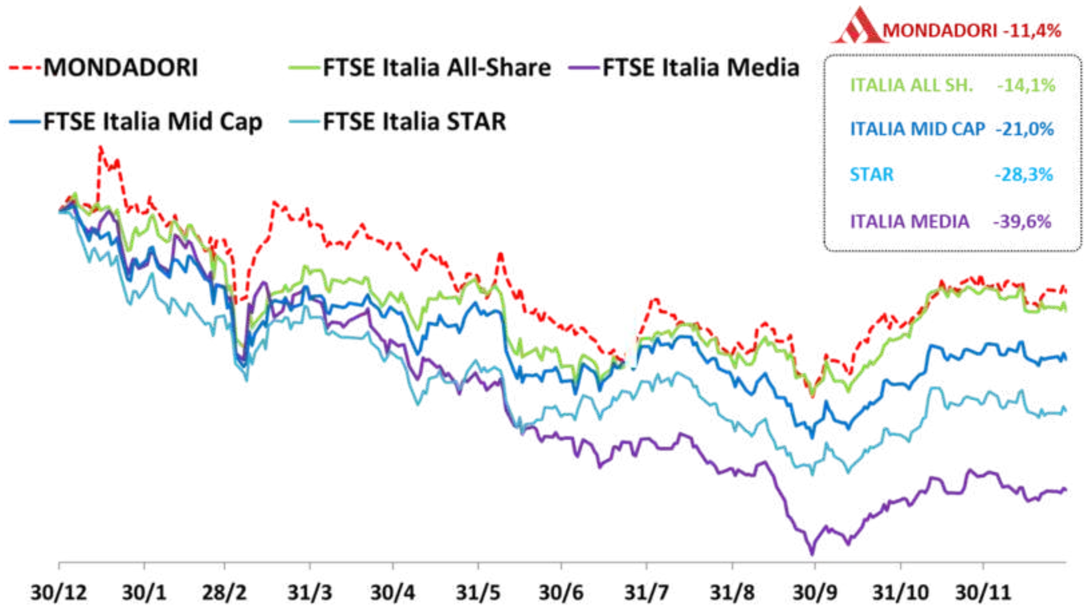
Between mid-October and mid-December, the conditions on the international financial markets improved, thanks to the attenuation of uncertainty and expectation for a slow-down of the rate at which interest rates were being raised by the monetary policy authorities, which also fostered a reduction in volatility of share prices, which in any case remained above pre-pandemic levels.

Starting mid-October, Italy also showed an improvement in the main conditions on the financial markets: the slowing of the interest rate growth and a perceived attenuation of the country risk on the one hand fostered a decline in long-term government security returns and the sovereign risk premium, and on the other, a recovery of share prices.

In this context, the **Mondadori security recorded an approximately 11% decline** with respect to the end of 2021, **performance** that was **better** than all benchmarks: the main Italian stock exchange index (FTSE Italia All Share) in fact recorded a **14.1% decline**, the FTSE Italia STAR a **28.3% reduction** and the FTSE Italia Mid Cap **a 21% drop**, while the reference industry index (FTSE Italia Media) recorded **a reduction of around 40%.**

In greater detail, the performance of the Mondadori security showed a downturn in the central part of the year, in particular during the second and third quarters, which was followed by a significant increase in the last quarter of the year, during which the security recorded growth of around 18%.

MONDADORI SHARE PRICE PERFORMANCE AGAINST MAIN SE INDEXES IN 2022



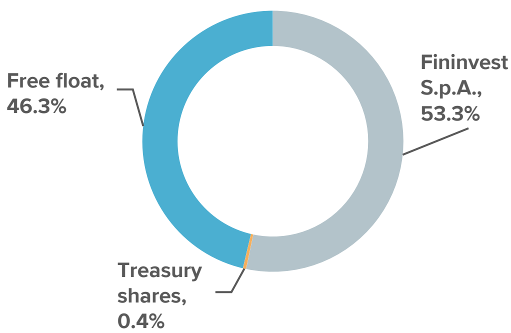
Fonte: FactSet

OWNERSHIP STRUCTURE

At 31 December 2022, the Company's share capital amounts to € 67,979,168.40, equal to 261,458,340 ordinary shares with a par value of € 0.26 each.

CORPORATE STRUCTURE

At the same date, to the knowledge of the Company, based on the disclosures received pursuant to Article 120 of the TUF and other available information, the Company ownership structure includes the following relevant investments (above 5% of the share capital[6]):



[6] Pursuant to Article 120 of the TUF, in companies whose Bylaws allow for the increased voting right or have provided for the issue of multiple voting shares, share capital means the total number of voting rights.

INVESTOR RELATIONS ACTIVITIES

The Mondadori Group pursues a policy of communication vis-à-vis the financial market players, hinged on the disclosure of complete, true and correct news on corporate results, initiatives and strategies, in accordance with the rules set by CONSOB and Borsa Italiana and by confidentiality requirements that certain information may need, paying particular attention to ensure transparent and timely information to facilitate relations with the financial community, also through the adoption of specific procedures.

The Company's presence on the STAR segment of Borsa Italiana (transition completed in December 2016) continued to qualify Mondadori as one of the top-ranking companies listed on the Italian market, thanks also to a corporate governance aligned with the best international standards.

Top managers meet regularly with investors and financial analysts to discuss the Group's prospects, growth strategy and goals, as well as the risks and opportunities arising from the evolving competitive environment, and to shed light on its periodic results.

In 2022, renewed drive was noted, thanks to the cessation of difficulties arising from the pandemic period, which had prevented the typical organization of roadshows and “physical” meetings with institutional investors, with a continuation of communication activities and the development of relations with shareholders, institutional investors and financial analysts through numerous meetings organised in Europe's most important financial marketplaces (during which approximately 200 institutional investors were met), in order to guarantee the Mondadori Group increasing visibility and better consideration of its business, as well as to affirm the credibility of its management team and strategies amongst the financial community.

In 2022, the company also saw an increase in coverage by financial brokers: in February, in fact, security coverage was launched by Intesa Sanpaolo, whilst in September, EXANE BNP PARIBAS published its first research. At the end of the year, 7 brokers therefore guarantee active coverage of the security.

The Group's economic-equity solidity and the demonstration of its capacity to grow, including through acquisitions, have allowed the Mondadori share to consolidate its positive reputation in the eyes of the financial community, as confirmed by the recommendations of financial analysts which, at 31 December 2022, are all positive (BUY/ OUTPERFORM).

The following are all of the scheduled events for the current year regarding the disclosure of financial results.

2023 Financial Calendar	
27/04/2023	Shareholders' Meeting to approve the financial statements at 31 December 2022
10/05/2023	Approval of additional periodic financial reporting at 31 March 2023
01/08/2023	Approval of the half-year report at 30 June 2023
08/11/2023	Approval of additional periodic financial reporting at 30 September 2023

SUSTAINABILITY STRATEGY

The Mondadori Group has reached a level of readiness in the area of sustainability that has enabled it to shift from a timely reporting, in line with GRI Standards, to a **strategic approach that has defined ESG guidelines**, in line with the objectives launched at global level by the United Nations.

This allowed Mondadori, in 2022, to define the **first Three-Year Sustainability Plan**, within which strategic areas, **quantitative and qualitative targets** and short- and medium-term actions have been identified, aimed at assuring the continuous improvement of social, governance and environmental performance.

Constant monitoring has been carried out of the quantitative objectives set, which has made it possible, on the one hand, **to provide a timely image of the degree to which they have been achieved** and, on the other, to identify new action for the future, to continue updating the Plan.

During the first half of the year, after a benchmark and positioning study, as well as an assessment of corporate priorities, the materiality analysis was carried out, consistently with the strategic guidelines defined in the Plan. The work led to the identification of areas of impact (current and potential) on the economy, people and environment most relevant to the Group.

This mapping was accompanied by moments of **listening to our stakeholders**, which saw the active involvement of **company management**, **employees** and other relevant stakeholders, such as **teachers** and **customers of the bookstores**. For the first time, two new categories of stakeholders were also included - **suppliers** and **analysts** - identified on the basis of criteria of strategic relevance for the Group, both in terms of business and sustainability.

The overall results of the analysis have led to the **identification of the material topics that are priorities for Mondadori**, on which the Group will continue to work determinedly and carefully, with a view to assuring ongoing improvement.

The achievement of the objectives defined for 2022 in our Sustainability Plan and the identification of new areas of strategic intervention for the next three years reflect the company’s commitment in the three ESG reference areas.

The Sustainability Plan offers a natural expression of the Group's identity, its mission and its **role as publisher in society.**

SOCIAL - Enhancing people, content and places for education and culture

1. To become a role model in the field of diversity, equity and inclusion, enhancing and contributing to the well-being of our people, through welfare tools and skills development.
2. To promote culture and quality, equitable, and inclusive education that fosters pathways to lifelong learning.
3. To create, conceive and develop valuable content and accessible, ESG-friendly products.
4. To support cultural outposts for social development through the enhancement of bookstores, schools, museums, social channels, events and partnerships.

GOVERNANCE - Promoting sustainable business success

1. To pursue sustainable business success by promoting the integration of ESG issues in governance, business plans and the operating model, also by strengthening the mechanisms for listening to stakeholders to develop paths of ongoing improvement.
2. To maintain the highest standards for protecting and managing risks and opportunities along the value chain.

ENVIRONMENT - Dissemination of an environmental culture and mitigation of impacts on ecosystems

1. To spread environmental culture, also through education aimed at the development of an increasingly sustainable lifestyle.
2. To mitigate environmental impacts throughout the print product life cycle, by fostering the protection of biodiversity and reducing climate-changing emissions.

#NoiDellaMondadori

In 2022, the Mondadori Group's social profiles continued to report on the news and initiatives that directly involved people in our Company and the various work teams. On this page, from top-left: colleagues from the **Group Services Purchasing and Real Estate Department**; the **Giallozafferano** team, winner of the YouTube "Gold Creator Award" for having reached one million subscribers to its channel; the group of new booksellers affiliated with the Mondadori Store network; the team from the **Directorate General of Operations - Trade Area;** the **Urania** team celebrating the seventieth anniversary of the series; the **Hub Scuola** team, winner of the "Silver Creator Award" for producing more than 3,700 high quality educational videos on the Youtube channel.

Directors’ Report on Operations in 2022

MONDADORI GROUP HIGHLIGHTS IN 2022

(Euro/millions) **Income Statement**	FY 2022	FY 2022 excl. D Scuola	FY 2021	% chg.
Revenues	**903.0**	**827.6**	**807.3**	***11.8%***
Adjusted EBITDA*	**136.3**	**113.1**	**105.7**	***28.9%***
EBITDA	**130.7**	**108.4**	**91.1**	***43.4%***
EBIT	**72.7**	**59.5**	**45.2**	***60.8%***
Adjusted EBIT**	**90.1**		**67.8**	***32.9%***
Group net result	**52.1**	**42.3**	**44.2**	***17.8%***
Adjusted Net Profit***	**63.9**		**42.4**	***50.7%***
Business Areas				
Revenues	**903.0**	**827.6**	**807.3**	***11.8%***
Books	576.2	499.5	465.0	*23.9%*
Retail	189.2	189.2	173.9	*8.8%*
Media	177.8	177.8	206.6	*(13.9%)*
Corporate & Shared Services	41.5	41.5	40.9	*1.5%*
Intercompany	(81.7)	(80.5)	(79.0)	*3.4%*
Adjusted EBITDA	**136.3**	**113.1**	**105.7**	***28.9%***
Books	118.5	95.3	92.6	*28.0%*
Retail	9.1	9.1	5.1	*77.3%*
Media	14.1	14.1	12.4	*13.8%*
Corporate & Shared Services	(5.4)	(5.4)	(4.2)	*28.6%*
Intercompany	—	—	(0.1)	*(135.1%)*
Balance Sheet				
Group Equity	**259.6**		**219.6**	***18.2%***
Net Invested Capital	**438.2**		**398.7**	***9.9%***
Net Financial Position no IFRS 16	**106.1**		**94.8**	***12.0%***
Net Financial Position IFRS 16	**177.4**		**179.1**	***(0.9%)***
Operating and Financial Indicators				
Adj. EBITDA on Revenue (%)	**15.1%**	**13.7%**	**13.1%**	
Net result on Revenue (%)	**5.7%**	**5.1%**	**5.5%**	
ROE	**20.0%**		**20.1%**	
ROI	**11.9%**		**11.1%**	
EPS (Euro)	**0.20**		**0.17**	
DPS (Euro)	**0.11**		**0.09**	
Human resources				
End-of-year headcount	**1,900**	**1,775**	**1,810**	***5.0%***

Changes in this report were calculated on amounts expressed in Euro thousands
The “FY 2022 excl. D Scuola” column shows the operating and financial figures at 31 December 2022 excluding D Scuola

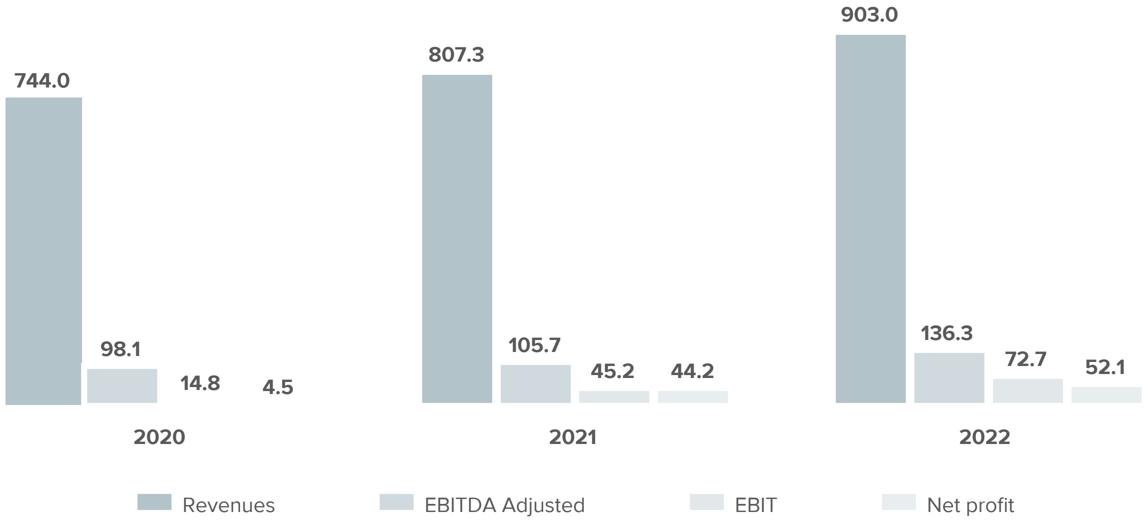
* Gross operating profit before income and expenses of a non-ordinary nature

** EBIT excluding non-ordinary income and expense, depreciation and amortization deriving from the company purchase price allocation and the impairment of intangible assets

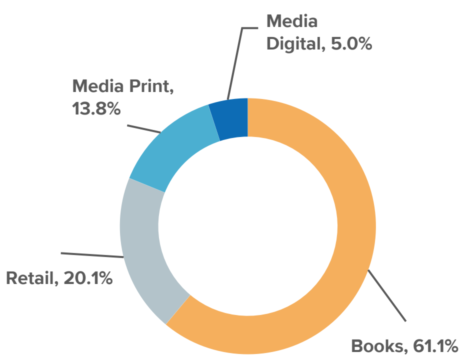
*** Adjusted Net Profit is calculated excluding non-ordinary income and expense, depreciation and amortisation deriving from the company purchase price allocation and the impairment of intangible assets net of the related tax effect. Any non-recurring tax expense/income is also excluded.

PERFORMANCE OF MAIN INCOME INDICATORS

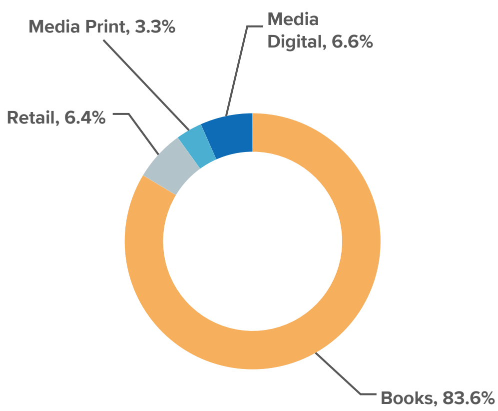
(Euro/millions)



REVENUE BY BUSINESS 2022



ADJ. EBITDA BY BUSINESS 2022



In order to provide a clear presentation, the Media Area is broken down into the two components Print and Digital.

Revenues by business, gross of Corporate and Intercompany revenues; Adjusted EBITDA gross of Corporate EBITDA.

FY 2022 saw the Group complete its **strategic reconfiguration of its portfolio of activities**, which resulted in a **significant lightening of its exposure in magazines** and a **strengthening of book publishing** and which will now continue with an **exclusive focus on developing the core businesses.**

During the year in fact, the Group has completed/announced several extraordinary transactions, the most noteworthy of which include:

- as regards the **core business of Books**, with a combined strategy of vertical integration in the chain and strengthening of publishing leadership:
  - the acquisition of 50% of **De Agostini** Libri, operating in the trade books segment with focus on the children's and non-fiction areas and of the subsidiary **Libromania**, operating in the promotion of third-party publishers;
  - the acquisition, with a view to strengthening distribution of third-party publishers, of 50% of **A.L.I. - Agenzia Libraria International**, which, starting 2023, following the acquisition of an additional 25% stake, will be fully consolidated;
  - the acquisition of 51% of **Star Comics**, thanks to which the Group has become the Italian leader of the comics segment.

- As regards the **Media Print** business, with a view to pursuing the process of reducing exposure to the segment:
  - the sale of the majority of **Press-di**, operating in the nationwide distribution of magazines and newspapers;
  - the start of the sale process of the business unit for the **Grazia and Icon** brands, including the related international network, a transaction that was then finalised in January 2023.

The Group's financial and economic profile in 2022 shows, despite the as-yet incomplete reflection in view of the partial consolidation, the positive impacts of these repositioning initiatives and the related contribution towards the Group's profitability, which have made it possible, coupled with the prompt action taken by the management to increase efficiency, to combat the effects of the uncertain economic and geopolitical context that have characterised the entire year and the significant increase in the main production factors.

This enabled the Group to record, at consolidated level, with regard to all the relevant metrics, **results higher than the guidance repeatedly disclosed to the market, despite the fact that they had been repeatedly improved during the year:**

- the Group's **revenues** showed approximately **12% growth** (above the high-single digit guidance), which was particularly impacted by both the inclusion in the consolidation scope of D Scuola and the positive Book market dynamics, which benefited the Trade and Retail areas;
- **Adjusted EBITDA,** of approximately **€ 136 million** showed an **increase** of approximately **€ 31 million,** namely **29% growth** (the guidance estimated an increase by 25% or more): approximately one third of this significant increase derives from the **operating performance of the original scope** thanks to the **greater efficiency achieved** and approximately two thirds from the **consolidation of D Scuola**. In all, **profitability** came to **15.1%, up a good 2 percentage points**, from the 13.1% in 2021;
- net profit is **€ 52.1 million, up 18%** (guidance: double-digit growth) and is **the best result recorded by the Group in the last 15 years;** neutralising the inoperative effects that had influenced FYs 2021 and 2022, **adjusted net profit would be up by more than 50%,** coming to around € 65 million;
- in addition to the buoyant performance of operations, during the period the Group confirmed **solid cash generation** with cash flow from ordinary operations of approximately **€ 70 million** (guidance: € 68 million);
- the Net Financial Position (before IFRS 16) came to approximately **€ 106 million**; considering, vice versa, the effects of IFRS 16, the NFP was € 177.4 million, below the (179.1) million of December 2021, with an NFP/ Adjusted EBITDA ratio at 1.3x, exactly in line with the objective. The essential invariance of the Net Financial Position between 2021 and 2022 shows the Group's capacity to self-finance with its own cash generation the active M&A policy implemented, without compromising the distribution of significant dividends to shareholders.

2022 in fact saw a return to a **shareholder remuneration policy** through the distribution of dividends for a total amount of approximately **€ 22 million**, equivalent to a **pay-out of 50%** the 2021 net profit; in respect of the 2022 result, the Board of Directors has proposed to the Shareholders' Meeting to pay its shareholders approximately **€ 28.7 million (€ 11 cents per share), an increase of almost 30% compared with last year**: this amount corresponds to a **pay-out of 55%** the 2022 net profit and a **dividend yield of 6%** (at 31 December 2022).

The dividend will be paid, in accordance with the provisions of the Regulation of the markets organized and managed by Borsa Italiana S.p.A., from **24 May 2023 (payment date),** with ex-coupon date on **22 May 2023**, and with the date of entitlement to payment of the dividend, pursuant to Article 83-terdecies of the TUF **(record date), on 23 May 2023.**

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MARKET AND BUSINESS AREA HIGHLIGHTS OF THE GROUP

In FY 2022, after the extraordinary growth seen the previous year, the book market experienced a phase of essential stability (+0.2% in value) with a slight growth trend seen during the second part of the year (+1.8% yoy value).

With the **Trade Books** area, the Group has recorded a **growth in sell-out at market value of 2.2%** compared with 2021. This performance has allowed Mondadori to retain once again its **undisputed leadership at a national level in the Miscellaneous publishing segment (including comics),** showing **market share growth** (which had not been recorded for 5 financial years), which thanks to both the performance of the publishing houses and the positive performance of the newly-acquired Star Comics, came in at year end at **27%.**

In the **school textbooks** segment, following the 2022 adoption campaign, the Group has shown, in a market that is essentially steady in value compared with last year, a **stable market share (32.3%)**, thereby confirming the positive results achieved and the quality of the publishing proposals of all three its publishing houses.

The **Retail** area has also shown a **clear improvement in its performance and progressive growth in revenues,** which, compared with 2021, **rose by 9%**, largely due to **books, whose sales** during the year **increased by 11.5%.**

FY 2022 saw the **Media** area downsize its Print component further - in particular of activities relating to advertising sales:

- during the year, the sale was completed of the magazines announced late 2021 (Donna Moderna and Casa Facile);
- the effects of the sale of the distribution business are instead still partial in FY 2022, given that Press-di was deconsolidated during the second half of the year;

The sale of the Grazia and Icon brand business during the last quarter of 2022 was finalised in January 2023 and consequently is made concrete in the results of FY 2023.

The area is therefore confirmed as ever more **"digital"**: indeed, in 2022, the Group's digital business - which grew by around 15% brand-for-brand - accounted for 27% of the area's revenues (from 21% in 2021).

2022 CONSOLIDATED FINANCIAL HIGHLIGHTS

(Euro/millions)	2022		2022 excl. D Scuola		2021		*Change%*	*Change % Excl. D Scuola*
Revenues	**903.0**		**827.6**		**807.3**		***11.8%***	***2.5%***
Industrial product cost	295.8	32.8%	276.8	33.5%	246.6	30.5%	*20.0%*	*12.3%*
Variable product costs	111.8	12.4%	106.5	12.9%	114.0	14.1%	*(2.0%)*	*(6.6%)*
Other variable costs	165.2	18.3%	148.7	18.0%	163.3	20.2%	*1.2%*	*(9.0%)*
Structural costs	60.0	6.6%	57.0	6.9%	51.1	6.3%	*17.5%*	*11.6%*
Extended labour cost	142.3	15.8%	133.5	16.1%	134.9	16.7%	*5.4%*	*(1.1%)*
Other expense (income)	(8.4)	(0.9%)	(8.1)	(1.0%)	(8.3)	(1.0%)	*1.5%*	*(2.4%)*
Adjusted EBITDA	**136.3**	**15.1%**	**113.1**	**13.7%**	**105.7**	**13.1%**	***28.9%***	***7.0%***
Renovations	3.7	0.4%	3.5	0.4%	11.2	1.4%	*(66.7%)*	*(69.0%)*
Extraordinary expense (income)	1.9	0.2%	1.2	0.2%	3.4	0.4%	*(44.7%)*	*(63.2%)*
EBITDA	**130.7**	**14.5%**	**108.4**	**13.1%**	**91.1**	**11.3%**	***43.4%***	***18.9%***
Amortisation and depreciation	36.7	4.1%	28.1	3.4%	25.1	3.1%	*45.9%*	*11.7%*
Impairment and write-downs	7.2	0.8%	7.2	0.9%	7.4	0.9%	*n.s.*	*n.s.*
Amortization and depreciation IFRS 16	14.1	1.6%	13.6	1.6%	13.4	1.7%	*5.1%*	*1.2%*
EBIT	**72.7**	**8.1%**	**59.5**	**7.2%**	**45.2**	**5.6%**	***60.8%***	***31.6%***
Financial expense (income)	5.2	0.6%	5.1	0.6%	2.5	0.3%	*108.9%*	*104.1%*
Financial expense IFRS16	0.5	0.1%	0.5	0.1%	2.2	0.3%	*(78.4%)*	*(78.9%)*
Financial expense (income) from securities valuation	—	—%	—	—%	0.4	0.1%	*n.s.*	*n.s.*
Expense (income) from investments	0.2	—%	0.2	—%	1.5	0.2%	*n.s.*	*n.s.*
EBT	**66.9**	**7.4%**	**53.8**	**6.5%**	**38.6**	**4.8%**	***73.3%***	***39.4%***
Tax expense (income)	15.3	1.7%	11.9	1.4%	(5.6)	(0.7%)	*n.s.*	*n.s.*
Net result for the period (group and non-controlling interests)	**51.5**	**5.7%**	**41.8**	**5.1%**	**44.2**	**5.5%**	***16.6%***	***(5.4%)***
Minorities	(0.5)	(0.1%)	(0.5)	(0.1%)	—	—%	*n.s.*	*n.s.*
Group net result	**52.1**	**5.8%**	**42.3**	**5.1%**	**44.2**	**5.5%**	***17.8%***	***(4.2%)***

Cost of personnel includes costs for collaborations and temporary employment.

In FY 2022, for the purposes of greater comparability with 2021, in the column "2022 excl. D Scuola", the reclassified Income Statement and Statement of Financial Position show the operating and financial figures at 31 December 2022 excluding D Scuola, a company acquired late December 2021 (fully consolidated at profit and loss as from 1 January 2022 and at equity level as from 31 December 2021).

ALTERNATIVE PERFORMANCE MEASURES

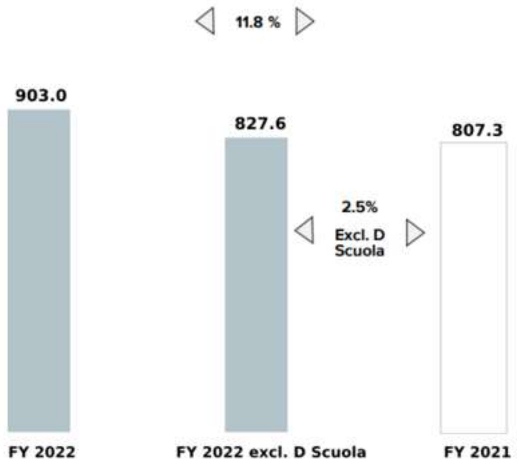
This document, in addition to the conventional statements and financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures in order to provide a better understanding of the operating and financial performance of the Group, the definition of which is explained in the section “Glossary of terms and alternative performance measures used”.

As already specified, two additional information items have been included in this document: **adjusted EBIT**[1] and **adjusted net profit**[2].

[1] Excluding non-ordinary income and expense, non-monetary costs deriving from the company purchase price allocation and the impairment of intangible assets
[2] Calculated excluding non-ordinary income and expense, depreciation and amortisation deriving from the company purchase price allocation and the impairment of intangible assets net of the related tax effect. Any non-recurring tax expense/income is also excluded

INCOME STATEMENT

REVENUES



Consolidated revenue in FY 2022 amounted to € 903.0 million, **increasing by 11.8%** versus € 807.3 million in the prior year; net of the consolidation of D Scuola, effective 1 January 2022, Group revenue **grew by 2.5%, thanks to the performance of the Books and Retail areas** and despite the additional asset sales involving the Media area: net of all the effects from the changed consolidation scope, **the Group's organic revenue growth would have been approximately 4%**.

In **the Books** area, revenue **rose by 23.9%**(or 7.4% 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.

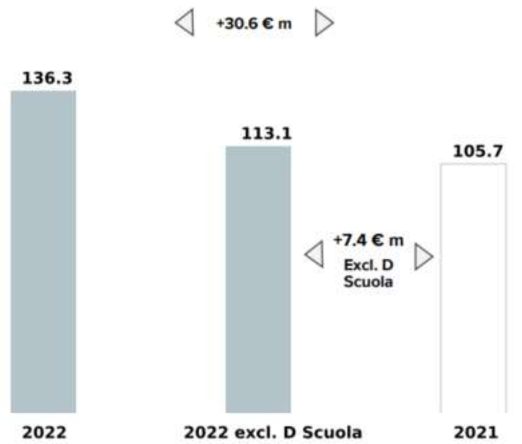
The **Retail** area reported **revenue growth of 8.8%**, driven mostly by the book product (which grew by 11.5%), attributable mainly to the directly-managed bookstore channel, whose performance in the prior year was burdened by the restrictions brought by the COVID-19 emergency.

The **Media** area showed revenue declining by 13.9%, due to the changes in the consolidation scope that took place: on a like-for-like basis, total revenue of the Media area **rose slightly by 1.8%** compared with FY 2021, thanks in particular to the positive performance of digital advertising sales, up around 15%, which more than offset the decline in circulation revenue of the titles and add-on sales

REVENUES by Business Area (Euro/millions)	2022	2022 excl. D Scuola	2021	Change %	Change % Excl. D Scuola
Books	576.2	499.5	465.0	*23.9%*	*7.4%*
Retail	189.2	189.2	173.9	*8.8%*	*8.8%*
Media	177.8	177.8	206.6	*(13.9%)*	*(13.9%)*
Corporate & Shared Services	41.5	41.5	40.9	*1.5%*	*1.5%*
Total aggregated revenue	**984.7**	**908.0**	**886.4**	***11.1%***	***2.4%***
Intercompany	(81.7)	(80.5)	(79.0)	*3.4%*	*1.8%*
Total consolidated revenue	**903.0**	**827.6**	**807.3**	***11.8%***	***2.5%***

EBITDA

EBITDA ADJUSTED



Adjusted EBITDA in 2022 came to **€ 136.3** million; excluding the result of D Scuola, adjusted EBITDA came to a positive € 113.1 million: the Group thus showed **an overall improvement in profitability of around € 31 million** versus 2021, when the result was € 105.7 million, up by 29%, approximately 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 (€ 23.2 million).

The reduction versus 2021 in the ratio of costs (variable costs and payroll costs) on Group revenue enabled it to **increase its margins to over 15%** (from 13.1% the previous year): net of the relief received to aid museum activities in both years, the Group's margin would have respectively been **12.7%** in 2021 and **14.4%** in 2022.

This significant result was achieved despite the **considerable increase in costs relating to energy consumption and paper purchases**, equal to a total of **€ 15 million**: the average cost of procurement of paper in fact rose for the Group **by more than 50%**, which has translated into incremental costs for approximately € 12 million for the Group.

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

- the **Books** area recorded an **overall growth in margins of over € 26 million** during the year; without D Scuola, the increase amounts to € 2.7 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;

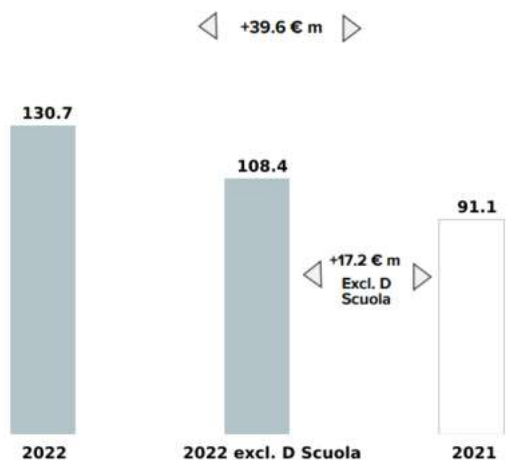
- the **Retail** area recorded **an improvement of € 4 million,** thanks to the growth posted by book product sales and the ongoing deep renewal of the network of physical stores, despite higher costs for utilities of € 1.4 million;

- the **Media** area **grew by € 1.7 million**, thanks to the continued costs-curbing measures in the print area and the accounting 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 € 5.4 million, down from € -4.2 million in 2021, due mainly to the increase in utility costs amounting to approximately € 1.3 million for management of the Segrate HQ.

Adj. EBITDA by business area (Euro/millions)	2022	2022 excl. D Scuola	2021	*Change*	*Change excl. D Scuola*
Books	118.5	95.3	92.6	*25.9*	*2.7*
Retail	9.1	9.1	5.1	*4.0*	*4.0*
Media	14.1	14.1	12.4	*1.7*	*1.7*
Corporate & Shared Services	(5.4)	(5.4)	(4.2)	*(1.2)*	*(1.2)*
Intercompany	—	—	(0.1)	*0.2*	*0.2*
Total ADJUSTED EBITDA	**136.3**	**113.1**	**105.7**	***30.6***	***7.4***

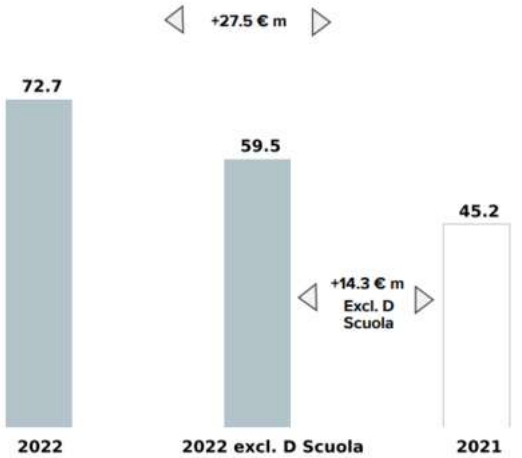
REPORTED EBITDA



EBITDA, coming to **€ 130.7** million (or € 108.4 million without D Scuola) compared with 91.1 million in 2021, showed an even more marked **improvement** of **€ 39.6 million** (+43%), due to the phenomena and trends mentioned above, as well as to the reduction, versus the prior year, of restructuring costs, particularly evident in the Media and Corporate areas, as better detailed below; the Media area also benefited from the booking of a capital gain deriving from the sale of the majority share in Press-di.

EBITDA by Business Area (Euro/millions)	2022	2022 excl. D Scuola	2021	*Change*	*Change excl. D Scuola*
Books	114.9	92.6	90.1	*24.9*	*2.5*
Retail	8.2	8.2	3.7	*4.5*	*4.5*
Media	14.0	14.0	7.1	*6.8*	*6.8*
Corporate & Shared Services	(6.4)	(6.4)	(9.6)	*3.2*	*3.2*
Intercompany	0.1	0.1	(0.1)	*0.2*	*0.2*
Total EBITDA	**130.7**	**108.4**	**91.1**	***39.6***	***17.2***

EBIT



Mondadori Group **EBIT** in FY 2022, which came to **€ 72.7 million** or 59.5 million excluding the contribution of D Scuola, showed **clear improvement** on 2021; revealing:

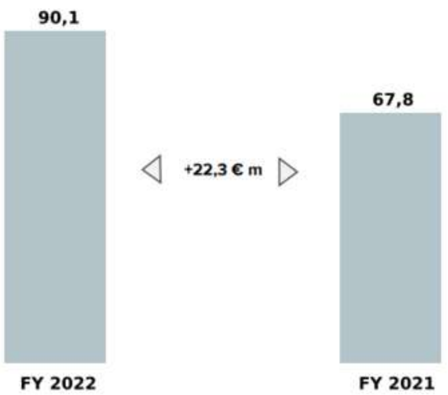
- an improvement in the overall scope of € 27.5 million - equating to approximate **growth of 61%** - despite the impact of greater depreciation and amortisation, of € 4.7 million deriving from the purchase price allocation of goodwill emerging from the acquisitions completed (D Scuola in particular);
- an improvement, excluding the contribution of D Scuola, of € 14.3 million, attributable to the abovementioned operational dynamics.

EBIT for FY 2022 also includes some write-offs, for a total value of € 7.2 million (from € 7.4 million in 2021), deriving from the impairment process, (relative in particular to the brand TV Sorrisi & Canzoni in the Media area, on which the increase in the discount rates used had its main impact).

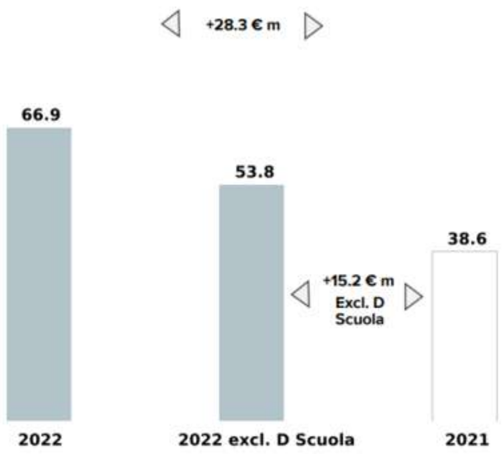
2022 adjusted EBIT, net of extraordinary expense and all non-monetary items relating to the purchase price allocation and impairment processes, would be **€ 90.1 million, up by more than € 22 million** compared with the previous year.

EBIT by business area (Euro/million)	**2022**	**2022 excl. D Scuola**	**2021**	***Change***	***Change excl. D Scuola***
Books	88.6	75.4	74.0	*14.6*	*1.4*
Retail	(0.9)	(0.9)	(6.6)	*5.7*	*5.7*
Media	0.9	0.9	(2.9)	*3.8*	*3.8*
Corporate & Shared Services	(15.9)	(15.9)	(19.1)	*3.2*	*3.2*
Intercompany	0.1	0.1	(0.1)	*0.2*	*0.2*
Consolidated EBIT	**72.7**	**59.5**	**45.2**	***27.5***	***14.3***
Adjusted EBIT	**90.1**		**67.8**	***22.3***	

ADJUSTED EBIT



CONSOLIDATED RESULT BEFORE TAX



Consolidated profit before tax came to **€ 66.9** million versus **€ 38.6** million in 2021.

On top of that, the following factors also contributed to the significant increase of approximately € 28 million:

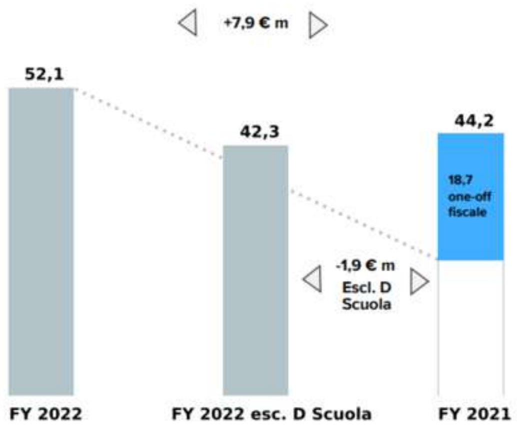
- the FY 2022 **improvement** of € 1.3 million, seen **in the result of investees,** attributable to the sale on 1 January 2022, of the investment in Monradio (which usually recorded losses) and to the start of the accounting of the share of the profits of A.L.I.[3], which more than offset the impairment of € 1.7 million of the investment held in Attica;
- the recognition in 2021 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**[4].

Total period **financial expense**, which came to € 5.7 million, is **up € 1 million**:

- the more favourable terms that characterise the new loans stipulated by the Group have, in FY 2022, made it possible to limit the cost of debt, despite the Group's greater financial exposure during the year (gross average debt of € 202 million vs 125 million in 2021) following the acquisition of D Scuola. The average cost of debt in fact, including ancillary expense ("all-in cost"), was **1.83%** compared with 1.88% in FY 2021, despite the fact that 2021 had benefited from a net non-recurring income deriving from the application of IFRS 9 to the terms of the pool refinancing subscribed by the Group in 2021; the average interest rate applied was **0.47%** in 2022, compared with 0.59% in FY 2021;
- financial expense for FY 2022 also includes the new assessment of the earn-out relative to the acquisition of Hej (€ 0.9 million) envisaged by the contract that regulated the transaction;
- financial expense from the application of IFRS 16 was significantly better than in 2021, thanks to the recognition of non-recurring income of approximately € 1.4 million from the early termination of the old lease contract for the Segrate HQ (the new contract was signed in July 2022).

[3] On 11 May 2022, the Group completed the acquisition of a 50% stake in the share capital.
[4] The monetization of this investment generated a total gain (2019-2021) of € 1.1 million.

NET RESULT

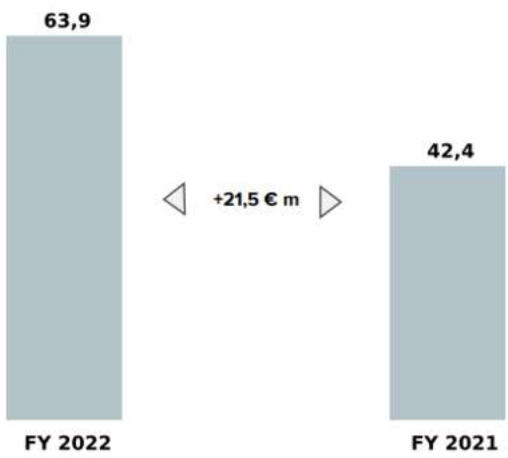


The **Group's net profit**, after minority interests, came to € **52.1** million (or €42.3 million without D Scuola), a sharp increase of **approximately 8 million** versus € **44.2** million recorded in 2021.

Mention should be made that the 2021 result had benefited from **non-recurring tax income of € 18.7 million**, which included 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 € 15.3 million compared to a positive figure of €5.6 million recorded as at 31 December 2021.

ADJUSTED NET PROFIT



Adjusted net profit for FY 2022, neutralising all items previously mentioned and the one-off tax income from which FY 2021 had benefited, **would come to approximately € 64 million, up by around 51%** on the previous year.(€42.4 million).

FINANCIAL RESULTS

(Euro/millions)	2022	2021	*Change %*
Trade receivables	161.2	165.0	*(2.3%)*
Inventory	151.4	120.6	*25.5%*
Trade payables	252.7	223.0	*13.3%*
Other assets/ (liabilities)	(45.7)	(42.0)	*n.s.*
Net working capital from continuing operations	**14.2**	**20.6**	***(31.1%)***
Discontinued or discontinuing assets (liabilities)	(0.4)	(8.0)	*(95.6%)*
Net working capital	**13.9**	**12.7**	***9.5%***
Intangible assets	372.3	351.8	*5.8%*
Tangible assets	24.1	14.6	*65.4%*
Investments	29.7	18.7	*58.8%*
Net fixed assets with no rights of use IFRS16	**426.2**	**385.2**	***10.7%***
Assets from rights of use IFRS16	68.5	80.7	*(15.2%)*
Net fixed assets with rights of use IFRS16	**494.6**	**465.9**	***6.2%***
Provision for risks	41.9	47.1	*(11.0%)*
Post-employment benefits	28.3	32.8	*(13.6%)*
Provisions	**70.3**	**79.9**	***(12.0%)***
Net invested capital	**438.2**	**398.7**	***9.9%***
Share capital	68.0	68.0	*—%*
Reserves	139.5	107.4	*29.9%*
Profit (loss) for the year	52.1	44.2	*17.8%*
Group shareholders' equity	**259.6**	**219.6**	***18.2%***
Minority shareholders' equity	1.3	—	*n.s.*
Net equity	**260.8**	**219.6**	***18.8%***
Net financial position excluding IFRS16	106.1	94.8	*12.0%*
Net Financial Position IFRS 16	71.3	84.3	*(15.5%)*
Net financial position	**177.4**	**179.1**	***(0.9%)***
Sources	**438.2**	**398.7**	***9.9%***

Under the agreement for the sale of the majority of the investment in Press-Di Distribuzione Stampa Multimedia S.r.l., the sale of the business units comprising the publishing activities of the titles Donna Moderna and CasaFacile, and the January 2023 sale of the business unit relating to the activities of the Grazia and Icon brands, the equity values of the above assets at 31 December 2021, and for the sake of proper comparison, at 31 December 2021, were restated in accordance with IFRS 5, under "Discontinued or discontinuing operations" and under "Liabilities disposed of or being disposed of".

NET INVESTED CAPITAL

The Group's **Net Invested Capital** at 31 December 2022 stood at **€ 438.2** million, up by approximately 10% versus € 398.7 million at 31 December 2021.

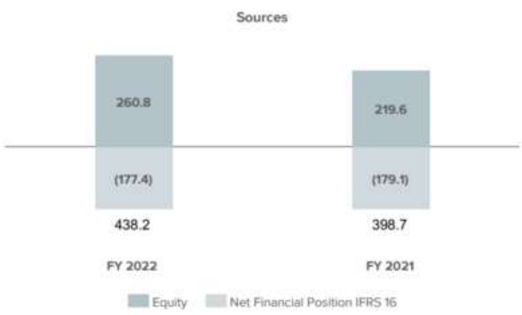
The Group's **Net Working Capital** (of operating assets) amounted to € 14.2 million, down versus € 20.6 million of the prior year.

Net Fixed Assets amounted to € 426.2 million, up versus € 385.2 million at 31 December 2021, as a result of the increase in intangible assets due mainly to the recognition of goodwill emerging from the acquisition of Star Comics - and the investments following the acquisition of 50% of A.L.I..

Net Fixed Assets (including IFRS 16) came to € 494.6 million, up by approximately € 29 million on the € 465.9 million in 2021, due to the increase in intangible assets - due mainly to the recognition of goodwill emerging from the acquisition of StarComics - and the investments - due to the acquisition of 50% of A.L.I. - that more than offset the decline in right of use assets (IFRS 16), mainly deriving from the stipulation of the new rental contract for the Segrate headquarters.

Excluding the effects of IFRS 16, Net Fixed Assets come to € 426.2 million, up on the € 385.2 million of 2021.

SOURCES

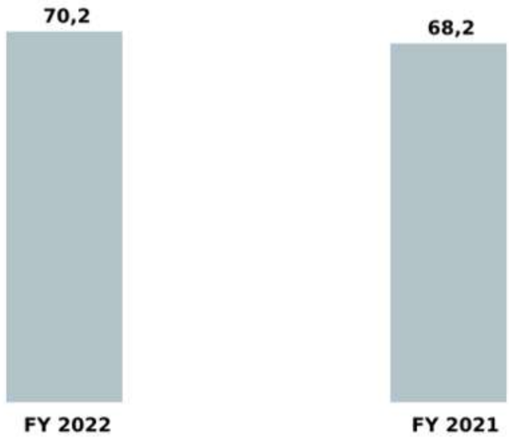


Consolidated equity at 31 December 2022 has increased by about € 41 million compared with the previous year, due to the positive results achieved by the Group during the year, the increase in the reserve for the measurement of derivatives and despite the distribution of dividends of € 22.2 million.

The Net Financial Position excluding IFRS 16 came to approximately € **106.1** million (net debt) only slightly up on the end-2021 figure, despite the cash-out relating to acquisitions made during the year and the distribution of dividends.

The **IFRS 16 Net Financial Position at 31 December 2022** stood at € **177.4** million and reflects the recognition of the financial payable from the application of IFRS 16 (€ 71.3 million).

CASH FLOW FROM ORDINARY OPERATIONS

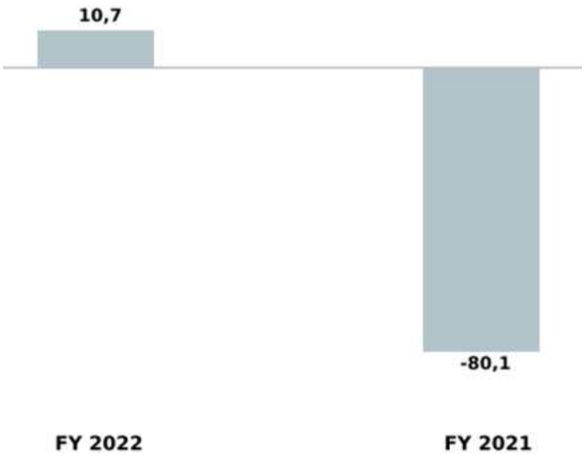


The **cash flow** from **ordinary operations** (after outlays for financial expense and tax), amounting to € **70.2 million** and allows the Group to continue to strengthen its financial structure.

Note that ordinary cash generation was impacted as follows:

- positively by the contribution of D Scuola (€ 8.3 million) and the impact of derivatives relating to interest rate hedges;
- negatively by the greater investments made by the Group for approximately € 19 million (in the Education - also due to the consolidation of D Scuola - and Retail areas).

FREE CASH FLOW



At 31 December 2022, **cash flow from extraordinary operations came to a negative € 59.5 million**, mostly due to cash out for restructuring costs of € 8.8 million and for the net balance of acquisitions and disposals of approximately € 43 million.

Consequently, **free cash flow for FY 2022 was positive for approximately € 11 million**, showing the Group's capacity to finance its inorganic growth policy.

Finally, in FY 2022, the Group distributed **dividends to its shareholders for approximately € 22 million.**

CONSOLIDATED FINANCIAL HIGHLIGHTS IN FOURTH QUARTER

(Euro/millions)	Q4 2022		Q4 2022 excl. D Scuola		Q4 2021		*Change %*	*Change % Excl. D Scuola*
Revenues	**224.8**		**216.3**		**218.43**		***2.9%***	***(1.0%)***
Industrial product cost	84.8	37.7%	81.6	37.7%	73.37	33.6%	*15.5%*	*11.3%*
Variable product costs	29.7	13.2%	29.4	13.6%	31.41	14.4%	*(5.4%)*	*(6.3%)*
Other variable costs	36.0	16.0%	35.3	16.3%	45.64	20.9%	*(21.1%)*	*(22.7%)*
Structural costs	17.0	7.6%	16.4	7.6%	14.43	6.6%	*17.8%*	*13.7%*
Extended labour cost	36.9	16.4%	34.7	16.0%	35.72	16.4%	*3.2%*	*(2.9%)*
Other expense (income)	(0.4)	(0.2%)	(0.2)	(0.1%)	(2.84)	(1.3%)	*n.s.*	*n.s.*
Adjusted EBITDA	**20.8**	**9.3%**	**19.1**	**8.8%**	**20.71**	**9.5%**	***0.6%***	***(8.0%)***
Renovations	2.7	1.2%	2.5	1.1%	8.05	3.7%	*(66.3%)*	*(69.4%)*
Extraordinary expense (income)	1.9	0.8%	1.2	0.6%	2.01	0.9%	*(7.8%)*	*(38.9%)*
EBITDA	**16.3**	**7.2%**	**15.4**	**7.1%**	**10.65**	**4.9%**	***52.8%***	***44.3%***
Amortisation and depreciation	10.6	4.7%	8.4	3.9%	6.63	3.0%	*59.9%*	*26.0%*
Impairment and write-downs	7.2	3.2%	7.2	3.3%	7.37	3.4%	*n.s.*	*n.s.*
Amortization and depreciation IFRS 16	3.7	1.7%	3.6	1.7%	3.45	1.6%	*7.5%*	*3.8%*
EBIT	**(5.3)**	**(2.3%)**	**(3.8)**	**(1.8%)**	**(6.80)**	**(3.1%)**	***n.s.***	***n.s.***
Financial expense (income)	2.4	1.1%	2.3	1.1%	0.25	0.1%	*n.s.*	*n.s.*
Financial expense IFRS16	0.5	0.2%	0.5	0.2%	0.54	0.2%	*n.s.*	*n.s.*
Financial expense (income) from securities valuation	—	0.0%	—	0.0%	—	0.0%	*n.s.*	*n.s.*
Expense (income) from investments	0.8	0.4%	0.8	0.4%	(1.41)	(0.6%)	*n.s.*	*n.s.*
EBT	**(8.9)**	**(4.0%)**	**(7.4)**	**(3.4%)**	**(6.19)**	**(2.8%)**	***n.s.***	***n.s.***
Tax expense (income)	(2.3)	(1.0%)	(1.5)	(0.7%)	(1.02)	(0.5%)	*n.s.*	*n.s.*
Net profit (loss) for the year (group and minorities)	**(6.6)**	**(2.9%)**	**(6.0)**	**(2.8%)**	**(5.16)**	**(2.4%)**	***n.s.***	***n.s.***
Minorities	(0.4)	(0.2%)	(0.4)	(0.2%)	—	0.0%	*n.s.*	*n.s.*
Group net result	**(6.2)**	**(2.8%)**	**(5.6)**	**(2.6%)**	**(5.17)**	**(2.4%)**	***n.s.***	***n.s.***

Cost of personnel includes costs for collaborations and temporary employment.

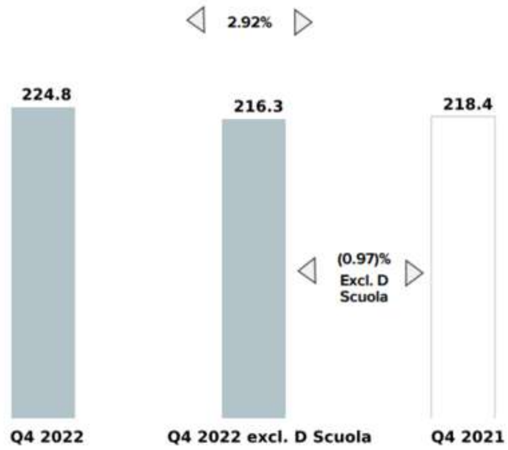
In the table above, for the purposes of greater comparability with 2021, in the column " Q4 2022 excl. D Scuola", the reclassified Income Statement and Statement of Financial Position show the operating and financial figures of fourth quarter 2022 excluding D Scuola (fully consolidated at the income 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 conventional statements and 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, the definition of which is explained in the section “Glossary of terms and alternative performance measures used”.

INCOME STATEMENT

REVENUES



Consolidated revenue for the fourth quarter of 2022 amounted to € **224.8** million (versus € 218.4 million the prior year), **growing** by 2.9%. Net of the consolidation of D Scuola, revenues would have been essentially in line.

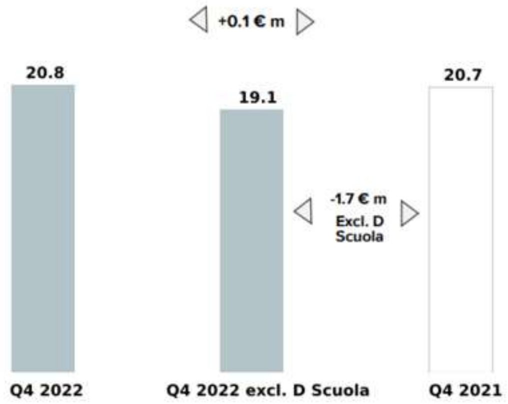
In the **Books** area, revenue **increased by 14.3%** or **6.2% without D Scuola**, deriving in particular from the **positive performance** of the Trade publishing houses, and as a result of the new companies acquired in 2022 (De Agostini Libri and Edizioni Star Comics).

The **Retail** area **grew by 6.1%** on the same quarter of the prior year, **driven by the book product**, which **rose by 7%**.

The **Media** area showed revenues down 24.9%, mainly as a result of the changes in scope in respect of the disposals made (net of which, the reduction would have been just 4.2%) and the reduction in circulation revenue. Revenue from digital advertising sales, by contrast, grew by 2% on the equivalent quarter of the prior year.

REVENUES by Business Area (Euro/millions)	**Q4 2022**	**Q4 2022 excl. D Scuola**	**Q4 2021**	***Change %***	***Change % Excl. D Scuola***
Books	132.9	123.5	116.3	*14.3%*	*6.2%*
Retail	63.2	63.2	59.6	*6.1%*	*6.1%*
Media	42.5	42.5	56.6	*(24.9%)*	*(24.9%)*
Corporate & Shared Services	11.9	11.9	11.3	*5.0%*	*5.0%*
Total aggregated revenue	**250.5**	**241.2**	**243.8**	***2.7%***	***(1.1%)***
Intercompany	(25.7)	(24.8)	(25.3)	*1.2%*	*(2.0%)*
Total consolidated revenue	**224.8**	**216.3**	**218.4**	***2.9%***	***(1.0%)***

EBITDA

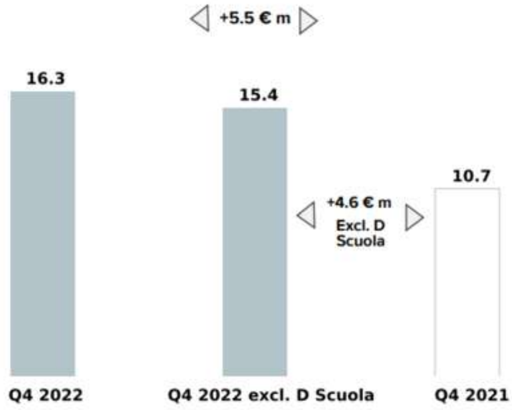


Adjusted EBITDA in the last quarter of 2022 amounted to € 20.8 million, in line with the € 20.7 million in Q4 2021 and reflects the favourable trend in consolidated revenue.

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

- the **Books** area shows adjusted EBITDA, net of the contribution of D Scuola, down € 4.3 million: the increase in the costs of raw materials and the rise in tariffs for printing and logistics services, which grew throughout the year, have reached full expression in this quarter.
- the **Retail** area recorded a **strong improvement, amounting to over € 1.6 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 € 0.3 million;
- the **Media** area was basically steady, with the increase seen in digital businesses offsetting the downturn to printing;
- the **Corporate & Shared Services** Area booked a negative margin of € 1.4 million (versus 1.0 million in Q4 2021).

Adj. EBITDA by business area (Euro/millions)	**Q4 2022**	**Q4 2022 excl. D Scuola**	**Q4 2021**	***Change***	***Change excl. D Scuola***
Books	10.6	8.8	13.1	*(2.5)*	*(4.3)*
Retail	5.0	5.0	3.4	*1.6*	*1.6*
Media	4.8	4.8	4.7	*0.1*	*0.1*
Corporate & Shared Services	(1.4)	(1.4)	(1.0)	*(0.5)*	*(0.5)*
Intercompany	1.9	1.9	0.5	*1.4*	*1.4*
Total ADJUSTED EBITDA	**20.8**	**19.1**	**20.7**	***0.1***	***(1.7)***

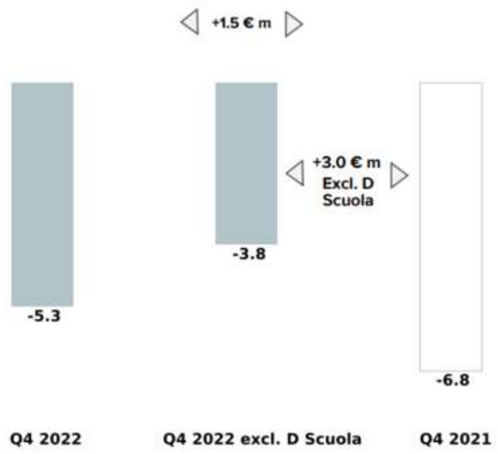


EBITDA for the quarter amounted to € 16.3 million (€ 10.7 million in Q4 2021), showing an **improvement** - of more than € 5 million - which reflects lesser non-recurring negative items attributable to restructuring costs, booked - in particular in the Media and Corporate & Shared Services areas - in the last quarter of 2021.

Excluding the contribution of D Scuola, EBITDA, of € 15.4 million, increased by € 4.6 million or more than 43% compared with 2021, due to the favourable dynamics of the non-ordinary items, as already described.

EBITDA by Business Area (Euro/millions)	**Q4 2022**	**Q4 2022 excl. D Scuola**	**Q4 2021**	***Change***	***Change excl. D Scuola***
Books	8.3	7.4	11.7	*(3.4)*	*(4.3)*
Retail	4.4	4.4	1.9	*2.5*	*2.5*
Media	3.5	3.5	(0.3)	*3.7*	*3.7*
Corporate & Shared Services	(1.8)	(1.8)	(3.2)	*1.4*	*1.4*
Intercompany	1.9	1.9	0.5	*1.4*	*1.4*
Total EBITDA	**16.3**	**15.4**	**10.7**	***5.5***	***4.6***

EBIT



In the fourth quarter 2022, the Mondadori Group **EBIT** closed with a negative € 5.3 million or € 3.8 million excluding the contribution of D Scuola. The like-for-like comparison with 2021 therefore shows an **improvement of € 3.0 million**, due to the non-ordinary dynamics described previously, partly offset by greater depreciation and amortisation for € 1.7 million, deriving from the increased investments made in the last 12 months.

The negative impact of the impairment booked during the last quarter of 2022, as the result of impairment testing and, in particular, of the application, under the scope of this process, of higher discounting rates, are essentially in line with those recorded in the fourth quarter of 2021.

EBIT by Business Area (Euro/millions)	Q4 2022	Q4 2022 excl. D Scuola	Q4 2021	*Change*	*Change excl. D Scuola*
Books	0.5	2.0	5.8	*(5.3)*	*(3.8)*
Retail	1.7	1.7	(1.9)	*3.6*	*3.6*
Media	(5.2)	(5.2)	(5.6)	*0.4*	*0.4*
Corporate & Shared Services	(4.2)	(4.2)	(5.6)	*1.4*	*1.4*
Intercompany	1.9	1.9	0.5	*1.4*	*1.4*
Consolidated EBIT	**(5.3)**	**(3.8)**	**(6.8)**	***1.5***	***3.0***

PERFORMANCE BY BUSINESS AREA

PERFORMANCE BY BUSINESS AREA

(Euro/milions)	Revenues		EBITDA Adjusted		EBITDA		Depreciation and amortisation, and write-downs		EBIT	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Books	576.2	465.0	118.5	92.6	114.9	90.1	(26.4)	(16.1)	88.6	74.0
Retail	189.2	173.9	9.1	5.1	8.2	3.7	(9.1)	(10.3)	(0.9)	(6.6)
Media	177.8	206.6	14.1	12.4	14.0	7.1	(13.1)	(10.1)	0.9	(2.9)
Corporate & Shared Services	41.5	40.9	(5.4)	(4.2)	(6.4)	(9.6)	(9.5)	(9.5)	(15.9)	(19.1)
Intercompany	(81.7)	(79.0)	—	(0.1)	0.1	(0.1)	—	—	0.1	(0.1)
Total	**903.0**	**807.3**	**136.3**	**105.7**	**130.7**	**91.1**	**(58.0)**	**(45.9)**	**72.7**	**45.2**

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, divided into the **Trade** and **Education** business units.

The **Trade** perimeter 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, with a share of 27.0% at the end of 2022: Mondadori, Giulio Einaudi editore, Piemme, Sperling & Kupfer, Frassinelli, Rizzoli, BUR, Fabbri Editori, Rizzoli Lizard and Mondadori Electa; these have been joined by De Agostini Libri as of 1 April 2022 and, as of 1 July 2022, 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, to a lesser extent, university textbooks. In school textbooks, the Group boasts a leadership position with an adoption share of 32.3%[5] 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, training courses and multimedia content for every school level, from primary school to middle and secondary schools, through to university publishing with a large catalogue of approximately 30 proprietary and distributed brands.

Market performance

Following the remarkable growth seen in 2021, FY 2022 has witnessed a **consolidation phase of the books market**, which was **basically steady in terms of value (+0.2%) and volume (-0.4%)**[6] versus 2021.

Breaking this trend down into the various segments making up the Trade publishing market, we can see that this stability is the result (i) of slight growth in the Trade segment in the strictest sense (+1.2%) (ii) of a more significant increase in the Comics segment (+7.5%), which even after the extraordinary growth seen from 2019 to 2021, has still been confirmed as the most dynamic and (iii) a sharp decline in the Professional segment (-14.7%).

As regards the various product categories that mark the segment, **Hardcovers** - which represent the new publications for the year and account for approximately 84% of the market - declined slightly by 0.9%, while **Paperbacks** ("catalogue titles") bucked the trend and **grew by 6.7%.**

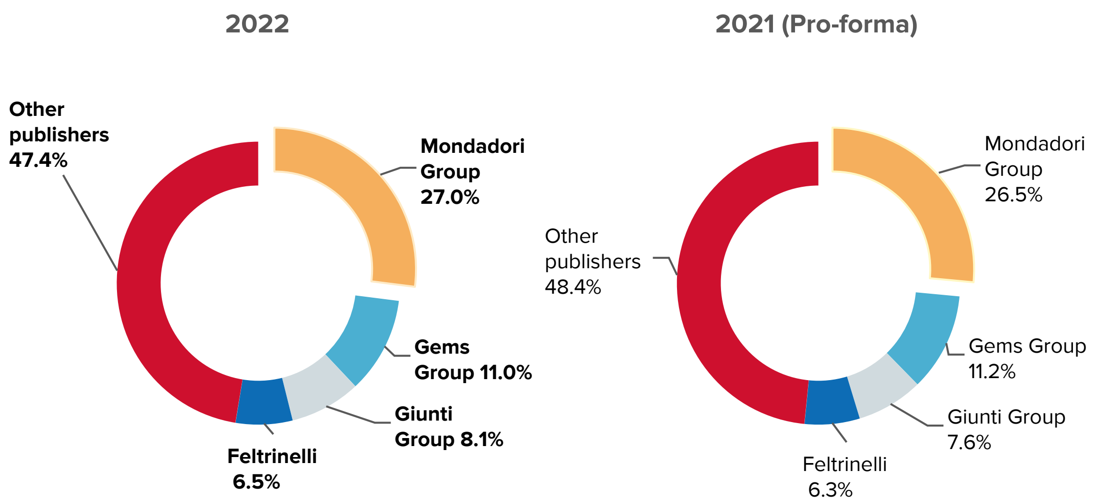
The dimension of the digital book market (e-books and audiobooks) is estimated as around € 105 million (6% of the market), down 5% on 2021 due to the juxtaposing dynamics that characterised e-books, which experienced a decline of 8% and audiobooks, which, by contrast, grew by 4%.

[5] Source: ESAIE, 2022 (adopted sections)
[6] Source: GfK, December 2022 (Week 52)

Against this backdrop, the publishing houses of the Mondadori Group recorded a **growth in sell-out of 2.2%** during the year, the result of a **gradually improving** performance during the year: the **second half**, in particular, recorded a **6.7% growth in sell-out** versus the market's approximately 1.8% growth as a whole.

Thanks to these results, Mondadori was able to retain its **domestic leadership**, with its **market share growing, after 5 years**, to **27%** at end 2022.

TRADE MARKET SHARES



Source: GFK, December 2022 (in value); Pro-forma (includes Star Comics in 2021)

In 2022, as proof of the quality of its publishing plan, the Group was able to place **3 titles in the top ten bestsellers list in terms of value**[7], as shown in the table below.

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.

[7] Source: GFK, December 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	La casa delle luci	Donato Carrisi	LONGANESI
7	Una vita come tante	Yanagihara Hanya	SELLERIO EDITORE PALERMO
8	**Mussolini il capobanda. Perché dovremmo vergognarci del fascismo**	**Aldo Cazzullo**	**MONDADORI**
9	Nel modo in cui cade la neve	Doom Erin	MAGAZZINI SALANI
10	Cambiare l’acqua ai fiori	Perrin Valérie	E/O

The **School textbook (primary and secondary schools**) market in Italy is estimated as rising on the previous year by approximately 1.0%, coming in at a comprehensive value of approximately € 605 million; in this context, the Group’s publishing houses recorded, during the two years, a **ratio of sold/adopted that is essentially stable** in secondary schools.

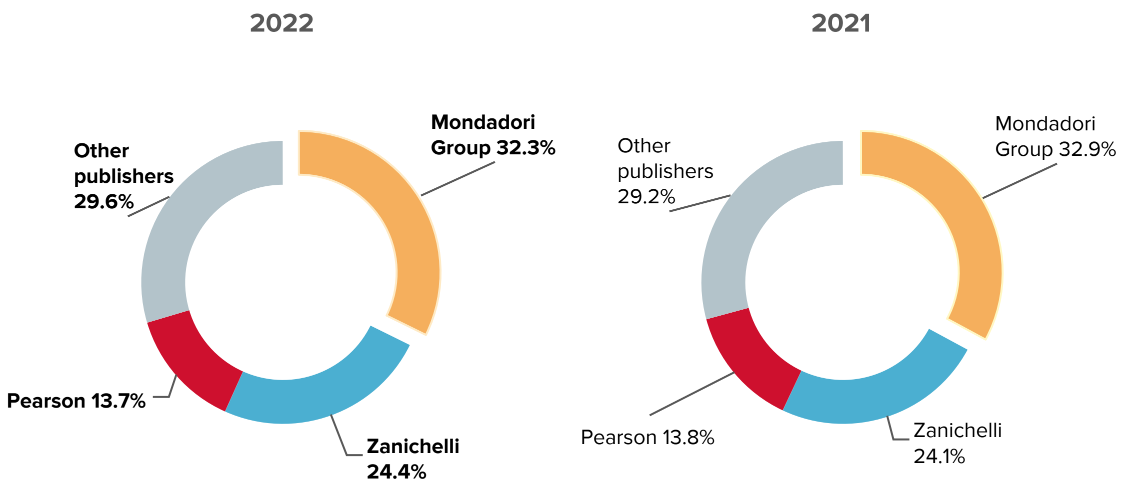
The total number of Italian students in the primary and secondary school cycles in 2022 dropped by approximately 1%, more accentuated in the primary segment (-1.5%).

On a regulatory level, ceiling limits set to spending, which establish - by Ministry decree - the maximum annual amounts for each level of education for the adoption of textbooks, have not been revised and therefore remain unchanged on 2012 (Law 221/2012).

In all, the market saw adoption changes settle at pre-pandemic levels after two years (2020 and 2021) that suffered the impact of the health emergency: in primary schools, the segment with the higher percentage, the changes came to 77%, whilst in middle and secondary schools, it came respectively to 35% and 40%.

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



Source: AIE, 2022 (adopted first-year sections)

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.

The economic performance of the Books Area

Books (Euro/millions)	**2022**	**2022 excl. D Scuola**	**2021**	***% chg.***	***Change% excl. D Scuola***
Revenues	576.2	499.5	465.0	*23.9%*	*7.4%*
Adj. EBITDA	118.5	95.3	92.6	*28.0%*	*2.9%*
EBITDA	114.9	92.6	90.1	*27.6%*	*2.8%*
Consolidated EBIT	88.6	75.4	74.0	*19.7%*	*1.9%*
PPA effects	*4.2*	*0.8*		*—%*	*—%*
Consolidated EBIT ex PPA	92.8	76.2	74.0	*25.4%*	*2.9%*

Revenues

Revenue in 2022 amounted to € 576.2 **million, up** by approximately 24% versus the prior year **(+7.4% excluding the contribution of D Scuola)**, divided up as follows:

- **+11.8% in the Trade area**, as a result of the **positive performance** recorded by the publishing houses, also thanks to the companies acquired during the year, DeAgostini Libri and Star Comics **(+9.5%)** and coupled with the **significant recovery seen in Electa's museum activities (+80%)**;
- **+45.2% in the Education segment** due to the **consolidation of D Scuola** (-1.9% on a like-for-like basis);
- +34.7% in third-party publishers distribution activities, which benefited from the contribution made by Libromania.

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Books Revenue (Euro/millions)	**2022**	**2022 excl. D Scuola**	**2021**	***Change %***	***Change % excl. D Scuola***
Trade publishing houses	257.0	257.0	234.6	*9.5%*	*9.5%*
Electa (art, exhibitions and museums)	23.5	23.5	13.0	*80.8%*	*80.8%*
Rizzoli International Publications	48.8	48.8	47.1	*3.6%*	*3.6%*
Intercompany	(0.1)	(0.1)	(0.3)	*(66.7%)*	*(66.7%)*
Total TRADE	**329.2**	**329.2**	**294.4**	***11.8%***	***11.8%***
Total EDUCATION	**237.3**	**160.3**	**163.4**	***45.2%***	***(1.9%)***
Distribution and other services	9.7	10.0	7.2	*34.7%*	*38.9%*
Total consolidated revenue	**576.2**	**499.5**	**465.0**	***23.9%***	***7.4%***

Trade Books Revenue

In 2022, revenue from **Trade publishing houses** amounted to € 257 million (€ 234.6 million in 2021), **up by 9.5%** versus last year, driven by the positive performance of all publishing houses (**+1.9% on a like-for-like basis**), particularly of the brands **Einaudi and Sperling & Kupfer** thanks to the success of the titles published during the year and by the consolidation of De Agostini Libri (as of 1 April 2022) and 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. In particular:

- **Mondadori**: for Italian fiction, the titles "Quattro stagioni per vivere" by M. Corona, "L'equazione del cuore" by M. De Giovanni, "Le mogli hanno sempre ragione" by L. Bianchini; for foreign fiction, "Cain's Jawbone" by Torquemada and the new titles by J. Grisham "Sparring Partners" and "The Boys from Biloxi". In non-fiction “Mussolini il capobanda” by A. Cazzullo, “La grande tempesta" by B. Vespa, "Suicidio occidentale" by F. Rampini, "La crepa e la luce" by G. Calabresi Milite and in the Various the titles "Surrender" by Bono, "Dieci cose che ho imparato" by P. Angela and "La pura vida" by G. Gotto;
- **Einaudi**: the titles 'Rancore' by G. Carofiglio, 'Caminito' by M. De Giovanni, 'Il rosmarino non capisce l'inverno' by M. Bussola, 'Niente di vero' by V. Raimo, 'Tasmania' by P. Giordano, '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**: "The Dark Hours" and "Desert Star" by M. Connelly in Foreign Fiction, "L’isola dei battiti del cuore" by L. Imai Messina in Italian Fiction, "Il mostro" by M. Renzi and "La pace interiore" by C. Amirante in Non-Fiction and "The Summer I Turned Pretty" by J. Han in Children's Fiction. In the Children's segment, moreover, 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 "The Dream Merchant” by Sveva Casati Modignani, “Fair Tale” by S. King and “Dreamland” by N. Sparks;
- **Rizzoli**: successful Non-Fiction titles include “Lobby e Logge” by Sallusti-Palamara, in Italian fiction, “Un volo per Sara”, by M. de Giovanni, “Mi prometto il mare” by R. Bertoldi, in foreign fiction “Lessons in Chemistry” by B. Garmus and in Miscellaneous “Riscrivi le pagine della tua vita” by A. De Simone and A. Sepe.
- **Electa**: in Miscellaneous “Benvenuti in casa mia! Tante ricette facili e consigli semplici per risparmiare in cucina e in casa” by Benedetta Rossi, “La fisica che piace” by V. Schettini and “Se ci credi puoi” by A. Baruto.

E-book and audiobooks

Revenue from the sales of e-books and audiobooks, which accounted for approximately **6.6% of total publishing revenue, was up by 7.0%** versus the prior year (+4.9% like-for-like). The number of e-book downloads fell by 5.0% versus 2021, while audiobook catalogue listening hours grew by 27.0%(on a like-for-like basis).

- the main titles purchased in e-book format were “Rancore" by Gianrico Carofiglio (Einaudi), “Never” 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 2022, increasing the catalogue to approximately 31,000 e-book titles (on a like-for-like basis).
- The most popular audiobook titles were“The Pillars of the Earth ” and “Never” by K. Follett.

- **Electa**: in FY 2022, the revenues recorded by the business linked to the management of Cultural Heritage came to € 23.5 million, a **significant increase** on the € 13 million of the previous year (+80.8%) due to:
  - the recovery of museum activities and those linked to concession activities, in particular the Roman Colosseum concession,
  - the reopening of bookshops,
  - the organisation of important exhibition projects and shows,
  - the growth of art publishing in all commercial channels in which Electa operates.

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: starting late spring, in fact, constant, significant growth was recorded in tourist flows, not just from Europe, and particularly to the cities of art (Venice, Rome, Naples), which assured considerable results both in the bookshops of the Biennial and in those of the Colosseum, which opened the new cycle of the Roman concession. Visitors to the Colosseum in fact grew steadily in May, up to reaching an average of 90% in December for 2019.

In this context, Electa recorded:

- in terms of concessions of services in museums, after having obtained the renewal of concessions in the bookshops of the Colosseum Park, the Venice Bienniale and the Milan Triennial in 2021, 2022 saw an extension of the management of the comprehensive concession of the Colosseum Park, which, following a tender for the award of the ticket services, starting 2023 will be managed no longer under a concession regime but rather by tender with a 4-year contract; under this scope, Electa will deal exclusively with the management of bookshops, following its being awarded the related tender in 2021;

- a positive trend in bookshop sales in Venice, thanks to the remarkable success of the Biennale Arte, the Archaeological Parks in Rome, especially at the Colosseum Park (managed under concession, as explained above);

- the opening of important exhibitions like the one in Parma (I Farnese, the first great exhibition to be opened after the pandemic), Mantua (in Palazzo della Ragione, the Fortunato Depero exhibition, organised to coincide with the Literature Festival) and Milan (Palazzo Reale, with the retrospective devoted to Max Ernst, the first ever prepared in Italy, with more than 400 works, the result of a multi-year research project).

- Rizzoli International Publications reported consolidated revenue of approximately € 49 million in FY 2022, increasing by 3.6% versus 2021. Specifically:

  - Revenues from the publishing business, of € 46 million, rose by approximately 2% on the previous year; at equal exchange rates, this change is negative (-10%), in line with the performance of the North American market[8] (where the publishing house generates 62% of its revenues) due to fewer sales of new publications and a reduction in deliveries of catalogue titles (especially in the e-commerce channel).

  - Revenues of the retail segment, generated by the New York Bookstore, by contrast, recorded very positive performance for the year, which took concrete form in growth of 27% on the previous year, thanks to a general post-pandemic recovery of physical retail.

Education Books Revenue

The Mondadori Group covers the school textbooks segment through three publishing houses, **Mondadori Education, Rizzoli Education** and **D Scuola**, which produce textbooks, courses, teaching tools and multimedia content for every school level, from primary school to the first, middle and secondary schools and through to university. In addition to the traditional product range in paper and digital format, the Companies also include paths on transversal topics in their offer, such as inclusion, guidance, STEM, civic education and digital citizenship, with a view to offering students and teachers teaching resources and tools that can help strengthen

[8] Source: Nielsen Bookscan, figures in terms of copies.

basic skills, reduce school abandonment and innovate teaching generally, in line with the objectives of the Italian National Recovery and Resilience Plan (PNRR) set for the educational system.

FY 2022 revenues in the school textbook business came to € 237.3 **million, up 45.2%** on 2021, due to the changed consolidation scope related to the consolidation of the publishing house D Scuola, which contributed € 77 million to revenue for the year.

On a like-for-like basis, revenues are **slightly down (by 1.9%)** on 2021, mainly due to the downturn recorded in the distribution and sale of third-party products by Rizzoli Education (dedicated to foreign language teaching) and the decline in sales of non-adoption products, such as university texts and dictionaries, also due to the post-pandemic reopening of university sites that coincided with the recovery of the phenomenon of second-hand and piracy.

In general, the Group's publishing houses recorded stability in secondary schools in the ratio of sold/adopted compared with last year.

Looking at the individual legal entities, we note the following:

- In 2022, **Mondadori Education** retained its high-ranking position in the school textbooks segment, firmly at **third place** for number of sections in terms of books adopted, with a market share substantially in line with the prior year (approximately 12%).
  The year ended with a **slight decline in revenues (1.9%)** (€ 81.6 million compared with 83.2 million in 2021) due to slightly worsening adoption results in middle schools.
  Specifically looking at the individual segments:

  – in primary schools, the company recorded a reduction in the market share, entirely due to fewer adoptions of religious education texts;

  – in middle schools, the publishing house reported a decline in market share; while

  – in secondary schools, thanks to the different mix of adoption changes - more changes in high schools and fewer in technical and professional institutes - and the maintenance of the sales-adoption ratio, revenue is stable, despite a slight fall in market share.

- In 2022, **Rizzoli Education** confirmed its **fifth place** in the school textbooks segment in terms of number of sections adopted, with a substantially steady 9.6% market share.
  The year ends with a **slight downturn equal to 1.9%, in revenues** (€ 78.7 million compared with 80.2 million in 2021), largely due to the adoption performance of products of the third-party publisher distributed Oxford University Press, which offers texts for teaching English.
  Specifically looking at the individual segments:

  – in primary schools, the publishing house once again retained its position as one of the leaders, despite a worse performance by the textbooks of the third-party publishers distributed;

  – in middle schools, specifically, the upbeat performance of proprietary products, which more than offset the declining results of the distributed publisher Oxford University Press, enabled the company to increase its market share;

  – in secondary schools, the comprehensive trend in terms of sections adopted was essentially in line with the previous year, thanks to the positive performance of new titles of proprietary brands, which offset the downturn recorded by third-party publisher brands (in particular, Oxford University Press).

- **D Scuola**, whose business mainly focusses on secondary schools and university education, was confirmed as the **fourth most important publisher** in the Italian school textbooks sector, with a market share steady on 2021 (10.7%) in terms of number of adoptions.
  The year ended with **a slight increase in revenues of 0.7%** (€ 77.0 million on the 76.4 million in 2021, not consolidated by the Group) as a result of the better adoption results in secondary school segments, whilst in primary school, the company now has only a negligible presence, with a market share of around 2%.

In 2022, **teacher training** activities continued. Free webinars were organised (for professional refresher courses, on disciplinary matters and for promotion) as well as on-line seminars, attended by around 135,000 teachers and involving authors of the publishing house and experts in the teaching industry. With paid-for training (tailored courses and packages of on-line courses for schools and on-line courses for teachers), approximately 24,000 teachers were involved.

In all, for all three the group's publishing houses, sales of adoption books/courses in exclusively digital format, although showing slight growth, are confirmed as essentially irrelevant.

Revenue from distribution activities and other services

Revenue from book distribution activities and other services on behalf of third-party publishers amounted to € 9.7 million in 2022, up by 35% versus the prior year (€ 7.2 million), thanks to the contribution made by Libromania, a company consolidated since April 2022.

EBITDA

Adjusted EBITDA of the Books area in 2022, including the contribution of D Scuola (€ 23.2 million), stood at **€ 118.5 million, up by € 26 million**. Net of D Scuola, adjusted EBITDA on a like-for-like basis would come to € 95.3 million versus € 92.6 million in 2021, an **improvement of approximately € 3 million** 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** (€ 6.4 million versus 3 million in 2021).

Book area **profitability**, which was **approximately** 21% in 2022, **exceeded that recorded** in 2021 (20%), as a result of the more substantial contribution made by school textbook publishing houses following the acquisition and integration of D Scuola.

This performance was achieved despite the significant impact of the increased cost of paper purchases, which negatively impacted the 2022 margin for approximately € 11 million, particularly penalising the Education business.

Reported EBITDA - € 114.9 million - **improved by € 24.9 million** (or € 2.5 million excluding D Scuola), versus € 90.1 million in 2021.

FY 2022 **EBIT** came to € 88.6 million versus € 74 million in 2021, with an upward trend consistent with the mentioned operating dynamics. Overall scope EBIT, net of the effects of the PPA deriving from the 2022 acquisitions, came to € 92.8 million.

RETAIL

The Mondadori Group is present in Italy:

- with the most extensive network of bookstores: a cultural oversight present in a capillary fashion throughout national territory, thanks to **more than 500 stores** branded Mondadori in all Italian regions and provinces, from large cities to smaller towns, in addition to shops-in-shops and Club Mondolibri corners.

- **on-line** with the e-commerce website mondadoristore.it and the Bookclub formula.

Stores	Dec. 2022	Dec. 2021	*Change*
Directly-managed bookstores	41	39	*2*
Franchised bookstores	494	505	*(11)*
Total	**535**	**544**	***(9)***

The year 2022 saw the continued policy of developing and maintaining the physical network implemented in recent years.

AS regards **directly-managed stores**, the renewal of the network started back in 2019 continued with:

- maintenance of existing stores through transfer/downsizing/remodelling projects;

- the selective development of the network, based on a format that is now consolidated in terms of dimensions and value proposition.

There are 41 directly-managed stores, which recorded
- a clear rise in turnover on the previous year;
- a simultaneous reduction of 23% in the average store surface area in the four years 2019-2022.

In 2022, **openings** took place 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.

In January 2023, in fact, the new Vimodrone (Milan) bookstore was opened and other projects are being finalised during the first part of the year.

As concerns **franchisees**, mainly characterised by stores near small towns, the prevalent focus on the Bookstore format continued, with medium-sized bookshops offering considerable turnover.

In 2022, in the approximately 57,000 square metres total of franchised bookstores, turnover **grew by 4.3%** on last year.

Overall, the Bookstore network (directly-managed stores and franchisees) at end December counted over 500 Mondadori-branded bookstores, plus shop-in-shops, Club Mondolibri corners.

On-line, the Group is present with the e-commerce website www.mondadoristore.it, whilst in the eBook/audiobook world, the partnership continues with the Rakuten Kobo Group.

Market performance

In 2022, the book market in Italy remained basically steady (+0.2%[9]) versus 2021; in this context, we note the additional growth of the physical channel (+5.4%) and the simultaneous negative performance of the on-line channel (-7.1%), which in the last two years, had benefited from the restrictions linked to the COVID-19 pandemic.

In an essentially stable book market, Mondadori Retail grew by **10.4%**. Consequently, Mondadori Retail's **market share** now comes to **12.5%** (+1.2% on the previous year), driven by the outstanding performance of the physical stores.

Performance of the Retail Area

The transformation process launched over the past years has made for an improvement in operating and management performance, as shown by the 2022 **economic figures for the area, which highlight strong growth in revenue and margins:**

Retail (Euro/millions)	**2022**	**2021**	***% chg.***
Revenues	189.2	173.9	*8.8 %*
Adj. EBITDA	9.1	5.1	*77.3 %*
EBITDA	8.2	3.7	*122.6 %*
EBIT	(0.9)	(6.6)	*n.s.*

Revenues

During the year, the Retail area recorded revenue for € 189.2 million, up € 15.3 million (+8.8%) on the previous year, with additional growth recorded in 2021 (+20.2 million or 13.1%).
The continuous work to develop and renew the existing stores and the focus on the core business of books have enabled the Mondadori Store network to consolidate its role on the market (with a market share of 12.5%, up 1.2% on last year), thanks to the solid growth in Book revenue (€ +15.1 million, +11.4%), which at year end even exceeded the pre-Covid period.

The revenue trend by channel is as follows:

Revenues (Euro/millions)	**2022**	**2021**	***Change %***
Directly-managed bookstores	68.3	53.9	*26.7%*
Franchised bookstores	92.9	89.1	*4.3%*
Online	13.8	15.6	*(11.5%)*
Store	**175.0**	**158.6**	***10.3%***
Bookclub and other	14.1	15.3	*(7.8%)*
Total revenues	**189.2**	**173.9**	***8.8%***

Source: GFK, December 2022 (in terms of value)

An analysis of the sales by channel reveals:

- additional **growth in revenues from directly-managed bookstores** (26.7% on the previous year) and franchisee bookstores (4.3% on the previous year);

- after the growth of the two previous years, 2022 saw the on-line channel record a decline in turnover in line with the negative trend of the whole of the e-commerce market.

As far as the product categories are concerned:

- the **Book**, which is the Mondadori Group's core business, was the main component of revenues (more than 80% of the total product turnover), up comprehensively by 11.4% on 2021, driven by the excellent performance of physical stores;

- **Extra Book** turnover showed a positive trend (+13.1% on last year) as a result of the disposal of certain product categories (during H1 2022) and thanks to the growth of the Impulse sector (stationery, toys and gifts).

EBITDA

During the year, Mondadori Retail recorded significant growth in the adjusted gross operating profit net of non-ordinary items (**Adjusted EBITDA** inc. IFRS 16), coming to **€ 9.1** million **(+€ 4.0** million on the same figure of 2021).

The structural actions introduced in recent years have brought a strong turnaround in the area's operating and financial performance, as already seen by last year's results. This target was achieved thanks to the deep transformation of the area 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.

Gross operating profit (**EBITDA** inc. IFRS 16) came to **€ 8.2** million (+**€ 4.5** million on the same figure of 2021) and includes:

- restructuring costs for € 0.3 million (€ 0.9 million at 31 December 2021);

- other non-ordinary items, including store closure costs for € 0.6 million (€ 0.5 million at 31 December 2021).

The Operating loss of € -0.9 million (including restructuring costs, provisions made for risks and impairment of assets) recorded, in turn, a significant improvement **(€ +5.7 million** on the previous year).

The income statement recorded a much lesser loss than in previous years, closing with a net result of just € 1.4 million, an improvement of +4.1 million on the loss of € -5.5 million in 2021.

MEDIA

Mondadori Media S.p.A. is the Group company that encompasses all businesses linked to the development of the brand media and digital activities taking a multichannel approach.

Relevant market performance

The relevant markets in 2022 performed as follows:

- the advertising market (excluding searches, social networks, classified and OTT) declined by an overall 2.8% versus the prior year; individual segments performed as follows: digital -3.2%, TV -5.2%, newspapers -6.1%, radio +1.7% and magazines -4.8%[10];
- the magazines circulation market declined by 7.4%[11];
- the add-ons market fell by 13.9%[12].

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 **15 titles** and **9.3 million readers**[13](which include the titles Grazia and Icon, transferred with effect from 1 January 2023)
- on the web with **13 brands** and an average **reach** of **70%** (monthly average of approximately **29.7** million unique users)[14];
- in social media with a **fan base** at 31 December 2022 of **75.8** million[15] and 110 profiles.

In the magazine segment, Mondadori's market share (in terms of circulation) stood at **21%**, slightly up versus 2021, as a result of its **outperforming** the reference market (20.8% at end of 2021)14.

In the **digita**l area, Mondadori Media retained its **leadership** in segments with high sales value and audience figures[16]:

- in food with **GialloZafferano** which, after recording 19.1 million users in December and an aggregate fan base of 50.3 million (including international profiles), is confirmed as the most loved food media brand by the Italians and the 4th kitchen brand with most followers worldwide;
- wellness with **MyPersonalTrainer** with 13.1 million unique users and an aggregate fanbase of 2.7 million;
- science&tech with **Focus** with over 3.1 million unique users in December and a fanbase of 3.5 million;
- parenting with **NostroFiglio** with 2.5 million unique users and an aggregate fanbase of 1.3 million.

In February 2022, Mondadori Media launched **The Wom**, the new 100% inclusive digital brand and 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 on social networks and the web, today **The Wom** already counts a total **fanbase** of **5.3 million followers**, 90% of whom are women, and **an audience of 11 million unique users per month**, positioning the brand as a **leader in the female segment**.

October 2022 saw the launch of the start-up **Zenzero**, the first Italian social agency to be specialised in food, which aggregates around the brand **Giallozafferano**, the most famous top food creators.

Thereafter, in January this year, with the aim of further developing its business in the influencer marketing segment, Mondadori Media acquired the talent agency **Power**, focussed on beauty, fashion and wellness.

Again in January, the Mondadori Group also purchased **Webboh**, further strengthening its offer in the social world dedicated to the young generation.

10 Source: Nielsen, December 2022
11 Internal source: Press-di, December 2022 in terms of value
12 Internal source: Press-di, December 2022 in terms of value
13 Source: Audipress III, 2022
14 Source: Comscore, December 2022, average figure
15 Source: Shareablee + internal processing
16 Source: Comscore, December 2022

Performance of the Media Area

Media (Euro/millions)	**2022**	**2021**	***% chg.***
Revenues	177.8	206.6	*(14%)*
Adj. EBITDA	14.1	12.4	*14%*
EBITDA	14.0	7.1	*95%*
EBIT	0.9	(2.9)	*n.s.*

In 2022, the Media area recorded revenue of approximately € 177.8 million, dropping by approximately 14% versus the prior year, but **increasing by approximately 2% 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).

In FY 2022, the Mondadori Group completed its rationalisation of the Print offer portfolio, concentrating on brands with greater multimedia development potential.

Breaking down the performance:

- **digital activities**, which account for more than 27% of the area's total revenue, rose sharply in FY 2022, by approximately 9.5% (+14.6% on a like-for-like basis);
- traditional print activities, excluding the titles sold at end 2021 and distribution activities, were **down by approximately 4%**.

Media (Euro/millions)	**2022**	**2021 lfl**	**2021**	***Change %Like-for-like***	***Change %***
Circulation	55.9	61.0	69.9	*(8.3%)*	*(20.1%)*
Add-on sales	22.0	22.8	23.7	*(3.1%)*	*(6.9%)*
Print Advertising	*20.7*	*20.6*	26.0	*0.3%*	*(20.3%)*
Digital Advertising	*47.4*	*41.3*	43.3	*14.6%*	*9.5%*
Total Advertising	68.1	62.0	69.3	*9.8%*	*(1.7%)*
Distribution/Other revenue	31.8	28.9	43.8	*10.0%*	*(27.4%)*
Total revenues	**177.8**	**174.6**	**206.6**	***1.8%***	***(13.9%)***

Specifically:

- **advertising** revenue - of approximately € 68 million - were **up by approximately 10%** on like-for-like portfolio, thanks to the essential **stability** recorded by the Print area (+0.3%) and **strong growth** noted by **AdKaora** (as a result of the development and monetization of new mobile advertising formats for mobile phones) and by **Hej!** (thanks to the development of conversational performance marketing solutions). Thanks to this growth, **digital revenue** as a percentage of total advertising revenue stands at **69.6%** of the total (62.5% in 2021).
- **Circulation** revenues (news-stands + subscriptions) **fell by 8.3%** on a like-for-like basis; breaking down the performance, we note that the performance of television titles, which account for approximately 60% of the total, and Chi, was better than the overall trend of circulation revenue, booking respectively a decline of 6.3% and 2%.
- 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 3.1%** versus 2021, well outperforming the market, due mainly to a decline in music products and Home Video, only partly offset by a positive performance in the gadgets segment.

- Other revenue, which includes revenue from newsstand distribution and subscriptions, **increased by 10%** 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 for the Media area came to **€ 14.1 million**, showing **growth of approximately 14%** versus last year and **margins improving by 2 percentage points** (from 6.0% to 7.9%) mainly due to:

- the increased profits from the FuoriSalone 2022 event;
- the booking of a tax receivable of € 1.9 million recognized on paper consumption, which mitigated, although not entirely neutralising, the higher cost of the raw material (€ 2.8 million - including the volume effect);
- the continuing actions to contain operating costs launched in prior years;
- the significant growth of the **MarTech segment** with the companies AdKaora and Hej!.

Reported EBITDA stood at **€ 14 million**, up versus € 7.1 million in 2021, as a result of (i) lesser restructuring costs (ii) the release of a provision for risks, the size of which deemed to be in excess of the underlying contingent liabilities and (iii) the recognition of the capital gain from the sale of 80% of Press-di Distribuzione Stampa e Multimedia S.r.l. on 7 July 2022.

EBIT stood at a positive **€ 0.9 million**, compared with a loss of € 2.9 million at 31 December 2021, thanks to the clear improvement in the mentioned operational dynamics and despite the recording, following impairment testing, of the write-down of certain titles, TV Sorrisi e Canzoni first and foremost (€ 6.6 million), due mainly to the increased discounting rate (from 7.4% to 9%) adopted in impairment testing.

CORPORATE & SHARED SERVICES

The **Corporate & Shared Service** 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.

Revenues, which in FY 2022 held basically steady on 2021, consisted mainly of the remuneration of services provided to subsidiaries and associates.

Adjusted EBITDA for the area came to a negative € 5.4 million, worse than the -4.2 million of 2021, mainly due to the increase in utility costs relating to the management of the headquarters, amounting to approximately € 1.3 million during the year.

EBITDA, including non-ordinary items, stood at € -6.4 million, improving significantly versus the -9.6 million of the previous year, thanks to the reduction (more than € 4 million) in non-recurring expense for the year, resulting partly from the recognition in 2021 of costs from the supplementary non-compete agreement (€ 800,000[17]) awarded to the previous CEO at the end of his term of office.

EBIT in the area amounted to €-15.9 million (€ -19.1 million in 2021), increasing by € 3.2 million from the abovementioned dynamics.

Corporate & Shared Services (Euro/millions)	**2022**	**2021**	***Change***
Revenues	41.5	40.9	*0.6*
Adj. EBITDA	(5.4)	(4.2)	*(1.2)*
EBITDA	(6.4)	(9.6)	*3.2*
EBIT	(15.9)	(19.1)	*3.2*

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

STATEMENTS OF FINANCIAL POSITION

The Mondadori Group's Net Financial Position, excluding IFRS 16, at 31 December 2022 shows net debt of **€ 106.1 million**.

IFRS 16 NFP stood at € -177.4 million, from the € -179.1 million at 31 December 2021, stable despite the outlay incurred during the year for the acquisitions policy and the payment of dividends to shareholders.

This NFP includes an IFRS 16 component of € -71.3 million, an improvement of approximately € 13 million versus end 2021, mainly due to the stipulation of the new lease contract for the Group’s Segrate office.

Net Financial Position (Euro/millions)	**2022**	**2021**
Cash and cash equivalents	34.9	90.7
Assets (liabilities) from derivative financial instruments	10.5	(0.1)
Other financial assets (liabilities)	(22.0)	(27.3)
Loans (short and medium/long term)	(130.4)	(164.4)
Held-for-sale financial assets (liabilities)	0.9	6.3
Net Financial Position no IFRS 16	**(106.1)**	**(94.8)**
Financial payables IFRS 16	(71.3)	(84.3)
Total Net Financial Position	**(177.4)**	**(179.1)**

The overall credit lines available to the Group at 31 December 2022 amounted to 631.3 million euro, 418.3 million euro of which committed.

The Group’s short-term loans, amounting to € 213.0 million, € 10.0 million of which drawn down at 31 December 2022, included overdraft credit lines on current accounts, advances subject to collection and "hot money" flows.

Committed lines of credit consist of the pool loan agreement (Banco BPM, BNL, Intesa Sanpaolo and Unicredit), amounting to an original € 450.0 million (€ 418.3 million at 31 December 2022), stipulated in May 2021 and maturing on 31 December 2026:

(Euro/millions)	**Line of Credit**	**Of which: unutilized**	**Of which with interest rate hedge**
Term Loan A	63,3[18]	-	63,3
RCF	125,0[19]	125,0	-
Acquisition Line C	230,0[20]	170,0	60,0
Total	**418,3**	**295,0**	**123,3**

[18] Maturities: 5 equal instalments of € 15.8 million, maturing on 31 December each year until 31 December 2026; the exposure is fully hedged at a fixed rate (-0.086%)
[19] Bullet loan, coming to maturity on 31 December 2026
[20] Final maturity on 31 December 2026, availability period until April 2023; annual repayment in equal instalments equal to 1/3 of the drawn amount of the line as from 31 December 2024. The portion drawn down at 31 December 2022, relating to the loan for the acquisition of D Scuola, is € 60 million; the exposure is fully hedged at a fixed rate (-0.098%).

An analysis of the Group's Cash Flow on a like-for-like basis, excluding the effects of the acquisition of D Scuola:

(Euro/millions)	2022	2022 excl. D Scuola	2021
Initial NFP IFRS 16	**(179.1)**		**(97.6)**
Financial liabilities application of IFRS 16	(84.3)		(82.8)
initial NFP NO IFRS 16	**(94.8)**		**(14.8)**
adjusted EBITDA (NO IFRS 16)	120.9	98.2	91.0
NWC and provisions	16.8	26.1	15.6
CAPEX NO IFRS16	(41.7)	(34.4)	(22.0)
Cash flow from operations	**96.0**	**89.9**	**84.5**
Financial income (expense) no IFRS16	(4.1)	(4.0)	(2.4)
Tax	(21.6)	(16.4)	(13.9)
Cash flow from ordinary operations	**70.2**	**69.5**	**68.2**
Renovations	(8.8)	(8.8)	(6.9)
Extraordinary tax	(0.3)	(0.3)	3.4
Share capital increase/dividends non-controlling	(1.0)	(1.0)	(0.1)
Purchase/disposal	(42.6)	(42.6)	(155.4)
Other income and expenditure	(7.0)	(6.5)	10.8
Cash flow from extraordinary operations	**(59.5)**	**(59.1)**	**(148.2)**
Free cash flow	**10.7**	**10.4**	**(80.1)**
Dividends paid	(22.2)	(22.2)	0.0
Tot. cash flow	**(11.5)**	**(11.8)**	**(80.1)**
Net financial position excluding IFRS16	**(106.1)**		**(94.8)**
IFRS 16 effects in the period	13.1		(1.4)
Final net financial position	**(177.4)**		**(179.1)**

Total cash generation in 2022 is structured as follows.

- **Ordinary cash flow** was **positive for € 70.2 million**, slightly up on the figure recorded in FY 2021, due to: - on the one hand, the improvement in income management of the business, despite the greater outlay for the purchase of paper, the **contribution of D Scuola** and the impact of **derivatives** relating to interest rate hedges;
  - on the other, the **higher investments made by the Group for approximately € 19** million (in particular in the Education and Retail areas).

This result reflects **operative cash flow of € 96 million**, net of tax and financial expenses totalling € 26 million. Operating cash flow derives:

- from the sum of income management, positive for € 121 million,
- and the performance of net working capital (including provisions), positive for approximately € 17 million, mainly thanks to the contribution made by the Retail area and the measurement of derivatives, from which investments incurred are deducted for € -42 million.

Cash flow from non-ordinary operations came to **€-59.5 million** and included mainly cash out for:

- **acquisitions and disposals, amounting to € 43 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;
- outlays for restructuring costs of € 8.8 million.

Consequently, comprehensive **Free Cash Flow** generated by the Group came to **approximately € 11 million** at 31 December 2022, before the outlay linked to the May payment of dividends of € 22.2 million.

Below are the investments made by the Group in FYs 2021 and 2022, broken down by business area.

Capex by Sector of Activity	2022	2021
Books	24.9	14.2
Retail	11.2	4.7
Media	1.0	1.2
Corporate & Shared Services	4.5	1.9
Total	**41.7**	**22.0**

Below is a summary of the Group's financial position at 31 December 2022 versus the prior year, both on a like-for-like basis and including the effects of the consolidation of D Scuola.

(Euro/millions)	2022	2021	% chg.
Trade receivables	161.2	165.0	*(2.3%)*
Inventory	151.4	120.6	*25.5%*
Trade payables	252.7	223.0	*13.3%*
Other assets/ (liabilities)	(45.7)	(42.0)	*n.s.*
Net working capital from continuing operations	**14.2**	**20.6**	***(31.1%)***
Discontinued or discontinuing assets (liabilities)	(0.4)	(8.0)	*(95.6%)*
Net working capital	**13.9**	**12.7**	***9.5%***
Intangible assets	372.3	351.8	*5.8%*
Tangible assets	24.1	14.6	*65.4%*
Investments	29.7	18.7	*58.8%*
Net fixed assets with no rights of use IFRS16	**426.2**	**385.2**	***10.7%***
Assets from rights of use IFRS16	68.5	80.7	*(15.2%)*
Net fixed assets with rights of use IFRS16	**494.6**	**465.9**	***6.2%***
Provision for risks	41.9	47.1	*(11.0%)*
Post-employment benefits	28.3	32.8	*(13.6%)*
Provisions	**70.3**	**79.9**	***(12.0%)***
Net invested capital	**438.2**	**398.7**	***9.9%***
Share capital	68.0	68.0	*—%*
Reserves	139.5	107.4	*29.9%*
Profit (loss) for the year	52.1	44.2	*17.8%*
Group shareholders' equity	**259.6**	**219.6**	***18.2%***
Minority shareholders' equity	1.3	0.0	*n.s.*
Net equity	**260.8**	**219.6**	***18.8%***
Net financial position excluding IFRS16	106.1	94.8	*12.0%*
Net Financial Position IFRS 16	71.3	84.3	*(15.5%)*
Net financial position	**177.4**	**179.1**	***(0.9%)***
Sources	**438.2**	**398.7**	***9.9%***

Under the agreement for the sale of the majority of the investment in Press-Di Distribuzione Stampa Multimedia S.r.l., the sale of the business units comprising the publishing activities of the titles Donna Moderna and CasaFacile, and the January 2023 sale of the business unit relating to the activities of the Grazia and Icon brands, the equity values of the above assets at 31 December 2022, and for the sake of proper comparison, at 31 December 2021, were restated in accordance with IFRS 5, under "Discontinued or discontinuing operations" and under "Liabilities disposed of or being disposed of".

Trend of key balance sheet figures versus 31 December 2021:

- **trade receivables**, despite the increase in revenue, decreased by more than 2% as a result:

  – the growth of stores owned by the Retail area marked by immediate conversion of revenues 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;
  – the changes in scope linked mainly to the consolidation of Star Comics in the Books area and the deconsolidation of Press-di in the Media area.

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

- **inventories** recorded a rise of 25.5% due to the above-described change in scope, the higher costs incurred for purchasing raw material (paper) and printing and packaging services, as well as the bringing forward of production of certain Rizzoli International Publications titles;

- **trade payables** increased by 13.3% due to the higher production costs of the Books area and greater purchasing volumes of the Retail area;

- **other assets and liabilities** were basically steady versus 31 December 2021;

- **intangible assets** rose by approximately € 20 million versus December 2021, due to the acquisitions of Edizioni Star Comics and De Agostini Libri, partly offset by the effects of the impairment testing and depreciation and amortisation;

- **tangible assets** increased by approximately € 10 million, consisting mainly of expenditure made in the opening of new stores in the Retail area;

- **assets for rights of use** decreased by approximately € 22 million, due mainly to the renegotiation of the lease contract for the Segrate HQ;

- the value of **equity investments** rose by approximately € 11 million, mainly due to the acquisition of A.L.I. Agenzia Libraria International, partly offset by the sale of Monradio and the effects of the impairment of Attica;

- **provisions** (provisions for risks and post-employment benefits) also declined by approximately € 10 million on 31 December 2021, mainly linked to cash outflows relative to restructuring costs provisioned the previous year, and the effects deriving from the increase in the rates used to discount payables due to staff (as better detailed in the Note).

PERSONNEL

HEADCOUNT

Group employees with a fixed-term or permanent labour contract amounted to 1,900 units, up by 5% versus 1,810 units at 31 December 2021 (+90 units), due primarily to the inclusion of D Scuola staff (totaling 125 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.

Employees at 31 December 2022:

Headcount by Business Area	31 Dec. 2022	31 Dec. 2022 escl. D Scuola	31 Dec. 2021	*Change %*	*Change % Excl. D Scuola*
Books	842	721	644	*30.7%*	*12.0%*
Retail	308	308	321	*(4.0%)*	*(4.0%)*
Media	454	454	541	*(16.1%)*	*(16.1%)*
Corporate & Shared Services	296	292	304	*(2.6%)*	*(3.9%)*
Total	**1,900**	**1,775**	**1,810**	***5.0%***	***(1.9%)***

In the **Books** area, the headcount, net of the employees who joined the Group following the acquisition of D Scuola, would be up 12%; net of changes in scope relative to De Agostini Libri and Star Comics too, growth would be 5.3% 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 (16.1%) closed at -2.6% like-for-like, therefore excluding the changes in scope that took place during the two years under review (net of the workforce of the titles disposed of at end 2021 and of the company Press-di, deconsolidated as from 1 July 2022).

The **Corporate & Shared Services** area recorded a decrease in units of approximately 4%, net of the addition of certain staff functions from the integration of D Scuola.

Cost of personnel[21] in 2022 came to **€ 142.3 million** (or **€ 133.5 million** net of the consolidation of D Scuola), versus 134.9 million in 2021: the like-for-like comparison, having neutralised all scope changes, shows a slight rising trend (approximately 2%) versus the prior year, despite the positive effects of the reduction in the average workforce, due to the significant but temporary savings that had greatly benefited 2021, arising partly from the use of social shock absorbers and financed training: net of these non-recurring savings, the cost of labour would have been essentially stable with respect to the previous year.

The percentage of this cost on consolidated revenue in 2022 was reduced by approximately 1 point versus the prior year (from 16.7 % to 15.8 % in 2022).

€ millions	**FY 2022**	**FY 2022 excl. D Scuola**	**FY 2021**	***Change %***	***Change % Excl. D Scuola***
Cost of enlarged personnel (before restructuring)	**142.3**	**133.5**	134.9	*5.4%*	*(1.1%)*

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

PERFORMANCE OF ARNOLDO MONDADORI EDITORE S.P.A.

(Euro/millions)	2022		2021		*Change %*
Revenues	**41.8**		**41.1**		***1.7%***
Industrial product cost	0.1	0.3 %	0.1	0.2%	*33.5%*
Variable product costs	0.1	0.2 %	0.1	0.2%	*4.7%*
Other variable costs	0.2	0.4 %	0.3	0.7%	*n.s.*
Structural costs	25.6	61.3 %	25.0	60.9%	*2.2%*
Extended labour cost	21.4	51.2 %	21.0	51.2%	*1.7%*
Other expense (income)	0.1	0.1 %	(0.1)	(0.2%)	*n.s.*
Adjusted EBITDA	**(5.7)**	**(13.5)%**	**(5.4)**	**(13.1%)**	***n.s.***
Renovations	0.5	1.2 %	4.9	11.9%	*n.s.*
Extraordinary expense (income)	0.5	1.2 %	1.1	2.6%	*n.s.*
EBITDA	**(6.7)**	**(16.0)%**	**(11.4)**	**(27.7%)**	***n.s.***
Amortisation and depreciation	3.9	9.4 %	3.9	9.4%	*1.3%*
Impairment and write-downs	—	— %	—	—%	*n.s.*
Amortization and depreciation IFRS 16	5.6	13.3 %	5.6	13.6%	*n.s.*
EBIT	**(16.2)**	**(38.7)%**	**(20.8)**	**(50.7%)**	***n.s.***
Financial expense (income)	3.3	7.9 %	1.8	4.3%	*87.5%*
Financial expense IFRS16	(0.6)	(1.3)%	1.3	3.1%	*n.s.*
Financial expense (income) from securities valuation	—	— %	0.4	1.1%	*n.s.*
Expense (income) from investments	(67.5)	(161.6)%	(65.3)	(159.0%)	*n.s.*
EBT	**48.6**	**116.4 %**	**41.0**	**99.8%**	***18.5%***
Tax expense (income)	(3.5)	(8.3)%	(3.2)	(7.8%)	*n.s.*
Net profit (loss) for the year	**52.1**	**124.7 %**	**44.2**	**107.6%**	***17.8%***

The Parent Company's income statement at 31 December 2022 shows the same profit as in the consolidated financial statements of € 52.1 million (€ 44.2 million in 2021), due to the fact that the Company has chosen to use the equity method to measure its investments in the separate financial statements.

Revenues, which consist of central structural costs charged back to the subsidiaries, of € 41.8 million, are essentially stable with respect to the previous year.

2022 **adjusted EBITDA** worsened slightly by approximately € -0.3 million from € (5.4) to (5.7) million of last year, mainly due to the higher costs for utilities relating to the management of the Segrate office.

FY 2022 showed **reported EBITDA** of € -6.7 million, a **clear improvement** on FY 2021 (-11.4 million), having benefited from lesser non-ordinary items for approximately € 5 million, mainly relating to lesser provisions made for restructuring costs.

Amortization and depreciation in 2022, amounting to € 3.9 million, was basically steady versus 2021.

FY 2022 included net financial expense totalling € 3.3 million, increasing both due to the rise in average debt for FY 2022 and the booking of a non-recurring item of income in FY 2021 linked to the renegotiation of the credit facilities.

Financial expense from the application of IFRS 16 was significantly better than in 2021, thanks to the recognition of non-recurring income of approximately € 1.4 million from the early termination of the old lease contract for the Segrate HQ (the new contract was signed in July 2022).

Financial expense arising from the valuation of securities during FY 2021, refers to the effects of the sale of the investment in Reworld Media, fully completed in February 2021, which resulted in the recognition of a loss of € 0.4 million.

The positive contribution from the equity measurement of investments amounted to € 67.5 million, up versus € 2.2 million in the prior year, due primarily to the following factors:
- the greater write-back of the subsidiary Mondadori Libri S.p.A., also following the changes made to scope, despite the non-recurring tax income from the tax realignment of trademarks and goodwill from which FY 2021 had benefited;
- the lesser write-down of Mondadori Retail S.p.A..

The measurement at equity was, instead, affected negatively by:
- a lower write-back of Mondadori Media S.p.A. versus 2021;
- the additional write-downs of the associate S.E.E. (publisher of Il Giornale) and Attica.

The **Company's net profit** was therefore **€ 52.1 million** (compared with € 44.2 million in 2021).

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The **Mondadori Group's internal control and risk management system** refers to the set of procedures, organizational structures and associated activities designed to ensure proper management of the company in line with its pre-established objectives, through adequate identification, measurement and monitoring of the main risks it faces.

The guidelines and overarching themes are based on the principles set out in Enterprise Risk Management (ERM), an international standard drawn up by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report).

Since 2008, when defining these guidelines, the Mondadori Group has followed a process designed to identify, measure and manage the main risks and uncertainties it faces as it pursues its business objectives.

To this end, the Risk Management Department was established, which not only preserves the "defensive" approach in respect of the risks to protect the company's value, is also a factor that enables change and the exploitation of business opportunities proposed.

The **significance** of the risks – which are classified into categories and sub-categories – is determined based on measures of their likelihood of occurrence and their impact not only in financial terms, but also in terms of market share, competitive advantage and reputation.

Through a self-assessment process, which involves the use of interviews and questionnaires, the company management team (i.e. the risk owners) identifies the risks relating to its scope of competence and assesses their effects on the potential achievement of company objectives.

The **assessment** is carried out both at the level of inherent risk, i.e. in the absence of mitigation measures, and residual risk, following actions taken to reduce the likelihood of the occurrence of the risk event and/or to contain its possible negative effects.

A **first macro classification** of risks involves a distinction between internal and external, where:

- **external risks** are those deriving from the socio-economic scenario, i.e. linked to national and international instability/conflict, social and employment aspects and environmental aspects;
- **internal risks** are those linked to the revision of corporate processes, information flows, performance objectives and the modernisation of IT systems.

The classification is necessary to establish a common language between the business units, working groups, etc. and to aggregate all risk factors at a corporate level.

The results are collated and processed by the Risk Management function and reported specifically to the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Board of Directors.

The status of the risks is reviewed and updated at least annually

The actual existence and effectiveness of **mitigation actions**, as reported by the management during assessment, is then **verified by the Internal Audit Department**, which uses the risk mapping to prepare an audit plan. In addition, to bring the residual risk back below an acceptable risk threshold, both in terms of probability of onset and potential impact (the "risk appetite"), the Risk Management department works in conjunction with company managers to plan and implement risk response actions, mapping the additional mitigating actions it prepares.

Risk Assessment 2022-2023

The main risks, outlined in the Risk Assessment 2022-2023 and the main mitigation actions taken, are described below.

RISKS ASSOCIATED WITH THE EXTERNAL CONTEXT

The current market context would appear to be increasingly uncertain and complex, characterised by the effects of the conflict still ongoing, coupled with the evolution of the COVID-19 pandemic.

New risks have emerged with probability of onset and severity of consequences far higher than those of a few years ago: consequently, some risks, which did not previously call for specific intervention and/or specific prevention, must today be addressed with adequate, suitable interventions.

The most significant are those linked to the external context, almost exclusively relating to the latest international events and related severe repercussions on the European economy.

The year 2022 in particular was marked by significant and unexpected increases in commodity and energy prices, a huge hike in the cost of transporting goods, and problems regarding logistics.

Main risks	Mitigation measures
Supply Chain: increased costs and difficulty in procuring raw materials coupled with the increased cost of utilities.	• Management of supplier relations to guarantee the ongoing supply of goods. • Scouting even outside the EU. • Careful planning of purchases (paper) and optimisation of print runs. • Focus on sustainability topics linked to distribution chain management.
Logistics service (costs/processes)	• Constant supervision of commercial contract management. • Careful monitoring of external suppliers. • Continued definition and analysis of reference monthly KPIs.
Performance of the relevant business (Trade - Education - Retail)	**Trade** • More "Up to date" marketing policies to intercept new readers • Exploit the advantages offered by a multichannel approach, intended as the simultaneous use of social channels, e-commerce and the more traditional bookstore channel, in order to fully understand and satisfy readers' demands and requests. **Retail** • Ever greater loyalty of existing customers. • Promotion of events in the p.o.s. • Greater focus on products like comics, manga and fantasy. • Development of the directly-managed network and remodelling of the existing networks on more attractive and efficient formats. • Development of the e-commerce channel. **Education** • Focus of publishing on the school cycles characterised by a more favourable ratio of adopted and sold texts.
Performance of the relevant business (Electa Beni Culturali)	• Development of activities in order to increase business revenues linked to exhibitions, bookshops and publishing. • Continued independent merchandising development.

The increased cost of energy has increased the risk for production segments linked to the **magazine business** too, revealing difficulties in significantly reducing **variable costs of publishing production** without affecting product quality. Worsening this, the dispersion and **structural inefficiency of the traditional distribution channel** (newsstands) generate costs of production, distribution and returns management that risk no longer being economically sustainable in the medium-term and not in line with the Group's ESG sustainability goals.

We are also seeing a physiological **reduction in spending by advertising investors**, thereby impacting the average price and profitability of the traditional product.

Main risks	Mitigation measures
Performance of the paper relevant business (Media)	• Continuous innovation of brands to be proposed to advertising concession holders. • Special initiatives in publishing partnerships with advertising investors. • Start-up of new brands for new advertising targets (Generation Z project). • Computerisation of the distribution chain.

With reference to **outsourcing** agreements related to printing services, risks are to be linked both to the occurrence of **quality problems** and to possible **delays in supplies.**

Main risks	Mitigation measures
Outsourcing contract with the print services supplier	• Diversification of risk, expanding the number of suppliers involved. • Scouting on behalf of all BUs with suppliers both from the EU and China. • Define the economic importance in the event of non-conformities in terms of time and quality.

Under the scope of the topics closely linked to social issues and human rights, careful attention continues to be paid to internal communication and training of Group employees and management with the aim of sensitising and raising awareness of topics of **diversity** and **inclusion** through meetings, seminars and learning and discussion paths.

RISKS ASSOCIATED WITH THE INTERNAL CONTEXT: BUSINESS RISKS

The technological evolution has impacted all phases of the publishing processes: from the design of the work through to reading, from production to distribution and sale.

It is therefore becoming increasingly necessary to rethink how work is organised, to assure a response to the renewed needs at the same speed with which the technology itself evolves.

Main risks	Mitigation measures
Technological discontinuity (e-commerce/streaming platforms)	• Implementation of forecasting systems that can identify anomalies in demand trends. • Rethinking the web strategy in order to increase the loyalty of consumers not opting to use e-commerce services.
Management, redefinition and implementation of new technological systems and IT structure.	• Investing in advanced systems able to support business evolutions. • Guaranteeing data security. • Use of new virtual payment systems.
Competences (Human resources) for the development of the multimedia business and IT	• Staff development policies with a particular focus on the key figures requested. • Training interventions, intended for the sales network, focussed on the multimedia contents of school textbook production.

RISKS ASSOCIATED WITH SUSTAINABILITY

The Mondadori Group continues its work on ESG topics, also through internal and external stakeholder engagement activities.
The latter were asked to identify, in line with their own expectations and needs, the sustainability topics they consider more or less relevant. Their involvement has made it possible to more objectively identify the topics of greatest relevance and to more clearly and properly understand the different perspectives and information needs that mark the stakeholders involved.

The various ESG topics analysed include, in the environment area, the assessment not only of climate impacts on the company but also the effects the company has on climate and sustainability, considering, for example, greenhouse gas emissions linked mainly to energy consumption used in the production cycle of paper products and transport in logistics/distribution.

The Mondadori Group **internal control and risk management system**, in line with the requirements set out in the Corporate Governance Code for Listed Companies, oversees, in addition to the Risk Management Department, **the following areas:**

- **Internal Audit**, which performs audits in the following areas: operations (company processes), compliance (respect for procedures), compliance with Legislative Decree 231/2001 (health and safety), IT, compliance with Law 262/2005 (financial audit), and fraud. The planning of the audits is approved by the Board of Directors, subject to the positive opinion of the Control, Risk and Sustainability Committee.

- **Compliance 231**: see updated Organizational, Management and Control Models pursuant to Legislative Decree no. 231/2001.

- **Compliance**: with regard to the drafting, updating and maintaining the Group's procedures and operating policies.

- **Whistleblowing** as it is responsible for the contents and management of the policy, it verifies and applies the relevant standards and best practices; it measures and assesses any reports received.

SIGNIFICANT EVENTS IN THE YEAR

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 Libraria 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 defined include put&call options, exercised during the second half of 2022.

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 Libraria 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. was consolidated at equity effective as from 1 May 2022.

The final agreements envisaged the acquisition by the Mondadori Group of a further 25% stake in A.L.I., effective as from 28 February 2023, at a price set based on average EBITDA 2021-2022.

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, finalised in January 2023, 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 was 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. Thereafter, in December 2022, as per contractual agreements, an additional 29% was sold.

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 included 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.

The Mondadori Group therefore, pursuant to the provisions of law, initiated the consultation procedure with the trade unions, following which the option became exercisable.

On **22 November 2022**, the Mondadori Group, through the subsidiary Mondadori Media S.p.A. and after having completed the trade union procedure, exercised its option of sale and consequently signed the contract of sale with Reworld Media S.A., for the paper and digital publishing business of the titles Grazia and Icon, as well as the related international network.

The consideration for the transaction is € 8.5 million, including € 2 million as earn-out conditional on the achievement of certain financial results in 2023 by the operations disposed of. The price 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.

In 2021, these operations generated revenue of approximately € 18 million.

Completion of the transaction was also subject to completion of the checks by the Offices of the Presidency of the Council of Ministers referred to in Law Decree 21/2012.

On **15 December 2022**, Mondadori Group received notification from the Offices of the Presidency of the Council of Ministers of the resolution not to exercise the special powers under Law Decree 21/2012 regarding the disposal to Reworld Media S.A. of the operations under the Grazia and Icon brands.

The ruling triggered the fulfilment of the suspensive condition attached to the sale agreement.

SIGNIFICANT EVENTS AFTER YEAR END

On **10 January 2023**, the Mondadori Group, through the subsidiary Mondadori Media S.p.A., executed the contract of sale to Reworld Media S.A. of the paper and digital publishing business of the titles Grazia and Icon, as well as the related international licences network.

The execution of the transaction took place with the transfer of the business unit heading the operations disposed of to a newly-incorporated company and the concurrent disposal to Reworld Media of 100% of the share capital of the transferee.

On **13 January 2023**, the Mondadori Group finalised, through its subsidiary Mondadori Libri S.p.A., the acquisition of a further 25% stake in A.L.I. S.r.l. - Agenzia Libraria International, which operates in the distribution of books.

The transaction - as a result of which the Mondadori Group increased its stake in A.L.I. to 75%, which is therefore subject to line-by-line consolidation as from January 2023 - took place in execution of the agreements defined and disclosed on 11 May 2022 upon acquisition of an initial 50% stake, effective earlier than the date originally scheduled for 28 February 2023.

The provisional price, paid entirely in cash, was approximately € 9.5 million and was determined, as already disclosed to the market, on the basis of an average 2021-2022 EBITDA and the positive net financial position (cash) of the scope covered by the transaction, which at 31 December 2022 amounted to € 17.8 million (preliminary figure).

Additionally, the defined agreements gave the Mondadori Group the right to acquire the remaining 25% in A.L.I., at a price to be determined on the basis of an average 2023-2024 EBITDA, through put&call options exercisable by 30 July 2025.

SHARE BUYBACK

At **31 December 2022**, Arnoldo Mondadori Editore S.p.A. held no. 1,147,991 treasury shares equal to **0.44% 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).

OTHER INFORMATION

In the reporting period, Arnoldo Mondadori Editore S.p.A. did not carry out any development activities. At closure or during the period, it did not hold any shares in parent companies, not even through trusts or trustees.

RELATED PARTY TRANSACTIONS

In compliance with the provisions set out in Article 5, paragraph 8, and Article 13, paragraph 3, of the “Regulation in the matter of transactions with related parties” issued by CONSOB through Resolution 17221 of 12 March 2010 and subsequent amendments (the “CONSOB Regulation”), the following is reported relating to the period of reference:

- no transactions of greater significance were concluded;
- no changes or developments relating to the transactions with related parties illustrated in the most recent Annual Report are reported that had a significant impact on the Company’s equity or performance in the year of reference.

Transactions with related parties were regulated under normal market conditions: those concluded with Mondadori Group companies are intercompany current account trade and financial transactions, managed by Arnoldo Mondadori Editore S.p.A., to which the various subsidiaries companies contributed based on their relevant debt and credit positions.

For further details, reference should be made to the Explanatory Notes to the Financial Statements of Arnoldo Mondadori Editore S.p.A. and to the Group’s Consolidated Financial Statements.

TAX CONSOLIDATION

In relation to the tax consolidation regime pursuant to Article 117 et seq. of Italian Presidential Decree 917/1986, Arnoldo Mondadori Editore S.p.A. renewed the option in 2022 also for its subsidiaries (Mondadori Group) to adhere to the tax consolidation regime with Fininvest S.p.A. as consolidating company for the 2022-2024 three-year period.

The consolidation agreement contains a protection clause according to which Arnoldo Mondadori Editore S.p.A. and its subsidiaries adhering to tax consolidation shall not be required to pay more income tax than the Group would have paid if Arnoldo Mondadori Editore S.p.A. and its subsidiaries had created its own tax consolidation agreement. Therefore, this protection clause is aimed at only accounting the tax amount that would have been paid by the subsidiaries excluded from the fiscal unit belonging to Fininvest S.p.A. as a result of the application of the so-called "demultiplier".

The agreement sets the priority for the Mondadori Group to offset current tax receivables against payables (i.e. referred to the same year in which tax payment is due) transferred by the adhering companies and, in the case of residual taxable income, to subsequently use prior-year tax losses within the limits set by current legislation. Pursuant to the currently applicable regulations on the matter, the agreement allows the transfer, within the consolidation scope, of tax benefits enjoyed by the adhering companies, which are transferred or made available to the fiscal unit against recognition of a compensation (paid at a rate corresponding to the ordinary IRES tax value) by the companies benefiting from it.

Any tax receivables or payables resulting from adherence to such tax consolidation agreement are posted as receivables or payables to holding companies, with the latter acting as "clearing house".

TAX TRANSPARENCY

With regard to the entry into force of Article 115 of Presidential Decree 917/1986 for the 2022-2024 three-year period, the “tax transparency" option was exercised by Direct Channel S.p.A. and Publitalia '80 S.p.A., as participating companies, and Mediamond S.p.A., as investee.

After exercising this option, Mediamond S.p.A.'s taxable income and tax losses are included pro-rata, because of the investment held, in the taxable income of Direct Channel S.p.A. (formerly Mondadori Pubblicità S.p.A.) and Publitalia '80 S.p.A..

DIRECTION AND COORDINATION ACTIVITIES (ARTICLE 2497 ET SEQ. OF THE ITALIAN CIVIL CODE)

Fininvest S.p.A., pur detenendo una While Fininvest S.p.A. holds a controlling stake pursuant to Article 2359 of the Italian Civil Code, it does not exert any direction and coordination activity as defined in Article 2497 bis and ensuing articles of the Italian Civil Code on Arnoldo Mondadori Editore S.p.A.; it manages the investment held in Arnoldo Mondadori Editore S.p.A. merely from a financial standpoint.

With regard to the companies controlled by Arnoldo Mondadori Editore S.p.A., the Board of Directors has verified, with reference to the requirements of law and taking into account that the Board of Directors determines, generally speaking, the strategic and organizational policies relating also to subsidiaries, the exercise of the direction and coordination activities under Article 2497 et seq. of the Italian Civil Code over the following subsidiaries pursuant to Article 2359 of the Italian Civil Code:

- D Scuola S.p.A.
- Giulio Einaudi Editore S.p.A.
- Mondadori Retail S.p.A.
- Mondadori Education S.p.A.
- Electa S.p.A.
- Mondadori Media S.p.A.
- Mondadori Libri S.p.A.
- Direct Channel S.p.A.
- Mondadori Scienza S.p.A.
- AdKaora S.r.l.
- Hej! S.r.l.
- Rizzoli Education S.p.A.
- Mondadori Scuola S.p.A.
- Libromania S.r.l.
- Zenzero S.r.l.

The abovementioned companies consequently fulfilled their respective disclosure obligations pursuant to Article 2497 bis of the Italian Civil Code.

REGISTER OF PERSONAL DATA PROCESSING ACTIVITIES PURSUANT TO ARTICLE 30 OF REGULATION (EU) 2016/679

Arnoldo Mondadori Editore S.p.A. plays an active role in ensuring compliance of the Mondadori Group with the privacy regulations envisaged in Regulation (EU) 2016/679 (GDPR), and in applicable legislation. Specifically, Arnoldo Mondadori Editore S.p.A. constantly updates, pursuant to Article 30 of the above Regulations, a register of the personal data processing activities carried out as data controller or data processor.

Arnoldo Mondadori Editore S.p.A., pursuant to Article 37 of the Regulations, has a Data Protection Officer (DPO) in place; the Officer sees to regularly updating its privacy documentation and security measures, based on the principles of privacy by design and privacy by default.

TRANSACTIONS RELATING TO TREASURY SHARES

Renewal of the authorization to purchase and dispose of treasury shares

On 28 April 2022 and in consideration of the expiry of the previous shareholders' meeting authorisation of 27 April 2021 and with a view to continuing to assure the Board of Directors the faculty to take advantage of any investment or operating opportunities on treasury shares, the Shareholders' Meeting resolved, in accordance with Art. 2357 of the Italian Civil Code, and with a duration established as until approval of the financial statements at 31 December 2022, to authorise the purchase of treasury shares. The Shareholders' Meeting also authorised, in accordance with Art. 2357-ter of the Italian Civil Code and with reference to the reasons set out below, any disposals of the treasury shares acquired.

Here below are the main elements of the buyback plan authorized by the Shareholders' Meeting:

Motivations

- Use the Treasury Shares purchased or already in the Company portfolio as compensation for the acquisition of interests within the framework of the Company's investments;

- use the treasury shares purchased or already held in portfolio against the exercise of option rights, including conversion rights, deriving from financial instruments issued by the Company, its subsidiaries or third parties and to use the treasury shares for lending, exchange or transfer transactions or to support extraordinary transactions on the Company's capital or financing transactions that imply the transfer or sale of treasury shares;

- undertake any investments, directly or through intermediaries, including for the purpose of containing abnormal movements in share prices, stabilizing share trading and prices, supporting the liquidity of the share on the market, in order to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;

- to rely on investment or divestment opportunities, if considered strategic by the Company, also in relation to available liquidity;

- to dispose of treasury shares as part of share-based incentive plans pursuant to Article 114-bis of the TUF, and of plans for the free allocation of shares to employees or members of the governing or supervisory bodies of the Company or to Shareholders.

Duration

The authorization to purchase treasury shares is set to last until the approval of the financial statements for the year ending 31 December 2022 and, in any case, for a period not exceeding 18 months after that date, while the authorization to sell is granted to last for an unlimited period, given the absence of time limits pursuant to the current regulations and the opportunity to allow the Board of Directors to make use of the maximum flexibility, also in terms of time, to carry out the acts of disposal of the shares.

During the reference year, the Company acquired a total of 410,000 treasury shares on the market, accounting for 0.156% of the share capital. The purchases were made in execution of the purchase programme pursuant to Art. 5 of Regulation (EU) No 596/2014, disclosed to the market on 12 May 2022 and exclusively aimed to service the three-year performance share plans established by the ordinary shareholders' meeting and in accordance with Art. 114-bis of the TUF.

During the same period, the 2019-2021 Performance Share Plan Beneficiaries were assigned a total of 311,847 shares already held in the portfolio as treasury shares.

Considering the 1,049,838 in the portfolio at the date of the shareholders' meeting (28 April 2022), the Company at the date of this report holds a total of 1,147,991 treasury shares (0.44% of the share capital).

Maximum number of purchasable treasury shares

The authorization refers to the purchase, on one or more occasions and in one or more tranches, of a maximum number of ordinary shares with a nominal unitary value of € 0.26, which - considering the treasury shares already held by the Company and the shares that may possibly be acquired by subsidiaries - shall not exceed a total of 10% of the share capital.

Criteria for purchasing treasury shares and indication of the minimum and maximum purchasing cap

Purchases shall be made in compliance with Articles 132 of the TUF and 144-bis, paragraph 1 letter b) of the Issuer Regulation, and on regulated markets or multilateral trading systems, according to the operating criteria established in the organization and management regulations of the same markets, which do not allow the direct matching of buy orders against predetermined sell orders, and also in compliance with any other applicable

law, including EU law.
Any purchases relating to the activities to support market liquidity will also be carried out in accordance with the conditions provided by the admitted market practices as per the combined provisions of Art. 180, subsection 1, letter C) of the TUF and Art. 13 of Regulation (EU) No. 596 of 16 April 2014 (the "Admitted Market Practices").

Additionally, share purchase transactions may also be carried out in the manner envisaged in Article 3 of EU Delegated Regulation no. 2016/1052 in order to benefit, if the conditions are met, from the exemption under Article 5, paragraph 1, of EU Regulation no. 596/2014 on market abuse with regard to inside information and market manipulation.

The disposal of treasury shares may be carried out, on one or more occasions and even before having terminated the maximum number of purchasable treasury shares, either by selling them on regulated markets or according to other trading methods in compliance with the law, including EU law force and with the Admitted Market Practices, if applicable.

Under the proposed authorization, purchases shall be made at a unit price compliant with any regulatory provisions, including by the European Community, or admissible market practices as applicable at the time and where applicable, without prejudice to the fact that the minimum and maximum purchase price shall be determined at a unit price not lower than the official Stock Exchange price of Mondadori shares on the day preceding the purchase transaction, reduced by 20%, and not higher than the official Stock Exchange price on the day preceding the purchase transaction, increased by 10%. In any event - except for any different price and volume determinations resulting from the application of the conditions set forth in the Admitted Market Practices, as defined at the next point - such price shall be identified in accordance with the trading conditions set forth in Delegated Regulation (EU) no. 1052 of 8 March 2016 and, in particular:

- no shares may be purchased at a price higher than the higher between the price of the last independent trade and the price of the highest current independent bid on the trading venue where the purchase is carried out; and
- in terms of volumes, daily purchase amounts will not exceed 25% of the daily average volume of Mondadori shares traded as recorded in the 20 trading days before the dates of purchase or in the month prior to the month of the disclosure required by Art. 2, paragraph 1, of Regulation (EU) no. 1052/2016.

In terms of consideration, sales transactions or other acts of disposition of treasury shares shall be carried out:

- if executed in cash, at a price no lower than 10% of the reference price recorded on the MTA - Euronext Milan - organized and managed by Borsa Italiana S.p.A. in the trading session prior to each single transaction;

- if executed as part of any extraordinary transactions in accordance with financial terms to be determined by the Board of Directors on the basis of the nature and characteristics of the transaction, also taking account of the market performance of Mondadori shares;

- if executed to service the Performance Share Plans as referred to in paragraph 1 above in compliance with the terms and conditions set out in the resolutions of the Shareholders' Meeting that establish the Plans and the related regulations.

Report on Corporate Governance and Ownership Structure (art. 123 bis Legislative Decree no. 58 of 24 February 1998)

The Report on Corporate Governance and Ownership Structure containing information on the adoption by Arnoldo Mondadori Editore S.p.A. of the Corporate Governance Code for Listed Companies (January 2020 edition) established by Borsa Italiana S.p.A., as well as further information pursuant to Article 123 bis, par. 1 and 2 of Legislative Decree no. 58 of 24 February 1998, is available – together with this Directors' Report on Operations on the www.gruppomondadori.it website under the Governance section, and through the authorised storage mechanism 1Info (www.1info.it).

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

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

List of branch offices

The company does not have any secondary offices.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES USED

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

Specifically, the alternative measures used include:

Gross Operating Profit (EBITDA): net result for the period before income tax, other financial income and expense, amortization, depreciation and write-downs of fixed assets.

The Group also provides information on the percentage of EBITDA on net sales. EBITDA measured by the Group allows operating results to be compared with those of other companies, net of any effects from financial and tax items, and of depreciation and amortization, which may vary from company to company for reasons unrelated to general operating performance.

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

- income and expense from restructuring, reorganization and business combinations;
- clearly identified income and expense not directly related to the ordinary course of business;
- as well as any income and expense from non-ordinary events and transactions as set out in CONSOB Communication DEM6064293 of 28/07/2006.

(Euro/thousands)	2022	2021
Gross Operating Profit - EBITDA (as shown in the financial statements)	**130,740**	**91,142**
Restructuring costs under "Cost of personnel" NOTE 34	3,730	11,218
Expense from acquisition and disposal of companies and business units, (income) expense, NOTE 33 and NOTE 35	1,574	3,690
Loss (profit) from disposal of fixed assets and investments NOTE 35	298	(304)
Adjusted Gross Operating Profit - Adjusted EBITDA (as shown in the Directors' Report on Operations)	**136,342**	**105,747**

With reference to adjusted EBITDA in 2021, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 11.2 million, included in "Cost of personnel" in the income statement;
- Net expense of a non-ordinary nature for a total of € 3.4 million, included in "Other expense (income)" and "Expense (income) from investments".

With reference to adjusted EBITDA in 2022, the following items were excluded from EBITDA:

- Restructuring costs for a total amount of € 3.7 million, included in "Cost of personnel" in the income statement;
- Expense of a non-ordinary nature for a total of € 1.9 million, included in Other expense (income) and Expense (income) from investments.

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

Adjusted operating profit (EBIT Adjusted): this is represented by the operating result, as defined above, excluding non-ordinary income and expense, as defined previously, depreciation and amortization deriving from the company purchase price allocation and the impairment of intangible assets.

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

Net Profit adjusted: this is the net result excluding non-ordinary income and expense, non-monetary costs deriving from the company purchase price allocation and impairment of intangible assets net of the related tax effect and gross of any non-recurring tax expense/ income.

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.

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).

OUTLOOK FOR THE YEAR

The current Group configuration, the economic performance and its capacity to generate cash, as shown in 2022, allow us to **forecast a further improvement in results for the next year,** despite the continued negative impact of the increase in prices for the purchase of raw materials and services.

From a strategic point of view, the Group intends to continue its **consolidation of the core business** and therefore **its leadership** in the **Books** Area, both from a publishing point of view, strengthening its identity and the specialization of the various publishing houses and pursuing the vertical integration process in the various phases of the book chain. In the **School textbook** segment, the Group will also be completing its operative integration project of D Scuola.

In **Retail**, Mondadori will on the one hand be pursuing the selective development of the network of stores necessary to complete the capillary coverage of national territory and the remodelling and downsizing of the sales outlets, essential to the optimisation of the commercial surface area and maximisation of network efficiency, and on the other the effort of focussing on the book product, which is essential both in order to increase the area’s profitability and to emphasise the effectiveness of conveying the Group’s publishing proposal to the market.

In a parallel fashion, in the **Media** area, Mondadori will continue to **develop** its **digital** skills and range of products, in particular its presence on social networks and influencer marketing.

The financial and equity solidity achieved means that we can continue to pursue the virtuous development path launched some years ago, also through **the continuous use**, particularly in the book and digital business area, **of M&As** whereby the Group seeks to continue to make the most of inorganic growth opportunities.

Income Statement

The Group's business-financial targets that follow refer to a scope that includes only the extraordinary transaction completed and, therefore:

- in the **Books** area, line-by-line consolidation for the whole year of A.L.I. - Agenzia Libraria International, De Agostini Libri and Libromania (consolidated for 9 months in 2022) as well as Star Comics (consolidated for 6 months in 2022);

- in the **Media** area, deconsolidation of Press-di for the entire year and of the print and digital business referring to the Grazia and Icon brands.

In light of the above and the reference context, for the **financial year 2023** it is reasonable to estimate:

- **single-digit growth in revenues**, in relation to which the above-listed scope changes will comprehensively have a neutral impact; the various business areas are expected to show different trends: growth in the areas focussed on the Book product, an increase in the Digital segment of the Media area and, consistently with the market trends that show a structural downturn, the continued decline of the Media Print activities - which at year end are expected to account for less than 10% of the Group’s revenues;
- **Single-digit growth of adjusted EBITDA**; net of the recording of relief measures to museum activities, from which FY 2022 benefited (for approximately € 6.4 million) and that are not envisaged for 2023, adjusted EBITDA would show **high single-digit growth**. Margins are expected to grow similarly - from 14% to 15% - thanks to:
  - targeted pricing policies,
  - careful cost-cutting policies

completion of the operative integration of D Scuola with which the Group is confident it will be able to more than offset the expected increase in the costs of raw materials and services.

- The **net result** of FY 2023 is expected to **grow by approximately 10%** - despite greater depreciation and amortization deriving from both the increasing investment policy implemented by the Group and the effects of the Purchase Price Allocation process - mainly due to the lack of impairment of certain balance sheet items, which is currently not expected to repeat in the new year.

Cash Flow and Net Financial Position

In 2023, the Group is expected to **confirm the significant cash generation capacity** shown in recent years:

- **Ordinary cash flow** is expected to fall within a range of **€ 60 to 65 million,** i.e. showing **growth of up to 10%** on the 2022 figure, net of the one-off impact of derivative instruments related to rate risk hedging;
- the Group's net financial debt (IFRS 16) is expected to come in, at end FY 2023, as 1.0x adjusted EBITDA, down from 1.3x at end 2022.

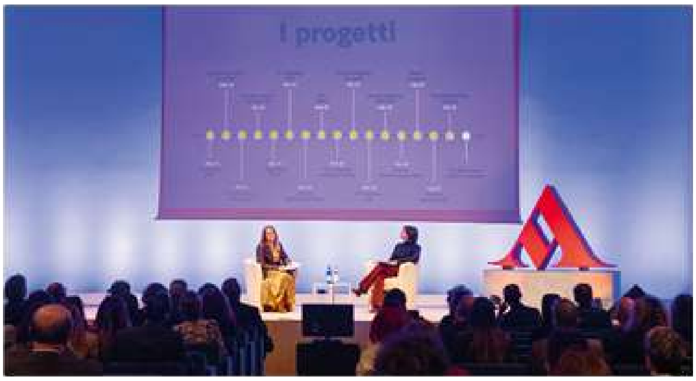
Dividend Policy

Thanks to the solid financial and equity conditions that characterise it, the Group expresses a **renewed shareholder remuneration policy**, which expects to distribute dividends for an annual amount equal to the **greater of 40% of Ordinary cash flow and the dividend** of the previous year.

It is noted that in 2024, in respect of the FY 2023 result, the Board of Directors intends to propose that the Shareholders' Meeting pay any potential dividend in two equal tranches (in May and November).

Each year, the Board of Directors, when proposing the distribution to the Shareholders' Meeting, will in any case take account of the general macroeconomic scenario, as well as the expected cash flows that will affect the Group's equity and financial structure.

For the Board of Directors
Chairman
Marina Berlusconi



Our commitment to sustainability

We contribute to the cultural and social development of the Country through our products and services. A commitment that we pursue as a Group through our books, our bookstores and our brands, with the goal of spreading an inclusive culture, supporting the communities and protecting the environment. On this page, from top-left: the **"Alta Leggibilità"** (Easy-read format) series for children in the Oscar Mondadori series; the "**#Leparolechesiamo, la scuola che vogliamo**" (The words we are, the school we want) competition launched by Mondadori Education; the "**Cucina a colori**"(Colourful kitchen) manual ,produced by Mondadori Store together with Mondadori Electa; the **Nuovo Devoto-Oli** (New Devoto-Oli) by Mondadori Education; Francesca Rigolio, the Group's Chief Diversity Officer, during the webinar "Mondadori verso un sistema aperto e inclusivo" (Mondadori towards an open, inclusive system); the Christmas initiative **"Incarta un libro, regala un futuro"** (Wrap a book, give a future) by Mondadori Store in collaboration with Oxfam; the exhibition-event **"Design Re-Generation**" conceived by the magazine Interni for FuoriSalone 2022.

CONSOLIDATED NON-FINANCIAL STATEMENT

pursuant to Legislative Decree 254/2016

CONTENTS

METHODOLOGICAL NOTE

This document embodies the Consolidated Non-Financial Statement (hereinafter also the "Statement" or "NFS") pursuant to Legislative Decree 254/2016 (hereinafter also the "Decree"), in implementation of Directive 2014/95/EU, by the Group composed of Arnoldo Mondadori Editore S.p.A., with registered office in Segrate (Milan) and its fully-consolidated subsidiaries (hereinafter also the "Mondadori Group" or the "Group"), operating in Italy and in the United States of America. The reporting period for the information and data provided in this NFS is 2022 (1 January - 31 December).

Consistent with one of the two options envisaged in Article 5 of Legislative Decree 254/2016, the NFS is included with specific wording within the Mondadori Group's Report on Operations for 2022. This NFS, prepared on an annual basis, is also published on the Group's website, www.gruppomondadori.it, as part of the 2022 Annual Report and in the "Sustainability" section.

The NFS was drawn up insofar as needed to ensure an understanding of corporate activities, performance, results and the impacts it generates, by covering the topics deemed relevant and provided for in Articles 3 and 4 of Legislative Decree 254/2016, i.e. with regard to environmental, social, personnel-related aspects, respect for human rights, and the fight against corruption and bribery.

The reporting standards adopted by the Group to prepare its NFS are the GRI Sustainability Reporting Standards (GRI Standards). This report was prepared in accordance with GRI Standards: In accordance option. The GRI Content Index, detailing content reported in accordance with GRI, can be found in the annex to the document.

In line with the provisions of the GRI Standards, the Mondadori Group has drawn inspiration from the principles of sustainability context, completeness, balance, clarity, accuracy, timeliness, comparability and verifiability, to ensure the quality of information and the appropriateness of the presentation methods. The content reported on was selected based on the materiality analysis updated in 2022, which allowed for the identification of the material aspects representing the most significant impacts of the organisation on the economy, environment and people, also with reference to the protection of human rights.

The material aspects have also been submitted for stakeholder assessments, as required by GRI Standard guidelines. The results of the materiality analysis are presented in the section "Materiality analysis and stakeholder engagement".

In accordance with the requirements of the Decree, the reporting scope matches the scope of the consolidated financial statements, including all companies consolidated on a line-by-line basis in financial reporting (please refer to the section "Structure of the Mondadori Group" on page 15). Any exceptions to the reporting scope shown above are duly highlighted in the document; however, these limitations are not considered relevant for the understanding of the company's business, performance, results and the impacts it generates.

As regards the changes that took place in scope, organisational structure and ownership during the year, note that on 1 April 2022 the Mondadori Group completed the acquisition of 50% of the share capital of De Agostini Libri S.r.l. (formerly DeA Planeta Libri), a company specialised in trade books with focus on the children's and non-fiction segments. The scope of the transaction includes Libromania S.r.l., wholly-owned by De Agostini Libri and active in the promotion of third-party publishers. The transaction is in line with the strategy of increasing the focus on the core business of books, pursued also through a process of vertical integration in the books market.

On 1 July 2022, 51% of Edizioni Star Comics S.r.l. was purchased and it is reported that the scope of the transaction also includes the acquisition, completed in January 2023, of 100% of Grafiche Bovini S.r.l., a company controlled by the same family of founders, specialised in printing activities exclusively of products published by Edizioni Star Comics. On 1 July 2022, the Mondadori Group completed the disposal of 51% of Press-di Distribuzione Stampa e Multimedia S.r.l. and thereafter sold a further 29% share.

In addition, on 22 November 2022, the option to sell was exercised in respect of the print and digital publishing activities of the Grazia and Icon magazines, as well as the related international network.

Note that starting 1 January 2022, the transactions launched in 2021 for the acquisition of 100% of D Scuola S.p.A., (formerly De Agostini Scuola S.p.A.) and for the sale by the subsidiary Mondadori Media S.p.A. of the BU comprising the editorial activities of Donna Moderna and CasaFacile, take effect, also in terms of non-financial reporting.

For comparative purposes and to highlight the trends in quantitative information, data pertaining to the current reporting year and, where possible, to the prior two years, are shown. In order to ensure the reliability of information reported, the use of estimates has been restricted as much as possible, and, where used, are based on the best available and appropriately reported methods.

The qualitative and quantitative information appearing in this document was collected, aggregated and disseminated at Group level; all the relevant company departments were involved in defining this information, and acted in concert with and coordinated by internal CSR officers. Shown below are the main calculation methods and assumptions used for the non-financial performance measures reported in this NFS, in addition to the information provided in the various sections:

- data relating to economic sanctions and contributions received from Public Administration are shown on a cash basis;

- in the breakdown of the workforce by grading, “executives” include editors-in-chief and deputy editors-in-chief of magazines; members of the Board of Directors are not included;

- where environmental data were unavailable, conservative estimates were used, resulting in the underestimation of the company’s environmental performance.

This NFS was approved by the Board of Directors of Arnoldo Mondadori Editore S.p.A. on 16 March 2023.

This document was subject to limited review, in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised), by the Independent Auditors EY S.p.A.. The quantitative indicators not referring to any general or topic-specific disclosure of the GRI Standards, reported on the pages specified in the Content Index, have not been subjected to a limited review by EY S.p.A..

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1. SUSTAINABILITY FOR THE MONDADORI GROUP

We are passionate publishers, advocating quality, equitable and inclusive education, providing opportunities for reading and growth, entertainment and enrichment.

Our mission is to foster the spread of culture and ideas through products, activities and services that meet the needs and tastes of the widest possible audience. In our vision, love for culture and editorial quality live together with the laws of the market, the propensity to sense and anticipate changes with respect and protection of the values that are the cornerstones of the role of a publisher in civil society.

We are aware that such a role requires a natural and ever-growing focus on defining strategies and pursuing clear sustainability objectives aimed at creating long-term value, benefiting and taking account of the interests of all our stakeholders.

In light of the commitments made, in 2022, the first Three-Year Sustainability Plan was approved, within which strategic areas, quantitative and qualitative targets and short- and medium-term actions have been identified, aimed at assuring the continuous improvement of social, governance and environmental performance.

Constant monitoring has been carried out of the objectives, to provide a timely image of the degree to which they have been achieved and, at the same time, identify new action for the future, to continue updating the Plan.

This path has seen the participation of company management and has been enhanced by a great many stakeholder engagement activities with the participation also of new categories of stakeholders. The Group's approach to the future in the field of sustainability is currently divided into three macro-areas of reference and eight strategic guidelines with objectives linked to the Sustainable Development Goals (SDGs) laid down in the context of the 2030 Agenda for Sustainable Development.

1.1 SUSTAINABILITY PLAN

SOCIAL - Enhancing people, content and places for education and culture

GOVERNANCE - Promoting sustainable business success

ENVIRONMENT - Dissemination of an environmental culture and mitigation of impacts on ecosystems

Enhancing people, content and places for education and culture

1. To become a role model in the field of Diversity, Equity and Inclusion, enhancing and contributing to the well-being of our people, through welfare tools and skills development.
2. To promote culture and quality, equitable, and inclusive education that fosters pathways to lifelong learning.
3. To create, conceive and develop valuable content and accessible, ESG-friendly products.

4. To support cultural outposts for social development through the enhancement of bookstores, schools, museums, social channels, events and partnerships.

Promoting sustainable business success

1. To pursue sustainable business success by promoting the integration of ESG issues in governance, business plans and the operating model, also by strengthening the mechanisms for listening to stakeholders to develop paths of ongoing improvement.
2. To maintain the highest standards for protecting and managing risks and opportunities along the value chain.

Disseminating environmental culture and mitigating impacts on ecosystems

1. To spread environmental culture, also through education aimed at the development of an increasingly sustainable lifestyle.
2. To mitigate environmental impacts along the product life cycle, by fostering the protection of biodiversity and reducing climate-changing emissions.

With regard to the previously mentioned guidelines, clear objectives have been set for the three-year period.

In 2022, in accordance with the Plan, a great many activities detailed in the respective chapters, were completed.

With the aim, therefore, of sharing the actions and targets on which the Mondadori Group has worked throughout the year, below is an extract of the Sustainability Plan with the main objectives achieved.

ENHANCING PEOPLE, CONTENT AND PLACES FOR EDUCATION AND CULTURE

SOCIAL	1. Development and endorsement of a well-structured framework of KPIs for monitoring all D&I-related actions, with specific regard to the gender pay gap and gender balance.	2022
	2. Development of the hybrid working project for the joint definition of a new mixed working model.	2022
	3. Extension to 100% of the school offer of contents/insights in Sustainability, 2030 Agenda for Sustainable Development, diversity, equity and inclusion and civic education.	by 2023/ continuous
	4. A growing number of initiatives/services to promote reading.	2022/ continuous
	5. Strengthening of ESG training for the Group's school publications and those for teachers.	2022/ continuous

PROMOTING SUSTAINABLE BUSINESS SUCCESS

GOVERNANCE	1. Definition and measurement of LTI, quantitative and measurable objectives, linked to ESG topics for the Top Management. Inclusion of the Impact Inclusion Index in the 2022-2024 Performance Share Plan.	2022
	2. Strengthening of the set of procedures and coverage of the areas of Privacy, Information Management and Cyber Security.	2022/ continuous
	3. Strengthening of the programmes aiming to protect intellectual property/copyright.	2022/ continuous
	4. Strengthening of stakeholder engagement activities through the gradual expansion of engagement initiatives.	ongoing

DISSEMINATION OF AN ENVIRONMENTAL CULTURE AND MITIGATION OF IMPACTS ON ECOSYSTEMS

ENVIRONMENT	1. Extension to 100% of the School proposition of insights and fact sheets dedicated to environmental culture and promotion of such content in the Trade proposition.	2023/ continuous
	2. Fulfilment of =100% purchase of PEFC/FSC certified paper for Mondadori Group products. Extension to the newly acquired companies.	2022/ continuous
	3. Pursuit of energy efficiency actions, also as part of property/building/store renovation initiatives, and assessment of further potential pilot activities to reduce greenhouse gas emissions.	ongoing

During the year, the Plan was updated, through the implementation of benchmarking activities and the start-up of a working group to assure continuous improvement.

The Sustainability Plan was developed in line with the materiality analysis and stakeholder engagement processes carried out by the Group, the main elements of which are outlined in the following paragraphs. The Plan was approved by Top Management, the Control, Risk and Sustainability Committee and the Board of Directors.

1.2 MATERIALITY ANALYSIS AND STAKEHOLDER ENGAGEMENT

The Mondadori Group periodically carries out a materiality analysis process, in order to identify the elements of strategic interest in the field of sustainability and ensure the correct presentation and understanding of the Group's activities, its performance, results and the impacts generated.

Specifically, the year 2022 saw an update of the materiality analysis, which, in light of the evolution of guidelines on sustainability reporting, focussed on identifying the positive and negative impacts generated by the Group on the environment, economy and people, including human rights.

This is based on four phases, further detailed below:

a) mapping of relevant stakeholders;

b)identification of current and potential negative and positive impacts generated by the Group directly and through its value chain, in line with the reference industry trends and the priorities identified in the Sustainability Plan;

c) prioritization of identified sustainability topics (and related impacts) through internal and external stakeholder engagement activities;

d) identification of material topics and their approval.

a) Mapping of relevant stakeholders

The main categories of internal and external stakeholders considered priority for the Group in terms of influence and interest are summarized in the chart below.

Well aware of the importance of establishing and maintaining a constant dialogue with its stakeholders, the Mondadori Group has opened up various channels of communication and engagement with them, in order to understand and take their demands into consideration. The table below summarizes the main communication and engagement methods implemented by the Group for each category of stakeholder.

Stakeholder Category	Details of stakeholders by category	Summary of the communication and engagement methods
Shareholders	Majority shareholders	• Shareholders' Meeting • Dialogue channels under the Investor Relations function
	Non-controlling interests	
Financial community	Analysts/rating agencies	• (Virtual) meetings with institutional investors • Dialogue channels under the Investor Relations function
	Banks	
	Investors	
Consumers	Bookstores and newsstands customers	• Support channels and direct assistance through the retail network (stores and e-commerce)
	Users of online content and services	
	Book readers	
	Magazine readers	
	Students/student families	
Institutions	Antitrust	• Ad hoc discussions on specific topics • Institutional round tables • Formal communications
	Trade associations	
	CONSOB	
	National/Community lawmaker	
	Public Administration	
Educational world	Ministry of Education and Research	• Ad hoc discussions on specific topics • Institutional round tables • Formal communications • Faculty survey
	Teachers/educators	
Museum world	Museums	• Participation in tenders • Institutional round tables
	Superintendencies	
	Museum visitors	
Opinion leaders	Media	• Media relations activities
	Influencers and bloggers	
	Authors	
Partners	Agents (bookstores - school textbooks)	• Regular meetings with suppliers • Franchisee conventions
	Competitors	
	Newsstands	
	Third-party publishers	
	Suppliers	
	Large retailers	
	Advertisers	
	Booksellers	
	Group publishing brands	
	Our franchisees	
	Digital platforms OTT + Chili/Infinity/Netflix	
Human resources	Employees	• Regular meetings with union representatives • Institutional round tables • Employee surveys • Weekly Crisis Committee meetings
	Associates	
	Advisors	
	Trade unions	
	INPS, INAIL	
Third sector	NGOs	• Regular discussions on project development
	Non-profit organizations	

b) Identification of current and potential negative and positive impacts generated by the Group, in line with the reference industry trends and the priorities identified in the Sustainability Plan

In order to identify the list of sustainability topics that represent the main impacts generated directly by the Group and through its value chain, first consideration was given to the topics that had emerged from the materiality analyses of prior years. The definitions associated with the topics, as well as the details of the positive and negative impacts generated and that characterise them were updated in light of the reference industry trends and priorities identified in the field of sustainability. The process was also developed through implementation of specific benchmark analyses in the area of sustainability and the direct engagement of the Sustainability Committee.

Compared with the previous edition of the NFS, there has been an essential continuity in respect of the sustainability topics submitted for voting; the main changes in fact refer to actual topic wording. More specifically, in 2022, certain definitions were updated.

The main detailed changes made include the change to the topics previously named "Enhancement and management of human capital" to "Enhancement, loyalty and attraction of people", "Supply chain management" to "Responsible supply chain management", "Life cycle of paper products" to "Product life cycle and the circular economy" and, finally, "Climate change" to "Climate Change and biodiversity", which includes all impacts the Group may have on biodiversity (with specific reference to the use of paper).

In addition, note that the topic "Environmental impact management" has been included in the latter two, whilst the topics "Ease of use of content" and "Responsibility for content" have been encompassed into "Accountability and accessibility of content", just like "Business integrity and combating corruption" and "Economic performance" have been combined into "Sustainable success, ethics and business integrity".

Below, therefore, is the list of topics considered, highlighting the potential and current positive and negative related impacts, and which have been assessed in the subsequent materiality analysis process.

Impact area/ Sustainability topic of interest	Correlation with macro-area of the Mondadori Sustainability Plan	Correlation with the main reference SDGs	Mapping of positive/negative impacts generated
Product life cycle and the circular economy	ENVIRONMENT - Disseminating environmental culture and mitigating impacts on ecosystems	4 ISTRUZIONE DI QUALITÀ; 12 CONSUMO E PRODUZIONE RESPONSABILI; 13 AGIRE PER IL CLIMA; 15 VITA SULLA TERRA; 17 PARTNERSHIP PER GLI OBIETTIVI	Negative impact on the environment deriving from waste production and the consumption of paper and materials. This impact is limited by waste recovery operations, reduction of products assigned for scrap, purchase of certified paper.
Climate change and biodiversity	ENVIRONMENT - Disseminating environmental culture and mitigating impacts on ecosystems	4 ISTRUZIONE DI QUALITÀ; 12 CONSUMO E PRODUZIONE RESPONSABILI; 13 AGIRE PER IL CLIMA; 15 VITA SULLA TERRA; 17 PARTNERSHIP PER GLI OBIETTIVI	Negative impact on climate change and biodiversity deriving from paper and energy consumption (and the related emissions) of the organisation and along the supply chain. This impact is mitigated by the purchase of certified paper and energy efficiency initiatives. The Group is also committed through the inclusion and promotion of contents linked to the environmental culture and the 2030 Agenda in the whole of the school production.
Diversity, equity and inclusion	SOCIAL - Enhancing people, content and places for education and culture	4 ISTRUZIONE DI QUALITÀ; 5 PARITÀ DI GENERE; 8 LAVORO DIGNITOSO E CRESCITA ECONOMICA; 12 CONSUMO E PRODUZIONE RESPONSABILI; 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE; 17 PARTNERSHIP PER GLI OBIETTIVI	Positive impact on the company through a correct management of suppliers, attention to their ESG performance and the promotion of innovation throughout the value chain. Failure by the Group to properly oversee its value chain would instead give rise to potential episodes of violation of human rights with impacts on human dignity and community development.
Responsible Supply Chain Management	Cross-cutting	4 ISTRUZIONE DI QUALITÀ; 5 PARITÀ DI GENERE; 8 LAVORO DIGNITOSO E CRESCITA ECONOMICA; 12 CONSUMO E PRODUZIONE RESPONSABILI; 13 AGIRE PER IL CLIMA; 15 VITA SULLA TERRA; 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE; 17 PARTNERSHIP PER GLI OBIETTIVI	Positive impact on the company through a correct management of suppliers, attention to their ESG performance and the promotion of innovation throughout the value chain. Failure by the Group to properly oversee its value chain would instead give rise to potential episodes of violation of human rights with impacts on human dignity and community development.

Strategic business innovation	Cross-cutting		Positive impacts on readers through the definition of innovative offers, editorial contents of value and accessible, ESG-friendly products.
Education and the school world	SOCIAL - Enhancing people, content and places for education and culture		Positive impact on students and families thanks to the promotion of high quality, fair and inclusive education, which fosters continuous learning and fights school abandonment. Spread and promotion of the contents of the 2030 Agenda in the whole of the school offer and development of best practices for ESG teaching.
Privacy and data protection	GOVERNANCE - Promoting sustainable business success		The absence of mechanisms to protect sensitive information and data could cause the violation of the privacy of customers and/or other stakeholders.
Promotion of reading and socio-cultural growth	SOCIAL - Enhancing people, content and places for education and culture		Positive social impact on literacy through initiatives to promote culture and reading. To support cultural outposts for social development through the enhancement of bookstores, schools, museums, social channels, events and partnerships.
Sustainable development promotion	SOCIAL - Enhancing people, content and places for education and culture ENVIRONMENT - Disseminating environmental culture and mitigating impacts on ecosystems		Positive impact on readers, students and teachers through the definition of editorial contents and initiatives, including training, focussed on environmental and social topics.

Accountability and accessibility of content	SOCIAL - Enhancing people, content and places for education and culture	4 ISTRUZIONE DI QUALITÀ 5 PARITÀ DI GENERE 8 LAVORO DIGNITOSO E CRESCITA ECONOMICA 12 CONSUMO E PRODUZIONE RESPONSABILI 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE 17 PARTNERSHIP PER GLI OBIETTIVI	Social impact deriving from the spread of quality, reliable, accessible and inclusive contents.
Health and safety in the workplace	SOCIAL - Enhancing people, content and places for education and culture	4 ISTRUZIONE DI QUALITÀ 5 PARITÀ DI GENERE 8 LAVORO DIGNITOSO E CRESCITA ECONOMICA 12 CONSUMO E PRODUZIONE RESPONSABILI 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE 17 PARTNERSHIP PER GLI OBIETTIVI	Impact on worker health and safety following Group management. This impact is mitigated by risk management activities and dedicated training.
Sustainable success, ethics and business integrity	Cross-cutting	4 ISTRUZIONE DI QUALITÀ 5 PARITÀ DI GENERE 8 LAVORO DIGNITOSO E CRESCITA ECONOMICA 12 CONSUMO E PRODUZIONE RESPONSABILI 13 AGIRE PER IL CLIMA 15 VITA SULLA TERRA 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE 17 PARTNERSHIP PER GLI OBIETTIVI	The breach of regulations to which the Group and its value chain are subject and the lack of risk management systems could negatively impact the economy and markets on which it operates.
Intellectual property and copyright protection	GOVERNANCE - Promoting sustainable business success	12 CONSUMO E PRODUZIONE RESPONSABILI 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE	The lack of measures dedicated to protect intellectual property and editorial independence would have a negative impact on the stakeholders concerned.
Enhancement and reputation of brands and publishing trademarks	GOVERNANCE - Promoting sustainable business success	12 CONSUMO E PRODUZIONE RESPONSABILI 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE	Positive social impact through the multichannel, multi-product structure of contents and the promotion of ESG topics marketed by the brands.
Enhancement, loyalty and attraction of people	SOCIAL - Enhancing people, content and places for education and culture	4 ISTRUZIONE DI QUALITÀ 5 PARITÀ DI GENERE 8 LAVORO DIGNITOSO E CRESCITA ECONOMICA 12 CONSUMO E PRODUZIONE RESPONSABILI 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE 17 PARTNERSHIP PER GLI OBIETTIVI	Direct/indirect positive economic impacts on the families and local communities through the generation of professional opportunities. Development of employee competences through staff training activities.

c) Prioritization of identified sustainability issues in relation to impacts, through internal and external stakeholder engagement activities

In order to prioritize the sustainability topics identified for the Group, specific internal and external stakeholder engagement activities were carried out.

These listening opportunities have seen the active involvement of company management (the Steering Committee and the Internal Sustainability Committee), employees and equally important interlocutors, including teachers and customers of our bookshops. For the first time, new categories of stakeholders were also included - suppliers and financial analysts and investors - identified on the basis of criteria of strategic relevance for the Group, both in terms of business and sustainability.

The engagement occurred with the administration of an on-line questionnaire in November.

More than 9,500 completed versions were submitted, specifically approximately 4,800 by the teaching staff and more than 3,800 by customers and readers, thanks to the relationship the Group has developed over time with these categories in light of their crucial importance.

The stakeholders involved were asked to identify, in line with their own expectations and needs, the areas of impact they consider more or less relevant for the Group. Continuing on from the experience accrued in previous years, the participation of the Group's internal and external stakeholders was paramount in the process of updating the materiality analysis in 2022, as it made it possible to identify the topics of interest and to capture with greater clarity and depth the different perspectives and information needs that mark the stakeholders involved.

FOCUS

Financial analysts and investors - Suppliers

The analysis process aimed at defining the material topics, in line with the objective of strengthening stakeholder engagement envisaged in the Sustainability Plan, saw, for the first time, the inclusion of two new categories of Group stakeholders: financial analysts/investors and suppliers. This has made it possible to assess the impacts generated with a greater depth of analysis and glean additional useful information to increasingly satisfy the needs of our stakeholders.

The results of the survey of financial analysts and investors specifically revealed the growing centrality of ESG topics as a decision-making factor, also thanks to the consultation of specific ratings. 50% of those interviewed declared that they sought the advice of ESG experts in their working teams. Overall, perception by this category of Mondadori's positioning with respect to the sector on sustainability-related topics was above average, scoring approximately 4 on a scale of 1 to 5.

The involvement of suppliers, identified on the basis of criteria of strategic relevance for the Group, both in terms of business and sustainability, instead revealed the importance of a synergistic approach to sustainability topics. Suppliers scored the question on just how far continuous improvement in social, environmental and governance sustainability can contribute to improving competitiveness on the markets of today and the near future an average of more than 4.5 (on a scale of 1 to 5). This category also stated that the purchase of certified energy from renewable sources was an area on which they focussed their efforts.

d) Identification of material topics and their approval

The results of the stakeholder engagement analysis allowed for the identification of the material sustainability aspects for the Group and its stakeholders, continuing on from what had been done for the previous editions of the NFS, and presented below.

Key terms - Areas of reference
- **Social** - Giving value to people, content and places for education and culture
- **Governance** - Promoting sustainable business success
- **Environment** - Disseminating environmental culture and mitigating impacts on ecosystems

The results of the 2022 materiality analysis were submitted for review and validation by the Control, Risk and Sustainability Committee. The list of material topics identified guided the identification of the content on which to base the non-financial reporting expressed by this document, consistent with the requirements of Legislative Decree 254/2016 and the GRI Standards.

2. GOVERNANCE
Promoting sustainable business success

The Mondadori Group's organizational and management model is designed to ensure the economic sustainability of the company and the creation of long-term value, highlighting the mission and values that guide the day-to-day management of the Group's operations; this is witnessed by the Group's compliance with the external codes and regulations that shape its governance and control system.
In this context, the Code of Ethics, the Organisation, Management and Control Model ex 231 and the whistleblowing system represent some of the main safeguards in place to maintain best practices in business ethics. Moreover, the Group acts in compliance with the relevant guidelines and national and international standards, including those concerning privacy and data security, for which specific training is provided to employees.

A specific Sustainability Policy has also been formalized, which refers to the values and mission of the Group, as well as the main commitments towards the stakeholders that the Group listens to and constantly involves in order to nurture continuous improvement processes. In this context, a Policy on Investor and Shareholder Engagement was formalized during 2021.

The Group system of policies and procedures is updated constantly to ensure its compliance with new regulations and alignment with best practices in terms of the relevant measures in place.

The Mondadori Group's approach to the future in the field of sustainability is laid out consistently with the two strategic guidelines defined in the Sustainability Plan (see paragraph 1.1) with the following future objectives connected with the Sustainable Development Goals (SDGs) laid down in the 2030 Agenda.
The objectives achieved or started in 2022 are described in the next few paragraphs.

FOCUS

Definition and measurement of LTI, quantitative and measurable objectives, linked to ESG topics for the Top Management. Inclusion of the Impact Inclusion Index in the 2022-2024 Performance Share Plan.	2022
Strengthening of the set of procedures and coverage of the areas of Privacy, Information Management and Cyber Security.	2022/ continuous
Strengthening of the programmes aiming to protect intellectual property/copyright.	2022/ continuous
Strengthening of stakeholder engagement activities through the gradual expansion of engagement initiatives.	ongoing
Development and implementation of a professional refresher plan for members of the Board of Directors dedicated to specific ESG topics.	by 2023
Strengthening of the internal control and risk management system in ESG and continuous training on a progressively broader population.	by 2023
Formalisation of an Anti-Corruption Policy.	by 2023

2.1 GOVERNANCE SYSTEM

Arnoldo Mondadori Editore S.p.A. has adopted a corporate governance system organised according to the “traditional” administration and control model as per Articles 2380-bis et seq. of the Italian Civil Code, structured as a **Board of Directors**, a **Board of Statutory Auditors** - with supervisory and control duties over the compliance with regulatory and statutory provisions of the Group’s organisational and governance structure - and **Independent Auditors** tasked with auditing the accounts of the separate and consolidated financial statements and the condensed interim financial statements.

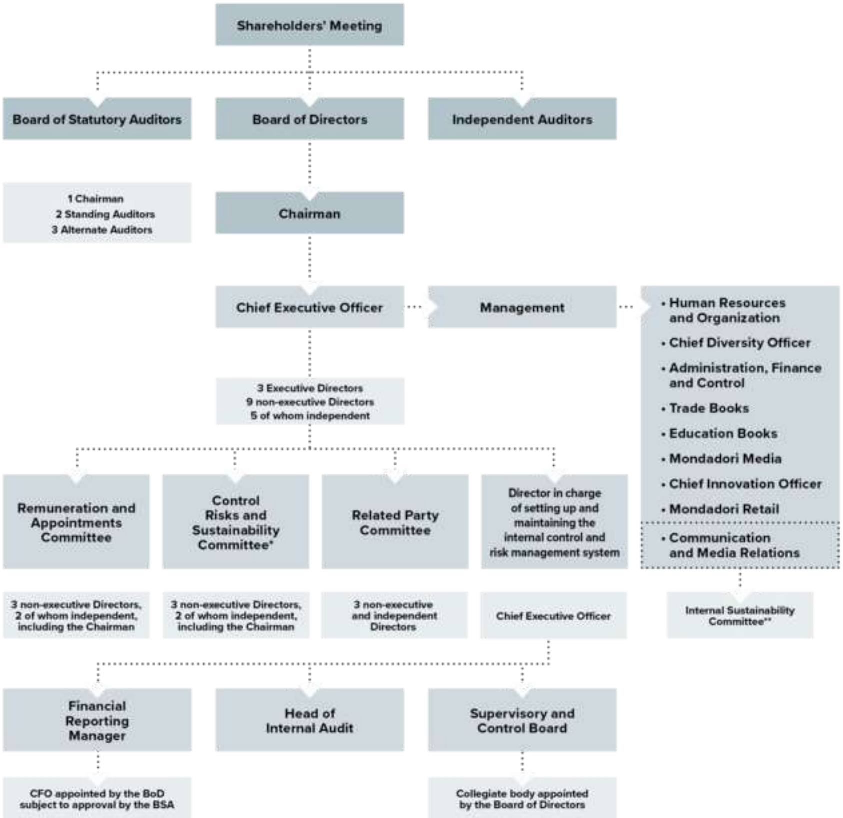
These bodies are appointed by the Ordinary Shareholders' Meeting. The Board of Directors is appointed through the list voting system, in a manner that enables the identification of directors and is also an expression of the wishes of the minority shareholders.

The Group also adheres to the Corporate Governance Code, promoted by Borsa Italiana S.p.A. as a reference framework for the definition of its governance system.

The **Board of Directors** plays a central role in the Group’s corporate governance system through the determination of the company’s and Group’s strategic and organisational guidelines and is assigned, in accordance with the By-laws, all powers for the ordinary and extraordinary management of the Company, except for the powers and duties reserved by law to the competence of the shareholders' meeting.

The Board of Directors has 3 internal board committees made up of non-executive directors of whom the majority are independent and, in particular, in addition to the Remuneration and Appointments Committee and the Related Parties Committee, the Control, Risk and Sustainability Committee, with an advisory role and one of making suggestions, also in respect of sustainability topics.

For the purposes of this NFS, a summary of the governance structure adopted by the Group is provided below, with specific reference to the structure and composition of the various bodies and/or subjects making up the comprehensive system.



2.1.1 Sustainability Governance

Under the scope of the strategic guidance issued by the Board of Directors, the pursuit - through a progressive training process structured according to the phases and methods explained in this document - of sustainable success becomes particularly important and is configured by the creation of value in the long-term, to the benefit of shareholders and taking account of the interests of all stakeholders relevant to the Issuer.

Under the scope of Sustainability Governance, the **Control, Risks and Sustainability Committee*** plays an investigative, consulting role and makes suggestions to the Board of Directors on sustainability-related assessments and decisions with particular regard to the approval of the NFS and the Sustainability Plan.

In order to allow for further consolidation and optimisation of the organisational structure relative to sustainability oversight, the Board of Directors has assigned a senior management figure - Antonio Porro - the responsibility for the Development and Management of activities relating to Sustainability Plan and related topics.

In the exercise of the appointment, reporting hierarchically directly to the Board of Directors, Antonio Porro reports back periodically to the Control, Risk and Sustainability Committee.

The **Internal Sustainability Committee**** instead oversees - reporting to the senior manager appointed as responsible for Development and Management identified above - proposals relating to ESG areas and non-financial reporting activities, which the Group has been developing since 2017 based on materiality analysis processes aligned with the company's strategic approach, reporting to the Chief Executive Officer.

The Committee, chaired by the Communications Director, is made up of the corporate and business functions; it meets periodically to assess operational proposals in the field of sustainability, and reviews and validates the draft Consolidated Non-Financial Statement.

The following table shows the composition of the Board of Directors of the parent company Arnoldo Mondadori Editore S.p.A. by gender and age bracket. Specifically, at 31 December 2022, the composition by gender is broken down as 42% women and 58% men, and the composition by age is broken down as 8% between 30 and 50 years old, and 92% over 50 years old.

Composition by gender and age of the Board of Directors

Age	at December 31, 2022				at December 31, 2021				at December 31, 2020			
	Women	**Men**	**Total (no.)**	**Total (%)**	**Women**	**Men**	**Total (no.)**	**Total (%)**	**Women**	**Men**	**Total (no.)**	**Total (%)**
30-50 >50 years old	1	0	1	**8%**	1	0	1	**8%**	1	0	1	**7%**
Total (no.)	4	7	11	**92%**	4	7	11	**92%**	4	9	13	**93%**
Total (%)	**5**	**7**	**12**	**100%**	**5**	**7**	**12**	**100%**	**5**	**9**	**14**	**100%**
Totale (%)	**42%**	**58%**	**100%**		**42%**	**58%**	**100%**		**36%**	**64%**	**100%**	

Corporate Governance Report

Reference is made to the Report on Corporate Governance and Ownership Structures - made available at the same time as this document on the website www.gruppomondadori.it, in the “Governance” Section and on the authorised storage system 1info - Sdir & Storage - for a detailed description of the governance structure, with particular reference to:

i. Composition and internal competences, process of appointment and duties - also in respect of training and the definition of sustainability strategies - of the Board of Directors, the Control, Risk and Sustainability Committee and the other internal board Committees;
ii. Organisational model, also in respect of criticality management;
iii. Training and induction processes for the Board of Directors;
iv. Self-assessment process of the Board of Directors.

Remuneration Report

In the Report on Remuneration Policy and Compensation Paid, Arnoldo Mondadori Editore S.p.A. describes the remuneration policies connected with the members of the most senior governance body and senior managers, as well as the process by which they are processed.

The document is available at the same time as this document on the website www.gruppomondadori.it/, in the “Governance” Section and on the authorised storage mechanism 1info.

The Group has monitored the ratio of the remuneration of the highest paid individual and the annual median remuneration of all employees of the Group’s Italian companies[22]. This ratio is 34.03 in 2022, while in 2021 it was 27.72. The ratio of the percentage increase of remuneration of the person receiving the highest remuneration and the median percentage increase of all employees is 12.66.

The value of the median has increased by 2% compared with last year, while the value of the highest remuneration has increased by 25.2%. Note that the reason for this difference is due to the fact that the CEO was appointed in April 2021 and the new compensation impacted the annual effective remuneration for just 8 months, while in 2022 the effect was full for all 12 months.

[22] The value of remuneration used for the calculation takes into account: the gross annual remuneration for FTEs, the variable amount linked to MBOs and LTIs disbursed and all other variables coming together to make up total remuneration.

2.2 GROUP ETHICS AND INTEGRITY

As mentioned in the introduction to this chapter, the Mondadori Group's organizational and management model is designed to ensure the economic sustainability of the company and the creation of long-term value, highlighting the mission and values that guide the day-to-day management of the Group's operations; this is witnessed by the Group's compliance with the external codes and regulations that shape its governance and control system.

In applying an Organizational, Management and Control Model (for the Parent Company and with appropriate versions for each of its Italian subsidiaries), the Mondadori Group has set itself the goal of adopting a set of protocols which, as a supplement to the system for assigning powers and responsibilities, together with the other organizational tools and internal controlling, form a fitting system able to prevent criminal and administrative offences and raise awareness among employees and associates of the rules of conduct to follow when performing their tasks. The Model and its Guidelines are constantly updated and meet the different needs of the companies that are part of the Group.

Both of these documents refer to a set of ethical standards, identified by legislation, regulations and codes of conduct, which the company incorporated into its own regulations in 2012 with the adoption of a new Code of Ethics that extends to all Group companies. The corporate Code of Ethics sets out general ethical principles (respect for human rights and law, transparency, protection of intellectual property and the independence of information) and specific principles in relation to the different stakeholders, including customers, suppliers, employees, investors, communities, institutions and the environment.

The Code of Ethics, therefore, outlines the set of principles and rules of conduct to be followed by the directors, employees and associates of Group companies within the scope of their respective roles and duties. The Code of Ethics and its provisions are incorporated into the contractual obligations undertaken by the counterparties. Any infringement of the Code of Ethics, therefore, constitutes a breach of contract, entailing the consequences of law, including termination of the contract or engagement and claims for damages.

In this sense, compliance with the principles set out in the Code of Ethics is required not only of employees and associates, but is also incorporated into supply agreements, together with the obligation to comply with Community legislation and minimum working age laws.

As a sign of its growing commitment to sustainability, the Group has officially endorsed the more specific policies set out by industry associations, such as the Sodalitas Foundation's Charter for Equal Opportunities and the Valore D Manifesto, undertaking a commitment to promote talent regardless of gender.

Other steps have been taken over the years, such as the creation and constant updating of operational rules and procedures governing specific company operations, to make compliance with a changing legal framework part and parcel of daily work practices and to respond effectively to the new needs brought by the evolution of business.

In other cases, such as, for example, the issue of privacy in journalism, the Mondadori Group refers to external regulations and standards, in this specific case the Code of Ethics for the Processing of Personal Data in the Practice of Journalism, envisaged in Legislative Decree 196/2003 and incorporated into the Charter of Duties of Journalists.

With regard to environmental sustainability, since 2012 the Group has adopted an environmental policy designed to reduce the impact from its operations. Such policy has delivered tangible results in terms of major cuts in greenhouse gas emissions and, in primis, the growing use of certified paper for its products. Specific operating rules have also been adopted for other issues of lesser or non-material relevance, such as waste management.

In 2017, guidelines for the publication of content and material on Group websites were set out and officially released in February 2018. The guidelines, together with training provided to journalists on copyright and the Web and on privacy in journalism, organized by the Legal and Corporate Affairs Department, address issues connected with the handling of sensitive editorial content in newspapers and on online news channels, websites and social media accounts belonging to the Mondadori Group. For further details on the Group's policies on privacy and personal data protection, reference is made to the section "Privacy and personal data protection".

We should mention the 2018 approval of the Group's Sustainability Policy, reflecting Mondadori's values and mission; it indicates six key commitments that are consistent with the Company's activities and its role in society:

- providing customers with the possibility of benefiting from innovative and quality products;
- actively promoting a culture that is accessible to everyone, aware that the right to quality education and information is a crucial element in the development and growth of a country;
- giving voice to different points of view, rewarding originality and the diversity of thought, and ensuring respect for freedom of expression in the process of developing publishing products;
- investing in the professional development of people, enhancing their talent and encouraging them to be creative and enterprising;
- creating a safe workplace for employees and associates that provides equal opportunities for personal and professional achievement and expression;
- respecting and protecting the surrounding environment through the responsible use of natural resources and main energy carriers, reduction of polluting and climate-changing emissions, careful waste management and customer and supplier awareness on environmental sustainability issues.

With the introduction in 2019 of the whistleblowing system to make and manage reports of alleged or actual unlawful conduct relevant pursuant to Legislative Decree 231/2001, and alleged or actual violations of Models 231 and/or the Code of Ethics adopted by Group Companies, in full respect and protection of the reporter and the reported person, the related procedure was issued and the Model and Guidelines of the Parent Company and all companies were updated.

In 2022, there were also no reports made to the Board of Directors of any potential or actual negative impacts regarding the conduct of the organisation in its operations and business relations.

Supply chain

Responsible supply chain management is one aspect to which the Group pays close attention. Correct management in fact guarantees business continuity and fosters the involvement of suppliers aligned with the Mondadori approach and operations, both in terms of compliance with current regulations and sustainable development. Compliance with the principles set out in the Group's Code of Ethics is required not only of employees and associates, but is also incorporated into supply agreements, together with the obligation to comply with Community legislation and minimum working age laws.

The Code and its provisions are incorporated into the contractual obligations undertaken by the suppliers. Any infringement of such, therefore, constitutes a breach, entailing the consequences of law, including termination of the contract or engagement and claims for damages.

Within its Environmental Sustainability Policy, the Group:

- is committed to respecting and protecting the surrounding environment through the responsible use of natural resources and main energy carriers, reduction of polluting and climate-changing emissions, careful waste management and customer and supplier awareness on environmental sustainability 123 issues;
- to influencing its suppliers through the use of environmental sustainability criteria within the selection and management process, so as to guide the chosen suppliers to act consistently with the Group's environmental policy;
- to spreading awareness of and communicating its environmental policy to its stakeholders, in particular to employees, customers and suppliers and to guaranteeing the update of the Group's strategy and objectives in connection with environmental and sustainability topics.

Within the supplier screening process, selection is based on multiple criteria, including, for example, the technical suitability of the products or services proposed, their quality, the economics of the offer and the sustainable commitment in social and environmental terms.

With specific reference to paper suppliers, a category that is particularly important for Mondadori due to the very nature of the business, their selection and assessment is based not only on economic factors but also on the presence of certifications in accordance with international PEFC/FSC standards aimed at safeguarding and ensuring the proper management of forest ecosystems.

The other main types of supply on the basis of the criteria of economics and strategic relevance for the Group are tied to printing and logistics. Considering the main suppliers of paper, printing, logistics and central purchasing, 90% of spending can effectively be attributed to Italian suppliers, while the remaining 10% comes from foreign purchases, even if operating in Europe. In organisational terms, the supply chain is managed for matters relating to the purchase of paper, printing and logistics services by the dedicated structures within the Books division, whilst the Group Services Procurement and Real Estate Department within the HR and Organisation Department, manages procurement of the various goods for the whole Group.

2.2.1 Combating corruption

Within the management and control system of the Mondadori Group, the Organizational, Management and Control Model and the rules of conduct of the Model - in the various versions prepared for each company and all constantly updated - represent a reasonably effective system for guaranteeing business integrity and the fight against corruption in all the businesses and areas of the Group.

The project on the adoption of an Anti-Corruption Policy and Compliance Programme, in compliance with current legislation, was entrusted to the Internal Audit and Internal Control Departments and will be completed by 2023.

In the three-year period 2020-2022, no cases of corruption or bribery involving employees or suppliers in Italy were found to have occurred, and no legal action was initiated or completed against the Group or its employees for alleged corruption. No reports within the whistleblowing system were made in 2022.

2.2.2 Market abuse

Following adaptations of the Procedure on inside information made in 2016 and 2019 in compliance with Regulation (EU) no. 596/2014 on Market Abuse Regulation, the Mondadori Group has strengthened its control over the way it oversees, manages and circulates corporate documents and information internally, the way it communicates inside information to the market and the public in accordance with the applicable provisions of law and regulations, and the audits on the register of persons with access to inside information.

The control system was complemented by the internal dealing procedure as regards the disclosure obligations towards CONSOB, the Company itself and the market of all the transactions of an amount equal to or higher than € 20,000 (including all subsequent transactions, carried out on financial instruments issued by the Company, regardless of the amount, once a total amount of € 20,000 has been reached in the course of a calendar year), on derivatives and related financial instruments by members of Mondadori's governing or supervisory bodies, managers who have regular access to inside information and who are empowered to take decisions that may affect the outlook and prospects of the Mondadori Group and persons closely associated with them.

In 2020, the notion of Specific Relevant Information was integrated into the procedure, with the following creation of the Relevant Information List and definition of the relating management criteria. Roles and responsibilities relating to the inside information management process were reviewed, also assigning the role of FGIP (Inside Information Management Function) to the Group CFO. Training programs, under the responsibility of Mondadori, were also delivered to the owners of the process.

The year 2021 saw a further optimization of the methods for recording and tracing disclosure items related to delay of disclosure of inside information as per Article 17 of EU Regulation 596/2014.

In the three-year period 2020-2022, no legal actions were initiated against the Mondadori Group for anti-competitive behaviour, violations of antitrust regulations or monopoly practices.

2.2.3 Compliance

The Mondadori Group carries on business in compliance with all applicable laws and regulations. However, in the performance of its activities, contestable cases may arise for various reasons.

Specifically, typical of publishing activities are the risks associated with the libel offence, as these are risks inherent in the drafting of books and/or articles. Libel consists, in fact, in offending the reputation of others. The idea each one of us has of the events and circumstances of a particular case is subjective, so the concept of "offensive" may vary from person to person.

That said, the Mondadori Group performs stringent audits before publishing books and/or articles; nevertheless, disputes and libel suits are bound to materialize.

The monetary value of the significant sanctions (in excess of € 10,000) paid in 2022 for cases of non-compliance with the law and regulations comes to approximately € 117,000, of which approximately 11,000 relating to tax penalties. This figure refers to a total of 4 sanctions, 3 of which applied in 2022 and one during a previous reporting period.

In order to provide greater transparency to stakeholders, the Company set up a filing system for non-monetary penalties at the beginning of 2012. Examples of non-monetary penalties include the publication of rulings.

Only one case of a non-monetary sanction was reported in 2022.

2.2.4 Privacy and data protection

Privacy and personal data protection are fundamental elements for the Mondadori Group as a whole, in which each company is committed to ensuring that the collection and processing of personal data is performed in accordance with the principles and applicable laws.

In pursuing its business, the Mondadori Group can take pride in having a well-established system aimed at protecting personal data, which guarantees compliance with Regulation (EU) 2016/679 ("GDPR"), Legislative Decree 196/03 ("Privacy Code") as subsequently updated by Legislative Decree 101/2018, and with the indications and provisions issued by the Data Protection Authority.

Specifically, within the Group, personal data management policies are governed by a series of procedures in the areas of data retention, privacy by design and by default, data protection impact assessment, data breach, feedback to data subjects and the appointment of data processors pursuant to and for the purposes of Article 28 of the GDPR. The Group also has a Data Protection Officer in place.

The websites of each Mondadori Group company all have privacy and cookie policies available for consultation, which are kept constantly updated. The Group’s corporate website also features a section that illustrates the personal data management policies implemented by the entire Mondadori Group.

In 2022, the Group handled numerous requests for the exercise of rights by data subjects, including, in particular, requests for access to and the deletion of personal data. No personal data violations that could be considered data breaches were reported.

Reclami per violazione della privacy/perdite o furti di dati dei clienti	2022	2021	2020
Substantiated complaints received regarding breaches of customer privacy (no.)	—	1	2
of which, from supervisory bodies	—	—	1

of which, received from external parties	—	1	1
Losses or theft of customer data (no.)	—	—	—

2.2.5 Tax policy

With regard to the national tax consolidation scheme, in 2022 the Mondadori Group renewed the agreement with Fininvest S.p.A. (the Consolidating Company) for three years (2022-2024), containing a protection clause under which Arnoldo Mondadori Editore S.p.A. and its subsidiaries participating in the tax consolidation shall not be required to pay more income tax than the Group would have paid if Arnoldo Mondadori Editore S.p.A. and its subsidiaries had created its own tax consolidation agreement.

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

Tax	**2022**		**2021**	
(Euro/thousands)	**Italy**	**USA**	**Italy**	**USA**
Revenue from sales to third parties	855,328	47,675	761,870	45,475
Revenue fromintercompany transactions with other tax jurisdictions	761	739	1,065	1,377
Pre-tax profit/loss	64,247	2,609	34,437	4,129
Tangible assets other that cash and cash equivalents	22,791	1,343	13,243	1,371
Corporate income tax paid on a cash basis	20,325	1,299	12,997	947
Corporate income tax on profit/loss	19,453	1,038	15,504	1,162

2.2.6 Editorial independence

The Parent Company Arnoldo Mondadori Editore S.p.A. is listed on the Milan Stock Exchange.
The share capital at 31 December 2022, fully subscribed and paid up, amounted to € 67,979,168.40, divided into 261,458,340 ordinary shares with a par value of € 0.26 each.

The majority shareholder is the holding company Fininvest S.p.A., owned by the Berlusconi family.

Significant shareholders as at December 2022

Shareholder	**% interest in share capital at 31/12/2022**
Fininvest S.p.A.	53.30%
Treasury shares	0.40%
Free float	46.30%

During the reporting period, the Mondadori Group received financial contributions from the public administration in Italy for a monetary value of approximately € 8.41 million, of which € 6.38 million to Electa from the Ministry of Culture in accordance with Decree no. 506 of 31 May 2021 of the DG-MU (Director General of Museums). In 2022, the companies Mondadori Media and Mondadori Scienza benefited from contributions for paper respectively in the amount of € 1.9 million and € 221 thousand.

Arnoldo Mondadori S.p.A instead received approximately € 70 thousand in the form of tax credits linked to “caro energia” and the innovation fund; the latter was also received by

Mondadori Education and Rizzoli Education for a figure of approximately € 7,000 each. Finally, € 114 thousand in COVID-19 subsidies were disbursed by the US government for Rizzoli Bookstore.

A breakdown is provided below of the last two years by geographical area.

Grants received from Public Admnistration (Euro)	2022	2021
Italy	8,415,363.58	7,355,764.80
USA Rizzoli International Publications[1]	114,511.40	158,339.20
Total (Italy and USA)	8,529,874.98	7,514,104.00

[1] Amounts expressed in Euro (€), converted from USD at the exchange rate at the end of the relevant reporting period

Lastly, the Mondadori Group did not make donations of any kind to political parties or politicians during the year.

2.2.7 Intellectual property and copyright protection

The Group's commitment to protecting the rights associated with intangible assets resulting from creativeness and inventiveness is enshrined in the Company's Code of Ethics, as the cornerstone of publishing activities. Copyright is governed by Law no. 633 of 22 April 1941.

The recent years, however, have seen a heated debate pitting traditional content producers against the new web players who use this content. Against this backdrop, the Group collaborates with national and international trade associations (FIEG - Federazione Italiana Editori Giornali, AIE - Associazione Italiana Editori, and EMMA - European Magazine Media Association) in order to effectively transpose the European Directive on Copyright in the Digital Single Market (Directive 2019/790) into the Italian system, where in Legislative Decree no. 177 of 08 November 2021 it has found its most effective application.

In 2022, in light of the continuous evolution of current regulatory obligations, the following activities have been implemented to strengthen the programmes aimed at protecting intellectual property and copyright:

- adjustment, where necessary, of the provisions of contracts to the adoption of the provisions introduced by Italian Legislative Decree no. 177 of 8 November 2021, incorporating the European Directive on copyright;
- adoption of monitoring programmes to monitor and prevent on-line piracy and the unlawful use of information protected by copyright.

Just like in 2022, these activities will also take place in 2023.

2.3 MAIN NON-FINANCIAL RISKS

In 2022, as part of the Group's Risk Assessment activities, an exhaustive and systematic analysis of the risks associated with the social and environmental effects of company activities continued, also in order to meet the requirements of Legislative Decree 254/2016 and feed the path of constant improvement in the field of sustainability.

These risks are the result of an integration of the non-financial risks already covered by the Group Risk Assessment process and specific in-depth discussions. For further information on mitigation actions, reference should be made to the section Internal control and risk management system (see 2022 Annual Report).

The effects of the conflict still ongoing, coupled with the evolution of the COVID-19 pandemic, have resulted in a substantial review of the mapping of risks and a major review of the strategic action taken to date, in order to reduce the extent of the risks and ensure business continuity.

In 2022, which was marked by the problems described above, the main risks highlighted regarded:

- the worsening of problems linked with commodities, mainly paper, energy and gas, both in terms of procurement and the increase in the relevant costs, including transport;

- in education, the demographic decline, worsened with the uncertainty and economic difficulties;
- the incidence of the on-line market, with possible fallout, particularly by Amazon, not only on distribution but also on the publishing side.

The main considerations related to the risks associated with the areas of reference outlined in Legislative Decree 254/2016 are shown below, also in light of the priorities defined by ESMA for the 2022 reporting year.

2.3.1 Risks associated with environmental topics

Climate change is an important topic for all industries; in publishing, the critical issues relate to the greenhouse gas emissions linked mainly to energy consumption, the production cycle for paper products and transport.

Growing concern on the part of stakeholders and institutions over climate change could lead to adjustments, in the future, to current legislative provisions.

Alongside the risks associated with climate-changing emissions are the risks associated with energy efficiency, coupled with those associated with potential interruptions in paper supply.

Last but not least, it should also be noted that social and environmental performance is becoming increasingly relevant in assessing the Company's suppliers.

Main risks	Main mitigation measures
Growing pressure from stakeholders and national and international institutions with regard to climate change.	Constant oversight of the issue through continuous monitoring of overall greenhouse gas emissions produced by the various operations of the Group (such as product distribution and logistics and business travel) and the identification of effective actions for their reduction.
Loss of opportunities for economic benefits due to reduced effectiveness of energy efficiency measures.	Constant oversight of the issue through continuous monitoring of overall energy consumption, strong focus on the upgrading of IT equipment and identification of energy efficiency measures in workplaces.
Interruptions in the production process due to the shortage of paper as a raw material.	Gradual extension across the Group of the use of FSC and PEFC certified paper.

2.3.2 Risks associated with social topics and respect for human rights

The topic of human rights is closely tied to the publishing sector, both as regards freedom of expression and privacy protection and in the social environment, such as media literacy and product accessibility, for example.

And the role played by the operators that are a part of it in promoting and spreading culture, is all too clear.

The risks that ensue can stem from both behaviour implemented by the Group and external causes. In such situations, it will be extremely important to monitor the risks linked to personal freedom, well-being, educational prospects and wealth of the younger generations.

Main risks	Main mitigation measures
Critical issues related to potential restrictions on the freedom of expression of authors.	Continuous monitoring of the variety of titles published.
Critical issues related to the publication of editorial content considered sensitive, the loss of customer data and changes in the relevant legislation (GDPR, e-privacy, etc.).	Constant monitoring of sensitive data management practices and continuous improvement through the development of specific initiatives across the various company functions and the various Group companies.
The on-line channel, which was privileged throughout the pandemic, has resulted in a huge change in how consumers purchase books. To this end, e-commerce must be constantly developed in order to be competitive on the market and enhance the customer purchasing experience.	The on-line channel needs to be developed in order to increase competitiveness on the market and enhance the customer purchasing experience, through a greater integration towards “phygital” space (activities seeking to enrich the customer’s physical experience through the implementation of digital functions), the improvement of the customer experience and the continuous mapping of the market in order to enrich the payment card systems (Scalapay).
Growing pressure from the public to distribute quality publications, which are impartial and respectful of diversity.	Continuous improvement in editorial content and product quality.
Changing demands from the audience as regards tools for accessing editorial content.	Monitoring of the accessibility demands of the audience and the ability of the company to respond to such needs.
Critical situations connected with the inability of readers to distinguish the value of products sold, where suitable instruments are not provided to facilitate a fair understanding of mass media.	Continuous improvement in initiatives to raise awareness and educate the public as to the need to critically assess and analyse media.
Critical issues related to a potential increase in competitive pressures in relevant markets, which could lead to unfair conduct by competitors.	Constant oversight of the issue through specific training for internal personnel and networking activities with trade associations.

2.3.3 Risks associated with the fight against corruption and bribery

Corruption, active and passive, is still a very significant phenomenon and actions aimed at combating it see national and supranational institutions and bodies engaged in the front line.

The Group is committed to acting responsibly, not simply complying with all national and international laws but also constantly promoting ethical and transparent behaviour to strengthen reputation in respect of stakeholders and increase their faith.

For the Mondadori Group, the ways to address the risks associated with the infringement of internal rules and relevant laws in force remain a priority concern.

Main risks	Main mitigation measures
Critical issues related to conduct infringing the laws in force by those who act in the name or on account of the Group.	Constant oversight of the issue through organizational measures and controls to help ensure and spread proper conduct (personnel training, selection of non-publishing products bundled with the publications, monitoring of the legal framework, networking with other companies in the sector). Adoption of the whistleblowing procedure, with the relating implementation of an IT system managed externally (to guarantee violator and whistleblower privacy) as a communications channel to handle reporting; amendment of model 231 of the Parent Company and its subsidiaries; employee training plan. Drafting of a specific anti-corruption procedure following a specific risk assessment.

2.3.4 Risks associated with personnel management

The success of the Mondadori Group is built squarely on the shoulders of the people who act in its name or on its account. Their skills and motivation are fundamental factors in the development of innovative solutions able to correctly interpret changes in relevant markets and in society, which are necessary to guarantee the financial performance of the Group and its competitive standing.

The Mondadori Group continues to be committed to establishing concrete dialogue with its people, to encourage a greater understanding of our respective needs and to find solutions to any issues that may exist.

Main risks	Main mitigation measures
Risk that a more dynamic jobs market, coupled with technological change and alterations to the competitive scenario, may make it harder to retain people and attract new talent.	Continuous improvement in human resources management practices, in terms of negotiation, career management support, training, retention and job rotation policies.

2.3.5 Risks associated with Diversity & Inclusion

The Mondadori Group has supported and promoted constant dialogue on matters of diversity and inclusion for some time now. These reference values aim to build trust and collaboration with all stakeholders, such as, for example, customers, employees, market and communities, aligning with the market, which is increasingly brand diversity oriented.

The other points of attention that have emerged to date include growing awareness of the role of D&I at all levels of company life and compliance with current legislation.

The main mitigation measures involve:

- the half-yearly update of top management in respect of the KPIs, which aim at “providing a snapshot” of the application of D&I principles as a starting point to define precise, targeted actions;
- management incentives where effective improvements are made (see 2. Governance, Focus on the Sustainability Plan);
- targeted welfare projects and flexible internal management policies, for example on subjects like parental leave, salary parity and intergenerational care giving;
- dedicated training courses, awareness-raising campaigns and concrete projects to communicate and promote;

2.4 STRATEGIC BUSINESS INNOVATION

From a strategic point of view, the Group has all the managerial and financial resources required to continue along the path of strengthening its core businesses, and of rationalizing, if possible, non-strategic activities consistently and increasingly pursued in the last two years, including through M&A operations.

Again in 2022, the Group continued to consolidate its leadership in the Books Area. With the acquisition of 50% of De Agostini Libri S.r.l., a company specialised in trade books with focus on the children's and non-fiction segments, consistently with the strategy of increased focus on its core business of books, Mondadori has established a partnership with a publisher that boasts a rich history and tradition, as well as solid know-how. The scope of the transaction also included Libromania S.r.l., a company operating in the promotion of third-party publishers. 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, also allowed the Group to achieve a leadership position in the domestic comic books segment.

It is recalled that late December 2021, the Group completed the acquisition of 100% of De Agostini Scuola S.p.A. through its subsidiary Mondadori Libri S.p.A., achieving a leadership position in the school textbooks publishing market. The company D Scuola has been included in the consolidation since 1 January 2022.

2.4.1 Enhancement and reputation of brands and publishing trademarks

Management of the brands and publishing brands goes beyond the concept of protecting the Company's intangible assets, clearly without neglecting this but in actual fact seeking to explore their further potential and linking this to action taken to increase the accessibility of products and services.
The various initiatives described in this report include in particular the events promoted by the Group's brands which, during 2022, sought to conjugate brand reputation and solidarity:

- **Dalla parte della natura (On the side of nature):** in January Focus published a special issue of the monthly magazine in collaboration with the WWF, featuring a disclosure project to strengthen the commitment to safeguarding the Planet and protecting species at risk of extinction, telling the tales of the projects that the association has been pursuing for 60 years;

- **Focus For Future:** always our brand leader in scientific popularisation, with a view to becoming the reference multimedia platform on the environment and sustainability, it has enriched its offer of contents and initiatives to sensitise and proactively involve its community on the territory, for example becoming media partner of the national "Plastic Free" initiative of 5 June;

- **Incarta un libro, regala un futuro (wrap a book, give a future):** in the month of December, with a donation, the Christmas gifts were wrapped by the more than 100 volunteers present in the 64 Mondadori bookstores adhering to the initiative, thereby supporting the idea of Oxfam and Mondadori Store to guarantee inclusive education for children and teenagers in difficult social contexts. 2022 activities raised funds in excess of € 112 thousand, a concrete commitment to help and support the more fragile students.

- Well-being of body and mind, together with the promotion of a more sustainable lifestyle, starred in the editorial initiative **"Cucina a colori"** organised by Mondadori Store: a volume containing more than 180 recipes featured alongside advice, news and information to raise awareness about the relationship between a healthy, balanced diet and respect for the environment, with an eye on consumption and savings. The book, published by Mondadori Electa and available only in our stores, proposes fun, colourful cooking, playing on the chromatic harmony gifted us by nature.

- Mondadori Store has also adhered to and supported the **"Bee Good"** initiative: a project promoted by Payback, which has given members of the loyalty programme the possibility of converting promotion points into a payment of bees to be saved. A contribution that made it possible to adopt a total of 3 million bees, protecting the biodiversity of the territory.

- Mondadori Retail has pursued and driven **“Percorsi”**, the free training project dedicated to our network booksellers. Created in October 2021, it takes the form of a series of meetings with the aim of providing stimuli, tools and support to booksellers in managing a store, bringing about a reflection on the importance of their role in the relationship with the product and customer. The second edition appointments have been dedicated to the following topics: analyses of the junior publishing market, sales arguments and objection management, visual merchandising and social tool management.

- In June, to mark the FuoriSalone 2022, the magazine Interni organised the massive show-event entitled “Design Re-Generation”. Starting out from the concept of regeneration understood as requalification, recovery and rebirth, the installations of this edition were devoted to important topics like the new look of sustainability, nature in the city, artificial intelligence for an innovative design and a new future through a more aware design.

3. SOCIAL
Enhancing people, content and places for education and culture

The enhancement and management of human capital are priority issues for the Mondadori Group, which promotes the development of its people in line with the company's prospects, encouraging their growth in terms of new skills, through the creation of quality training and professional development programs consistent with industry trends. In this context, the Group promotes the well-being and a work-life balance of its employees, also through specific initiatives linked to welfare, prevention and health (see the paragraph entitled “Health and safety in the workplace”).

The company has always been committed to valuing diversity and equity as levers for the creation of a workplace that values uniqueness, including through an evolved inclusive leadership model.

This translates into multiple actions, conceived consistently with the objectives defined in the Sustainability Plan, for all Group employees and collaborators.

The dissemination of culture and ideas is a cornerstone of the Mondadori mission; it is not only the basis of the company's business activity, but also a distinctive feature of its strategic approach to Sustainability and the creation of its products for the public.

The Group is committed to ensuring that its editorial products - books, school books, magazines, websites and digital products - contain content that is accurate, meticulous, truthful and respectful of the tastes and sensitivity of the public, through ongoing editorial audits.

The Group's commitment to protecting the rights associated with intangible assets resulting from creativeness and inventiveness is enshrined in the Company's Code of Ethics, as the cornerstone of publishing activities. In the context of the school product range, this commitment becomes a true mission at the service of the younger generations.

Attention to the context, ability to adapt and responsiveness are the elements that have always marked the work of the Mondadori Group. Specifically, the company pays great attention to assessing the perspectives and opinions of teachers and students. It also operates in the educational world defined by national authorities in line with the best industry practices and with a view to developing quality products. Through innovative teaching contents and dedicated in-depth analyses, the Group is committed to promoting education for sustainable development with particular regard to the 2030 Agenda and environmental culture, in line with the objectives set in the Sustainability Plan.

This commitment is limited not only to schools: through books, magazines, digital brands, initiatives, bookshops and social channels, the Group pays attention to sustainability topics in its educational and information products, with the aim of fostering knowledge and debate on how to promote a more sustainable present and future.

The Mondadori Group’s approach to the future in the field of sustainability is laid out consistently with the four strategic guidelines defined in the Sustainability Plan (see paragraph 1.1) with the following future objectives connected with the Sustainable Development Goals (SDGs) laid down in the 2030 Agenda.

The objectives achieved or started in 2022 are described in the next few paragraphs.

FOCUS

1. Development and endorsement of a well-structured framework of KPIs for monitoring all D&I-related actions, with specific regard to the gender pay gap and gender balance.	2022
2. Development of the hybrid working project for the joint definition of a new mixed working model.	2022
3. Extension to 100% of the school offer of contents/insights in Sustainability, 2030 Agenda for Sustainable Development, diversity, equity and inclusion and civic education.	2023/ continuous
4. A growing number of initiatives/services to promote reading. Maintenance of the offer of events during the next three years (Educational area).	2022/ continuous
5. Strengthening of ESG training for the Group’s school publications and those for teachers. Maintenance of the offer of training during the next three years.	2022/ continuous
6. Review of the internal procedures governing selection, hiring and career development with particular attention to D&I matters.	by 2023
7. Development and implementation of a training plan specifically for D&I for all Mondadori Group people. [Ref. Governance]	by 2023
8. Launch of the "Parenthood" project to promote more inclusive models for access to motherhood/fatherhood, removing existing biases and facilitating the return to work by enhancing acquired skills;	by 2023
9. Obtaining certification of the management system in the D&I area.	by 2024
10. “Care” project for all Group people and their families.	by 2024

3.1 Enhancement and management of human capital

The valuation and management of the human capital have for years been priorities for the Mondadori Group. The risk analysis on such topics also places emphasis on the need to evolve personnel in line with the Company's development prospects, encouraging their growth in terms of new skills.

Therefore, alongside initiatives for improving the quality of working life and for promoting work-life balance opportunities, in 2022 the Group renewed commitment towards creating a training offer dedicated to digitisation and professional development consistent with the evolution of its business.

3.1.1 The people of the Mondadori Group

At 31 December 2022, the Mondadori Group had 1,900 employees in Italy and the US, showing growth compared to 2021 in respect of the new companies that joined the Group during the year (De Agostini Libri, Libromania, D Scuola and Star Comics for a total of 170 employees).

Mondadori Group employees, by geographical area (no.)

Geographical area	at December 31, 2022	at December 31, 2021	at December 31, 2020
Italy	1,849	1,763	1,798
USA	51	47	47
Total	**1,900**	**1,810**	**1,845**

For 2020, in addition to the number of employees specified in the table, another 2 people of the company Abscondita S.r.l. should also be considered part of the workforce, as the Group acquired the company in 2020 and it is not included in the 2020 NFS reporting scope. Data relating to this company have been included starting with the 2021 reporting year.

Specifically, at 31 December 2022, the Group's workforce is 63% women and 37% men, with most of the employees in the 30-50 age bracket and over 50.

Mondadori Group employees, by age bracket and gender (%)

Age group	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	Total	of which Women	of which Men	Total	of which Women	of which Men	Total	of which Women	of which Men
< 30	4%	65%	35%	3%	60%	40%	3%	57%	43%
30-50	55%	64%	36%	55%	65%	35%	57%	64%	36%
> 50	41%	61%	39%	42%	62%	38%	40%	62%	38%
Total	**100%**	**63%**	**37%**	**100%**	**64%**	**36%**	**100%**	**63%**	**37%**

With regard to the businesses, the Books Area is the largest, with approximately 44% of the Group's employees.

This is followed by Media, Retail and finally Corporate in terms of workforce size.

Mondadori Group employees, by business

Business	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	Total	of which Women	of which Men	Total	of which Women	of which Men	Total	of which Women	of which Men
Corporate	15%	56%	44%	17%	59%	41%	17%	56%	44%
Books	44%	68%	32%	35%	70%	30%	34%	70%	30%
Retail	17%	58%	42%	18%	58%	42%	19%	59%	41%
Media	24%	61%	39%	30%	63%	37%	30%	62%	38%

In keeping with previous years, also at 31 December 2022, the overwhelming majority of employees are under permanent, full-time contracts.

Mondadori Group employees in Italy, by contract type and gender (%)

Type of contract	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	Total	of which Women	of which Men	Total	of which Women	of which Men	Total	of which Women	of which Men
Permanent	99%	63%	37%	99,7%	64%	36%	99,6%	63%	37%
Fixed-term	1%	88%	12%	0,3%	100%	—%	0,4%	75%	25%

Type of contract	at December 31, 2022		
	Total	of whom Women	of whom Men
Permanent	1.833	1.156	677
Fixed-term	16	14	2

Mondadori Group employees USA, by contract type and gender (%)

Type of contract	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	Total	of which Women	of which Men	Total	of which Women	of which Men	Total	of which Women	of which Men
Permanent	82%	52%	48%	85%	52%	48%	89%	52%	48%
Fixed-term	18%	67%	33%	15%	57%	43%	11%	60%	40%

Type of contract	at December 31, 2022		
	Total	of which Women	of which Men
Permanent	42	22	20
Fixed-term	9	6	3

Mondadori Group employees, by professional type (full time/part time, %)

Type of contract	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	Total	of which Women	of which Men	Total	of which Women	of which Men	Total	of which Women	of which Men
Full time	89%	61%	39%	89%	61%	39%	89%	60%	40%
Part time	11%	85%	15%	11%	83%	17%	11%	85%	15%

Type of contract	at December 31, 2022		
	Total	of which Women	of which Men
Full time	1700	1029	671
Part time	200	169	31

The three-year period 2020-2022 sees a trend of gradual growth in the percentage of women executives compared to the total category, although still in the minority of the total.

Mondadori Group employees in Italy, by professional grading and gender (%, Italy)

Professional Grading	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	Total	of which Women	of which Men	Total	of which Women	of which Men	Total	of which Women	of which Men
Executives	5%	36%	64%	5%	31%	69%	5%	29%	71%
Middle managers	14%	51%	49%	14%	55%	45%	14%	55%	45%
Office workers	74%	68%	32%	71%	67%	33%	71%	66%	34%
Journalists	6%	66%	34%	9%	73%	27%	9%	73%	27%
Blue collars	1%	29%	71%	1%	29%	71%	1%	20%	80%

Mondadori Group employees in Italy, by professional grading and age bracket (%, Italy)

Profession al Grading	at December 31, 2022				at December 31, 2021				at December 31, 2020			
	Total	Of which <30 years old	Of which 30-50 years old	Of which >50 years old	Total	Of which <30 years old	Of which 30-50 years old	Of which >50 years old	Total	Of which <30 years old	Of which 30-50 years old	Of which >50 years old
Executives	5%	—%	36%	64%	5%	—%	40%	60%	5%	—%	45%	55%
Middle managers	14%	—%	48%	52%	14%	—%	50%	50%	14%	0,4%	54%	46%
Office workers	74%	5%	60%	35%	71%	5%	61%	34%	71%	3%	63%	33%
Journalists	6%	—%	23%	77%	9%	—%	27%	73%	9%	—%	35%	65%
Blue collars	1%	—%	57%	43%	1%	—%	29%	71%	1%	—%	40%	60%

Mondadori Group employees USA, by professional grading and gender (%, USA)

Professional Grading	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	Total	of which Women	of which Men	Total	of which Women	of which Men	Total	of which Women	of which Men
Executives	6%	33%	67%	6%	33%	67%	6%	33%	67%
Office workers	94%	56%	44%	94%	55%	45%	94%	55%	45%

Mondadori Group employees USA, by professional grading and gender bracket (%, USA)

Profession al Grading	at December 31, 2022				at December 31, 2021				at December 31, 2020			
	Total	which <30 years	which 30-50 years	which >50 years	Total	which <30 years	which 30-50 years	which >50 years	Total	which <30 years	which 30-50 years	which >50 years
Executives	6%	—%	—%	100%	6%	—%	—%	100%	6%	—%	—%	100%
Office workers	94%	17%	35%	48%	94%	14%	36%	50%	94%	16%	34%	50%

Hires and terminations in Italy, by gender and age (No.,%)		2022		2021		2020	
Gender	**Age**	**Number**	**%**	**Number**	**%**	**Number**	**%**
		HIRES					
Woman	< 30 years old	39	26%	22	30%	12	28%
	30-50 years old	60	40%	21	29%	15	35%
	> 50 years old	10	7%	1	1%	1	2%
Total women		**109**	**73%**	**44**	**60%**	**28**	**65%**
Men	< 30 years old	12	8%	10	13%	5	12%
	30-50 years old	23	15%	18	24%	9	21%
	> 50 years old	5	3%	2	3%	1	2%
Total men		**40**	**27%**	**30**	**40%**	**15**	**35%**
Total hires		**149**		**74**		**43**	
Turnover rate (new employees)			**8%**		**4%**		**2%**
		TERMINATIONS (3)					
Woman	< 30 years old	16	7%	4	4%	6	3%
	30-50 years old	53	23%	25	22%	48	23%
	> 50 years old	90	39%	27	24%	51	25%
Total women		**159**	**69%**	**56**	**50%**	**105**	**50%**
Men	< 30 years old	7	3%	4	4%	0	0%
	30-50 years old	24	10%	25	22%	31	15%
	> 50 years old	39	17%	27	24%	72	35%
Total men		**70**	**31%**	**56**	**50%**	**103**	**50%**
Total terminations		**229**		**112**		**208**	
Turnover rate (leaving employees)			**12%**		**6.35%**		**11.57%**

[3] The number of terminations does not include any employees seconded to other companies not part of the Group. As this is a secondment with a clearing entry for costs, these employees are not included in the total headcount at 31 December.

Hires and terminations in the United States, by gender and age (No.,%)		2022		2021		2020	
Gender	**Age**	**Number**	**%**	**Number**	**%**	**Number**	**%**
		HIRES					
Woman	< 30 years old	5	63%	3	43%	2	29%
	30-50 years old	0	—%	1	14%	0	0%
	> 50 years old	0	—%	1	14%	0	0%
Total women		**5**	**63%**	**5**	**71%**	**2**	**29%**
Men	< 30 years old	1	13%	1	14%	3	43%
	30-50 years old	1	13%	1	14%	2	29%
	> 50 years old	1	13%	0	0%	0	0%
Total men		**3**	**38%**	**2**	**29%**	**5**	**71%**
Total hires		**8**		**7**		**7**	
Turnover rate (new employees)			**16%**		**14.89 %**		**14.89 %**
		TERMINATIONS					
Woman	< 30 years old	2	50%	3	50%	2	14%
	30-50 years old	0	—%	1	17%	3	21%
	> 50 years old	0	—%	1	17%	0	0%
Total women		**2**	**50%**	**5**	**83%**	**5**	**36%**
Men	< 30 years old	0	—%	0	0%	4	29%
	30-50 years old	2	50%	1	17%	4	29%
	> 50 years old	0	—%	0	0%	1	7%
Total men		**2**	**50%**	**1**	**17%**	**9**	**64%**
Total hires		**4**		**6**		**14**	
Turnover rate (new employees)			**8%**		**12.77 %**		**29.79 %**

In addition to data relating to employees, the table below shows the average number of temporary staff in Italy during the year, broken down by business area. The number of temporary workers is subject to seasonality, particularly for bookstores in the pre-Christmas period during new openings and trade show events. For the Retail Area, the 2022 data show a further upswing, continuing on from 2021, in activity versus 2020, which had been heavily impacted by the COVID-19 pandemic. The U.S.-based illustrated books publisher, Rizzoli International Publications, does not employ temporary or seasonal workers.

External workers (temporary) in Italy, by business area (no.)

Italy	2022	2021	2020
Temporary workers (no.)			
Corporate	3	3	6
Books	6	18	21
Media	14	15	15
Retail	173	123	56
Total	**196**	**159**	**98**

3.1.2 Organizational developments and industrial relations

In 2022, in terms of industrial relations, with the end of the state of emergency, the experimental agreement on smart working applied, signed with the trade unions in July 2021. Almost all workers whose work was considered compatible with the hybrid work methodology, chose to adhere to this model. In order to support those responsible in this substantial cultural change and change in paradigm of working methods, a change management path has begun with the aim of better structuring, in all Group signatory companies, the new hybrid work model hinged on flexibility, autonomy, responsibility and collaboration.

At the same time, careful monitoring began of the performance of experiments of the new working model, which was constantly discussed with the trade unions.

Amidst a context of complete consolidation of industrial relations, in July 2022, the parties agreed to extent the various institutes envisaged by the Group's supplementary agreement, along with the provisions relating to productivity prizes, for the whole of 2023, so as to guarantee application continuity.

In addition, throughout 2022, activities focussed on extending the current treatments in place in the Group to also include the recently-acquired companies (D Scuola, De Agostini Libri and Libromania), making it possible to achieve almost complete integration - in the company's industrial relations system - since 1 January 2023.

In December 2022, union agreements were signed for all Group companies, both for the graphic part and trade, aimed at presenting the new training plan in order to qualify for the New Skills Fund.

Management also drew to a close of the early retirement program, launched in 2020, for Arnoldo Mondadori Editore and Mondadori Media.

To consolidate smart working initiatives, the Flex-Ability project was launched with the aim of jointly constructing the new way of working, conciliating the concepts of productivity and effectiveness with flexibility, well-being and personal satisfaction, paying close attention to inclusion. (see Training and Development);

Under the scope of this project, all employees were assigned the technological equipment (PC and smartphone) necessary to enable the change.

All the employees in Italy are covered by collective bargaining agreements: the Graphics Publishing CBA (covering 76% of employees and including Industry managers), the Journalists CBA (6% of the corporate population) and the Trade CBA (applied to 18% of employees, including Trade managers). In the United States, sectoral trade union agreements are not as common as in Europe; the general protection provided by federal laws obviously applies to all workers.

The minimum notice periods required by the applicable collective bargaining agreements (30 days for Graphics-Publishing and 70 days for Trade) were respected in all cases of the transfer of business units and/or organizational change, with negotiations launched several months in advance.

3.1.3 Training and development

The international economic context and the reference markets of the various business units have maintained - and are expected to maintain over the coming years - a characteristic of speed of change that calls for a constant evolution of the business models and new product development.

Increasingly strategic competences to be able to meet the new challenges quickly and increase competitive advantage are the capacity to intercept new areas of activity, to innovate thanks to synergies between digital and traditional products and skills to communicate and dialogue with our readers through social channels. 2022 training programmes have been focussed on strengthening these strategic competences for the organisational development and business.

This is why the training process and professional and managerial growth is increasingly structured and aimed at the specific needs for updating the various professional skills present in the Group, also becoming an element attracting young talent in an increasingly competitive employment market. The inclusion of new figures guarantees new skills and new approaches that are useful to the company's innovation.

In continuity with the training programmes delivered in the previous year, in 2022, a plan was developed aiming to consolidate the skills sets that are essential to all professional families in order to operate and contribute to the development of the lines of the company evolution.

The courses delivered also made it possible to continue to bridge the gaps that have emerged from the digital assessment performed at end 2020 with respect to the competences necessary to address the digital transformation process of businesses: the test helped investigate each person's digital mindset and skills in terms of basic digital literacy, ability to use digital tools for work planning and management.

The 2022 training plan, which consisted of a total of over 35,000 hours of **specialized and managerial training**, focused on the implementation of specific training projects, based on four main pillars and the following areas.

1. **Digital Adoption**. In order to satisfy the need for tools and specific abilities:
    - to increase effectiveness and productivity at work, like courses on Excel and Power Point;
    - to facilitate the new hybrid work mode that requires sharing and collaboration tools, like the course on Gsuite;
    - to execute the digital strategy like:
        - courses on the programs Photoshop, Illustrator and Adobe Premiere;
        - courses to learn to create podcasts for a new way of managing contents;
        - courses to acquire competences to design websites with a user experience hinged on the characteristics of the user and with contents that can engage them, generating and transforming on-line visitor traffic into loyal consumers.

2. **Business Innovation**. In order to pursue the spread of a technological culture and digital mindset to be able to develop a **new strategic vision of the business**, cycles of informative webinars have been developed, in collaboration with the Polytechnic University of Milan, on topics considered as core to the evolution of Mondadori. The meetings have made it possible to convey knowledge, points for thought and scenario visions linked to new technological and digital opportunities to drive innovation.
   To enable people and the organisation to develop innovative ideas, a course has been conceived on Design Thinking, which flanks theoretical training on the design thinking model with practical applications to generate innovative ideas for Mondadori. Multifunctional teams have worked on the development of projects identified by the management and, under the scope of a specifically-created contest, the best proposals have been selected by a panel and will subsequently be implemented.
   For Retail, **two courses** have been developed, one for **store managers** and one for **store sales staff** - to update skills in a scenario that sees consumer behaviour and purchasing methods of the new generations change tremendously, heading towards a hybrid retail model.
   In the Commercial Area of the Trade Books area, training has been delivered on **"MondadoriS People – Sales Innovation Sprint"**, dedicated to sales profiles and intended to provide professional refresher courses on the latest trends linked to digital and innovation, which envisage a transformation of the commercial figure, from simple seller of a product to consultant to improve the sale and relationship with the end customer.

3. **Digital Marketing&Content Management**. This area's courses are intended in particular for marketing and communication professionals and those creating editorial contents to develop skills in the following areas: digital marketing platforms, web analytics, Seo writing techniques, social media content and digital advertising.
   In 2022, the Group chose to consolidate the new hybrid work mode to **maintain the positive changes made in the last two years, which had yielded important results**. **The new hybrid work methodology, defined as Flex-Ability**, is today characterised by a widespread awareness and growing acceptance of accountability of people and a

new managerial style characterised by greater listening, delegation and organisation and less control.
Some of the training programs developed in 2022 aimed to foster this cultural change to facilitate and support the adoption of agile models of work organization, including remote work, capable of guaranteeing fully satisfactory performance and results.

4. **Agile Working&Organization**. Interventions in this area seek to satisfy the need for soft skills and specific competences to support hybrid work and develop new agile management methods of processes and projects to innovate managerial models and ensure leadership styles that are increasingly effective and consistent with the changing environment.
In 2022 too, two training paths were developed, **“Remote people management" and "Remote agile working”**, each running for 20 hours, to be able to reach and enable the most extensive population bracket possible. After having last year trained approximately 150 managers and more than 300 Group employees, in 2022, another 40 managers and more than 170 employees took part in these courses. In addition, for those who had already taken part in the two previous courses, two in-depth courses were offered:

- **Digital Smart Leader**, focussing on certain managerial skills that have become even more important and complex in a hybrid work model: conflict and team management with a coaching approach, negotiation, emotional intelligence and the capacity to provide motivating feedback;

- **Smartworking soft skills**, aiming to develop soft skills to be more efficient in a hybrid work model, emotional abilities in relations, efficient communication strategies, awareness and responsibility for one’s role.

The **Manager Flex-Ability course**, adhered to by more than 200 Group managers and divided up into 9 transversal groups, proved to be particularly valuable and high-impacting with respect to the objective of changing the culture and way of working.

This initiative was structured into 5 sessions in a physical classroom and a virtual classroom and aimed to create awareness about the change management process launched by the company and involve managers, engaging them with respect to their role as change agent insofar as they are people managers and positive role models for the new conduct describing the Flex-Ability principles.

The expected output was the participated, shared definition of a new leadership style suited to the new model based on coaching and feedback and consistent with the new values and the evolution of the Group’s business. The course, which is still in an experimental phase of the new hybrid model, provided an important opportunity for reflection and dialogue between managers about their experience with the flexible working procedures trialled over the last two years and identify areas for consolidation and improvement, in particular in relation to the skills needed to manage the new way of working with a focus on leadership and team management.

The course also allowed for the development of the competences needed to:

- guide the change of the new ways of working with a focus on leadership and team management;

- better engage with the new context with a focus on communication, listening and emotional intelligence;

- improve organisational efficiency with a focus on the digital mindset and the capacity to simplify working dynamics and methods.

The Group has also launched an important cultural transformation process to make **Mondadori increasingly inclusive** and careful to enhance the unique aspects of each and every person.

The concept of inclusion includes the acknowledgement, understanding and optimisation of diversity as a resource, as well as its use in a positive manner, creating a fair, welcoming physical and social environment. Creating an inclusive working environment means redesigning processes like recruiting and talent management, introducing policies designed to assure equal opportunities for all workers. With this goal in mind, a pilot edition has been developed for HR management of a course that in 2023 will also be extended to managers, to work on raising awareness and managing **unconscious bias**, acting on behaviour to modify it to be more inclusive.

This year too, the courses were able to achieve the cross-cutting objective of fostering knowledge and integration of the various company areas to improve efficiency and the development of synergies and create practices and a shared management style.

The managerial and specialist training is complemented by **language training** (over 2,300 hours) delivered both in the traditional one-to-one manner and in blended mode, i.e. through the use of digital platforms. To complete individual linguistic training, interactive group workshops were developed on specific managerial skills like public speaking, business writing, effective delegation and collaboration, pitches and presentations.

Lastly, complementing the programs, **workplace safety training**, delivered both in the classroom and via e-learning.

The following table shows the number of training hours delivered and the number of attendees in the three-year period 2020-2022 in Italy. In 2022, the total number of training hours increased compared with 2020. The value falls below that of last year due to the exceptional number of hours delivered in 2021 thanks to the access given to major resources of the New Skills Fund (FNC), to which the Group had adhered significantly to address the uncertainties caused by the pandemic.

Hours of training delivered in Italy and attendees (total, no.)

HOURS OF TRAINING (no.)	2022	2021	2020	Participants (n.)	2022	2021	2020
Total	**42,441**	**144,931**	**11,185**	**Total**	**3,654**	**2,025**	**2,007**
of which, ad hoc training	**35,677**	**140,127**	**10,091**	**of which, ad hoc training**	**1,836**	**1,634**	**1,617**
Executives	1,717	3,651	643	Executives	95	73	98
Middle managers	5,087	16,087	2,639	Middle managers	251	225	260
Office workers	23,599	105,381	6,574	Office workers	1,385	1,180	1,172
Journalists	5,271	14,926	213	Journalists	104	154	83
Blue collars	3	82	22	Blue collars	1	2	4
% hours delivered to women	63%	64%	68%	% women	64%	65%	65%
% hours delivered to men	37%	36%	32%	% men	36%	35%	35%
of which, language training	**2,382**	**3,150**	**332**	**of which, language training**	**152**	**79**	**24**
Executives	479	1,813	147	Executives	28	47	11
Middle managers	885	1,037	92	Middle managers	62	23	7
Office workers	277	221	68	Office workers	17	7	5
Journalists	741	79	25	Journalists	45	2	1
Blue collars	0	0	0	Blue collars	0	0	0
% hours delivered to women	63%	53%	72%	% women	59%	43%	58%
% hours delivered to men	37%	47%	28%	% men	41%	57%	42%
of which, safety training	**4,383**	**1,654**	**763**	**of which, safety training**	**1,666**	**312**	**366**
Executives	70	54	2	Executives	39	13	2
Middle managers	468	153	48	Middle managers	232	29	37
Office workers	3,653	1,395	676	Office workers	1,294	262	311
Journalists	186	28	28	Journalists	99	4	14
Blue collars	6	24	9	Blue collars	2	4	2
% hours delivered to women	64%	44%	52%	% women	65%	50%	56%
% hours delivered to men	36%	56%	48%	% men	35%	50%	44%
of which, safety training	**42,441**	**144,930**	**11,185**	**Total attendees**	**3,654**	**2,025**	**2,006**
Executives	2,266	5,519	736	Executives	162	133	111
Middle managers	6,439	17,277	2,778	Middle managers	545	277	304
Office workers	27,529	106,996	7,318	Office workers	2,696	1,449	1,488
Journalists	6,198	15,032	266	Journalists	248	160	97
Blue collars	9	106	31	Blue collars	3	6	6
% hours delivered to women	63%	63%	67%	% women	64%	62%	63%
% hours delivered to men	37%	37%	33%	% men	36%	38%	37%

In 2022, in particular, average training per capita in Italy stood at approximately 22.61 hours.

Average hours of training delivered in Italy (per capita, no.)

Detail	2022	2021	2020
Total	22.95	**82.21**	**6.22**
Women	23.00	81.31	6.56
Men	22.87	83.80	5.64
Executives	22.00	57.48	7.75
Middle managers	25.15	70.81	11.29
Office workers	20.15	85.26	5.70
Journalists	56.35	93.37	1.62
Blue collars	0.67	15.13	3.10

For Rizzoli International Publications, no training hours were delivered in 2022.

Consequently, the number of training hours per capita for the Group comes to 22.34, of which: 21.37 for managers, 25.15 for middle managers, 19.47 for office workers and 0.67 for manual workers.

With regard to staff assessment and development, activities carried out in 2022 include:

- **Individual executive coaching courses,** lasting 6-8 months, to best support the Group's managers in their professional growth. Specifically, the aim was the development of managerial skills considered essential in today's organizational contexts: - strategic vision;
  - improved leadership;
  - authority and assertiveness towards assistants;
  - coverage of their role and ability to take on responsibilities;
  - proactiveness and negotiation skills;
  - improvement of the quality of communication and interpersonal relations;
  - management of change and innovation;
  - management of time and priorities;
  - motivation of assistants;
  - ability in giving constructive feedback;

The specific development goals covered by the coaching program are defined with the manager, consistent with the mission of the role held and the manager's expectations for growth. This managerial development leverage introduced in 2021 and continued in 2022 is just one of the responses to the needs that have emerged from the assessments carried out previously on all the management population.

The activation of coaching courses has now become a frequent practice to support managers as they transition towards positions of greater responsibility and complexity.

- **Nudge Global Impact Challenge**: the Mondadori Group’s participation continued in 2022 too, in this initiative organised by the Dutch company and involving more than 100 young talents from 35 different countries. Through an internal selection process, three under-33s were chosen from the Group as being passionate about topics relating to sustainability and the circular economy to take part in the challenge. They were involved in a path of 8 months of coaching, workshops and seminars with high-profile speakers and trainers from around the world and from different areas, to allow attendees to broaden their horizons and enrich themselves through discussion and the exchange of views with highly diverse organizations.

  The goal of the initiative is to develop the leadership of young talents, so that they can have an impact on changing business models towards greater sustainability. The Nudge Global Impact Challenge is based on developing and implementing a corporate impact plan that will have an impact in terms of cultural and/or organizational change.

Development of plans to participate in the challenge is ongoing and will be submitted by April 2023.

In May 2022 Anna Spinelli, editor of Il Battello a Vapore, was included amongst the six finalists for the **Nudge Global Impact Awards 2022** at Peace Palace in The Hague, the Netherlands, being awarded the prize of best project able to create the greatest sustainable impact.

Conceived as a way of combating food waste, it consisted of an anti-waste manual entitled “Too Good To Go”, developed in collaboration with the world’s number one app against food waste.

- Parallel to that, awareness continued to be raised of the **know-how mapping** campaign professional experience that each employee has gained in the Group or in other contexts and educational backgrounds. The goal of the initiative is to have a permanent tool for the search, management and development of talent in the Group, which will help manage internal mobility processes, design development paths, monitor any gaps, support line managers in enhancing the value of their assistants and accompany the people of the Mondadori Group in their professional growth. Each person has the ability to update their data in the new **Talent Management module of HR Portal** - "Careers and Performance" section. Also in 2022, the data collected was used to carry out analysis and mapping of the population for purposes of internal mobility, reorganization, or training planning.

- The so-called corporate **Job System** was completed, i.e. the mapping of " Professional Families” "Sub-families" and "Roles" present in the Mondadori Group and the "Job Profile" (understood as the set of responsibilities and the resulting technical and soft skills needed to "act"), which was updated in light of organizational changes. Specifically, for each role, the associated organizational positions were identified, indicating, for each, the relating job evaluation.

  The creation of the **Job System** will allow for a more effective management of people in all phases of the employee life-cycle (rationalization of job requisitions for the profiling of positions to be sought; definition of targeted development paths based on skill upgrades; alignment of roles - job evaluation to allow consistent and fair remuneration policies; definition of ad hoc training paths to fill the skill gaps required to cover the role). The Job System was made available in 2022 to all professionals from the HR Department, as support for recruiting processes to identify job requisitions of vacancies during the start-up of the search and selection and to manage internal mobility processes.

- **Team Effectiveness Project** that involved the first line managers of the Finance and Control area. This department is managing a significant change process, both within the area and in support of the company’s evolution and this has called for particularly challenging behaviour. The aim of the project was to provide the CFO with points for thought to define a “development” plan through which to further maximise his contribution and that of the whole team. The route structure involved collecting feedback through structured interviews with all team members so that they can make their own constructive, propositional and open contribution to the analysis of the team dynamics and leadership style adopted in managing the group and individuals.

Finally, as regards the **transition assistance programmes**, the Group has envisaged:

- **Outplacement**: support for those leaving the company thanks to collaboration with accredited third parties. This is a programme that usually runs for 12 months, during which a team supports the outgoing worker in his search for new opportunities and professional placements. The team consists of a consultant with experience in the same sector of origin or functional area and a career consultant, who is an expert in the employment market: together, they strive to help the outgoing employee address the various aspects that feature in a career transition. The path is structured into moments of training and others where the employment market is analysed, as well as information about search activities, offering opportunities for active dialogue on the search and market feedback. When the path is started, competences are assessed to identify the individual characteristics, the baggage of knowledge and the hard and soft, technical and transversal managerial skills and competences that a person has acquired professionally and personally.

- **Training vouchers for professional requalification**: in defining the leaving incentive, a voucher may be included to be spent on training delivered by third parties outside the company, like business schools and universities.

  The value of the voucher is defined on the basis of the worker's specific needs and the comprehensive composition of the incentive at leaving. The HR Department offers support in choosing the type of training on the basis of an analysis of professional experience and expectations for the future career development and, after a careful assessment of what the market has to offer, suggests some possible choices.

- **Internal professional requalification training**: during the run-up to leaving, those concerned can independently choose, taking a self-development approach, from a wide range of courses available on the annual training plans, opting for courses that may be useful for reskilling in order to look for new opportunities on the employment market.

- **Early retirement plans**: early retirement plans in publishing houses consist of the possibility - through the use of tools made available by the law and in compliance with the directives given by legislation - to access pensions early, ahead of the ordinary pension requirement, for employees with 35 years of contributions paid.

  The early retirement plan involves trade union and ministerial agreements on the basis of the mapping of potentially entitled people (i.e. those who meet the legal requirements) and is of voluntary access, as the employee, where meeting the requirements, decides whether or not to effectively opt for early retirement.

3.1.4 Welfare and benefits

The company agreement covering employees under the graphics publishing collective labour contract signed in 2018 introduced effective work-life balance tools, such as smart working, which switched from the experimental stage in 2019 to the mainstream tool in 2022 too, and measures to support households, with the aim of providing more favourable conditions to combine work and family needs. Special attention was paid to maternity protection, with the reduction of working hours in the six months following return and the anticipation of full pay for periods with reduced remuneration. For new fathers, however, paid leave was increased to 10 days. In cases of serious illness too, the period of respite is suspended with a view to job retention.

The agreement also provides for the establishment of an annual variable performance bonus common to all Group companies, part of it made available through a corporate welfare system that provides employees with a series of services and initiatives to facilitate the well-being of workers and their family.

In 2022, additional possibilities were introduced to allocate the available welfare credit (such as, for example, the possibility of obtaining a reimbursement for medical costs) and the income support initiatives envisaged by the Aid Decrees issued by the Government, such as reimbursement of domestic utility bills and a € 200 fuel voucher, have been made available.

At 31 December 2021, 55% of employees were entitled to receive the performance bonus disbursed in May 2022. 53% of those entitled converted the bonus into welfare (this percentage also includes those who chose to convert part of the bonus, not just those who converted 100%) and 45% of the total performance bonus was thus converted into welfare.

Additional income support actions included the disbursement of a gift voucher worth € 1,000 to employees whose gross annual remuneration falls within the bracket envisaged by the Aid Quater Decree and the distribution to all employees of a Christmas gift consisting of numerous food items.

During the year, the main intervention measures envisaged in the Home-Work Travel Plan, were implemented (Law 77 of 17/07/2020) with the aim of reducing the environmental impact of vehicle traffic in urban and metropolitan areas. In December, the Area Mobility Manager of the Municipality of Segrate was presented with the Home-Work Travel Plan for 2023, which envisages additional mobility measures.

3.1.5 Internal communications

Communication activities for employees and associates of the Mondadori Group are key aspects through which to involve all people in company life and strengthen their sense of belonging, as well as being functionally and operatively useful. These actions and initiatives fall within the competences of the Communication and Media Relations Department and, to a large extent, take place on the Mondadori communication ecosystem channels.

Under this scope, the current version of the Mondadori Network, the service communication platform for employees and associates, plays a central role. Thanks to the functions offered by Google Sites and, more generally, by the Google tools used by the Group to manage working activities, the company intranet is also accessible from any device and at any time. It also integrates effortlessly with the tools of Google Suite, as well as with the other company platforms, collecting links and methods for accessing useful systems for working life and corporate communication channels. In thus doing, Mondadori Network addresses the need to constantly keep abreast of things, a need that has materialized with greater strength with the introduction of hybrid working.

To complete all contact points between the company and its people, we have internal digital signage, namely the programme of communications to be broadcast on the screen at the entrance to the headquarters. Through the videowalls, every day employees and associates in the office are directly and promptly informed of all internal news and initiatives.

The Intranet and e-mails to all employees in Italy and around the world are the main tools used by the CEO too to share and comment on the Group's performance and financial results. This is not all: in a broader communication perspective, which transcends the distinction between external and internal communication, the use of the Group's social accounts in 2022 strengthened the narrative of the company and its results.

In this sense, publication of posts on new appointments and initiatives dedicated specifically for employees and associates, such as the projects of the Diversity & Inclusion department or corporate welfare activities, continued.

3.2 DIVERSITY, EQUITY AND INCLUSION

Publishing has traditionally been an industry in Italy with a heavy presence of women in the general workforce. This presence, however, is not always accompanied by true gender equality in top positions and remuneration. In May 2021, the Mondadori Group created the Diversity & Inclusion department, appointing a Chief Diversity Officer, with the aim of enhancing diversity within the company and significantly fostering inclusion processes. Within the function, diversity is conceived in its broadest sense, with priority focus for the current year on aspects related to gender and the coexistence of multiple generations in the company. In 2022 too, the department worked in synergy with all corporate departments, promoting dialogue with the various businesses to bring the various initiatives in progress or developed on these topics to the system.
The main goals of the function are divided into five main clusters listed below:

1. Implementation of the **system of indicators related to diversity and inclusion**, which, by monitoring gaps to be filled in a timely manner and their development trends, has made it possible to guide company priorities and verify the effectiveness of actions undertaken. More specifically, the top management long-term incentive plan now includes an ESG indicator to measure the spread of the inclusive culture in the company, the improvement of the gender balance between female and male managers and reduce the equal pay gap.

2. Continuation of the activities aiming to **promote the "cultural change"** through meetings aimed at the entire company population and specific training for certain segments of the population, to increase employees' awareness of the issues in question, as critical elements for the success of their business and personal growth.

The main initiatives in this area were:

- **two new webinars** intended for all the company population to promote a path of **dissemination of a corporate culture hinged on D&I**. Opportunities for meetings and dialogue that saw the involvement of important academic representatives, including the professors Daniela Lucangeli and Cecilia Robustelli, along with some of the Group's creators and authors. The topics addressed during the meetings include gender discrimination, ageism, welcoming and inclusive language and the possibility of expressing individualism in social and organisational contexts;

- an **in-depth survey** on the care work that involves all Group people, care in relations with oneself, with children and parents and with society, with the aim of obtaining operative instructions on how to develop a more extensive care plan to be launched in 2023;

- **workshops** dedicated to the perception of unconscious bias, using artificial intelligence methods

3. Participation in some important national **round tables** like that organised by the Ministry for Equal Opportunities and Family - under the Draghi Government - involving some of the country's most important companies to share guidelines and best practices, which then resulted in operative suggestions for the institutions. Internationally, participation in the permanent, independent Observatory on gender equality and women's empowerment launched by The European House-Ambrosetti in the G20 countries and in Spain, as a partnership with some major international companies, including Mondadori.

The study highlighted how the achievement of gender equality and the progress of women's empowerment is not merely a question of rights, but also an essential step towards achieving sustainable development in countries in terms of social equality, economic growth and competitiveness.

4. Continuation of the **collaboration with the Group brands and publishing houses** in the development of specific internal and external initiatives aimed at making a tangible impact on gender equality issues. These include the **"Stories of Afghanistan" report** presented by The Wom in 2022. It is a collection of testimonials given by Afghan women who have sought refuge in Italy, to sensitise readers, as well as employees, to the importance of respect for human rights, and women's rights in particular, and the need to work concretely and at all times to make diversity and inclusion truly a constant of being part of the Group.

5. **Monitoring of the national legislative framework** in order to implement all compliance actions in a timely manner, with particular regard to obtaining the equality certification currently under consideration by Government.

Ratio of basic salary of women to men by category[4]

Professional Grading	2022	2021	2020
Executives	63%	63%	65%
Middle managers	92%	92%	92%
Office workers	96%	98%	98%
Journalists	78%	82%	81%
Blue collars	80%	90%	81%

[4] The calculation of the basic salary ratio is based on the average annual gross salary. It is also noted that in order to calculate the ratio, the basic salary of employees classified professionally as “part-time” has been reproportioned so as to make it comparable with that of full-time employees. The values used to calculate the ratio do not take into account the remuneration of the Chief Executive Officer and the variable deriving from the LTI. We should also specify that two employees of Abscondita S.r.l. were excluded from the calculation. The calculation was performed on the Italian offices.

Ratio of the remuneration of women to men by category[5]

Professional Grading	2022	2021	2020
Executives	61%	61%	61%
Middle managers	89%	89%	88%
Office workers	95%	97%	95%
Journalists	76%	78%	76%
Blue collars	80%	89%	81%

[5] It should be noted that the remuneration takes into account, in addition to the average gross annual salary, only any MBO bonuses paid for specific employee classifications as at 31 December. Additionally, in order to calculate the ratio, employees falling in the "part-time" professional category have been brought back to “full time”. We should also specify that two employees of Abscondita S.r.l. were excluded from the calculation. The calculation was performed on the Italian offices.

Top positions in magazines	2022		2021	
	Women	Men	Women	Men
Editors-in-Chief	40%	60%	25%	75%
Deputy Editors-in-Chief	25%	75%	57%	43%

Employees with disabilities (%)

Professional Grading	at December 31, 2022			at December 31, 2021			at December 31, 2020		
	% of total employees with disabilities	of whom % Women	of whom % Men	% of total employees with disabilities	of whom % Women	of whom % Men	% of total employees with disabilities	of whom % Women	of whom % Men
Middle managers	6%	75%	25%	5%	75%	25%	5%	75%	25%
Office workers	87%	44%	66%	85%	47%	53%	84%	47%	53%
Journalists	—%	—%	—%	1%	100%	—%	4%	100%	—%
Blue collars	7%	20%	80%	8%	33%	67%	8%	33%	67%
	% of total employees	of whom % Women	of whom % Men	% of total employees	of whom % Women	of whom % Men	% of total employees	of whom % Women	of whom % Men
	3%	46%	54%	4%	48%	52%	4%	49%	51%

Almost 3% of employees (almost exclusively by women, 92%) took **parental leave** (a right that extends to all the workforce, regardless of contract type). The data in the table refer to employees at the offices in Italy and the United States.

Parental leave

Detail	2022			2021			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees entitled to parental leave (no.)	1,198	702	1,900	1,152	658	1,810	1,163	682	1,845
Employees who took parental leave (no.)	51	6	57	27	2	29	38	13	51
Employees returning to work after parental leave (no.)	51	6	57	27	2	29	38	13	51
% returning after parental leave	100%	100%	100%	100%	100%	100%	100%	100%	100%

[6] For consistency with other workforce tables, data are shown at 31 December. As regards the employees that took parental leave, the total number includes those not appearing in end-of-year headcounts due to terminations/resignations.

3.3 HEALTH AND SAFETY IN THE WORKPLACE

The main aim of the Mondadori Group prevention and protection service has always been to guarantee safety in the workplace and safeguard the health of all workers.

In 2022 too, the activities aimed at countering COVID-19 infection took on a key priority for the Group Safety Coordination, a body set up by the Parent Company in 2016 to coordinate the planning and assessment of the ordinary legal obligations under Legislative Decree 81/08 - Consolidated Law on Work Safety.

The various measures taken by the Mondadori Group to combat the spread of the virus were readily implemented through the ceaseless work of the COVID-19 Crisis Committee, set up from the onset of the emergency, and saw the ongoing participation of the Employers, the Head of the Prevention and Protection Service, and the departments responsible for HR, Procurement, Legal and Communications areas of the Group, as well as the business areas. In addition to monitoring the developments of the emergency, the measures to guarantee the safety and health of all workers were assessed, defined and concurrently authorized, in collaboration with the Coordinator of the Competent Medical Officers, who played a fundamental role in setting the guidelines to follow. In accordance with the regulatory provisions issued by the competent public authorities and, in particular, with the measure contained in Prime Ministerial Decree of 11 March 2020, as well as with the provisions, on 14 March 2020, of the Shared Protocol for the regulation of measures to combat and contain the spread of the COVID-19 virus in the workplace, as a precautionary measure, the Mondadori Group maintained its own Corporate Anti-Contagion Protocol, listing the measures adopted.

3.3.1 Information

All communications, news and information related to the COVID-19 emergency were circulated to all employees and associates of the Mondadori Group, both through e-mails sent out in a capillary fashion and over the intranet, where, in addition to the constant updates, the latest version of the Mondadori Anti-Contagion Protocol is always available.

3.3.2 Guidelines on entry to premises

Again in 2022, through the forwarding of specific communications and posting of “our Rules of Conduct” at the entrances to the offices, the staff and everyone needing to enter the company have been notified that they cannot enter if they show any flu-like symptoms (temperature above 37.5°, a cold, cough, sore throat, etc.) and only if authorised by their manager.

3.3.3 Guidelines on entry of external suppliers

All external suppliers signed and followed the entry and parking procedures, in order to reduce the possibilities of contact with on-site personnel, provisions aimed at guaranteeing the respect of personal distancing during the necessary loading and unloading operations.

3.3.4 Cleaning and sanitization of company premises

The company has kept the extraordinary specifications in place whereby common contact surfaces and environments (lifts, handrails, touch screens and others) are sanitised on a daily basis.
In the event of the presence/reporting of a person testing positive for COVID-19 within company premises, the cleaning and sanitization procedure has been implemented according to the provisions of Circular no. 5443 of 22 February 2020 of the Ministry of Health.

At the Mondadori Group offices, where it was technically possible, recirculated air has been maintained; it is recalled that all air handling units, their respective ventilation ducts and work environments were sanitized as a preventive measure.

3.3.5 Personal health precautions

Information was circulated regarding all health precautions to be implemented as defined by the Ministry of Health; all offices have been equipped with suitable hand sanitising equipment.

3.3.6 Personal protective equipment

During the year, all staff were assigned daily FFP2 masks at the entrance to the offices, with the obligation to maintain the device in the canteen, the lift and anywhere it was not possible to maintain the interpersonal distance of at least one metre.

3.3.7 Management of common areas

Access to the company canteen in Segrate was suspended or restricted, limiting the use of tables to only those stations that were identified and reported to guarantee an interpersonal distance of at least one metre and after booking one's turn through a dedicated digital app. The possibility of taking packed lunches to be eaten at one's own workstation or in another isolated place was also maintained.

Daily sanitisation has been guaranteed, using specific detergents, of the push buttons on the vending machines, photocopiers and lifts.

3.3.8 Company organization

Following agreements reached with company trade union representatives, smart working has been fostered, signing a specific agreement to allow for this system to be organised and implemented, also thanks to devices, equipment and smartphones that the company has supplied to all employees.
A free online psychological counselling service was maintained to help those going through a state of stress or discomfort related to the specific situation experienced.

3.3.9 Managing employee entry and exit

Different entry/exit routes were maintained in 2022 too, to limit contact; hand sanitising columns were placed at all entrances, in addition to signage for adopting the appropriate behaviour to contain the virus.

3.3.10 Internal movement, meetings, internal events and training

In-person meetings have been limited to those strictly needing to be there and in respect of interpersonal distancing, continuing to opt for remote meetings wherever possible. Safety training activities, if not available via e-learning, were conducted in the classroom with a small number of attendees and in accordance with Government-approved procedures aimed at containing the virus.

3.3.11 Management of a symptomatic person in the company premises

The Mondadori Group's corporate code of conduct, which is constantly updated as new regulations are issued, establishes that if a person physically present in the company develops a fever and respiratory infection symptoms, he or she must immediately report it to the company's dedicated emergency number, which runs 24 hours a day, and to the relating e-mail address, in order to initiate the procedure for managing a symptomatic person, defined in collaboration with the Competent Medical Officer.

3.3.12 Health surveillance / competent medical officer / WSR

Health surveillance visits were scheduled adopting due precautions and in accordance with the provisions of the protocols.
Continuing on with the measures adopted to combat the spread of COVID-19, in 2022 too, the Mondadori Group launched a diagnostic screening program, offering employees of all offices the option of taking and repeating, free of charge and even on a weekly basis, the antigen tests if using public transport, returning to the office after a long absence and potential close contact with people who have tested positive or risk situations.

The annual anti-flu and anti-pneumonia campaign promoted by the company, in coordination with the Competent Medical Officers of all the corporate locations, saw the participation of around 800 employees and associates.

3.3.13 Regulatory Enforcement and Assessment Committee

In addition to the Committee for the application and verification of the rules of the regulatory protocols, which involved trade union representatives and worker safety representatives, each site had its own appointed safety officer who was tasked with controlling and writing up a report on compliance with the rules of conduct defined by the company.
The implementation and monitoring of the measures contained in the Company's Anti-Contagion Protocol was ensured over time by the presence of the Health and Safety Officers and Managers (HSM, HSO) and Safety Supervisors formally designated for each of the work sites.

Similarly as was done for the offices, despite the fact that the state of emergency was officially declared over, the Protocol defined for directly-owned Mondadori Retail stores was kept in place. In addition, the specific Operational Notice continued to be in force, by which, in recalling the responsibility of the Supervisors in respect of Legislative Decree 81/08, all Mondadori Store Officers and Managers were involved to guarantee and monitor application of the provisions given.

3.3.14 Compliance with the Consolidated Law on Safety

The handling of safety in connection with COVID-19, which upset the priorities of the Group's Safety Coordination in 2022 too, did not, however, affect the planning of the annual obligations required by Legislative Decree 81/08:

- periodic meetings: minutes were taken of the periodic safety meetings, held digitally, at Retail stores and Mondadori Group institutional offices, involving the Employers (or their delegates) of the respective companies, the Health and Safety Managers and Health and Safety Officers and the 10 Workers' Safety Representatives;
- on-site workplace inspections: in 2022 the competent medical officers carried out and took minutes of the workplace inspection of 14 company premises;
- evacuation drills: in addition to the testing of emergency plans in the Retail stores, the safety officers of the Mondadori Group sites coordinated annual evacuation drills involving the personnel in attendance. Feedback received on the drills was then used to identify and formalize the actions needed to improve emergency procedures.

The refresher courses for professionals from the prevention and protection service involved 148 workers including first aid and firefighters, workers' safety representatives, supervisors, health and safety managers, health and safety officers for a total of 1,076 hours delivered by teachers in the classroom, complying strictly with the provisions to guarantee the containment of the spread of the virus; as for the refresher programs on the remaining mandatory safety training, e-learning courses were organized involving 1,518 workers for a total of 3,307 hours.

The Competent Medical Officers, in compliance with the anti-contagion provisions, guaranteed the occupational medicine service at all company sites by visiting 566 workers subject to health surveillance for risks from the use of video terminals for over 20 hours per week.

3.3.15 Accidents in the workplace

Owing to the nature of the activities carried out at the premises (offices and bookstores), the risk profile for accidents in the workplace for the Group is low. The table below shows the accident rates for employees of Italian companies in the three-year period 2020-2022. During the period, no cases of occupational illness or deaths resulting from claims were reported: the relating rates are therefore equal to zero.
No accidents were reported in the United States in 2022.

The number of hours worked has increased because the reporting boundary has been expanded, which in 2022 includes the hours of DeAgostini Libri, D Scuola, Libromania and Star Comics and USA.

Accident rates	2022	2021	2020
Hours worked (no.)	1,807,907	1,172,171	1,417,658
Number of accidents in the workplace (no.)	3	—	1
of which with severe consequences (no.) (8)	—	—	—
Rate of accidents in the workplace (9)	0.33	—	0.14
Rate of accidents in the workplace with severe consequences (10)	—	—	—
Accidents from work-related travel (no.)	4	2	6

[7] Hours worked include overtime
[8] An accident with severe consequences is understood as an accident in the workplace that has caused an impairment which the employee cannot heal from, does not heal from, or is not likely to fully heal from within 180 days
[9] The rate of accidents in the workplace is calculated as follows: number of accidents in the workplace/hours worked * 200,000
[10] The rate of accidents in the workplace with severe consequences is calculated as follows: no. of accidents in the workplace with severe consequences/hours worked * 200,000

3.4 EDUCATION AND THE SCHOOL WORLD

In 2022, the Group's **Education area - Mondadori Education and Rizzoli Education** - saw the integration of the publishing house **D Scuola**.
In all three companies, already a few years ago, a great many topics that can be traced to the **2030 Agenda framework** were made explicit and found their daily dimension, not only as an element of content and teaching analysis in the textbooks, but also with tangible initiatives. Thus, the topic of sustainability, inclusion, gender equality, quality education, cultural impoverishment and school dropout, and the promotion of reading and content responsibility, were addressed from a variety of perspectives and contexts.

The commitment of the publishing houses led, in 2022, to the **insertion in all production** of recurring contents and teaching sheets on the topics:

- 2030 Agenda
- Civic education and gender equality
- Inclusion.

The integration of these topics has reached 80% of production and will be completed in 2023. (see Focus on Plan).

Close attention has been paid to recording the needs and expectations of the teachers, also in terms of ESG, both through local **focus groups** and a survey carried out under the scope of **stakeholder engagement activities**.

The focus groups and local initiatives with teachers have become consolidated practice now, to monitor the needs of the target in connection with sustainability topics and the 2030 Agenda goals, directly testing specific areas of offer and identifying opportunities to develop contents and services.

FOCUS

Teacher involvement

In the area of stakeholder engagement activities, the Group has returned, again in 2022, to listening to the category of teachers, which is a strategically-relevant target, also in light of the growing focus on the books and school business. An on-line questionnaire collected the opinions of approximately **4,800 teachers** in primary, middle and secondary schools throughout all regions of Italy.

Based on their perspectives, the teachers saw the following sustainability topics as being most important: Promotion of reading and socio-cultural growth; Promotion of sustainable development; Education and the school world; Diversity, equity and inclusion; Climate change and biodiversity.

Most of the answers received from the category of teachers highlighted their view that in the short/medium-term, the Group should continue to focus on education for sustainable development and on the activities and initiatives seeking to promote reading. Another topic on which close attention has been paid is the Promotion of the environmental culture, on which the Group is already committed with the school textbooks publishers. One of the objectives of the Sustainability Plan is, in fact, to extend analyses and sheets dedicated to environmental culture to 100% of the school offer.

The evidence that has emerged from the teachers survey has been taken into account in the strategic formulation path reported in paragraph 1.2 and will represent concrete areas of action on which to base actions for continuous improvement over the next few years.

In 2022, the offer of the **Mondadori Education and Rizzoli Education** publishing houses has been enriched with an even vaster range intended for all teachers and students taking a sustainability and, more generally, ESG approach. Not only with new products designed according to the **latest teaching and inclusion methods** but also through a complete range of tools, solutions and **assistance services**: a teachers' guide, materials for integrated teaching, compensation tools, contents and texts dedicated to special educational needs, tools for verifications, programming and digital and inclusive lessons. In this context, great importance is assigned in the plan to engage the target and spread awareness, to the numerous **on-line training cycles** proposed throughout the school year on all subjects, to help teachers with their work.

Some of the **initiatives** promoted by the **Rizzoli Education** publishing house were:

- consolidation of the **strong partnership with Erickson**, a leading publisher in the dissemination of topics related to inclusivity for primary and first-level secondary schools. The partnership has developed the new DAII (augmented teaching for innovation and inclusion) project, which aims to propose new teaching strategies to teachers through both textbooks and digital contents, to increase inclusion. It is a project that operates through both paper and digital, on 7 dimensions of teaching: planning, assessment, creativity, differentiation, awareness, emotional competence and group care, autonomy and freedom of choice;

- inclusion into the secondary school products of **paths dedicated to innovative teaching methods with the INNOVA project**. These are teaching methods - like the flipped classroom, the jigsaw, digital storytelling, escape rooms, debate and teal - aimed at making the students the real protagonists of their learning processes through cooperative and collaborative activities that foster engagement and involvement and supplement the traditional classroom-led lesson;

- inclusion, throughout production, of **recurring fact sheets on the topics of the 2030 Agenda and related to civil education**;

- **"Obiettivo parità" for primary schools**: supervision, by gender educators, of passages, illustrations and language used, to ensure gender-balanced representation;

- **Development of the "Manifesto per la parità di genere e pluralità"**: an initiative that promotes the themes of gender equality, multi-culture, new models of families and inclusion.

  The project was developed with internal training dedicated to news desks and a cycle of free events for teachers.

The **initiatives** promoted by the **Mondadori Education** publishing house in particular:

- the new edition of the **Devoto-Oli Junior**, which, following the editorial line already undertaken by Devoto-Oli, has seen numerous items rewritten taking a gender equality approach and the revision of sensitive items. Close attention has been paid to all topics of inclusion and sustainability in the contents and initiatives developed around the product, to bring the youngest ones closer to the 2030 Agenda goals, including through words. We have also worked to guarantee strong integration between paper and digital, with a completely redesigned solution, numerous resources available on-line, interactive games, word families and teaching sheets;

- **a new section of the website has been given over to analysis of the 2030 Agenda topics**, particularly targeting teachers of scientific subjects in secondary schools, with in-depth articles on topics that are consistent with the goals;

- the **on-line events and webinar programme** is very intense and complete, dedicated to analysing the topics of inclusion and sustainability and, more generally, the 2030 Agenda goals. The appointments proposed include the cycles of Science Lessons, Citizenship and Civic Education Lessons, Italian and Literature Lessons, as well as educational Robotics, Stem and Coding, with interventions and references to the dedicated website sections, which also feature contributions in English and French;

- following the outbreak of the Russia-Ukraine conflict, a **specific intervention** has been developed to foster the welcome and integration into Italian schools of **children coming from the war zones**;

- **specific campaigns** were run to mark the international days dedicated to topics of inclusion, gender equality and environmental sustainability to provide new inputs for teachers as they broach classroom discussions of events like the International Holocaust Remembrance Day, the International Day for the Elimination of Violence Against Women or Earth Day.

The **initiatives** promoted by the **D Scuola** publishing house include, in particular:

- the publication of teaching materials intended exclusively for **supply teachers** who face complex communication needs according to the CAA (Alternative and Augmentative Communication) protocol;

- the “Verso il 2050, con le scuole per un futuro sostenibile” (Towards 2050, with schools, for a sustainable future) project: a **cycle of webinars** - in collaboration with A2A - with the aim of helping all teachers involved to understand how to act on a daily basis and enhance technological scientific innovations for a more sustainable world. The appointments hosted experts, researchers and popularisers from entities and universities;

- **the “Futura-Next Generation**: come preparare le giovani generazioni ad affrontare i prossimi futuri” (Future-Next Generation: how to prepare the young generations to face up to the near future) project: a cycle of four free webinars designed and organised in collaboration with ASviS (Italian Association for Sustainable Development) intended for teachers at all levels, offering ideas and activities on civic education topics;

- the **“La scuola è - Festival della formazione per i docenti di oggi e i cittadini di domani”** (School is - Training festival for the teachers of today and the citizens of tomorrow) project: a month of appointments dedicated to teachers and the whole of the school community to reflect on new learning methods for a more sustainable future with a focus on the transversal topics of inclusion, gender equality, sustainable and collective responsibility, innovation and orientation taking a STEM approach. Numerous scientific partners from the world of research flanked D Scuola in this full immersion on the most urgent topics of teaching;

- the **“Educazione Climatica - OK! CLIMA”** (Climate Education - OK! CLIMATE) project: a cycle of webinars for middle and secondary school teachers on climate change, which proposes ideas and tools to help new generations gain a new sense of collective responsibility towards the ecosystem. The cycle of meetings comes under the scope of the OK!CLIMA project financed by the Cariplo Foundation and developed by the State University of Milan, the University of Pavia and the Italian Climate Network in collaboration with D Scuola.

Digital Offer

Mondadori Education and **Rizzoli Education** have considerably enriched the offer of the HUB Scuola, the platform dedicated to digital teaching, with new tools and at the same time have also invested in user support services.

Specifically, the offering of lesson plans and digital lessons was completed, through the inclusion of numerous learning paths that integrate digital resources and materials from published textbooks. Equally extensive in terms of educational coverage, is the proposal from HUB Test, which allows tests on almost all the topical areas covered. To facilitate access to content, efforts focused on everyday tools and platforms such as smartphones, QR-codes, Google Forms, Google Drive, and YouTube.

The supply of disciplinary tools has been perfected and implemented, to involve and motivate the class during the explanation phase: for art, **HUB Art**, a database containing more than 10,000 high-definition images with search and geolocalisation functions; for history and geography, **HUB Maps**, a digital atlas with hundreds of interactive maps and the possibility of comparing and updating them; for Italian literature, history and human sciences, **HUB Library**, a digital library that enables unprecedented themed paths.

Additionally, the knowledge-base of HUB Scuola was developed and reorganized to cover an increasing number of aspects in support of users with a "chatbot" system, a tutor able to support and guide users in the use of the main features of the platform.

D Scuola has also worked on an ever greater integration of paper and digital to involve students in active, collaborative learning paths and strengthen disciplinary portals (Music Zone, Italian, Science, Maths, etc.) to support activities in class and at home.

2022 also saw the launch of the **Deaflix** platform, which brings together thousands of interactive digital paths for the recovery, review or consolidation of the main aspects of the various subjects.

To flank the schools and teachers in the improvement process and in combating school abandonment and dispersion, D Scuola has developed inclusive, engaging proposals like the first *edutainment* experience with an interactive educational video game to overcome the most difficult aspects of Italian grammar.

In addition, **Civic Education**, now present in virtually all manuals, has been enhanced with a dedicated web area and an initiative in schools organised in collaboration with De Agostini Libri, with targeted meetings and video interviews addressing the main points of the subject (bullying, legality, digital citizenship, amongst others).

Inclusion was another very important area of work for D Scuola. More specifically, an initiative has been launched for preventing economic violence, entitled "Libere di VIVERE" (Free to LIVE), which involved the publication of a training text for teachers and a series of webinars for the same target.

3.5 PROMOTION OF READING AND SOCIO-CULTURAL GROWTH

Closely linked to the products and services provided is the spread of the culture and promotion of reading, which underlie the very mission of the Mondadori Group. These objectives not only form the basis of the company's economic activities but also pervade the same logics of offer creation. As a result, they give shape to a great many initiatives, generally sector-specific or 160 specific to the Group, which aim to bring a wider and wider audience closer to reading and information.

Ever since the first edition in 2015, the Company has taken part, with its chain of local bookstores and its publishing houses, in #ioleggoperché, the major national event for the promotion of reading organized by AIE (Italian Publishers' Association). In 2022, the seventh edition achieved the following results: more than 530 thousand books donated (430 thousand by readers and 100 thousand by publishers), 3,275 bookshops adhering and 23,240 schools entered throughout Italian territory, for a total of almost four million beneficiary students. Additionally, the Group regularly donates books to school and municipal libraries, located in prisons or welfare facilities.

The crowdfunding initiative has come to a successful close for the two projects that won the new edition of the "#Leparolechesiamo, la scuola che vogliamo" competition launched by Mondadori Education and the Nuovo Devoto-Oli to put students at the heart of it all and help them build the school of tomorrow.

The funds, raised by more than 150 supporters on Produzioni dal Basso, have made it possible to develop the following initiatives:

- **"A scuola con gusto"**, by the middle school "Rina Monti Stella" of Verbania, a school to be seen, smelt, heard, touched and tasted, i.e. a place where we can imagine to live with "all senses";
- **"Il Cineteatro a scuola: alziamo il sipario sul futuro"** (Cinema and theatre at school: raising the curtain on the future), by the secondary school "Euclide" of Bova Marina (RC), a proposal that puts the theatre at the heart, as a form of education to be included in school activities.

The various other initiatives promoted by Mondadori Education include:

- the **"La Lettura al centro"** (Reading at the centre) project, which seeks to stress the pedagogic value of reading and its relevance and centrality in everyday teaching activities. Stemming from the synergy between Mondadori Education and Mondadori - Libri per ragazzi, the initiative was developed to provide a complete set of proposals and tools for each school level. The teachers have ideas and materials available for use in class, as well as training moments;
- the **"Gli scrittori fanno scuola"** (The writers do school) offers primary and middle school students video meetings with the authors, thanks to the collaboration with Il Battello a Vapore and Mondadori - Libri per Ragazzi. The project allows children and teenagers to

choose a narrative book from those proposed and, once reading is complete, to meet the author in person or over the internet, to compare notes on the topics that most struck and interested them.

In 2022, the **Focus Junior Academy** was confirmed, the media education initiative designed and run by Focus Junior in collaboration with the other Focus world brands (Focus, Focus Storia and Focus Scuola), to introduce children and teenagers to the world of publishing and journalism. Just like in the previous edition, the heart of the activity was the 2030 UN Agenda goals. Through a rich programme of monthly webinars, the younger members of society approached scientific and historical popularisation with discussions on topical matters like the protection of biodiversity and ecosystems, the production and distribution of energy and climate change.

The **"Alunni in libreria"** (Students in the bookshop) initiative also continued, which has been putting Mondadori bookstores in contact with schools for more than twenty years now, with the aim of encouraging students to read as well as sensitising and stimulating them in respect of environmental matters, multiculturalism and inclusion. The programme, proposed by the Mondadori Stores to primary, middle and secondary schools, included meetings, laboratories and expressive activities.

This initiative includes the project **"Scrittori in classe"** (Writers in the class), which involved the Mondadori stores in a partnership with the Mondadori Ragazzi area brands, Rizzoli, Fabbri, Piemme, which make available a selection of authors available to meet on-line and in person at the first, middle and secondary schools. It is a training path that gives the students the chance to take part in an important moment of cultural enrichment and dialogue, with the aim of enhancing the importance of reading and critical analysis of the text and investigating the topics discussed by the book.

The project allows the bookstores to establish relations with the local schools and teachers, with which a choice is made as to which writer to involve in respect of the topic, thereby being able to prepare the meeting over the weeks and foster a more engaged participation by students.

3.6 RESPONSIBILITY FOR CONTENT

The editorial work of the Mondadori Group is underpinned by the clear commitment to guarantee through its products - whether books, magazines, websites, applications and digital products - accurate, meticulous and fair information respectful of the tastes and sensitivity of the various different audiences it targets.

The creation of contents for the miscellaneous bookstore production (understood as that intended for bookstores) is guided by a universalist vocation: to offer the most extensive and varied range of items, ideas and expressions.

The publisher in this case acts as a vehicle for the authors, the only "owners" responsible for the work published. They are given the widest possible freedom of expression, save, where necessary, for the need to intervene on contents that may become defamatory in nature.

Content auditing and conformity is, instead, paramount in school textbooks production, which must remain faithful to ministerial guidelines on curricula and didactics too.

Lastly, in the magazine and web segment, content responsibility is ensured by the organization of the editorial offices and the hierarchy of text approval, as well as by the Consolidated Act on Journalist Duties.

In order to directly verify readers' appreciation of the Group's magazines and to gather ideas for improvement, each year surveys are conducted on representative samples.

In 2022, 17 quantitative surveys were conducted for Mondadori Media (joint surveys on various market scenarios, such as books, videos, music and gaming), Giallozafferano and Smartworld (marketing survey on positioning with respect to the sector), for Focus (surveys on the economic directory and former subscribers), Focus Scuola (webinars dedicated to teachers) and Focus Junior. In addition, a market survey was also conducted for readers/ buyers of comics and former subscribers as well as a project intended to define the importance of collaboration between brands.

Interaction through social networks continued to develop quite significantly in terms of numbers of contacts and the endless possibilities for creating contents and events, often cross-media, wide-reaching and collaborative in nature.

At a corporate level, the Mondadori Group's digital communication strategy hinges on an integrated and consistent ecosystem that leverages on the potential of a range of physical and digital channels: the website and institutional social media, the corporate Intranet and videowalls in the locations, the multi-purpose area Agorà and media relations. Each social channel corresponds to an editorial plan outlined, which addresses ad-hoc communication goals:

- showing life inside the company and encouraging participation of the people who work there by involving them first-hand (Instagram, Facebook, LinkedIn);
- describing all the Mondadori Group news and, in particular, the activities of the books area in collaboration with the individual publishing houses (Twitter, Instagram and Facebook);
- optimising the spontaneous relationship of employees with the work spaces and with the company, for example through user generated content on Palazzo Mondadori (Instagram and Facebook).

The Mondadori Group has a total of approximately 240 social profiles (most of them linked to individual product brands) reaching a total of over 60 million followers.

3.7 EASE OF USE OF CONTENT

In offering quality content to a widely differing audience base, the Mondadori Group takes heed of the demands originating in the changes in society, the use of technology, and the removal of once critical language and geographical barriers.
The desires and expectations of the customer today play an increasing role in every sector, but particularly so in publishing: the participatory dimension of consumption and the instant interaction with the end user have disrupted the way we create and distribute products.

The many initiatives taken during the lockdown periods to reach users were consolidated, allowing the various business areas to expand their audiences and interact on an ongoing basis.

Despite the resumption of activities in person thanks to the attenuation of the pandemic, all of the Group's brands continued to make available various online content formats and virtual meeting modes. Aside of the numerous live streaming events, specific digital projects were launched to increase the accessibility of the Group's content:

With the series Il Battello a Vapore and through the **high readability books**, the Mondadori and Piemme publishing houses propose a project suitable not only for those with specific learning disorders but also for all children generally finding it difficult to approach and appreciate reading.

High readability books are intended for the age bracket of 6-10 years old.

They are not texts with simplified contents but rather books for everyone, with graphic characteristics and layouts that foster readability and therefore make them accessible even to children with SLDs and SENs.

High readability books have the following graphic characteristics:

- use of the *leggimi* font: created in Italy in 2006 by Sinnos, a publishing house specialised in children’s books, with the collaboration of neuropsychiatrists, speech therapists and teachers, it is the first high readability font specifically designed for those experiencing reading difficulties, making the text easier to read for everyone;
- larger than normal interline and inter-letter spacing;
- spacing that marks the division of paragraphs or certain narrative sequences to facilitate understanding and set targets that the reader can achieve;
- text always left-aligned and words never split;
- illustrations that do not interrupt the lines of text.

The Group also continues to produce its **accessible eBooks** in line with the new regulations on the matter and in particular the European Accessibility act and certified by the LIA Foundation. Under this scope, a project has also been developed involving the creation of an accessible eBook with the involvement of the author Willy Guasti for the book Il coccodrillo ha il cuore tenero, published by Rizzoli.

Again under the scope of EAA regulations, a test project has been launched with one of the key digital customers for the display and recognition of accessible contents in a user-friendly format. The project will continue for the whole of 2023.

At the Bologna Children's Book Fair, the Digital Sales team played a lead role in an event dedicated to accessibility, describing the Mondadori experience and sharing best practices in the production of accessible eBooks.

4. ENVIRONMENT

Environmental culture and mitigating ecosystem impacts

The Mondadori Group pays particular attention to environmental topics, with a focus on the impacts linked to the life cycle of paper products, energy efficiency measures and the reduction of greenhouse gas emissions.

The environmental policy guides the Group from the choice to purchase certified paper to the efficient management of points of sale, also with a view to improving its ecological footprint.

The Group had already committed to replace the lighting systems of the Segrate building with a new LED light system, thereby achieving important energy savings. In addition, Mondadori has been involved in defining and developing initiatives aiming to reduce the indirect emissions generated by employees.

As part of the product life cycle, in particular paper procurement, the Group opts for paper certified according to the two main schemes applied worldwide, PEFC and FSC, thus contributing to the protection of biodiversity.

Through rationalization of the orders, reorganization of the warehouses, and definition of more efficient logistic requests, the Group promotes the gradual reduction of products meant for waste and those unsold.

The Mondadori Group's approach to the future in the field of sustainability is laid out consistently with the two strategic guidelines defined in the Plan (see paragraph 1.1) with the following future objectives connected with the Sustainable Development Goals (SDGs) laid down in the 2030 Agenda.

The objectives achieved or started in 2022 are described in the next few paragraphs.

FOCUS	Extension to 100% of the School proposition of insights and fact sheets dedicated to environmental culture and promotion of such content in the Trade proposition.	ongoing
	Fulfilment of =100% purchase of PEFC/FSC certified paper for Mondadori Group products. Extension to the newly acquired companies.	2023/ continuous
	Pursuit of energy efficiency actions, also as part of property/building/store renovation initiatives, and assessment of further potential pilot activities to reduce greenhouse gas emissions.	ongoing
	Development of the "Book environmental footprint" project: a Life-Cycle Assessment (LCA) for the measurement of environmental impacts and the definition of data-based objectives to reduce atmospheric emissions and assure continuous improvement throughout the value chain.	by 2023
	Obtaining of UNI ISO 14001 certification for the environmental management system.	by 2024

4.1 MANAGEMENT OF ENVIRONMENTAL IMPACTS

The Group's commitment to the proper management of environmental impacts is linked to compliance with the relevant regulations and the mitigation of negative environmental externalities associated with its business activities, and is driven by the will to better address the growing needs of the company's many stakeholders.
Generally speaking, sustainability matters, and hence issues connected with environmental impacts, are referred to the internal Sustainability Committee (see section on "Sustainability governance"), which has drawn up an environmental policy, published on the Mondadori Group's corporate website (www.gruppomondadori.it/sostenibilita/cambiamenti-climatici).

The policy outlines the Group's commitment and targets for reducing its environmental footprint and provides the framework for the setting of Group strategy and target areas for environmental action.

The guidelines identified in the environmental policy steer the operational decisions and practices of the Group, from the purchase of paper to the management of stores, with each company unit responsible for applying the guidelines in its day-to-day operations.

2022 was a year marked by various trends that impacted the company's core business and the management of the related environmental impacts.

There was a significant increase in the cost of raw materials (including paper, cardboard and plastic), a trend that had already been seen in 2020-2021, but which was further exacerbated in 2022 with the global increase of energy prices. More specifically, the cost of procurement of paper materials grew to double in 2022, having a considerable impact on the industry's economic sustainability.

This is in addition to the impacts deriving from the macroeconomic and geopolitical context that, starting February 2022 has seen a record high in energy costs linked to gas and electricity consumption, with consequences throughout the entire value chain where the Group operates.

4.2 LIFE CYCLE OF PAPER PRODUCTS

As a publishing group, paper consumption and the management of the life cycle of paper products are major factors in the assessment of environmental impacts for Mondadori.

This section looks at the environmental impacts connected with the life cycle of paper products, from the use of paper as a raw material to the management of unsold copies of editorial products published and their pulping, including their logistical management and distribution.

The life cycle of paper products starts in paper mills, where paper is manufactured and sent to the printing companies that print the products. Printed paper products are stored in warehouses and dispatched, through a logistics network, for delivery to distributors and end consumers.

Once a book or magazine is in the hands of a reader, the life cycle of paper products can take one of three turns:

- the book or magazine remains in the reader's home and may be re-used (e.g., re-read, given as a gift, donated to schools and/or libraries);

- the book or magazine is collected for recycling, thus becoming valuable raw material that can be reused as pulp by paper mills;

- the book or magazine is collected as general waste.

4.2.1 The raw material: the paper used to print editorial products

In 2022, the total amount of paper purchased for the printing of editorial products in the scope of continuing operations (Italy and the United States) amounted to approximately 55,000 tonnes (-8% versus 2021). This year too, the Group has managed to further consolidate the commitment made in rationalising the use of paper in the printing of its products, a route that was first embarked on in 2014 with the first formalisation of the policy for the procurement of goods and services; it has also succeeded in having greater control over the supplier selection process, so as to make sure that their work is consistent with the sustainability principles of the Group. Supplier selection criteria require that paper is certified by the PEFC and FSC, the two main certification schemes adopted worldwide, in order to gradually increase the percentage of certified paper used over time.

Italy

The table shows paper consumption by type of paper (certified, traditional and recycled) for the 2020-2022 period. Continuing on from the previous years, the percentage splits by paper type have stayed constant over the three years. For 2022, the data reported does not include information on the following companies: D Scuola S.p.A. and DeAgostini Libri S.r.l.

Total printing paper, by type, Italy

Type of paper	2022		2021		2020	
	t.	%	t.	%	t.	%
Certified	51,567	99.97%	56,389	99.98%	49,256	99.99%
Recycled	9	0.02%	3	—%	1	—%
Traditional	5	0.01%	9	0.02%	6	0.01%
Total	**51,581**	**100.00%**	**56,401**	**100.00%**	**49,263**	**100.00%**

USA

Rizzoli International Publications purchases its raw materials indirectly through printers, based primarily in China and, to a lesser degree, in Italy. Focus on the use of certified papers has increased since 2018, in line with the commitment already undertaken in this area by the Group.

In 2022, it is estimated that approximately 90% of the paper used is certified, a slight increase compared to 2021 (in 2021, approximately 85% of paper used was certified). Below are paper consumption estimates for 2020-2022.

Total printing paper, USA

	2022	2021	2020
Printing paper	3.700	3.600	3.500

[12] Rizzoli International Publications' 2020, 2021 and 2022 paper consumption has been estimated on the basis of the copies produced and the average weight per copy, as detailed data on actual consumption of paper for printing are not available in the documents received from suppliers, nor was it possible to trace the cost of paper alone in the data appearing in the purchase invoices.

4.2.2 Logistics and the end of life of editorial products

The Mondadori Group’s distribution logistics takes the form of a series of overlapping networks that cover the entire country and differ in terms of the type of product managed and transported. These can be divided into the following channels: magazines (newsstands, subscriptions, daily newspapers), books (trade and educational), book clubs (Mondolibri products) and e-commerce.
Many of the logistics processes include both direct shipping to the destination points of the relating channel and the return shipping of unsold products.

According to the channel, unsold products may go into storage, be processed for paper recycling or pulping (in the case of paper products), or be destroyed or disposed of.

The various distribution processes are described below for each channel, with details provided of the main associated environmental impacts. Specifically, in 2022, regarding the Italian scope, a total of almost 2,700 tonnes of renewable packaging materials (wood and cardboard) was consumed, while non-renewable packaging materials (polyethylene and polypropylene) amounted to 160 tonnes. Data on material consumption used for shipping are unavailable for Rizzoli International Publications.

Magazine - Italy

The logistics for the Magazines Italy Area is managed by Press-di Distribuzione Stampa e Multimedia S.r.l., a wholly-owned subsidiary of the Mondadori Group until 6 July 2022, whilst on 1 July, the Mondadori Group's share in the company dropped to 49% and then dropped further to 20%. Press-di manages the distribution on national territory of Mondadori magazines and of magazines and newspapers of other publishers for the news-stands channel and subscribers.

Press-di's logistics processes, including transport management, are all outsourced to select suppliers. Specifically, those concerning magazines were entrusted at end 2019 to Di2, of which Press-di Distribuzione Stampa e Multimedia S.r.l. remains a 50% partner.

With regard to magazines, in 2022, approximately 52,066 tonnes of product were transported, entirely by road transport (with the additional use of ship transport for distribution to islands, involving the roll-on/roll-off of vehicles onto ships). The cut in the number of pallets transported, from 83,091 to 75,943 (-9.4%), is clearer than the drop in weight carried (-6.5%), thanks to the logistical efficiencies in warehouse and load management brought by Di2, with resulting benefits in terms of environmental impact due to the reduction in the number of vehicles required for transport.

The magazines logistics process in Italy involves the following steps:

- industrial film wrapping, if any: in 2022, the film wrapping process involved approximately 13.50 million copies of Mondadori Media and Mondadori Scienza, for which 55 tonnes of film wrapping material and 10 tonnes of stretch film was used. This business was discontinued by Press-di in November 2020 and returned directly to the two above-mentioned Group companies through agreements managed centrally by the Group Procurement Department. The data therefore refers only to the film wrapped copies of Mondadori Media and Mondadori Scienza;

- shipment staging: in 2022, the shipment staging process involved 75,943 equivalent pallets or approximately 523 tonnes of wood;

- primary transport: from distribution logistics centres (Cinisello Balsamo (MI), Rome) to local distributors (40 local distributors in 2022);

- last mile (delivery to the point of sale): local distributors deliver copies to newsstands and carry out the "last mile" transport service to the point of sale. Local distributors are responsible for collecting unsold products at newsstands every day and processing returned products for return delivery to the Press-di national returns centre or for local pulping;

- transport of returned products: unsold products subject to return to the publisher are transported to the national returns centre of Bregnano (Como) through the Press-di primary transport network.

The table below shows consumption figures for materials used in the transport of magazines to newsstands.

Consumption of materials for the transport of magazines to newsstands, by type

Raw material (t.)	Detail	2022	2021	2020
Wood	Pallets	523	557	553
Cardboard	Cardboards boxes and packaging materials	—	—	—
Polyethylene	Film	66	104	138
	Package filling	—	—	—
	Pallet covers	n.d.	n.d.	n.d.
Polypropylene	Tape	n.d.	n.d.	n.d.
	Strapping	n.d.	n.d.	n.d.
Expanded polystyrene foam	Filling of packages with polystyrene	—	—	—

The reduction in operating costs deriving from the progressive reduction in pallets carried due to the lesser volumes and the increase in the average weight per pallet, which goes from 6.7 q. to 6.88 q. (+2.6%) corresponds to a proportional reduction in emissions due to transportation carrier use. Added to that is the effect of the certified returns process, by which unsold copies of publications are sent for pulping by local distributors. The process, while ensuring the processing of returns for statistical and accounting purposes for the publishers, does not require the need for the unsold copies to return physically to the warehouse, thereby reducing both costs and emissions.

Estimated CO2eq emissions resulting from the transport of magazines from distribution logistics centres to local distributors for the three-year period 2020-2021 (in 2021 from Cinisello Balsamo and Rome, in 2020 from Melzo and Rom), are shown in the section "Reducing energy consumption and combating climate change", in the Scope 3 emissions detail.

The daily newspapers produced by third-party publishers (including Il Giornale, Libero, Avvenire, La Verità, Il Fatto Quotidiano, La Ragione) are distributed by a different logistics network from the one used for magazines. This network includes a number of printing centres scattered across Italy, delivering to local distributors. The network, designed to ensure fast delivery times, is shared with other distributors to guarantee greater efficiency.

With regard to the management of returns, Mondadori has a high local pulping rate: Press-di (in agreement with the Group and third-party publishers distributed) has, in fact, encourages the widespread take-up of certified returns processes by local distributors.

At the same time, however, the ongoing decline in newspaper and magazine readership, which has led to a general reduction in returns, has also affected the number of intermediaries – local distributors and newsstands – over the years, lowering both their total number and those that guarantee certified returns.

In 2022, local pulping amounted to approximately 12,425 tonnes for magazines and approximately 9,804 tonnes for newspapers. Today, out of the 40 local distributors used by Press-di, 39 guarantee certified returns.

Trade books

2022 saw a consolidation of the restocking of trade books in the Broni warehouse (PV) in respect of the process linked to the return, which is recorded, classified by quality, registered, and stocked.

The owner of such stock, i.e. the publisher, pays for storage and decides when to pulp the product.

Returns Trade books (no.) [13]	2022	2021	2020
Copies	10,262,977	9,491,939	9,683,088
Packages	328,024	296,623	302,597
Shipments	38,569	33,189	33,275

[13] Figures on pallets and shipments are based on estimated number of copies

All boxes used to distribute Trade Books are made of corrugated cardboard consisting of 90% recycled paper. This packaging is 100% recyclable and the recycled material comes from national pulp companies.

In 2022 too, polystyrene was replaced by a "bubble wrap" system.

School textbooks publishing
In 2022, Mondadori Education distributed approximately 6.1 million textbooks and teachers' guidebooks.
The logistics for Mondadori Education publications is connected with specific school education activities (promotion, adoption, and sale of books):

- through a network of promoters, school textbooks are presented to teachers from January to May in order to promote their adoption; logistics is in charge of shipping the books from the central warehouse to the promoters, reaching just under 130 destinations; lastly, the promoters are in charge of delivering or shipping the sample books to teachers. Mention should be made in this sense of the introduction of digital sample books (connected with the development of multi-device digital school books), which may lead to a reduction in the production and shipment of print sample books;

- starting in May and, with varying intensity, up until the end of October, Mondadori Education restocks the retail distribution points for the sales campaign, reaching approximately 20 destinations. In addition, starting in September, when the school year starts, the promoters are supplied with books and guides to deliver to teachers for classroom trials;

- as well as making shipments to decentralized distribution centres, the central warehouse in Verona directly supplies a number of top accounts and approximately 800 bookstores with university texts and L2 books (Italian as a foreign language);

- although returns are less frequent for school textbooks, total returns in this segment came to approximately 680,000 copies in 2022.

The distribution processes adopted by Rizzoli Education are similar, with the exception of the relevant logistics hub, which in this case is Stradella.

As for the number of copies transported, approximately 6.5 million copies were distributed in 2022, while returns amounted to approximately 1 million (both data refer to sale copies and to classroom trial copies).

Late 2022 saw the start of the transfer of the publisher of Rizzoli Education from the Stradella warehouse to the Isola Rizza warehouse. This transfer should be completed by 20 January 2023.

Bookclub
For products distributed through the bookclub channel, logistics (warehousing and preparation of orders) and all business support processes are managed at the Verona logistics hub. Orders are shipped by mail.

The cardboard boxes used for shipments are the same type used for Trade Books. Materials returned by post are subject to recycling.

E-commerce
As regards products sold on the website www.mondadoristore.it, B2C logistics activities include product management (for both Mondadori books and third-party publishers) at the Verona logistics centre (now Ceva Logistics); products are prepared according to customer orders and shipments are made by express courier directly to the final customer address.

In this channel there are practically no returns.

The table below shows consumption figures for materials used in the transport of Trade Books, Retail and school textbooks.

Consumption of materials for shipping trade, retail and school books[23], by type

Raw material (t.)	Detail	2022	2021	2020
Wood	Pallets	878	825	734
Cardboard	Cardboards boxes and packaging materials	1,273	1,114	954
Polyethylene	Film	26	42	58
	Package filling	29	33	12
	Pallet covers	5	5	30
Polypropylene	Tape	8	13	8
	Strapping	25	60	22
Expanded polystyrene foam	Filling of packages with polystyrene	0	0	13

In the strategic sustainability path, in 2022 the Group activated a Life-Cycle Assessment project of the book chain in collaboration with the Polytechnic University of Milan.
The study, which will be conducted in 2023, will allow for the assessment of which structures are most sustainable and, at the same time, most competitive.

The project goal is:

- to develop a model that can estimate, form an LCA perspective, the CO2e emissions connected with the process of conceiving, producing, distributing, consuming (and disposing of) book, trade and educational products in the various formats (printed book, ebook and audio book);
- to simulate, in addition to the as-is process, other network structures, demand mixes, distribution structures and the related use mixes to assist management in choosing future configurations and management.

[23] The consumption figure for Mondolibri is not available.

4.2.3 Reducing energy consumption and combating climate change

The emission reporting process implemented in recent years by the Group has enabled the consolidation of calculation methods, and has acted as a baseline for raising internal awareness about possible policies for the reduction of greenhouse gases generated by its operations. In this regard, the Group has already launched a number of projects to reduce its emissions, both in 2022 and in the past, such as, for instance, the implementation of energy efficiency measures in buildings.
This section looks at the environmental impact of the Mondadori Group's operations on global warming. It shows and explains the data on direct and indirect greenhouse gas emissions produced by the Group along its entire value chain.

Total greenhouse gas emissions at Group level (scope of continuing operations - Italy and USA) in 2022 amounted to approximately 26,510 tonnes of CO_2, considering Scope 2 Location Based emissions. Total electricity consumption in 2022 amounted to 10,580 MWh, while natural gas consumption amounted to 272,399 m^3 (10,832 GJ, -25% versus 2021). In 2022, the Group acquired 23,620 kWh of electricity, certified from renewable sources, which was consumed at the Duomo store starting October 2022.

Italy

Greenhouse gas emissions from Group operations in Italy and considered within the reporting scope of the GHG survey are classified as either direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions or other indirect (Scope 3) GHG emissions.

Greenhouse gas emissions (t.)15 - Italy	**2022**	**2021**	**2020**
Direct (Scope 1) - CO_2	829	1,069	1,109
of which, emissions related to the company car fleet (15)	279	350	384
Indirect (Scope 2)			
location-based - CO_2	3,250	3,304	3,676
market-based - CO_2	4,703	4,814	5,097
Other indirect emissions (Scope 3) - CO_2	20,927	23,183	20,804
of which emissions related to paper production - CO_2 (16)	19,601	21,996	19,705
of which, emissions related to business travel - CO_2 (17)	461	254	191
of which, emissions related to primary transport - CO_2 eq (18)	866	933	908
Total emissions - CO_2 (19)	**25,005**	**27,556**	**25,590**

[15] The Scope 1 emissions associated with the Group's car fleet make up approximately 33% of Scope 1 emissions. For 2020 and 2021, they were estimated starting from the average contracted kilometres and CO_2/km emissions of individual vehicles in the fleet, whilst for 2022 the calculation was performed on the consumption data (l) of the car fleet. 70% of consumption (l) was attributed to company use. Source: "ABI Lab Guidelines on the application in the bank of GRI (Global Reporting Initiative) Standards on environmental matters - December 2022 version". Data on fuel consumption does not include the quantities delivered for the companies: D Scuola, De Agostini Libri and Libromania.
[16] Scope 3 emissions linked to paper production are shown in tonnes of CO_2, as the source used does not report the emission factors of other gases than CO_2.
[17] Data relating to business travel are disclosed through a specific report by the travel agency used by the Group and refers to the journeys travelled by employees by air and by train.
[18] As regards the data on emissions related to primary transport, note that this only includes emissions from the logistics transport of magazines (managed by Press Di S.r.l.) and instead excludes that relating to the transport of books.
[19] Total emissions are calculated taking account of Scope 2 - location based emissions, and are expressed in CO_2 as the share attributable to other gases is not considered material.

Emission factors used

Electricity (location-based)	2022 Source: Terna international comparisons on Enerdata data (2019 data)	315 gCO2/kWh
	2021 Source: Terna international comparisons on Enerdata data (2019 data)	315 gCO2/kWh
	2020 Source: Terna international comparisons on Enerdata data (2018 data)	336 gCO2/kWh
Electricity (market-based)	2022 Source: AIB, (2022) European Residual Mixes 2021	457 gCO2/kWh
	2021 Source: AIB, (2021) European Residual Mixes 2020	459 gCO2/kWh
	2020 Source: AIB, (2020) European Residual Mixes 2019	466 gCO2/kWh
Natural gas	2022 Source: DEFRA: 2022 UK Government GHG Conversion Factors for Company Reporting3[24]	2.016 kg di CO2/m3
	2021 Source: NIR ISPRA	1.976 kg di CO2/m3
	2020 Source: NIR ISPRA	1.972 kg di CO2/m3
Paper production	2022 Source: Key Statistics 2021 of the Confederation of European Paper Industries (CEPI)	0.38 t. CO2/t. paper
	2021 Source: Key Statistics 2020 of the Confederation of European Paper Industries (CEPI)	0.39 t. CO2/t. paper
	2020 Source: Key Statistics 2019 of the Confederation of European Paper Industries (CEPI)	0.4 t. CO2/t. paper
Primary transport	2022 Source: DEFRA: 2022 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, 100% laden)	0.96 kgCO2eq/km
	2021 Source: DEFRA: 2021 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, 100% laden)	0.91 kgCO2eq/km
	2020 Source: DEFRA: 2020 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, 100% laden)	0.92 kgCO2eq/km

The Group's direct emissions (Scope 1) are derived from:

- the consumption of natural gas for heating offices, stores and warehouses;
- the combustion of fuel used by the cars that make up the company's fleet.

In 2022, no top-ups of coolant gas were required by the plants using it. In any case, any emissions of coolant gases are not material with respect to the organisation's total Scope 1 emissions.

Natural gas consumption – Italy [20]	UoM	2022	2021	2020
Natural gas	m3	272,399	363,999	367,939
	GJ	10,832	12,842	12,981

[20] Natural gas consumption is converted into GJ using the conversion factors sourced from "National standard parameters published by the Ministry for the Environment and Land and Sea Protection" published for the respective years (2021, 2020, 2019). The 2020 figure includes a partial estimate, not the actual figure on the consumption of natural gas by one of Mondadori Retail's offices, owing to a malfunction in the measurement

In Italy, the Group's gas consumption reduced significantly during the year, dropping by 25.2% compared to 2021, mainly due to the closure of the Segrate office on Fridays and the specific interventions on the cooling systems.

[24] Considering the presence of international companies within the Mondadori Group, starting with this reporting period, to calculate the Scope 1 emissions, the coefficients of the UK Government GHG Conversion Factors for Company Reporting – DEFRA 2022, were used.

In Italy, the Group's gas consumption reduced significantly during the year, dropping by 25.2% compared to 2021, mainly due to the closure of the Segrate office on Fridays and the specific interventions on the cooling systems.

Energy indirect (Scope 2) GHG emissions derive from electricity consumption, which is sourced from the national electricity grid for the use of:

- lighting, air conditioning (heat pumps), and equipment (e.g. PCs, printers) in offices and stores;
- lighting and equipment in warehouses;
- recharging electrical vehicles (Segrate) and forklift trucks (warehouses).

Electricity consumption - Italy	UoM	2022	2021	2020
Total electricity purchased from the national grid	MWh	10,316	10,488	10,941
	GJ	37,139	37,756	39,387

The electricity consumption trend in Italy has settled at stable values in the three-year period 2020-2022, confirming the commitment to reduce started in 2019 with interventions and action taken to save energy (see the paragraph entitled “Initiatives to reduce the environmental impact”).

The Group’s other indirect emissions(Scope 3) derive from:

- paper production (see section "The raw material: the paper used to print editorial products");
- business travel by employees;
- delivery of magazines to local distributors.

Emissions from the paper production cycle are the prevailing part.

For 2022, these emissions amounted to approximately 21,007 tonnes of CO_2, down (-5%) on last year. Added to these emissions are those associated with business travel by company personnel, mainly for the purposes of: meeting customers, travel for reportages, meetings with suppliers, meetings at other company sites, and participation in events.

The following table shows the breakdown of business travel-related emissions by means of transport.

Emissions by means of transport	2022	2021
Train	26%	16.2 %
Plane	74%	81.8 %

Employee travel for business travel was primarily by air as seen in the table above.

Other relevant Scope 3 issues are attributed to magazine logistics. Over the course of the year, these emissions have decreased considerably, amounting to around 866 tonnes of CO_2 eq in 2022 (908 tonnes of CO_2 eq in 2020 and 933 tonnes of CO_2 eq in 2021), thanks to logistics rationalization, which brought environmental as well as economic benefits. Specifically, the number of journeys fell, thanks to careful planning aimed at making the most of the vehicles' load capacity.

USA

Data relating to greenhouse gas emissions from operations run by Rizzoli International Publications refer to energy indirect (Scope 2) emissions and other indirect (Scope 3) emissions.

Greenhouse gas emissions (t.) - United States	2022	2021	2020
Energy indirect (Scope 2) (22) – CO2			
location-based	99	102	92
market-based	99	102	92
Other indirect emissions (Scope 3) - CO2	1,406	1,404	1,400
Total location-based emissions - CO 2	**1,505**	**1,506**	**1,492**

[22] Scope 2 emissions are shown in tonnes of CO2; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO2 equivalent), as inferred from the relating technical literature. Scope 2 emissions data for 2020 (249 t.) have been recalculated based on information shown in Note 23.
[23] Scope 3 emissions linked exclusively to paper production are shown in tonnes of CO2, as the source used does not report the emission factors of other gases than CO2.

For the United States of America, the figures on gas consumption by heating are currently unavailable for measuring direct (Scope 1) GHG emissions, and those on emissions from business travel (Scope 3).

As far as refrigerant gases are concerned, no data is available to date on refills during the year.

Emission factors used

Electricity (location-based and market-based)	2022 Source: Terna international comparisons on Enerdata data (2020 data)	374 gCO2/kWh
	2021 Source: Terna international comparisons on Enerdata data (2019 data)	374 gCO2/kWh
	2020 Source: Terna international comparisons on Enerdata data (2018 data)	399 gCO2/kWh
Paper producton	2022 Source: Key Statistics 2021 of the Confederation of European Paper Industries (CEPI)	0.38 t. CO2/t. paper
	2021 Source: Key Statistics 2020 of the Confederation of European Paper Industries (CEPI)	0.39 t. CO2/t. paper
	2020 Source: Key Statistics 2019 of the Confederation of European Paper Industries (CEPI)	0.4 t. CO2/t. paper

In 2022, total emissions by Rizzoli International Publications were 1,505 t. CO2 from electricity consumption and paper production, in line versus the prior year.

Electricity consumption - United States	UoM	2022	2021	2020
Total electricity purchased from the national grid	MWh	264	272	230
	GJ	950	979	829

[24] For 2021, the data relating to energy consumption at the Rizzoli International Publications HQ have been estimated on the basis of the consumption in 2020, given the absence of significant changes relating to business activities and/or actual changes in trends in energy consumption. With a view to ongoing improvement, the methodology for estimating energy consumption for Rizzoli International Publications relating to the bookstore, adopting for 2020 and 2021 the cost data in $/kWh made available by the Bureau of Labor Statistics for New York, was appropriately reviewed. Therefore, the 2020 data (624 MWh/2,248 GJ) have been recalculated in line with the new estimation methodology.

Water withdrawals

The Mondadori Group commitment is to promote and guarantee responsible use of water as a resource. This is why, starting from this edition, the decision has been made to report the water withdrawal data of Italian offices but only where such data can be properly obtained. As regards the information given in the table below, it is stressed that fresh water is procured by means of third party water resources. In order to determine the areas subject to water stress, the tool Aqueduct has been used, developed by the World Resources Institute, which provides information on areas subject to extreme water scarcity, comparing the best information available on water, hygiene-sanitary services, population and biodiversity on a national basis and of the basin. The sites are split into five categories: extreme scarcity, scarcity, stress, sufficient and abundant. The Group offices considered as situated in water stress areas are those whose risk level is of "extreme scarcity" and "scarcity". For 2022 and 2021, Florence and Rome came under this definition.

Water withdrawals by source and water stress areas - Italy 25	UoM	2022	2021
Areas not subject to water stress			
Underground water	Mega litres	1806.6	1955.8
Third party water resources	Mega litres	14.9	17.5
Areas subject to water stress			
Third party water resources	Mega litres	0.3	1.0

[25] The data on water withdrawal today considers the quantities of water withdrawn at the offices of Segrate, Florence and Rome.

4.3 INITIATIVES TO REDUCE THE ENVIRONMENTAL IMPACT

4.3.1 Waste

The commitment to reducing the environmental impact also applies to waste produced.

Given the specific business of the Mondadori Group, only a small part of waste produced by special products falls in the "hazardous" class. Segrate, the only site at the moment where the amounts of waste disposed of can be accurately measured, between 2022 and 2021 saw an increase in the production of non-hazardous waste (+70%) linked to the resumed activity on site and the clearance of the floors involved in the Segrate building restoration project. The percentage of hazardous waste declined (-44%).

Waste generated	2022		2021		2020	
Segrate head office	**t.**	**%**	**t.**	**%**	**t.**	**%**
Hazardous	0.2	0.10%	0.36	0.31%	—	—%
Non-hazardous	199.76	99.90%	116.1	99.69%	141.247	100.00%
Total	**199.96**		**116.460**		**141.247**	

4.3.2 Energy saving initiatives in 2022

In 2022 too, as we gradually left the pandemic behind us, that had forced urgent interventions and emergency management measures, the attention to energy saving remained high, with initiatives involving mainly the Segrate headquarters. The initiatives shown below are those planned in 2021 and partly implemented in 2022, the benefits of which will be fully felt in 2023.

Others are currently in the pipeline or being assessed and planned. It should be pointed out that in addition to overcoming the COVID-19 emergency, the start of the building restoration, which particularly involves the owner redoing the plants, has put a great deal of the developments planned previously, on hold.

Paper and toners

Among the measures taken to reduce the environmental impacts of Group offices and bookstores, efforts have been made in recent years to raise awareness of the responsible use of toners and paper for printing in offices.

The Group has specifically managed to keep consumption of printing paper at the same levels as last year, despite the partial return to working on-site and to reduce the quantity of toner consumed compared with the previous reporting period.

Toner and printing paper consumption (offices) Raw material (tonnes)	2022	2021	2020
Paper for printouts	21	20	29
Toners for printouts	0.78	0,89*	0.30

*With a view to improving the data reported, the data on toner consumption for 2021 has been restated in light of the inclusion in the total calculation of the printing islands present in the Group's office.

Data on toner and paper consumption for printing in offices does not include the new companies, which joined the scope in 2022.

Segrate head office

Water and air treatment plants

- The automated program, "Optimum Start - Summer" has been implemented for the summer management of the main plant start-up system in connection with the effective occupation of the environments and external conditions, with the aim of saving energy whilst constantly improving well-being in the workplace.
- The annual savings are estimated at approximately 50,000 kWh, estimated on the basis of the data recorded during the first months of operation (the total benefit expected will be measurable in summer 2023). It is also good to see that the intervention started in 2021, relating to the automated winter plant management system ("Optimum Start Winter") has confirmed the savings expected (40,000 m3/year in gas and 20,000 KWh/year).

- A structural intervention has been performed, modifying the hydraulics and including a new drain regulation valve at the well water lake used by the thermodynamic plants, with the aim of further reducing electrical consumption of the groundwater pumps in connection with effective needs. Annual savings are estimated at approximately 2,000 kW.
- Work is now approaching completion on the temperature regulation of the hot channel of the dual-pipe air treatment units, aiming to save energy whilst improving well-being in the workplace. Annual savings are estimated at approximately 5,000 m3 of gas.

These interventions, coupled with a more careful plant management, have made it possible to obtain ultimate final savings also in connection with the changes to working activities on-site brought about by smart working.

Group stores and bookstores

In 2022, as part of the action taken to increase energy efficiency in Retail, the following activities were implemented:
- all the old, energy-intensive air conditioning systems have been replaced by new ones using low energy consumption VRV (Variable Refrigerant Volume) technology;

- remote control has been started of the air conditioning systems, using smart technology to control temperatures, times and anomalies in the plants.

The progressive replacement of all high-consuming/energy-intensive technical lighting systems with new generation LED technology versions, is now approaching completion.

4.3.3 Initiatives planned or in the pipeline for 2023

Segrate head office

All spaces inside the office are expected to be redone with the ambition and vision of making the building a more sustainable structure with a lesser environmental impact, through interventions aiming to increase efficiency or by replacing structural parts of plants. Energy will be supplied from certified renewable sources and the choice of materials, furnishings and services (cleaning with Ecolabel certificates) will also be focussed on sustainable site management.
Work carried out to replace/modernise obsolete plants, planned over the last few years, has been put definitively on hold due to the start-up of more extensive property requalification works.

In addition, during the restructuring, any interventions and/or changes will only be made to maintain correct function of operating plants, making the most of all savings opportunities linked to failure to treat the environment of the unused site areas and those currently not operating due to emptying/filling of plants linked to site needs.

Group stores and bookstores

In Retail, the project of the new flagship store **Mondadori Duomo** is the pilot project on which the Group Retail area is working in order to obtain GOLD certification in LEED ID+C (Leadership in Energy and Environmental Design), a voluntary certification that promotes an approach focussed on sustainability aspects of buildings throughout their life cycle.

According to the parameters and provisions of this protocol, in the Mondadori Duomo design, an attempt will be made to seek to achieve the highest possible level of certification that is compatible with the structural restrictions imposed on it by the location.

In addition, as regards the Group stores and bookstores, in 2023 the times of the air conditioning plants are expected to be aligned, on the basis of the guidelines given by the Ministerial Decree (Ministry of the Ecological Transition) no. 383 of 06 October 2022.

As regards new stores, wherever possible the space design aims to minimise electricity consumption, for example through the installation of false ceilings to reduce and limit the cubic metres of air to be heated or cooled within the building.

These targeted interventions come in addition to the optimisation actions already mentioned and allow for a further reduction in consumptions.

Finally, in recent years energy supply contracts have also been downsized according to effective consumption, so as to reduce the fixed costs linked to the installed power.

4.3.4 Emissions deriving from the company car fleet

The Mondadori Group has been committed for some years now to reducing emissions from business travel related to its Italian operations. In 2022, the size of the Group's car fleet in Italy increased in number (from 104 in 2021 to 129 in 2022), showing a slight increase in average emissions. The increase in emissions is linked to the emission classes of the vehicles forming the car fleet. The 2022 purchase of new vehicles was also influenced by the stocks available from dealers, preventing the Group from opting for solutions with lower emission classes.

With regard to the breakdown of vehicles in “emission classes”, as determined by the ADEME eco-label (Agence de l’Environnement et de la Maîtrise de l’Energie, a French agency specialized in the identification and spread of energy, environmental protection, and sustainable development information), in 2022, 38% of the car fleet consisted of class A and B vehicles (a reduction on the figure of almost 50% recorded in 2021).

Mondadori car fleet Type (no.)	**2022**	**2021**	**2020**
Owned cars	—	—	—
Long-term car rental	129	104	111
of which CLASS A - less than or equal to 100 gCO2/km	16	17	16
of which CLASS B - from 101 to 120 gCO2/km	33	32	39
of which CLASS C - from 121 to 140 gCO2/km	41	29	32
of which CLASS D - from 141 to 160 gCO2/km	33	20	17
of which CLASS E - from 161 to 200 gCO2/km	5	5	6
of which CLASS F - from 201 to 250 gCO2/km	—	1	1
of which CLASS G - more than 250 gCO2/km	1	—	—
Total	**129**	**104**	**111**

In 2022, employees and associates were offered various opportunities and solutions linked to the mobility plan, taking a green approach, conceived to support both work and private lives. These include various conventions for: car sharing, special-rate subscriptions for urban and rail mobility, and e-bike and e-scooter rental.

4.4 EU TAXONOMY

Regulation (EU) 2020/852 (hereinafter also the "Regulation") has established the criteria for determining whether an economic activity can be considered environmentally sustainable, in order to identify the degree of environmental sustainability of investments, in the broader context of the decisions for promoting sustainable finance.

In line with the provisions of the Regulation, any company subject to the obligation of publishing non-financial information pursuant to Article 19 - bis or Article art 29bis of Directive 2013/34/EU shall include in the NFS information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable pursuant to Articles 3 and 9 of the Regulation. Specifically, non-financial companies, such as the Mondadori Group, are required to report:

1. the share of their turnover coming from products or services associated with economic activities that are considered environmentally sustainable in accordance with Articles 3 and 9 of the Regulation;

2. the share of their capital expenditure and the share of their operating expense related to assets or processes associated with economic activities considered environmentally sustainable in accordance with Articles 3 and 9 of the Regulation.

To date, the list of economic activities included in the relevant documentation is only available for the objectives of Climate Change Mitigation and Climate Change Adaptation: two of the six environmental objectives defined by Article 9 of the Regulation.

This analysis process was carried out by comparing the Group's economic activities with those defined by the relevant technical documentation available to date, not only by comparing the respective ATECO/NACE codes, but also and above all by assessing their substantial correlation.

At the date of publication of this document, based on the Group's interpretation, the publishing activities that typify its operations are not included among those identified to date by the relevant legislation for the two environmental objectives referred to above, and therefore cannot be considered eligible or aligned. In light of this interpretation, pursuant to the requirements of the Regulations, the Group has calculated the proportion of turnover, capital expenditure and operating expense related to economic activities currently considered to be eligible or aligned with the defined Climate Change Mitigation and Climate Change Adaptation objectives, finding a 0% eligible and aligned value. In addition, the assessment also considered the Group’s investments, which, to date, net of certain residual OpEx and CapEx, are not included in the categories from 7.3 to 7.6 as envisaged by the Regulation and consequently do not come under the eligible (and therefore aligned) categories.

The publication of the relevant technical rules for the additional environmental objectives defined in Article 9 of the Regulations, as well as further developments in the interpretation of the Regulations, could lead to changes in the assessments and calculation process of these KPIs for the next reporting years.

Taxonomy

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Euro	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES			%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
N/A		0	0%																	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
N/A		0	0%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1+A.2)		0	0%														%		%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		903.000.000	**100%**																	
Total (A + B)		903.000.000	**100%**																	

Proportion of Capex from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
N/A		0	0%																	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
N/A		0	0%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1+A.2)		0	0%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities (B)		79.751.017	**100%**																	
Total (A + B)		79.751.017	**100%**																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy-aligned proportion of OpEx, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
N/A		0	0%																	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
N/A		0	0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1+A.2)		0	0%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities (B)		16.520.382	**100%**																	
Total (A + B)		16.520.382	**100%**																	

CORRELATION OF MATERIAL TOPICS AND GRI

Material topic	Scope Legislative Decree 254/2016	GRI aspects	Specific GRI indicators
Sustainable success, ethics and business integrity	Combating corruption and bribery	Anti-corruption	GRI 205-3
	Social	Anti-competitive behaviour	GRI 206-1
		Tax	GRI 207-1/4
		Economic performance	GRI 201-4
Product life cycle and the circular economy	Environment	Materials	GRI 301-1 GRI 301-2
Climate Change and biodiversity	Environment	Energy	GRI 302-1
		Emissions	GRI 305-1 GRI 305-2 GRI 305-3
		Waste	GRI 306-1 GRI 306-2 GRI 306-3
Diversity, equity and inclusion	Staff / Respect for human rights	Diversity and equal opportunities	GRI 405-1 GRI 405-2
Education and the school world	Social	Disclosure of content(M)	M4
Accountability and accessibility of content	Respect for human rights	Cultural rights(M)	N/A
	Social	Content creation (M)	M2
Strategic business innovation	Social	Non GRI Topic	N/A
Privacy and data protection	Social	Customer privacy	GRI 418-1
	Respect for human rights	Privacy protection(M)	N/A
Promotion of reading and socio-cultural growth	Social	Interaction with the public (M)	M6
		Media literacy (M)	M7
Health and safety in the workplace	Staff / Respect for human rights	Staff health and safety	GRI 403-1/7 GRI 403-9
Intellectual property and copyright protection	Social	Freedom of expression (M)	N/A
	Respect for human rights	Public policies	GRI 415-1
		Cultural rights (M)	N/A
Enhancement and management of human capital	Personnel	Employment	GRI 401-1 GRI 401-3
		Industrial relations	GRI 402-1
		Training and education	GRI 404-1 GRI 404-2

Responsible Supply Chain Management	Social	Procurement practices	GRI 204-1
Enhancement and reputation of brands and publishing trademarks	Social	Non GRI Topic	N/A
Sustainable development promotion	Social	Non GRI Topic	N/A

(M): material topics under G4 Sector Disclosures – Media

GRI CONTENT INDEX

Declaration of use	**The Mondadori Group has prepared this Non-Financial Statement in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022**
GRI 1 used	**GRI 1: Reporting standards 2021**
Relevant GR sector standards	**N/A**

GRI STANDARD	INFORMATION	Section reference	OMISSION OMITTED REQUIREMENTS	OMISSION REASON	OMISSION EXPLANATION	GRI SECTOR STANDARD REF. NO
General disclosures						
GRI 2: General Disclosure 2021	2-1 Organizational details	Methodological note / Overview of Group activities				
	2-2 Entities included in the organization's sustainability reporting	Methodological note				
	2-3 Reporting period, frequency and contact point	Methodological note				
	2-4 Restatements of information	Methodological note				
	2-5 External assurance	Methodological note/ Report of the independent Auditors				

	2-6 Activities, value chain and other business relationships	Overview of Group activities (2022 Annual Report) Methodological note 3.1.1 The people of the Mondadori Group 3.1.2 Organizational development and industrial relations 4.2 Life cycle of the paper products				
	2-7 Employees	3.1.1 The people of the Mondadori Group				
	2-8 Workers who are not employees	3.1.1 The people of the Mondadori Group				
	2-9 Governance structure and composition	2.1 Governance system The additional information requested is published in the document entitled "2022 Corporate Governance Report", in paragraph 4. Board of Directors and in paragraph 6. Internal Board Committees				
	2-10 Nomination and selection of the highest governance body	The information requested is published in the document entitled "2022 Corporate Governance Report", in paragraph 4. Board of Directors				
	2-11 Chair of the highest governance body	The information requested is published in the document entitled "2022 Corporate Governance Report", in paragraph 4.5 Role of the Chairman of the Board of Directors				

2-12 Role of the highest governance body in overseeing the management of impacts	2.1.1 Sustainability governance The additional information requested is published in the document entitled "2022 Corporate Governance Report", in paragraph 4.1 Role of the Board of Directors			
2-13 Delegation of responsibility for managing impacts	The information requested is published in the document entitled "2022 Corporate Governance Report", in paragraph 4.1. Role of the Board of Directors and paragraph 9.2 Control and Risks Committee			
2-14 Role of the highest governance body in sustainability reporting	2.1.1 Sustainability governance The additional information requested is published in the document entitled "2022 Corporate Governance Report", in paragraph 4.1 Role of the Board of Directors			
2-15 Conflicts of interest	The information requested is published in the document entitled "2022 Corporate Governance Report", in paragraph 9. Internal Control and Risk Management System - Control and Risk Committee			
2-16 Communication of critical concerns	2.1.1 Sustainability governance			
2-17 Collective knowledge of the highest governance body	2. Governance - Promoting sustainable business success			

	2-18 Evaluation of the performance of the highest governance body	The information requested is published in the document entitled "Report on Remuneration Policy and Compensation Paid (2022)", in paragraph 6. Policies on fixed and variable components of remuneration				
	2-19 Remuneration policies	The information requested is published in the document entitled "Report on Remuneration Policy and Compensation Paid (2022)", in paragraph 6. Policies on fixed and variable components of remuneration				
	2-20 Process to determine remuneration	The information requested is published in the document entitled "Report on Remuneration Policy and Compensation Paid (2022)", in paragraph 6. Policies on fixed and variable components of remuneration				
	2-21 Annual total compensation ratio	3.2 Diversity, equity and inclusion				
	2-22 Statement on sustainable development strategy	Letter to stakeholders (2022 Annual Report)				
	2-23 Policy commitments	1. Sustainability for the Mondadori Group 2.2 Group ethics and integrity 3.2 Diversity, equity and inclusion				
	2-24 Embedding policy commitments					

	2-25 Processes to remediate negative impacts	1.2 Materiality analysis and the stakeholder engagement Internal control and risk management system (2022 Annual Report)) CORRELATION OF MATERIAL TOPICS AND GRI				
	2-26 Mechanisms for seeking advice and raising concerns	Internal control and risk management system (2022 Annual Report))				
	2-27 Compliance with laws and regulations	2.2.3 Compliance				
	2-28 Membership of associations	2.2.7 Intellectual property and copyright protection				
	2-29 Approach to stakeholder engagement	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI				
	2-30 Collective bargaining agreements	3.1.2 Organizational development and industrial relations				
Material topics						
GRI 3: Material topics 2021	3-1 Process to determine material topics	1.2 Materiality analysis and stakeholder engagement				
	3-2 List of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI				
Economic performance						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.4 Strategic business innovation				

GRI 201 – 2016 Economic performance	201-4 Financial assistance received from government	2.2.6 Editorial independence				
Procurement practices						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.2 Group ethics and integrity				
GRI 204 - Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.2 Group ethics and integrity				
Anti-corruption						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.2.1 Combating corruption 2.4 Strategic business innovation				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	2.2.1 Combating corruption				
Anti-competitive behaviour						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement GRI - Boundary and type of impacts 2.2.2 Market abuse 2.4 Strategic business innovation				
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, antitrust and monopoly practices	2.2.2 Market Abuse				
Tax						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.2.5 Tax policy 2.4 Strategic business innovation				
GRI 207: Tax 2019	207-1 Approach to tax	2.2.5 Tax policy				
	207-2 Tax governance, control and risk management	2.2.5 Tax policy				
	207-3 Stakeholder engagement and management of concerns related to tax	1.2 Materiality analysis and stakeholder engagement 2.2.5 Tax Policy				
	207-4 Country-by-country reporting	2.2.5 Tax Policy				
Materials						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	4.2.2 Logistics and the end of life of editorial products 4.3.2 Energy saving initiatives in 2022				
	301-2 Recycled input materials used	4.2.2 Logistics and the end of life of editorial products 4.3.2 Energy saving initiatives in 2022				
Energy						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and the stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.2.3 Reducing energy consumption and combating climate change				
Emissions						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts				

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.2.3 Reducing energy consumptions and combating climate change				
	305-2 Energy indirect (Scope 2) GHG emissions	4.2.3 Reducing energy consumption and combating climate change				
	305-3 Other indirect (Scope 3) GHG emissions	4.2.3 Reducing energy consumption and combating climate change	Scope 3 emissions include, for Italy, emissions from paper consumption, business travel and shipments of magazines to local distributors; for the United States, they include emissions from paper consumption.	Data unavailability	Some Scope 3 categories are not available for all Group companies	
Waste						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3 Main non-financial risks 4.1 Management of environmental impacts 4.3.1. Waste				

GRI 306: Waste 2020	306- 1 Waste generation and significant waste-related impacts	2.3 Main non-financial risks 4.1 Management of environmental impacts 4.3.1 Waste				
	306- 2 Management of significant waste-related impacts	2.3 Main non-financial risks 4.1 Management of environmental impacts 4.3.1 Waste				
	306-3 Waste generated	4.3.1 Waste	The information is not reported for all offices	Information incomplete	Waste production data refer only to the Segrate offices of Arnoldo Mondadori Editore S.p.A.	
Employment						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 3.1 Enhancement and management of human capital 3.1.1 The people of the Mondadori Group				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	3.1.1 The people of the Mondadori Group				
	401-3 Parental Leave	3.2 Diversity, equity and inclusion				
Industrial relations						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality engagement and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 3. SOCIAL - Enhancing people, content and places for education and culture 3.1.2 Organizational development and industrial relations				
GRI 402: Labour/ management relations 2016	402-1 Minimum notice periods regarding operational changes	3.1.2 Organizational development and industrial relations				
Health and safety in the workplace						
GRI 3: Material topics 2021	3-3 Management of material topics	Methodological Note 1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 3. SOCIAL - Enhancing people, content and places for education and culture 3.3 Health and safety in the workplace				

GRI 403: Health and safety in the workplace 2018	403-1 Occupational Health and Safety Management System	3.3 Health and safety in the workplace				
	403-2 Hazard identification, risk assessment, and accident investigation	3.3 Health and safety in the workplace				
	403-3 Occupational health services	3.3 Health and safety in the workplace				
	403-4 Worker participation, consultation and communication on occupational health and safety	3.3 Health and safety in the workplace				
	403-5 Worker training on occupational health and safety	3.3 Health and safety in the workplace				
	403-6 Promotion of worker health	3.3 Health and safety in the workplace				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.3 Health and safety in the workplace				
	403-9 Work-related injuries	3.3.14 Compliance with the Consolidated Law and Safety				
Training and education						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 3. SOCIAL - Enhancing people, content and places for education and culture				
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	3.1.3 Training and development				
	404-2 Programs for upgrading employee skills and transition assistance programs	3.1.3 Training and development				
Diversity and equal opportunities						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 3.2 Diversity, equity and inclusion				
GRI 405: Diversity and equal opportunities 2016	405- 1 Diversity of governance bodies and employees	3.2 Diversity, equity and inclusion				
	405- 2 Ratio of basic salary and pay of women to men	3.2 Diversity, equity and inclusion				
Public policy						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement GRI - BOUNDARY AND TYPE OF IMPACTS 2.2.6 Editorial independence				
GRI 415: 2016 Public policy	415-1 Political contributions	2.2.6 Editorial independence				
Customer privacy						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3.2 Risks associated with social topics and respect for human rights 2.2.4 Privacy and data protection				
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2.4 Privacy and data protection				
Content creation*						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3.2 Risks associated with social topics and respect for human rights 3.6 Responsibility for content				
M2	Methodology for assessing and monitoring adherence to content creation values	3.6 Responsibility for content				
Content distribution*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3.2 Risks associated with social topics and respect for human rights 3.4 Education and the school world 3.5 Promotion of reading and socio-cultural growth 3.6 Responsibility of content 3.7 Ease of use of content				
M4	Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision making) and results obtained	3.4 Education and the school world 3.5 Promotion of reading and socio-cultural growth 3.6 Responsibility of content 3.7 Ease of use of content				
Interaction with the public*						

GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3.2 Risks associated with social topics and respect for human rights 3.5 Promotion of reading and socio-cultural growth				
M6	Methods to interact with audiences and results	3.5 Promotion of reading and socio-cultural growth				
Media literacy*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3.2 Risks associated with social topics and respect for human rights 3.5 Promotion of reading and socio-cultural growth				
M7	Actions taken to empower audiences through media literacy skills development and results obtained	3.5 Promotion of reading and socio-cultural growth				
Freedom of expression*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3.2 Risks associated with social topics and respect for human rights 2.2.7 Intellectual property and copyright protection				

Cultural rights*						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.2 Group ethics and integrity 2.3.2 Risks associated with social topics and respect for human rights 2.2.7 Intellectual property and copyright protection				
Privacy protection						
GRI 3: Material topics 2021	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.2 Group ethics and integrity 2.3.2 Risks associated with social topics and respect for human rights 2.2.4 Privacy and data protection				
Non-GRI material topics						
Strategic business innovation	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3 Main non-financial risks 2.4 Strategic business innovation				

Enhancement and reputation of brands and publishing trademarks	3-3 Management of material topics	1.2 Materiality analysis and stakeholder engagement CORRELATION OF MATERIAL TOPICS AND GRI 2.3 Main non-financial risks 2.4.1 Enhancement and reputation of brands and publishing trademarks				
Sustainable development promotion	3-3 Management of material topics	1.1 Sustainability plan				

*GRI G4 Media Sector Disclosure

For the Board of Directors
The Chairman
Marina Berlusconi






Meeting readers, customers and followers
In 2022, events and initiatives on-site and in hybrid mode resumed. On this page, from top-left: inauguration of the **Mondadori Store in Genoa;** the **Telegatto** award arrives at the Eurovision Song Contest (with Aldo Vitali, editor of Tv Sorrisi e Canzoni); Mario Desiati, winner of the Strega Prize 2022, with "Spatriati", published by Einaudi; **Giallozafferano** celebrates its first series of NFT recipes with Andrea Santagata, general manager of Mondadori Media; **Lucca Comics & Games**, an event dedicated to the world of comics, video games and creative industries; the first edition of the **MyPersonalTrainer Days**, an open-air gym in Milan; the first **The Wom event** with its The WoMderful Squad (with Daniela Cerrato, Mondadori Media marketing director); the **Frankfurt Book Fair** where Armando Varricchio, Italian ambassador to Germany, meets Enrico Selva Coddè, managing director of the Mondadori Libri Trade area.

Mondadori Group Consolidated Financial Statements at 31 December 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (Euro/thousands)	Notes	31/12/2022	31/12/2021
Intangible assets	12	**372,297**	**351,823**
Land and building		—	—
Plant and equipment		3,280	2,701
Other fixed assets		20,854	11,892
Property, plant and equipment	13	**24,133**	**14,593**
Assets from rights of use	14	**68,453**	**80,725**
Investments accounted for using the equity method		28,450	17,859
Other investments		1,298	875
Total investments	15	**29,748**	**18,734**
Non-current financial assets	28	**13,410**	**553**
Deferred tax assets	16	**67,878**	**71,484**
Other non-current assets	17	**168**	**156**
Total non-current assets		**576,088**	**538,068**
Tax receivables	18	**9,049**	**8,833**
Other current assets	19	**72,213**	**70,469**
Inventory	20	**151,353**	**120,634**
Trade receivables	21	**161,230**	**164,971**
Other current financial assets	28	**614**	**181**
Cash and cash equivalents	28	**34,941**	**90,714**
Total current assets		**429,399**	**455,802**
Discontinued or discontinuing operations	10	1,159	29,558
Total Assets		**1,006,647**	**1,023,427**

Liabilities (Euro/thousands)	Notes	31/12/2022	31/12/2021
Share capital		67,979	67,979
Treasury shares		(2,024)	(1,803)
Other reserves and profit/loss carried forward		141,540	109,186
Profit (Loss) for the year		52,067	44,206
Group's Shareholders' equity	22	**259,562**	**219,568**
Share capital and reserves attributable to non-controlling interests	23	1,263	13
Total equity		**260,826**	**219,581**
Provisions	24	41,922	47,079
Post-employment benefits	25	28,350	32,802
Non-current financial liabilities	28	119,250	122,953
Financial liabilities IFRS 16	28	58,096	71,340
Deferred tax liabilities	16	42,255	35,873
Other non-current liabilities		—	—
Total non-current liabilities		**289,873**	**310,047**
Income tax payables	18	10,671	17,431
Other current liabilities	26	142,049	144,813
Trade payables	27	252,689	217,795
Payables to banks and other financial liabilities	28	36,717	69,507
Financial liabilities IFRS 16	28	13,166	12,944
Total current liabilities		**455,292**	**462,489**
Liabilities disposed or being disposed of	10	655	31,310
Total liabilities		**1,006,647**	**1,023,427**

CONSOLIDATED INCOME STATEMENT

(Euro/thousands)	Notes	2022	2021
Revenues from sales and services	29	**903,003**	**807,345**
Decrease (increase) in inventory	20	(18,663)	(2,320)
Cost of raw and ancillary materials, consumables and goods	30	173,248	141,930
Costs for services	31	484,601	437,022
Cost of personnel	32	136,963	136,140
Other expense (income)	33	(3,874)	3,432
Gross operating margin		**130,727**	**91,140**
Amortisation and impairment loss on intangible assets	12	39,331	26,748
Depreciation and impairment loss on property, plant and equipment	13	4,599	5,765
Amortisation/depreciation and impairment loss of assets from rights of use	14	14,106	13,427
EBIT		**72,691**	**45,199**
Financial expense (income)	34	5,635	5,124
Expense (income) from investments	35	199	1,510
Result before tax for the period		**66,856**	**38,566**
Income tax	36	15,313	(5,646)
Result from continuing operations		**51,543**	**44,212**
Result from discontinued or discontinuing operations		—	—
Net profit		**51,543**	**44,212**
Attributable to:			
- Non-controlling interests	23	**(524)**	**6**
- Parent Company shareholders		**52,067**	**44,206**
Earnings per share of continuing operations (expressed in Euro units)	37	0.20	0.17
Diluted earnings per share of continuing operations (expressed in Euro units)	37	0.20	0.17
Net earnings per share (in Euro units)	37	0.20	0.17
Diluted net earnings per share (in Euro units)	37	0.20	0.17

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/thousands)	Notes	2022	2021
Net profit		**51,543**	**44,212**
Items reclassifiable to income statement			
Profit and loss deriving from the conversion of currency denominated financial statements of foreign companies	22	1,388	1,986
Other profit (loss) from equity-accounted investees	22	387	(88)
Effective part of profit/(loss) on cash flow hedge instruments	28	10,531	1,405
Profit and loss deriving from held-for-sale assets (fair value)			
Tax effect on other profit (loss) reclassifiable to income statement		(2,527)	(337)
Items reclassified to income statement			
Effective part of profit/(loss) on cash flow hedge instruments	28	324	496
Profit and loss deriving from held-for-sale assets (fair value)		—	—
Tax effect on other profit (loss) reclassifiable to income statement		(78)	(119)
Items not reclassifiable to income statement			
Actuarial gains (losses)		509	10
Tax effect on other profit (loss) not reclassifiable to income statement		(127)	(5)
Total other profit (loss) net of tax effect		**10,407**	**3,348**
Total net profit (loss)		**61,950**	**47,560**
Attributable to:			
- Non-controlling interests		**(524)**	**6**
- Parent Company shareholders		**62,474**	**47,554**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31 DECEMBER 2021 AND 2022

Euro/thousands	Notes	Share capital	Treasury shares	Performance share reserve	Cash flow hedge reserve	Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the period	Total Group equity	Minority shareholders' equity	Total
Total at 31/12/2020		**67,979**	**(2,771)**	**2,144**	**(623)**	**—**	**(1,981)**	**312**	**102,846**	**4,503**	**172,409**	**7**	**172,416**
- Allocation of result									4,503	(4,503)	—		—
- Dividends paid											—		—
- Change in consolidation scope											—		—
- Transactions on treasury shares			(1,516)								(1,516)		(1,516)
- Performance shares				1,110							1,110		1,110
- Other changes			2,484	(1,977)					(496)		11	—	11
- Comprehensive profit (loss)		—	—	—	1,445	—	2,346	5	(448)	44,206	47,554	6	47,560
Total at 31/12/2021	**22**	**67,979**	**(1,803)**	**1,277**	**822**	**—**	**365**	**317**	**106,405**	**44,206**	**219,567**	**13**	**219,581**

Euro/thousands	Notes	Share capital	Treasury shares	Performance share reserve	Cash flow hedge reserve	Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the period	Total Group equity	Minority shareholders' equity	Total
Total at 31/12/2021		**67,979**	**(1,803)**	**1,277**	**822**	**—**	**365**	**317**	**106,405**	**44,206**	**219,567**	**13**	**219,581**
- Allocation of result									44,206	(44,206)	—		—
- Dividends paid									(22,161)		(22,161)	(2)	(22,163)
- Change in consolidation scope											—	2,339	2,339
- Transactions on treasury shares			(221)						(535)		(756)		(756)
- Performance shares				454					427		881		881
- Other changes									(443)		(443)	(563)	(1,006)
- Comprehensive profit (loss)		—	—	—	8,250	—	1,374	382	401	52,067	62,474	(524)	61,950
Total at 31/12/2022	22	**67,979**	**(2,024)**	**1,731**	**9,072**	**—**	**1,739**	**699**	**128,300**	**52,067**	**259,562**	**1,263**	**260,826**

For the Board of Directors
The Chairman
Marina Berlusconi

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro/thousands	Notes	2022	13/7/1905
Net profit		52,067	44,206
Adjustments			
Amortisation, depreciation and write-downs	12 13 14	58,036	45,941
Income taxes for the period	36	15,313	(5,646)
Performance Shares		881	1,110
Provisions (utilisation) and post-employment benefits		(6,473)	159
Capital loss (gain) from the transfer of intangible assets, property, plant and equipment, investments		(38)	(465)
Capital loss (gain) from the measurement of financial assets		—	268
(Income) expense of equity-accounted investees	35	199	1,510
Net financial expense on loans, leases and derivative transactions	34	5,262	4,812
Other non-monetary adjustments to assets held for sale		(5,645)	—
Cash flow generated from operations		**119,602**	**91,895**
(Increase) decrease in trade receivables		14,214	9,635
(Increase) decrease in inventory		(18,866)	5,688
Increase (decrease) in trade payables		20,841	(10,222)
Income tax payments		(21,907)	(9,974)
Advances and post-employment benefits		(4,361)	(4,121)
Net change in other assets/liabilities		(7,631)	9,260
Cash flow generated from (absorbed by) assets held for sale		(1,868)	5,239
Cash flow generated from (absorbed by) operations		**100,024**	**97,400**
Price collected (paid) net of cash transferred/acquired		(25,238)	(160,540)
(Purchase) disposal of intangible assets		(24,814)	(15,536)
(Purchase) disposal of property, plant and equipment		(9,295)	(1,946)
(Purchase) disposal of investments		(10,073)	(2,570)
(Purchase) disposal of financial assets		(2,167)	35,186
Cash flow generated from (absorbed by) assets held for sale		88	42
Cash flow generated from (absorbed by) investing activities		**(71,499)**	**(145,364)**
Net change in financial liabilities		(44,503)	53,646
Payment of net financial expense on loans and transactions with derivatives		(1,477)	(1,307)
Net refund leases		(15,432)	(14,758)
Interest on leases		(475)	(2,199)
(Purchase) disposal of treasury shares	22	(221)	(1,516)
Dividends distributed		(22,161)	—
Cash flow generated from (absorbed by) assets held for sale		(29)	(3,385)
Cash flow generated from (absorbed by) financing activities		**(84,298)**	**30,481**
Increase (decrease) in cash and cash equivalents		**(55,773)**	**(17,483)**
Cash and cash equivalents at beginning of the period	**28**	**90,714**	**108,197**
Cash and cash equivalents end of period	**28**	**34,941**	**90,714**

For the Board of Directors
The Chairman
Marina Berlusconi

Maria Berlusconi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB REGULATION NO. 15519 OF 27 JULY 2006

Assets (Euro/thousands)	Notes	31/12/2022	of which related parties (note 40)	31/12/2021	of which related parties (note 40)
Intangible assets	12	**372,297**	**—**	**351,823**	**—**
Land and building		—	—	—	—
Plant and equipment		3,280	—	2,701	—
Other fixed assets		20,854	—	11,892	—
Property, plant and equipment	13	**24,133**	**—**	**14,593**	**—**
Assets from rights of use	14	**68,453**	**—**	**80,725**	**—**
Investments accounted for using the equity method		28,450	—	17,859	—
Other investments		1,298	—	875	—
Total investments	15	**29,748**	**—**	**18,734**	**—**
Non-current financial assets	28	13,410	2,950	553	500
Deferred tax assets	16	67,878	11,018	71,484	11,707
Other non-current assets	17	168	—	156	—
Total non-current assets		**576,088**	**13,968**	**538,068**	**12,207**
Tax receivables	18	9,049	159	8,833	1,570
Other current assets	19	72,213	308	70,469	316
Inventory	20	151,353	—	120,634	—
Trade receivables	21	161,230	26,555	164,971	29,623
Other current financial assets	28	614	—	181	—
Cash and cash equivalents	28	34,941	—	90,714	—
Total current assets		**429,399**	**27,022**	**455,802**	**31,509**
Discontinued or discontinuing operations	10	1,159	—	29,558	2,988
Total assets		**1,006,647**	**40,990**	**1,023,427**	**46,704**

Liabilities (Euro/thousands)	Notes	31/12/2022	of which related parties (note 40)	31/12/2021	of which related parties (note 40)
Share capital		67,979		67,979	
Treasury shares		(2,024)	—	(1,803)	—
Other reserves and profit/loss carried		141,540	—	109,186	—
Profit (Loss) for the year		52,067	—	44,206	—
Group's Shareholders' equity	22	**259,562**	**—**	**219,568**	**—**
Share capital and reserves attributable to non-controlling interests	23	1,263	—	13	—
Total equity		**260,826**	**—**	**219,581**	**—**
Provisions	24	41,922	—	47,079	—
Post-employment benefits	25	28,350	—	32,802	—
Non-current financial liabilities	28	119,250	—	122,953	—
Financial liabilities IFRS 16	28	58,096	—	71,340	—
Deferred tax liabilities	16	42,255	—	35,873	—
Other non-current liabilities		—	—	—	—
Total non-current liabilities		**289,873**	**—**	**310,047**	**—**
Income tax payables	18	10,671	10,061	17,431	11,898
Other current liabilities	26	142,049	354	144,813	384
Trade payables	27	252,689	6,366	217,795	7,287
Payables to banks and other financial liabilities	28	36,717	461	69,507	1,200
Financial liabilities IFRS 16	28	13,166	—	12,944	—
Total current liabilities		**455,292**	**17,242**	**462,489**	**20,769**
Liabilities disposed or being disposed of	10	655	0	31,310	1,450
Total liabilities		**1,006,647**	**17,242**	**1,023,427**	**22,219**

CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 of 27 JULY 2006

(Euro/thousands)	Notes	**2022**	**of which related parties (note 40)**	**of which non-recurring (income) expense (note 39)**	**2021**	**of which related parties (note 40)**	**of which non-recurring (income) expense (note 39)**
Revenues from sales and services	29	**903,003**	**66,772**	**—**	**807,345**	**26,175**	**—**
Decrease (increase) in inventory	20	(18,663)	—	—	(2,320)	—	—
Cost of raw and ancillary materials, consumables and goods	30	173,248	1,125	—	141,930	2,061	—
Costs for services	31	484,601	16,737	—	437,022	10,847	—
Cost of personnel	32	136,963	(114)	—	136,140	(21)	—
Other expense (income)	33	(3,874)	473	—	3,432	200	—
Gross operating margin		**130,727**	**48,551**	**—**	**91,140**	**13,088**	**—**
Amortisation and impairment loss on intangible assets	12	39,331	—	—	26,748	—	—
Depreciation and impairment loss on property, plant and equipment	13	4,599	—	—	5,765	—	—
Amortisation/depreciation and impairment loss of assets from rights of use	14	14,106	—	—	13,427	—	—
EBIT		**72,691**	**48,551**	**—**	**45,199**	**13,088**	**—**
Financial expense (income)	34	5,635	(50)	—	5,124	(22)	—
Expense (income) from other investments	35	199	—	—	1,510	—	—
Result before tax for the period		**66,856**	**48,601**	**—**	**38,566**	**13,111**	**—**
Income tax	36	15,313	(3,698)		(5,646)	(9,816)	(18,693)
Result from continuing operations		**51,543**	**52,299**	**—**	**44,212**	**22,927**	**18,693**
Result from discontinued or discontinuing operations		—	—	—	—	—	—
Net profit		**51,543**	**52,299**	**—**	**44,212**	**22,927**	**18,693**
Attributable to:							
- Non-controlling interests	23	**(524)**	**—**	**—**	**6**	**—**	**—**
- Parent Company shareholders		**52,067**	**52,299**	**—**	**44,206**	**22,927**	**18,693**

EXPLANATORY NOTES

1. General information

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

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

Mondadori’s business areas offer products and services that harness cutting-edge digital technology, thus expanding the sales portfolio.

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

The publication of the consolidated financial statements of the Mondadori Group at 31 December 2022 was authorized by the Board of Directors’ resolution of 16 March 2023.

2. FORM AND CONTENT

The Group's consolidated financial statements at 31 December 2022 were drawn up based on the principle of business continuity; the Directors verified the Group's ability to fulfil future commitments and believe there are no significant uncertainties, as defined by IAS 1.25, concerning its ability to continue operating in the future.

The risks and uncertainties the Group is exposed to from the business carried on and the risk mitigation measures adopted are explained in the appropriate section of the Report on Operations.

The financial statements were prepared in accordance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the EU, and with the International Financial Reporting Interpretations Committee (SIC/IFRIC).

These financial statements were drawn up based on the cost principle, except for some financial instruments measured at fair value, and in compliance with the accounting standards adopted for the drafting of the consolidated financial statements at 31 December 2021, considering the amendments and the new standards effective as from 1 January 2022, as per Note 6.24.

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

- in the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately;

- in the consolidated income statement, the analysis of costs is performed on the basis of the nature of costs, since the Group deems this method more representative than a presentation by function;

- the consolidated comprehensive income statement contains revenue and cost items that are not recognised under profit (loss) for the year as required or allowed by the IAS/IFRS accounting standards;

- the statement of cash flows was prepared using the indirect method.rendiconto finanziario è stato redatto utilizzando il metodo indiretto.

Regarding the requirements of CONSOB Resolution no. 15519 of 27 July 2006, specific supplementary tables were prepared to highlight significant transactions with “Related parties” and “Non-recurring transactions”.

The amounts shown in the tables and in these notes are expressed in Euro thousands unless otherwise stated

3. CONSOLIDATION PRINCIPLES AND SCOPE

The financial statements of the consolidated companies were drawn up on the same balance sheet date of Arnoldo Mondadori Editore S.p.A., according to the IAS/IFRS standards.

In cases where the balance sheet date does not match the Parent Company's, adjustments are made to recognise the effects of any significant transactions or events that have occurred between that date and the Parent Company's date.

The Mondadori Group consolidated financial statements include:

- the financial statements of the Parent Company and the financial statements of Italian and foreign companies directly or indirectly owned by Arnoldo Mondadori Editore S.p.A., according to the provisions set out in IFRS 10. In these cases, the financial statements are consolidated on a line-by-line basis;

- the financial statements of Italian and foreign companies in which Arnoldo Mondadori Editore S.p.A. has joint control, either directly or indirectly, pursuant to IFRS 11. In these cases, investments are recognised in compliance at equity;

- the financial statements of Italian and foreign companies in which Arnoldo Mondadori Editore S.p.A. has a direct or indirect investment in an associate pursuant to IFRS 11. In these cases, in compliance with the same standard, investments are measured at equity.

The application of the abovementioned consolidation policies led to the following adjustments:

- the book value of investments in companies included in the consolidation scope is written off against the related equity at the date control is acquired;

- the difference between the cost incurred for the acquisition of the investment and the relevant share of equity is recognised on the date of purchase and allocated to the specific asset and liability items at fair value. Any positive difference is recognised under goodwill; any negative difference is recognised in the income statement;

- consolidated equity amounts, reserves and the financial result attributable to minorities are recognised under items in consolidated equity and income statement;

- in preparing the consolidated financial statements, receivables and payables, revenue and expense resulting from transactions between companies included in the consolidation area are written off as are any unrealised profit or losses on intercompany transactions.

Non-controlling interests' equity and result for the period are recognised separately in the statements of financial position sheet and income statement.

During 2022, the Mondadori Group completed the acquisition of 50% of De Agostini Libri S.r.l., which held the entire share capital of Libromania S.r.l., subsequently acquired 100% by Mondadori Libri S.p.A., 50% of A.L.I.-Agenzia Libraria Internazionale S.r.l. and 51% of Edizioni Star Comics S.r.l.

The first two companies have been consolidated on a line-by-line basis, as a result of the governance agreements giving Mondadori control as of 1 April; A.L.I.-Agenzia Libraria Internazionale S.r.l. has been consolidated using the equity method, since May, and Edizioni Star Comics S.r.l. has been consolidated on a line-by-line basis since 1 July.

Further changes in the scope of consolidation are shown below:

- the establishment of Zenzero S.r.l., the Mondadori Group's social agency specialising in the area of food, which brings together the best-known top-creators in the sector around the GialloZafferano brand, to some of whom Mondadori subsequently reserved a capital increase, bringing the Group's share to 72%;

- the establishment of Reworld Media Italia S.r.l., as the special-purpose entity for the sale of the magazine Grazia and the licensing contracts for the publication of the magazine abroad;

- the establishment of Mondadori Scuola S.p.A., which, as of 1 January 2023, became the holding company of the Education segment, as a result of the spin-off by Mondadori Libri S.p.A. of its holdings in Mondadori Education S.p.A., Rizzoli Education S.p.A. and D Scuola S.p.A;

- the sale of 80% of Press-Di Distribuzione e Stampa Multimedia S.r.l.;

- the sale of Periodici S.r.l., to follow up on the sale of the magazines Donna Moderna and CasaFacile.

For further information on transactions recognised in accordance with IFRS 3, see Note 8.

Companies in the scope of the Group consolidated financial statements and relating consolidation method:

Company Name	**Registered office**	**Business**	**Currency**	**Share capital expressed in foreign currency**	**Group shareholding in % 31/12/2022**	**Group shareholding in % 31/12/2021**
Companies consolidated on a line-by-line basis						
Arnoldo Mondadori Editore S.p.A.	Milan	Publishing	Euro	67,979,168.40		
Italian subsidiaries						
Abscondita S.r.l.	Milan	Publishing	Euro	12,750.00	80.00	80.00
AdKaora S.r.l.	Milan	Trade	Euro	15,000.00	100.00	100.00
De Agostini Libri S.r.l.	Novara	Publishing	Euro	100,000.00	50.00	
Direct Channel S.p.A.	Milan	Services	Euro	3,120,000.00	100.00	100.00
D Scuola S.p.A.	Milan	Publishing	Euro	5,000,000.00	100.00	100.00
Edizioni Star Comics S.r.l.	Perugia	Publishing	Euro	1,000,000.00	51.00	
Electa S.p.A.	Milan	Publishing	Euro	1,593,735.00	100.00	100.00
Giulio Einaudi Editore S.p.A.	Turin	Publishing	Euro	23,920,000.00	100.00	100.00
Hej! S.r.l.	Milan	Publishing	Euro	17,866.66	100.00	100.00
Libromania S.r.l.	Novara	Publishing	Euro	20,000.00	100.00	
Mondadori Education S.p.A.	Milan	Publishing	Euro	10,608,000.00	100.00	100.00
Mondadori Libri S.p.A.	Milan	Publishing	Euro	30,050,000.00	100.00	100.00
Mondadori Media S.p.A.	Milan	Publishing	Euro	1,000,000.00	100.00	100.00
Mondadori Retail S.p.A.	Milan	Trade	Euro	2,000,000.00	100.00	100.00
Mondadori Scienza S.p.A.	Milan	Publishing	Euro	2,600,000.00	100.00	100.00
Mondadori Scuola S.p.A.	Milan	Publishing	Euro	50,000.00	100.00	
Periodici S.r.l.	Milan	Publishing	Euro	10,000.00		100.00
Reworld Media Italia S.r.l.	Milan	Publishing	Euro	10,000.00	100.00	
Rizzoli Education S.p.A.	Milan	Publishing	Euro	42,405,000.00	99.99	99.99
Zenzero S.r.l.	Milan	Publishing	Euro	27,778.00	72.00	
Foreign subsidiaries						
Rizzoli International Publications Inc.	New York	Publishing	USD	26,900,000.00	100.00	99.99

Rizzoli International Bookstore Inc.	New York	Trade	USD	3,499,000.00	100.00	99.99
Companies measured at equity						
A.L.I.-Agenzia Libraria Internazionale S.r.l.	Cornaredo	Services	Euro	156,000.00	50.00	
Digital Advertising & Engagement S.A	Madrid	Tech advertising	Euro	6,134.67	30.00	30.00
Edizioni EL S.r.l.	Trieste	Publishing	Euro	620,000.00	50.00	50.00
Gruppo Attica Publications	Athens	Publishing	Euro	4,590,000.00	41.98	41.98
Il Castello S.r.l.	Cornaredo	Publishing	Euro	10,000.00	50.00	
Mach 2 Libri S.p.A. in liquidazione	Peschiera	Trade	Euro	646,250.00	44.91	44.91
Mediamond S.p.A.	Milan	Advert. agency	Euro	2,400,000.00	50.00	50.00
Mondadori Seec Advertising Co. Ltd	Beijing	Publishing	Cny	40,000,000.00	50.00	50.00
Press-Di Distr. Stampa e Mult. S.r.l.	Milan	Services	Euro	200,000.00	20.00	100.00
Companies measured at fair value						
Consorzio Edicola Italiana	Milan	Services	Euro	60,000.00	16.67	16.67
Consuledit S.c.a.r.l. in liquidazione	Milan	Services	Euro	20,000.00	9.56	9.56
Immobiliare Editori Giornali S.r.l.	Rome	Real Estate	Euro	830,462.00	7.88	7.88
Società Editrice Il Mulino S.p.A.	Bologna	Publishing	Euro	2,350,000.00	7.61	7.61
Società Europea di Edizioni S.p.A.	Milan	Publishing	Euro	2,528,875.00	18.45	18.45

4. TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

All amounts in the Mondadori Group consolidated financial statements are in Euro, which is the Group's functional and presentation currency.
When the financial statements of companies are denominated in a different currency, they are translated into the entity's presentation currency as follows:

- assets and liabilities are translated at the exchange rate ruling at closing;

- income statement items are translated at the average exchange rate for the year.

Currency exchange rate differences that arise from these translations are recognised in a specific reserve under equity.

5. SEGMENT INFORMATION

The reporting required by IFRS 8 reflects the Group's organizational structure, which includes the following segments: Books, Media, Retail, Corporate & Shared Services.

This structure gives a clear picture of the Group's diversity in terms of products sold and services rendered and is used by the Top Management as the basis for corporate reporting in the definition of corporate strategies and plans, as well as in the valuation of investment opportunities and allocation of resources.

6. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

6.1 Intangible assets

When it is probable that costs will generate future economic benefits, intangible assets include the cost, including ancillary expense, of the purchase of assets or resources, without any physical form, used in the production of goods or in the supply of services, to rent to third parties or for administrative purposes, on condition that the cost is quantifiable in a reliable manner and that the goods are clearly identifiable and controlled by the company that owns them.

Costs incurred after the initial purchase are included in the increase of the cost of intangible assets in direct relation to the extent to which those costs are able to generate future economic benefits.

Subsequent to initial recognition, intangible assets are measured at cost, net of accumulated amortisation and any accumulated impairment loss.

Intangible assets purchased separately and those purchased as part of business combinations that took place before the first-time adoption of IAS/IFRS are initially recognised at cost, while those purchased as part of business combination transactions concluded after the first-time adoption of IAS/IFRS are initially recognised at fair value.

On the other hand, any costs for the production and launch of trademarks and titles are charged to the income statement for the year.

Intangible assets with finite useful life

The cost of intangible assets with finite useful life is systematically amortised over the useful life of the asset from the moment the asset is available for use. The amortisation criteria depend on how the relating future economic benefits contribute to the Company's result.

The amortisation rates reflecting the useful lives attributed to intangible assets with finite useful life are as follows:

Intangible assets with a finite useful life	Useful life
Trademarks and titles	Term of licence/10-20 years
Goods under concession or license	Term of the concession and license
Software and development costs for textbook publishing	Straight line over 3-5 years
Patents and rights	Straight line over 3-5 years
Other intangible assets	Straight line over 3-4-5 years

Intangible assets with finite useful life are subject to an impairment test whenever there is an indication of a possible impairment. The period and method of amortisation applied are reviewed at the end of each year or more frequently, if necessary.

Changes in the expected useful life or in the way future economic benefits linked to intangible assets are expected to be earned by the Group are recognised by modifying the period or method of amortisation, and are treated as adjustments to accounting estimates.

Attività immateriali aventi vita utile indefinita
Intangible assets are considered to have indefinite useful life when, on the basis of a thorough analysis of the relevant factors, there is no foreseeable limit to the length of time the assets may generate income for the Mondadori Group.

The intangible assets identified by the Mondadori Group as having indefinite useful life are shown in the table below:

Intangible assets with indefinite useful life
Trademarks
Series
Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's purchased share in the fair value of the assets and liabilities acquired, as identifiable at the time of purchase.

Goodwill and other intangible assets with indefinite useful life are not subject to amortisation but to an impairment test of their book value. This test concerns the value of the individual assets or of the cash generating unit and is carried out whenever it is believed that the value has decreased, and in any case at least once a year.

In cases where goodwill is attributed to a cash generating unit (or to a group of units) whose assets are partly disposed of, goodwill associated with the asset disposed of is reviewed in order to determine any capital gains or losses resulting from the transaction. In these circumstances, goodwill disposed of is measured on the basis of the value of the assets disposed of, compared with the asset still included in the cash generating unit in question.

6.2 Property, plant and equipment

Any costs attributable to the purchase of property, plant and equipment are recognised as assets, on condition that the relevant costs can be reliably calculated and any relating future economic benefits accrue to the entity.

Assets booked to property, plant and equipment are recognised based on the purchase method, including any ancillary expense, and are stated net of depreciation and any impairment loss.

Costs incurred after the initial purchase are recognised as an increase in cost in direct relation to the extent that these costs can improve the asset's yield.

Assets booked to property, plant and equipment purchased as part of acquisitions and business combinations are initially recognised at fair value as determined at the time of purchase and, subsequently, at historical cost.

Assets booked to property, plant and equipment, with the exception of land, are depreciated on a straight-line basis during the useful life of the asset from the moment the assets are available for use.

If the assets include more than one significant component and the components have different useful lives, each individual component is depreciated separately.

The depreciation rates that generally reflect the useful lives attributed to Group property, plant and equipment are shown in the table below:

Property, plant and equipment	Depreciation rate
Instrumental buildings	3%
Plant	10% - 25%
Machinery	15,5%
Equipment	12,5% - 25%
Electronic office machinery	30%
Office furniture, facilities and fittings	12%
Motor and transport vehicles	20% - 30%
Other tangible assets	20%

The residual value of assets, useful lives and depreciation criteria applied are reviewed on an annual basis and adjusted, if necessary, at year end.

Leasehold improvements are recognised as fixed assets and depreciated over the lower of the residual useful life of the asset and the residual term of the lease contract.

6.3 Finance lease assets

IFRS 16 sets out the principles for recognising, measuring, presenting and disclosing lease contracts and requires lessees to account for all lease contracts in the financial statements.

Application of this standard results in the initial recognition in the statement of financial position of (i) an asset, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, which will be amortised/depreciated over the shorter of the technical economic life and the remaining term of the contract, and (ii) a financial liability, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, unpaid at the transition date. The payable will then be reduced as lease payments are made. The lease payment is no longer recorded in EBITDA, recording instead (i) the amortisation of the right of use and (ii) the financial expense on the payable entered.

Lessees must also remeasure the lease liability on occurrence of certain events (for example: a change in the terms of the lease or a change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee generally recognises the amount of the remeasurement of the liability as an adjustment to the asset's right of use.

In the adoption of IFRS 16, the Group made use of the exemptions granted by section IFRS 16.5 (a) relating to short-term leases, and by IFRS 16.5 (b) relating to lease contracts whose underlying asset is a low-value asset. For such contracts, the introduction of IFRS 16 implies the recognition of the financial liability from the lease and the relating right of use, but lease payments will be recognised in the income statement on a straight-line basis for the duration of the respective contracts.

6.4 Financial expense

Under IAS 23, the Group capitalizes financial expense resulting from asset purchase, development or production. In case of assets that do not justify capitalization, the expense is recognised in the income statement in the year in which it is incurred.

6.5 Impairment

The value of intangible assets, and property, plant and equipment and rights of use is subject to an impairment test whenever it is believed there are indications of an impairment.

Impairment tests are carried out at least once a year on goodwill, other intangible assets with indefinite useful life and on other assets that are not available for use, and are performed by comparing the book value with whichever is higher between the fair value less costs to sell and the value in use of the asset.

If no binding sales agreement or active market for an asset exist, the fair value is calculated on the basis of the best information available on the amount the entity would obtain at closing from the disposal of an asset in a free transaction between informed and willing parties, having deducted the costs of disposal.

The value in use of an asset is determined by discounting the cash flows expected from its use, subjecting forecasts of the relevant financial income on reasonable and sustainable assumptions used by the Directors to best represent the economic conditions foreseen for the remainder of the life of the asset, giving more weight to external indicators.

Discounting rates reflect current market estimates of the time value of money and the specific risks connected to the asset.

The valuation is carried out by individual asset or by the smallest Cash Generating Unit that generates cash flows from asset use.

Should the recoverable value resulting from the impairment test be lower than cost, the loss is recognised as a reduction in the value of the asset and recognised as a cost item in the income statement.

If during subsequent financial years, when the impairment test is repeated, the reasons for the write-down no longer apply, the value of the asset, excluding goodwill, is written back to take account of the new recoverable value, which should never exceed the value that would have been stated had no impairment been recognised.

6.6 Investments

Investments in those companies in which the Group exercises control, pursuant to IFRS 10, are consolidated on a line-by-line basis.

The definition by IFRS 10 holds that an investor controls an investee if it has all three of the following:

- power over the investee, that is to say, the investor has existing rights that give it the ability to direct the relevant activities;
- exposure, or rights, to variable returns from its involvement in the investee;
- the ability to use its power over the investee to affect the amount of the investor's variable returns.

Changes determined by acquisitions or disposals in the stakes held in a subsidiary, without this leading to a loss of control, are treated as transactions with shareholders. The difference between the fair value of the consideration paid or received for such transactions and the adjustment made to the minority interests is recognised directly in the parent company's equity.

Investments in companies in which strategic financial and managerial decisions on the economic activities require the unanimous consent of all of the parties that share control, pursuant to IFRS 11, are qualified as a joint operation or a joint venture, based on the evaluation of their own rights and of their own obligations.

Investments in those companies in which the Group does not exercise control, but has a notable influence on the company's financial and strategic decisions, pursuant to IFRS 11, are consolidated at equity.

Investments in joint ventures and associates are initially recognised at cost and subsequently adjusted as a result of any changes in the interest the Group holds in the relevant equity.

The Group's share of any profit and loss of such companies is recognised in the income statement.

The book value of investments in joint ventures and associates include any higher cost paid attributable to goodwill, subject to impairment testing at least once a year.

Investments in the companies in which the Group does not have control nor does it exercise a notable influence on the financial and strategic decisions of the company, pursuant to IFRS 9, are booked at their fair value.

The value of investments is subject to an impairment test whenever there are indications of a possible impairment loss.
If the impairment test indicates an impairment loss, the investment is written down; if in subsequent years the reasons for the write-down no longer apply, the value of the investment is written-back to the extent of its historical cost.

Write-downs and write-backs are recorded in the income statement.

Information required by IFRS 12 is given on all the investments..

6.7 Inventory

Inventory is measured at the lower of the cost and the net realisable value.

Inventory cost includes purchase costs, processing costs and other costs involved in bringing an item to its current location and condition, without taking financial expense into consideration.

The calculation of cost of inventory is based on the weighted average cost of raw materials, consumables and finished products purchased for sale. The FIFO method is used for finished products.

The valuation of work in progress and semi-finished goods and contract work in progress is based on the cost of the materials and other direct costs incurred, taking account of the progress of the production process..

The presumed net value for raw and ancillary materials and consumables corresponds to the cost of their replacement, while for semi-finished and finished goods it corresponds to the standard estimated sales price net of estimated cost to completion and sales cost, respectively.

6.8 Financial assets

Financial assets are initially recognised at cost, increased by ancillary purchase expense, corresponding to the fair value of the price paid. Purchases and sales of financial assets are recognised as of the trading date, which corresponds to the date on which the Group agrees to purchase the assets in question. After initial recognition, financial assets are posted according to the relevant classification, as outlined below:

Financial assets classified as "held to collect" and measured at fair value through P&L

This category includes financial assets held for trading, acquired for the purpose of sale in the short term.

Profit and loss deriving from the fair value measurement of assets held for trading is recognised in the income statement.

In an active market, the fair value of financial instruments is calculated by referring to the market value at closing, while financial evaluation techniques are used in case of no active market. Profit and loss deriving from the fair value measurement of assets held for trading is recognised in income statement.

Held-to-maturity investments

Assets that envisage fixed or determinable payments with a fixed maturity date, which the Group intends to hold in its portfolio, are classified as held-to-maturity financial assets.

Long-term financial investments held to their maturity, such as bonds, are measured, after their initial recognition by using the amortised cost method based on effective interest rates, i.e. the rates that will apply to future payments or returns estimated for the entire life of the financial instrument.

Calculation of amortised cost also considers any discounts or premiums that will be applied over the period of time to maturity.

Financial assets that the Group decides to keep in its portfolio for an indefinite period do not fall into this category.

Loans and receivables

This item includes financial assets that do not have fixed or determinable payments and are not listed on an active market.

These assets are recognised at amortised cost, under IFRS 9, using the discounting method. Profit and loss is recognised in the income statement when loans and receivables are written off or in case of impairment loss, as well as through amortisation.

The Group includes trade receivables, both financial and other receivables into this category. These are due within twelve months and are therefore recorded at their estimated realisable value.

This class also includes "Cash and cash equivalents".

6.9 Trade and other receivables

Trade and other receivables are recorded at the fair value of the price collected during the transaction. Receivables are recognised at current values when the relevant financial impact linked to the expected collection time span is significant and the collection date can be reliably estimated.
Receivables are recognised in the financial statements at their estimated realisable value, taking account of expected losses.

6.10 Cash and cash equivalents

"Cash and cash equivalents" includes cash on hand and financial investments falling due within three months and which entail only a minimal risk of change in their face value.
They are recorded at fair value.

6.11 Financial liabilities

Financial liabilities include financial payables, derivative instruments, payables associated with finance leases and trade payables.

All financial liabilities other than derivative financial instruments, under IFRS 9, are recognised at fair value, increased by any transaction costs, and are subsequently measured at amortised cost using the interest rate method.

Financial liabilities hedged by derivative instruments against the risk of changes in value (fair value hedges), are measured at fair value, in accordance with IAS 39 - Hedge accounting, as an exception to the provisions of IFRS 9: profit and loss resulting from subsequent variations in fair value is recognised in the income statement. Any changes linked to the effective hedge portion are offset by adjusting the value of the relevant derivative instruments.

Financial liabilities hedged by derivative instruments against the risk of changes in cash flow (cash flow hedges), are measured at amortised cost in compliance with IAS 39 - Hedge accounting.

The Group recognises financial liabilities related to put options granted to minority shareholders at the fair value of the option exercise price. At the balance sheet date, minority interest is reclassified as a liability as if the acquisition of the minority interest had been carried out on that date. Change in the fair value of the liabilities is recorded in equity.

6.12 Derecognition of financial assets and liabilities

A financial asset or, where applicable, part of a financial asset or parts of a group of similar financial assets, is derecognised when:

- the right to receive cash flows from the asset has been extinguished;

- the Group still has the right to receive cash flows from the asset but has taken on a contractual obligation to transfer the entire cash flow promptly to a third party;

- the Group has transferred the right to receive cash flows from an asset and has transferred substantially all the risks and benefits deriving from ownership of the financial asset or has transferred control of the financial asset.

A financial liability is derecognised when the underlying obligation has been discharged, cancelled or expired.

6.13 Impairment of financial assets

At each balance sheet date, the Group carries out an impairment test in order to determine whether a financial asset or group of financial assets has suffered impairment.

Financial assets recognised at amortised cost

If there is objective evidence of an impairment in loans and receivables, the loss amount is recognised in the income statement and is calculated as the difference between the asset's book value and the current value of the estimated cash flows discounted based on the interest rate used initially for the asset.

If, in a subsequent year, the impairment amount decreases and such reduction can be objectively attributed to an event that has occurred after the recognition of impairment, the previously recognised impairment is written back to the amount the asset would have had, taking amortisation into account, at the date of the write-back.

6.14 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date they are stipulated. When a hedge operation is entered into, the Group designates and formally documents the hedge relationship for hedge accounting purposes and its objectives for risk and strategy management purposes.

The documentation includes the identification of the hedging instrument, the object or transaction subject to hedge, the nature of the risk and the criteria adopted by the Group to evaluate hedging effectiveness in compensating exposure to fair value fluctuations of the object hedged or cash flows correlated to the risk hedged.

It is assumed that such hedges are highly effective to offset the exposure of the object hedged against fair value fluctuations or cash flows associated with the risk hedged. The valuation of the effectiveness of such hedges is carried out on an ongoing basis over the years of application.

Transactions that satisfy hedge accounting criteria are accounted for as follows:

Fair value hedge

If a derivative financial instrument is designated as a hedge against the exposure to variations in the fair value of an asset or liability attributable to a particular risk, the profit or loss deriving from subsequent variations in the fair value of the hedge instrument is recognised in the income statement. The profit or loss deriving from the adjustment of the fair value of the item hedged, to the extent attributable to the risk hedged, modifies the book value of the item and is recognised in the income statement.

As for the fair value hedge of items recognised at amortised cost, the adjustment of the book value is amortised in the income statement throughout the period before maturity.

Any adjustments to the book value of any hedged financial instrument for which the interest rate method is applied are amortised in the income statement.

Amortisation may begin as soon as an adjustment is identified but it may not be extended after the date in which the object hedged ceases to be subject to fair value adjustments attributable to the hedging risk. If the hedged object is cancelled, the fair value that has not been amortised is immediately recognised in the income statement.

Cash flow hedge

If a derivative financial instrument is designated as a hedging instrument against exposure to cash flow variations of an asset or liability included in the financial statements or of a highly probable transaction, the effective portion of profit or loss deriving from fair value adjustment of the derivative instrument is recognised in a special reserve under equity. The accumulated profit or loss is written off from the equity reserve and recognised in the income statement, when the results of the transaction subject to hedge are recognised in the income statement.

Profit and loss associated with the ineffective part of a hedge is recognised in the income statement. When a hedging instrument is terminated, but the transaction subject to hedge has not been carried out yet, the accumulated profit and loss is kept in the reserve under equity and will be reclassified in the income statement upon completion of the transaction. Should the transaction subject to hedge be considered as no longer probable, any unrealised profit and loss posted under the relevant equity reserve is recognised in the income statement.

When hedge accounting is not applicable, profit and loss deriving from the fair value measurement of the derivative financial instrument is recognised in the income statement.

6.15 Provisions

Provisions established to cover liabilities that have been clearly identified, are certain or probable but whose amount or date of occurrence cannot be foreseen at the reporting date, are recognised when a legal or implicit obligation can be assumed which refers to past events and when it is also assumed that such obligation implies expenses that can be reliably measured.

Provisions are measured at fair value based on each individual liability item. When the financial impact associated with the assumed time span for the outlay is relevant and the payment dates can be reliably foreseen, provisions include said financial component, which is recognised in financial income (expense) in the income statement.

6.16 Post-employment benefits

Benefits to employees upon termination of the relevant labour contract are broken down according to their economic nature as follows:

- defined contribution plans, represented by the sums accrued as of 1 January 2007 for Group companies with more than 50 employees;

- defined benefit plans, represented by the severance indemnity fund for companies with less than 50 employees and the severance indemnity fund accrued until 31 December 2006 for the other Group companies.

In the defined contribution plans, the entity's legal or implicit obligation is limited to the amount of contributions to pay; hence, the actuarial and investment risks fall upon the employee. In the defined benefit plans, the entity's obligation consists in granting and ensuring the agreed benefits to employees; hence, the actuarial and investment risks fall upon the entity.

Post-employment benefits for companies with more than 50 employees are calculated by applying actuarial criteria to the severance indemnity provision accrued until the date of the financial statements, taking into account both demographic assumptions, including mortality rates and employee turnover, and financial assumptions, relating to discounts reflecting the time value of money and the inflation rate.

Post-employment benefits for companies with less than 50 employees are calculated by applying the same actuarial criteria, taking account of current and future salary levels.

The amount recognised as a liability for defined benefit plans is represented by the current liability value at closing, net of the current value of plan assets, if any.

This liability item is recognised in the income statement and includes the following components:

- social security costs relating to current labour, when fulfilling the relevant requirements;

- cost of interest.

The amounts accrued in favour of employees during the year are recognised under “Cost of personnel”, while the relevant financial component, which represents the cost the company would have to incur if it were to seek a loan on the market for the same amount, is recognised under “Financial income (expense)”.

Actuarial profit and loss is recognised in a specific item under equity and in the comprehensive income statement.

The supplementary indemnity for agents is also determined on an actuarial basis. The amounts accrued in favour of agents during the year, which become payable upon termination of the labour contract only under certain conditions, are recognised under “Other expense (income)”.

6.17 Equity compensation plans

The Group grants additional benefits to a number of board members and managers whose functions are strategically relevant for the achievement of results, through equity-settled compensation plans (Performance Share Plan).

In the case of share-based payments transactions settled with equity instruments of the Parent Company, the fair value at the granting date, calculated according to a binomial model, is recorded under cost of personnel, with a corresponding increase in Equity under "Reserve for Performance shares", over the period during which the employees obtain the unconditional right to the incentives.

Subsequently, the amount recognised as a cost is adjusted to reflect the actual number of shares for which the service condition and the non-market condition have been met, so that the final amount recorded as a cost is based on the number of incentives that will definitely vest.

Service or performance conditions are not taken into account when defining the fair value of the plan at the granting date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Market conditions are reflected in the fair value at granting date.

Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognised for rights that do not ultimately vest because the performance and/or service conditions have not been met.

6.18 Recognition of revenue and costs

Revenue from the sale of goods is recorded net of trade discounts, allowances and returns, when the right to payment and the operating benefits resulting from the sale become unconditional and the obligation is met.

As principal, the Group recognises revenues from the sale of its own books and magazines, as well as revenue from related advertising space, on the basis of the retail price; as agent, it recognises revenues from the sale of books and magazines owned by distributed third publishers, as well as revenues from related advertising space, on the basis of the retail price net of related costs, showing the intermediation margin only.

Revenue from services is recognised based on the relevant state of completion.

Revenue from interest is recognised on an accrual basis by applying the interest method; royalties are recognised on an accrual basis and subject to the conditions of the relevant agreements; dividends are recognised when the shareholder is acknowledged the right to payment.

Any revenue from barter transactions is recognised at fair value when the barter deal involves dissimilar services. Dissimilar services comprise barter deals for goods and advertising, when they refer to different communications means or product positioning..

Costs are recognised based on similar criteria as revenue and, in any case, on an accrual basis.

6.19 Current, pre-paid and deferred tax

Current tax is calculated on the basis of a taxable income estimate and in accordance with the laws applicable in the individual countries in which any of the Group companies has its registered offices.

Deferred and pre-paid tax is calculated on all the temporary differences between recognised assets and liabilities and the relevant book values booked in the financial statements for tax purposes, with the exception of the following:

- temporary taxable differences deriving from the initial recognition of goodwill;
- temporary differences resulting from the initial recognition of an asset or a liability in a transaction which does not imply a business combination and which does not have any impact either on the result or the taxable income on the transaction date;
- temporary differences relating to the value of the shareholding held in subsidiary, associates and jointly-controlled companies when:
- the Group is in a position to control the timing for the reversal of temporary taxable differences and it is probable that such differences will not reverse in the foreseeable future;
- it is not probable that deductible temporary differences will reverse in the foreseeable future and that taxable income is available to cover such temporary differences.

The value of prepaid tax amounts is reviewed at the balance sheet date and is reduced if it is no longer probable that sufficient taxable income will be available in the future to cover all or part of these assets.

Deferred and prepaid tax is calculated on the basis of the tax rates that are expected to apply in the period in which assets are realised and liabilities are settled, considering the then applicable tax rates or the tax rates essentially used at the balance sheet date.

Deferred and prepaid tax amounts relating to items directly recognised under equity are recognised directly under equity.

6.20 Foreign currency transactions

Revenue and costs deriving from transactions denominated in foreign currencies are posted in the relevant currency at the exchange rate applied on the transaction date.
Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate ruling at closing and any exchange differences are recognised in the income statement, except for the differences deriving from loans denominated in foreign currency taken out to pay for the acquisition of an investment in a foreign company. In the latter case, such differences are recognised under equity until disposal.

Non-monetary items measured at historical cost in a foreign currency are converted using the exchange rates applied on the relevant transaction date. Non-monetary items recognised at fair value in a foreign currency are converted using the exchange rates applied on the fair value calculation date.

6.21 Grants and contributions

Grants and contributions are recognised if there is a reasonable certainty that they will be received and if all the conditions referring to them are satisfied. When grants refer to cost items, they are recognised as revenue and systematically distributed over the years so as to reflect the cost proportion they are intended to offset.

When grants refer to assets, the relevant fair value is deferred in long-term liabilities and is recognised in equal amounts in the income statement over the useful life of the asset.

With regard to any State aid and/or "de minimis" aid received, reference is additionally made to the content contained and published in the National State Aid Register.

6.22 Earnings per share

Earnings per share refer to the Group’s net profit divided by the weighted average number of outstanding shares in the reporting period.

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding shares is adjusted on the assumption of converting shares with a dilution effect.

6.23 Discontinued assets and liabilities (discontinued operations)

Non-current assets and groups of assets and liabilities whose book value is mainly expected to be recovered through disposal instead of continuous use are recognised separately from other assets and liabilities in the statement of financial position. Such assets and liabilities, when their sale is highly likely, are classified as “held-for-sale assets” and are measured at the lower between their book value and fair value less probable costs of disposal. Profit and loss, net of the related tax effect, resulting from the valuation or disposal of such assets or liabilities, is recognised in a separate item in the income statement.

6.24 Accounting standards and interpretations adopted by the European Union with effect from 1 January 2022 and applied by the Mondadori Group

The following is a list of new standards, interpretations and amendments with mandatory application from 1 January 2022 that, based on the assessments performed, did not have a significant impact on the consolidated financial statements as at 31 December 2022:

- amendments to IFRS 3 Business Combinations;
- amendments to IAS 16 Property, Plant and Equipment;
- amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- annual Improvements 2018-2020.

6.25 Accounting standards, amendments and interpretations not yet endorsed by the European Union

The following new accounting standards, amendments and interpretations were issued at the date of this document and have not yet entered into force and have not been adopted in advance by the Group:

- IFRS 17, effective from 1 January 2023;
- amendments to IAS 12 Income Taxes: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction, effective from 1 January 2023;
- amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of the accounting standards, effective from 1 January 2023;
- amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, effective from 1 January 2023;
- amendments to IAS 1 Presentation of Annual Financial Statements, effective from 1 January 2024:

  - classification of liabilities into current and non-current;

  - classification of liabilities into current and non-current - deferral of the effective date;

  - non-current liabilities with covenants.
- amendments to IFRS 16 Leases: lease liability in a sale and leaseback, effective from 1 January 2024.

7. USE OF ESTIMATES

The drafting of these financial statements and the notes required the use of estimates and assumptions by the Directors, which have an impact on the value of assets and liabilities and on the disclosures relating to potential assets and liabilities at closing, based on the application of the IAS/IFRS accounting standards.

Estimates are based on the current status of information available, are reviewed periodically, and the effects are reflected in the income statement.

Specifically, estimates on future trends have been made in light of the level of uncertainty in the current geopolitical, macroeconomic and market environment. Therefore, one cannot rule out the possibility in the future of seeing results that differ from estimates, requiring adjustments to the book value of items, which cannot be foreseen or measured at this time.

The most significant estimates refer to:

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

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

Amortisation/depreciation

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

Write-down of advances to authors

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

Write-down of inventory

The Group estimates the amount of inventory to subject to impairment loss based on specific analyses ascertaining finished product marketability and the relevant turnover rates, and, for orders in progress, the Group considers the relevant risk of failed completion.

Provision for bad debts

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

Returns to receive

In the publishing sector, it is an accepted practice for unsold books and magazines to be returned to the publisher under pre-established conditions.

Therefore, at the end of each financial year the Group measures the quantities that are expected to be returned in the following years: this estimate is based on historical statistics and takes account also of the level of circulation and any other elements that may affect the quantities of books and magazines returned.

Provision for risks

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

Post-employment benefits

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

Income tax

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

8. BUSINESS COMBINATIONS AND ACQUISITIONS

Business combinations are recognised using the purchase cost method pursuant to IFRS 3.

Upon acquisition date, assets and liabilities pertaining to the transaction are recognised at fair value, except for any anticipated and deferred tax and assets and liabilities relating to benefits in favour of employees, any equity compensation plans as well as assets classified as held for sale, which are measured according to the relevant reference standard.

Ancillary expense relating to the transaction is recognised in the income statement in the year in which it is incurred.

Goodwill represents the difference between acquisition price, minority shareholders' equity and the fair value of any interest previously held in the acquired company against the fair value of the net assets and liabilities acquired upon completion of the transaction.

When the value of the net assets and liabilities purchased on the acquisition date exceeds the acquisition price, the minority shareholders' equity and the fair value of any interest previously held in the acquired company, such excess amount is recognised in the income statement in the year in which the acquisition transaction is completed.

Non-controlling interests' equity may be measured, at acquisition date, either at fair value or pro-rata of the net assets recognised for the acquired company.

The choice of valuation method is made individually for each transaction.

For the purpose of calculating goodwill, any prices relating to the acquisition subject to the conditions of, and envisaged by business combination contracts, are measured at fair value as at the acquisition date and included in the relevant acquisition price.

Any subsequent changes in the fair value, referred to as adjustments deriving from additional information provided about facts and circumstances existing on the business combination completion date and in any case identified within the subsequent twelve months, are retroactively included in the value of goodwill.

In case of business combinations accomplished in subsequent steps, the investment previously held in the acquired company is subject to write-back at fair value from the date of control acquisition and any resulting profit or loss is recognised in the income statement in the year in which the transaction is completed.

Should the values of the assets and liabilities acquired be incomplete as at the date of drafting of these financial statements, the Group recognises provisional values that will be later subject to adjustments in the financial year of reference within twelve months thereafter, so as to take account of any new information about facts and circumstances existing at the acquisition date, that, if made available earlier, would have had an impact on the value of the assets and liabilities recognised on that same date.

Purchase of the stake in De Agostini Libri S.r.l

The transaction

On 1 April 2022, Mondadori finalised the acquisition of 50% of the share capital of De Agostini Libri S.r.l., a company operating in the trade book sector with a focus on the children's and non-fiction segments; the transaction also includes Libromania S.r.l., which operates in the product publishing and promotion segment.

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

The corporate governance structure entitles the Mondadori Group with control and the need fully consolidate the stake.

The consideration for the transaction amounts to a total of € 3,439 thousand, which is scheduled to be paid in 2023.

The transaction is classified as a business combination under IFRS 3, which requires the acquirer to allocate the cost by measuring the fair value of all assets, liabilities and contingent liabilities in order to meet the recognition criteria at the acquisition date.

Cost of acquisition

The cost of the acquisition was € 3,439 thousand, net of the costs incurred for the transaction of € 115 thousand.

Acquisition of De Agostini Libri S.r.l. (Euro/thousands)	
Acquisition cost of De Agostini Libri S.r.l.	**3,439**
Cash used for acquisition:	
payments made	—
deferred payments	(3,439)
liquidity of De Agostini Libri S.r.l.	472
Net cash flows absorbed by acquisition	**(2,967)**

The financial outlay for the transaction at the date of this Annual Report amounts to zero; financial payables include the amounts to be paid in 2023, totalling € 3,439 thousand.

No shares or similar instruments were issued, nor derivatives as acquisition cost items.

Fair value calculation of assets acquired and liabilities assumed

Here below are the details of the fair value of assets acquired and liabilities assumed and relating fair value adjustments recognised on purchase price allocation:

Amounts in Euro thousands	Notes	Current amounts at acquisition date	Purchase price allocation	Fair value
Goodwill		—	25	25
Trademarks		122	—	122
Other intangible assets		1,282	1,250	2,532
Intangible assets	I	**1,404**	**1,275**	**2,679**
Land and building		—	—	—
Plant and equipment		—	—	—
Other fixed assets		63	—	63
Property, plant and equipment		**63**	**—**	**63**
Rights-of Use-Assets		**34**	**—**	**34**
Deferred tax assets	II	**60**	**—**	**60**
Total non-current assets		**1,561**	**1,275**	**2,836**
Tax receivables		435	—	435
Other current assets		629	—	629
Inventory		2,410	—	2,410
Trade receivables		4,098	—	4,098
Other current financial assets		268	—	268
Cash and cash equivalents		516	—	516
Total current assets		**8,356**	**—**	**8,356**
Assets held for sale		—	—	—
Total assets		**9,917**	**1,275**	**11,192**
Provisions		304	—	304
Post-employment benefits		642	—	642
Deferred tax liabilities	II	16	349	365
Non-current financial liabilities IFRS 16		18	—	18
Total non-current liabilities		**980**	**349**	**1,329**
Income tax payables		3	—	3
Other current liabilities		883	—	883
Trade payables		2,696	—	2,696
Payables to banks and other financial liabilities		313	—	313
Financial liabilities IFRS 16		16	—	16
Total current liabilities		**3,911**	**—**	**3,911**
Liabilities held for sale		—	—	—
Total liabilities		**4,891**	**349**	**5,240**
Net assets acquired (50% share)		2,513	926	3,439
Price paid		(3,439)	—	(3,439)
Difference to allocate		**(926)**	**926**	—

The fair value of assets acquired and liabilities assumed was calculated as follows:

I - Intangible assets
The fair value of the item "Other intangible assets" is represented by the value attributed to the customer portfolio, whose useful life has been defined as four years.

Goodwill was determined as the residual value of the difference between the cost of the transaction and equity acquired, after representing all assets and liabilities from the transaction at fair value.

Values assigned by the Directors to the customer portfolio and goodwill were confirmed by the assessment specifically performed by an independent consultant.

II - Pre-paid tax assets and deferred tax liabilities
The determination of the fair value of assets acquired and liabilities assumed resulted in the recognition of temporary differences between their fair value and the corresponding tax value.

Tax liabilities were therefore recognised from the recognition of the fair value of the customer portfolio.

Other information
The operating and financial effects of the acquisition of De Agostini Libri S.r.l., under IFRS 3, reflected in the consolidated financial statements of the Mondadori Group from the acquisition date, concurrent to the acquisition of control over the acquired company.

In accordance with IFRS 3, a final accounting of the acquisition was made.

Acquisition of the stake in Edizioni Star Comics S.r.l.

The transaction

On 30 June 2022, the Mondadori Group finalised the acquisition of 51% of Edizioni Star Comics S.r.l., with legal effect from 1 July.

As a result of this acquisition, Mondadori achieved a leading position in the national comics market, with a market share of around 30%.

The consideration for the acquisition of 51% of the share capital of Edizioni Star Comics S.r.l., including the price adjustment resulting from the final net financial position as at 30 June 2022, was € 14,629 thousand.

The share purchase agreement provides for two call / put options in favour of Mondadori / the sellers, for the transfer of ownership of 24.5% of the shares each, to be exercised after the approval of the financial statements for the financial years 2024 and 2027.

At the date of these financial statements, Mondadori estimated the value of the options, based on available prospective data, and recognised total financial payables of € 13,112 thousand, taking into account the impact of discounting.

The transaction is classified as a business combination under IFRS 3, which requires the acquirer to allocate the cost by measuring the fair value of all assets, liabilities and contingent liabilities in order to meet the recognition criteria at the acquisition date.

Cost of acquisition

The cost of the acquisition was € 27,741 thousand, net of the costs incurred for the transaction of € 582 thousand:

Acquisition of Edizioni Star Comics S.r.l. (Euro/thousands)	
Cost of acquisition of 100% of Edizioni Star Comics S.r.l.	**27,741**
Cash used for acquisition: payments made deferred payments	
payments made	(14,629)
payments deferred	(13,112)
liquidity of Edizioni Star Comics S.r.l.	(2,139)
Net cash flows absorbed by acquisition	**(29,880)**

The acquisition of 51% of the share capital of Edizioni Star Comics S.r.l. was settled on 30 June 2022, through a payment order made by the acquiring company Mondadori Libri S.p.A., for € 14,280 thousand, supplemented in the following weeks by a price adjustment of € 349 thousand.

The value of the deferred payments represent the estimated outlay that Mondadori will have to bear on the date of exercise of the options entitling it to purchase the remaining 49%.

No shares or similar instruments were issued, nor derivatives as acquisition cost items.

The transaction was financed by the parent company, Arnoldo Mondadori Editore S.p.A., with the funds available at the closing date.

Fair value calculation of assets acquired and liabilities assumed

Here below are the details of the fair value of assets acquired and liabilities assumed and relating fair value adjustments recognised on purchase price allocation.

Amounts in Euro thousands	Notes	Current amounts at acquisition date	Purchase price allocation	Fair value
Goodwill		84	4,321	4,405
Trademarks		5	12,500	12,505
Other intangible assets		74	12,000	12,074
Intangible assets	I	**163**	**28,821**	**28,984**
Investment property		**-**	**-**	**—**
Land and building		-	-	—
Plant and equipment		248	-	248
Other fixed assets		111	-	111
Property, plant and equipment		**359**	**—**	**359**
Assets from rights of use		**697**	**-**	**697**
Total investments		**-**	**-**	**—**
Deferred tax assets	II	**78**	**-**	**78**
Total non-current assets		**1,297**	**28,821**	**30,118**
Tax receivables		1	-	1
Other current assets		716	-	716
Inventory		8,294	-	8,294
Trade receivables		5,993	-	5,993
Other current financial assets		—	-	—
Cash and cash equivalents		56	-	56
Total current assets		**15,060**	**—**	**15,060**
Discontinued or discontinuing operations		-	-	-
Total assets		**16,357**	**28,821**	**45,178**
Provisions		—	-	—
Post-employment benefits		147	-	147
Non-current financial liabilities		56	-	56
Financial liabilities IFRS 16		602	-	602
Deferred tax liabilities	II	4	6,835	6,839
Total non-current liabilities		**809**	**6,835**	**7,644**
Income tax payables		—	-	—
Other current liabilities		3,389	-	3,389
Trade payables		4,867	-	4,867
Payables to banks and other financial liabilities		1,442	-	1,442
Financial liabilities IFRS 16		95	-	95
Total current liabilities		**9,793**	**—**	**9,793**
Liabilities disposed or being disposed of		-	-	-
Total liabilities		**10,602**	**6,835**	**17,437**
Net acquired assets		5,755	21,986	27,741
Price paid		(27,741)	-	(27,741)
Difference to allocate		**(21,986)**	**21,986**	**—**

The fair value of assets acquired and liabilities assumed was calculated as follows:

I - Intangible assets
The fair value of the item “trademarks” is represented by the value attributed to the Star Comics trademark, owned by the publishing house, under which comic books have been published for over thirty years and with which the Company has become a market leader.

The life of the trademark has been classified as indefinite.

The fair value of other intangible assets refers to the right to exploit publishing content licensed to the publishing house on the basis of specific contracts; the useful life of these rights has been classified as finite and the relative value is amortised over ten years, taking into account the average historical duration of the contracts themselves.

Goodwill was determined as the residual value of the difference between the cost of the transaction and equity acquired, after representing all assets and liabilities from the transaction at fair value.

The values attributed by the Directors to publishing trademarks, other intangible assets and goodwill were confirmed by the assessment specifically performed by an independent consultant.

II - Pre-paid tax assets and deferred tax liabilities
The determination of the fair value of assets acquired and liabilities assumed resulted in the recognition of temporary differences between their fair value and the corresponding tax value.

Tax liabilities were therefore recognised in connection with the fair value recognition of publishing trademarks and publishing content rights.

Other information

The operating and financial effects of the acquisition of Edizioni Star Comics S.r.l., under IFRS 3, reflected in the consolidated financial statements of the Mondadori Group from the acquisition date, concurrent to the acquisition of control over the acquired company.

In accordance with IFRS 3, a final accounting of the acquisition was made.

9. NON-RECURRING INCOME AND EXPENSE

As required by CONSOB resolution no. 15519 of 27 July 2006, any income and expense deriving from non-recurring transactions are recognised in the income statement.

Transactions and events are considered non-recurring when, by nature, they do not occur repeatedly during normal business operations.

The relevant effects were outlined in a separate table in these “Explanatory notes to the financial statements”.

10. IFRS 5

On 22 November, Mondadori exercised the option to sell the print and digital publishing activities of the titles Grazia and Icon as well as the relative international network, and consequently signed the relative contract with Reworld Media S.A..

The transaction, the completion of which was subject to the results of the verification procedure, pursuant to Legislative Decree 21/2012 by the Offices of the Presidency of the Council of Ministers, which obtained approval on 15 December 2022, is structured through the transfer of the business unit being sold to a newly incorporated company that Reworld Media acquired in early January 2023.

The transaction falls into the repositioning strategy pursued by the Group and aimed at consolidating its leadership in the books sector.

The Directors considered that all the requirements of international accounting standards for representing transactions as discontinued operations had been met.

Pursuant to IFRS 5, the balance sheet values of the aforementioned business units, as at 31 December 2022, and, for the sake of fair comparison, as at 31 December 2021, have been restated between "Assets disposed of or being disposed of" and "Liabilities disposed of or being disposed of"; the balance sheet tables, for the year 2021, also include the values for Press-Di Distribuzione e Multimedia S.r.l., which was subject to discontinuing operations on that date.

Assets/liabilities held for sale (Euro/thousands)	**31/12/2022**	**31/12/2021**
Intangible assets	8	21
Investment property	—	—
Property, plant and equipment	16	16
Assets from rights of use	—	—
Investments	—	—
Non-current financial assets	—	
Deferred tax assets	—	—
Other non-current assets		
Total non-current assets	**24**	**37**
Tax receivables	—	—
Other current assets	175	147
Inventory	103	97
Trade receivables	—	—
Other current financial assets	857	847
Cash and cash equivalents		—
Total current assets	**1,135**	**1,091**
Discontinued or discontinuing operations	**1,159**	**1,128**
Provisions	—	—
Post-employment benefits	259	259
Non-current financial liabilities	—	—
Financial liabilities IFRS 16	—	—
Deferred tax liabilities	—	—
Other non-current liabilities	—	—
Total non-current liabilities	**259**	**259**
Income tax payables	—	—
Other current liabilities	396	380
Trade payables	—	—
Payables to banks and other financial liabilities	—	—
Financial liabilities IFRS 16	—	—
Total current liabilities	**396**	**380**
Liabilities held for sale	**655**	**639**

11. IMPAIRMENT PROCESS

When preparing the consolidated financial statements for the year ending 31 December 2022, particular attention was paid to observing any impairment indicators, including in relation to the international geo-political context, which has led to tensions in the financial markets, resulting in an increase in inflation and, consequently, in the repeated increase in interest rates on the part of the European Central Bank and other international institutions that govern the monetary policy of the various countries.

Against this backdrop, the Mondadori share price at 30 December 2022 stood at € 1.81 (€ 2.04 at 30 December 2021). As a result of the price trend, the value expressed by the stock market capitalisation decreased, but remained well above the value of booked equity.

Market capitalization at the end of the year stood at € 473 million, and consolidated equity at € 260.8 million.

Pursuant to IAS 36, assets with indefinite useful life and goodwill are not subject to amortisation, but to an impairment test of the book value at least once a year or whenever there are indications of impairment.

Assets with finite useful life are subject to amortisation, according to the useful life of each asset, and upon closing assets items are subject to impairment test to verify whether any impairment loss has occurred. An impairment test is only performed if these indicators are present.

The impairment testing process includes, among others:

- the identification of individual assets or the smallest Cash Generating Unit that generates independent cash flows;
- assessment of the carrying amount of the CGUs by determining their recoverable value, equal to the higher of fair value, less costs to sell, and value in use determined on the basis of the cash flow projections deriving from the most recent financial plans approved by the Board of Directors.

Identification of Cash Generating Units

CGUs have been identified as assets that generate independent cash flows from their ongoing use, consistent with the Group's organizational and business structure.

Taking account of the above, the table below provides details of the assets subject to impairment testing and the related amounts recorded at 31 December 2022 in the balance sheet assets, as well as their relating CGUs. These amounts are shown net of amortisation and impairment losses recorded during the year.

Cash Generating Unit (Euro/thousands)	Magazines	Trademarks and series	Others	Goodwill	Total
CGU magazines former SBE	38,310				38,310
CGU magazine former Elemond	715				715
CGU former Gruner+Jahr Mondadori		1,791			1,791
Digital CGU		5,436		23,865	29,301
Hej! CGU				6,178	6,178
Rizzoli Trade CGU		4,005		1,634	5,639
Einaudi CGU		2,991		286	3,277
Sperling & Kupfer CGU		1,847		731	2,578
Piemme CGU		8,287		3,066	11,353
Star Comics CGU		12,500		4,405	16,905
Education CGU		52,483		114,005	166,488
Retail Stores CGU			25,757		25,757
Other CGUs		372		3,275	3,647
Investments			8,077		8,077
Total assets subject to impairment test	**39,025**	**89,712**	**33,834**	**157,445**	**320,016**

Cash Generating Unit titles former Silvio Berlusconi Editore (SBE)

The value of the titles, each of which represents a CGU, refers to the acquisition of Silvio Berlusconi Editore, completed in 1994.

The titles included in the financial statements are TV Sorrisi e Canzoni, Chi and Telepiù, all of which qualify as having finite useful life.

Cash Generating Unit title former Elemond

The value recorded in the financial statements is represented by Interni, a title with finite useful life, resulting from the acquisition of the Elemond Group, which took place in several tranches between 1989 and 1994.

Cash Generating Unit former Gruner+Jahr Mondadori

The value recorded in the financial statements is represented by Focus, a brand with finite useful life, resulting from the acquisition in 2015 of the control over the entire capital of Gruner+Jahr Mondadori S.p.A. (now Mondadori Scienza S.p.A.), previously held 50% by the Mondadori Group.

Digital Cash Generating Unit

The value recorded in the financial statements is represented by trademarks and goodwill, resulting from the acquisition of 100% of Banzai Media Holding S.p.A. in 2016. Assets identified in the purchase price allocation, except for goodwill, have been qualified as having finite useful life.

Hej! Cash Generating Unit

In January 2021, the Mondadori Group acquired 100% control of the share capital of Hej! S.r.l., a company specialising in AI solutions to companies to create customer relationships, marketing plans and media campaigns.

On conclusion of the purchase price allocation process, the higher price paid was allocated to proprietary software, the customer database and, residually, to goodwill. Assets identified in the purchase price allocation, except for goodwill, have been qualified as having finite useful life.

Rizzoli Trade Cash Generating Unit

The CGU includes the BUR trademark and goodwill determined on conclusion of the purchase price allocation process carried out with regard to the acquisition of Rizzoli Libri S.p.A. in 2016. The assets identified in the purchase price allocation have been qualified as having indefinite useful life.

Einaudi Cash Generating Unit

This CGU includes the publishing series of Casa Editrice Einaudi, acquired in several tranches between 1989 and 1994; these assets qualify as having indefinite useful life.

Sperling & Kupfer Cash Generating Unit

This CGU includes the values attributed to the Sperling & Kupfer publishing series, and, residually, to goodwill, as a result of the purchase price allocation process carried out in 1995. These assets qualify as having indefinite useful life.

Piemme Cash Generating Unit

This CGU includes Casa Editrice Edizioni Piemme publishing trademarks, acquired in more than one tranche between 2003 and 2012, qualified as assets with an indefinite useful life, and residual goodwill.

Star Comics Cash Generating Unit

In July 2022, the Mondadori Group acquired 51% of the share capital of Edizioni Star Comics S.r.l., a company specialising in the publication of comic books.

On conclusion of the purchase price allocation process, the higher price paid was allocated to trademarks, proprietary software and, residually, to goodwill. Assets identified in the purchase price allocation, except for trademarks and goodwill, have been qualified as having finite useful life.

Education Cash Generating Unit

This CGU group includes series and publishing lines referring to the production of textbooks for the different levels and grades of the Italian school system. These include the amounts deriving from various acquisitions completed over time: the acquisition of a number of publishing trademarks from the Elemond Group between 1989 and 1994, the acquisition of the Le Monnier Group between 1999 and 2001, and the acquisition of Texto, a textbook publisher under the Piemme Scuola trademark, in 2004. Goodwill deriving from the abovementioned transactions and from other acquisitions completed in 1992 (Juvenilia), between 1999 and 2002 (Poseidonia), in 1999 (Mursia) and in 2008 (Edizioni Electa Bruno Mondadori) add up to the above amounts.

The Education CGU group includes the amounts attributed to the Rizzoli Education trademarks acquired in 2016.

Finally, the Education CGU group also includes the amounts attributed to trademarks and goodwill of D Scuola S.p.A., acquired in 2021.

Cash Generating Unit Retail Stores

These CGUs include the assets related to the stores directly managed by Mondadori Retail S.p.A..

Other Cash Generating Units

This group of CGUs includes mainly:

- the value of the bookclub member database of former Mondolibri S.p.A., amounting to € 2,500 thousand;

- the Grazia Cina trademark, regarding the local publication of the weekly, amounting to € 365 thousand;

- goodwill of Skira Rizzoli, amounting to € 443 thousand;

- goodwill from the acquisition of Abscondita S.r.l., amounting to € 254 thousand.

Cash Generating Unit Investments

These CGUs include the goodwill identified on acquisition of the investment in the Attica Publications S.A. Group, in the A.L.I.-Agenzia Libraria Internazionale S.r.l. group and, for a residual amount, in Società Europea di Edizioni S.p.A..

Assessment of the recoverable value

The carrying amount of the CGUs is assessed by determining their recoverable value, which is the higher of value in use and fair value, less costs to sell.

With regard to the CGUs measured through value in use, the impairment test was based on the projection of cash flows deriving from the Medium-Term Plan, drawn up for the years 2023-2025, in relation to which the Board of Directors reviewed the guidelines and approved the contents on 16 February 2023.

The table shows the criteria used in the valuation of the recoverable value of the various CGUs, as well as the main elements for assessing their recoverable value.

Cash Generating Unit	Criterion used	Economics	Growth rate on terminal value	Discount rate
CGU magazines former SBE	Value in use / Fair value	MOL 2023-2025 Ricavi 2023-2025	g = -3%; g = -5%	9,03%
CGU magazine former Elemond	Fair value	Ricavi 2023-2025	g = -5%	9,03%
CGU former Gruner+Jahr Mondadori	Fair value	Ricavi 2023-2025	g = -5%	9,03%
Digital CGU	Value in use	MOL 2023-2025	g = 0%; g = 2%	9,03%
Hej! CGU	Value in use	Cash flow 2023-2025	g = 0%	9,03%
Rizzoli Trade CGU	Value in use	MOL 2023-2025	g = 0%	8,50%
Einaudi CGU	Value in use	Cash flow 2023-2025	g = 0%	8,50%
Sperling & Kupfer CGU	Value in use	MOL 2023-2025	g = 0%	8,50%
Piemme CGU	Value in use	MOL 2023-2025	g = 0%	8,50%
Education CGU	Value in use	Cash flow 2023-2025	g = 0%	8,50%
Star Comics CGU	Value in use	Cash flow 2023-2025	g = 0%	8,50%
Retail Stores CGU	Value in use	MOL 2023-2025	g = 0%	8,50%
Other CGUs	Value in use	MOL 2023-2025	g = 0%	8,50%
Investments	Value in use / Fair value	MOL 2023-2027 Transazione di mercato	g = 0%	10,90%

Specifically, when performing the impairment test:

- with regard to the titles former SBE, titles former Elemond and former Gruner+Jahr Mondadori CGUs, respectively for the magazines Chi, Interni and Focus, fair value was determined by applying the royalty method, based on estimated revenue in the medium-term forecast scenarios. Royalty rates between 3% and 5%, drawn from a panel of international licensing agreements, were used; the estimated growth rate (g) for the period following the explicit years of the Medium-Term Plan is -5%;

- the value in use of Tv Sorrisi e Canzoni and Telepiù was determined on the basis of the income statements of each title, including structural and maintenance costs, which are deemed to be representative of the related cash flows. The growth rates (g), estimated for the period following the explicit years of the Medium-Term Plan, are -3% and -5%, respectively;

- with regard to the Digital CGU, which includes mainly digital brands and the goodwill thereto, the value in use was determined on the basis of the income statements of the various digital brands, which are deemed to be representative of the related cash flows. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, ranges between 0% and 2%;

- with regard to the Hej! CGU, the entire legal entity was considered as cash generating unit for the purposes of the impairment test, attributing also goodwill arising at the time of acquisition. The value in use was determined on the basis of the cash flows of the company. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the Einaudi, Education (Mondadori Education, Rizzoli Education and D Scuola) and Starcomics CGUs for the purposes of the impairment test, all the legal entities were considered as cash generating units, also attributing goodwill arising from the acquisitions. The value in use was determined on the basis of the cash flows of the respective companies. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the Rizzoli Trade, Sperling & Kupfer and Piemme CGUs, the assets of which fall under Mondadori Libri S.p.A., the value in use was determined on the basis of the income statements of the CGUs in question, including the structural and maintenance costs of the trademarks/series in question. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the Retail Stores CGUs, the value in use was determined on the basis of cash flow projections drawn from the forecast long-term income statements of the single stores. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the other CGUs, the recoverable value was determined mainly on the basis of value in use, taking account of the income statements, including structural and maintenance costs of the assets subject to impairment. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

With respect to Investments:

- with regard to the Attica Publications S.A. Group, the value in use was determined on the basis of cash flow projections drawn from the long-term plans;

- with regard to Società Europea di Edizioni S.p.A., in which the Group holds an 18.445% stake, the fair value was determined on the basis of the transaction, involving the sale by Mondadori of 18.445% of Società Europea di Edizioni S.p.A.;

- for the A.L.I. Group, of which the Group holds 50%, the value in use was defined with reference to the cash flows contained in the Medium-Term Plan. The growth rate (g) estimated for the period following the explicit years of the Medium-Term Plan is 0%.

In addition to assessing the recoverability of the above CGUs, an analysis was also made of the Group's assets as a whole. The results of the analysis showed no impairment.

Determination of the discount rate

The discount rate was defined in terms of weighted average cost of capital (WACC) for the individual Cash Generating Unit/Country taken into account and shown net of tax, consistently with the flows used.

WACC is an adjusted risk rate, measured on the basis of the cost that the company must bear to collect resources from lending entities, internal and external, to finance any specific investment. WACC expresses an opportunity cost of capital and is calculated as the weighted average of the cost of the risk capital and the cost of the debt capital.

The individual parameters used in the determination of WACC are the following:

- cost of equity (ke) is quantified based on the model of CAPM (Capital Asset Pricing Model) as requested in IAS 36, as the sum of: (i) the return on risk-free investments, (ii) a risk premium determined on the basis of the systematic riskiness of the investment being valued and (iii) an additional premium correlated to the dimensional risk. In particular:
  - the risk-free rate was determined taking account of the yield to maturity for the securities of the Countries to which the Cash Generating Units are referred, taking account of the annual average;
  - the risk premium was determined through the product resulting from the beta coefficient and the difference between the market performance (mp) and risk-free rate (equity risk premium), determined taking account of a sufficiently large time horizon.
    Specifically, the beta coefficient was calculated by considering the normalized average of market unlevered betas of a panel of comparable companies, distinguishing the book publishing

business from the magazine publishing business, in order to intercept the different systematic risk. With regard to the equity risk premium, reference was made to the equity risk component for AAA Countries (5.11%) and the country risk premium component (1.86% for Italy and 3.91% for Greece); both figures were drawn from the estimates published by Damodaran in January 2023;

- the calculation of the Cost of Debt (kd) is based on the analysis of the specific financial structure of the Group;

- the weight attributed to equity and non-controlling interests' equity was calculated based on the normalized average of a panel of comparable companies.

Results of the impairment test

The results of the impairment test required the write down of:

- the magazines TV Sorrisi e Canzoni and Telepiù, for a total of € 6.7 million;

- the Focus trademark for € 0.3 million;

- certain Digital Area sites for a total of € 0.2 million;

- The value of the investment in Attica Publications S.A. for € 1.7 million.

Sensitivity to changes in the assumptions

For the amounts relating to the CGUs indicating no impairment loss, sensitivity analyses were carried out to corroborate the results of the test, increasing the discount rate by 0.5% and reducing the cash flows by 5%, while maintaining the other assumptions unchanged.

The analysis confirmed that the results obtained are reasonable and, consequently, confirmed the recoverability of the book values recognised in these financial statements, while stressing the need, however, to oversee the performance of each CGU in order to verify the consistency of final and forecast trends, taking account of the current market context.

12. INTANGIBLE ASSETS

"Intangible assets", amounting to € 372,297 thousand, increased by € 20,453 thousand versus 31 December 2021, due mainly to the acquisitions referred to in Note 8.

Intangible assets (Euro/thousands)	**31/12/2022**	**31/12/2021**
Intangible assets with a finite useful life	132,681	129,190
Intangible assets with indefinite useful life	239,616	222,654
Total intangible assets	**372,297**	**351,844**

"Intangible assets with finite useful life", amounting to € 132,681 thousand, up versus € 129,190 thousand at 31 December 2021, includes the values of magazine titles, trademarks and websites and digital platforms relating to the Media Area.

In "Cost of development" and "Other assets, assets in progress and advances", the most significant amounts are represented by costs incurred in the school textbooks segment for the creation of new publishing projects.

Intangible assets with a finite useful life (Euro/thousands)	Magazines	Trademarks	Customer lists	Software, licenses, patents and rights	Develop ment costs	Other assets, assets in progress and advances	Total
Historic cost at 31 December 2020	94,114	20,232	1,684	28,563	50,205	8,943	203,741
Investments	—	—	—	2,580	7,276	7,744	17,600
Disposals	—	—	—	(1,107)	(13,723)	—	(14,830)
Change in scope	—	8,135	611	34,685	63,162	—	106,593
Other changes	(3,749)	—	(1,684)	(327)	(4,460)	(3,912)	(14,132)
Historic cost at 31 December 2021	90,365	28,367	611	64,394	102,460	12,775	298,972
Accumulated amortisation and impairment losses at 31/12/2020	39,363	9,878	1,684	18,423	37,946	2,675	109,969
Depreciation and amortisation	3,102	933	153	4,951	11,591	283	21,013
Write-downs (write-backs)	2,955	561	—	6	128	—	3,650
Disposals	—	—	—	(1,107)	(13,723)	—	(14,830)
Change in scope	—	4,138	—	3,558	56,407	—	64,103
Other changes	(3,749)	—	(1,684)	(549)	(8,279)	138	(14,123)
Accumulated amortisation and impairment losses at 31/12/2021	41,671	15,510	153	25,282	84,070	3,096	169,782
Net value at 31/12/2020	54,751	10,354	—	10,140	12,259	6,268	93,772
Net value at 31/12/2021	**48,694**	**12,857**	**458**	**39,112**	**18,390**	**9,679**	**129,190**

In 2022, in addition to the investments made by the companies belonging to the Group's historical scope, among which the most significant amounts concern the costs for the creation of new publications in the school textbook sector (€ 11,145 thousand recognised under "Development costs" and € 9,175 thousand recognised under "Assets in progress"), the most significant changes concern the acquisitions of De Agostini Libri S.r.l. and Edizioni Star Comics S.r.l..

In particular, at the conclusion of the purchase price allocation process, conducted with the support of an external professional:

- a value of € 1,250 thousand was allocated to the customer portfolio of Libromania S.r.l., a company acquired together with De Agostini Libri S.r.l.;
- a value of € 12,000 thousand was allocated to the portfolio of licensing contracts of Edizioni Star Comics S.r.l..

The two acquired companies also contributed a net value of intangible assets with a finite life of € 1,551 thousand represented mainly by licence agreements for the De Agostini and Utet trademarks for De Agostini Libri S.r.l. publications.

As a result of the impairment test, described in Note 11, it was necessary to adjust the value of certain publications (€ 6,730 thousand) and certain trademarks and websites (€ 489 thousand) of the Media Area; the write-downs of development costs are related to certain school textbook titles that will not be published.

Intangible assets with a finite useful life (Euro/thousands)	**Magazines**	**Trademarks**	**Customer lists**	**Software, licenses, patents and rights**	**Develo pment costs**	**Other assets, assets in progress and advances**	**Total**
Historic cost at 31 December 2021	90,365	28,367	611	64,394	102,460	12,775	298,972
Investments	—	—	1,250	15,969	12,850	10,451	40,520
Disposals	—	—	—	(222)	(159)	—	(381)
Change in scope	—	1,431		494	851	60	2,836
Other changes		(24)		(953)	(41,132)	(5,972)	(48,081)
Historic cost at 31 December 2022	90,365	29,774	1,861	79,682	74,870	17,314	293,866
Accumulated amortisation and impairment losses at 31/12/2021	41,671	15,510	153	25,282	84,070	3,096	169,782
Depreciation and amortisation	2,910	1,390	387	9,028	17,734	463	31,912
Write-downs (write-backs)	6,730	489	—		156	—	7,375
Disposals	—		—	(222)	(159)	—	(381)
Change in scope	—		—	381	180	17	578
Other changes		(19)	—	(1,617)	(46,559)	114	(48,081)
Accumulated amortisation and impairment losses at 31/12/2022	51,311	17,370	540	32,852	55,422	3,690	161,185
Net value at 31/12/2021	48,694	12,857	458	39,112	18,390	9,679	129,190
Net value at 31/12/2022	**39,054**	**12,404**	**1,321**	**46,830**	**19,448**	**13,624**	**132,681**

"Intangible assets with indefinite useful life" amounted to € 239,616 thousand, an increase of € 16,962 thousand, and included the value of trademarks and publishing series in the Books Area and goodwill.

Intangible assets with indefinite useful life (Euro/thousands)	**Magazines**	**Trademarks and series**	**Goodwill**	**Total**
Historic cost at 31 December 2020	—	47,631	53,737	101,368
Investments	—	—	—	—
Disposals	—	—	—	—
Change in scope	—	23,001	108,141	131,142
Other changes	—	—	32	32
Historic cost at 31 December 2021	—	70,632	161,910	232,542
Impairment loss at 31/12/2020	—	994	6,810	7,804
Write-downs (write-backs)	—	—	2,084	2,084
Other changes/disposals	—	—	—	—
Impairment loss at 31/12/2021	—	994	8,894	9,888
Net value at 31/12/2020	—	46,637	46,927	93,564
Net value at 31/12/2021	**—**	**69,638**	**153,016**	**222,654**

Investments for the year are attributable to acquisitions completed in 2022.

At the conclusion of the Purchase Price Allocation process, the value of € 12,500 thousand was attributed to the Star Comics brand and, after having accounted for deferred taxes on the values that resulted from the Purchase Price Allocation, the value of goodwill resulting from the acquisitions of De Agostini Libri S.r.l. and Edizioni Star Comics S.r.l. was recognised as a residual amount.

As a result of the impairment test, described in Note 11, it was necessary to adjust the value of trademarks and goodwill for a total of € 43 thousand.

Other changes in the item "Goodwill" show the effect of the change in the euro-dollar exchange rate, relating to Rizzoli International Publications Inc..

Intangible assets with indefinite useful life (Euro/thousands)	**Magazines**	**Trademarks and series**	**Goodwill**	**Total**
Historic cost at 31 December 2021	—	70,632	161,910	232,542
Investments	—	12,500	4,346	16,846
Disposals	—	—	—	—
Change in scope	—	49	84	133
Other changes	—	(20)	26	6
Historic cost at 31 December 2022	—	83,161	166,366	249,527
Impairment loss at 31/12/2021	—	994	8,894	9,888
Write-downs (write-backs)	—	18	25	43
Other changes/disposals	—	(20)	—	(20)
Impairment loss at 31/12/2022	—	992	8,919	9,911
Net value at 31/12/2021	—	69,638	153,016	222,654
Net value at 31/12/2022	**—**	**82,169**	**157,447**	**239,616**

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

Amortisation and write-downs for the year totalled € 39,330 thousand, up from € 26,748 thousand in 2021, due to higher amortisation resulting from the acquisitions completed in 2021 and 2022 and higher write-downs as a result of the impairment process.

Amortisation and impairment loss on intangible assets (Euro/thousands)	**2022**	**2021**
Magazines	2,910	3,102
Trademarks	1,390	933
Customer lists	387	153
Software, licenses, patents and rights	9,028	4,951
Development costs	17,734	11,591
Other intangible assets	463	283
Total amortisation of intangible assets	**31,912**	**21,013**
Write-downs of intangible assets	7,418	5,734
Write-backs of intangible assets	—	—
Total write-downs (write-backs) of intangible assets	**7,418**	**5,734**
Total amortisation and impairment loss on intangible assets	**39,330**	**26,748**

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

13. PROPERTY, PLANT AND EQUIPMENT

The net amount of "Property, plant and equipment" at 31 December 2022 was € 24,133 thousand, up versus € 14,593 thousand in the prior year.

The table below shows a breakdown of "Property, plant and equipment" in 2021 and 2022:

Property, plant and equipment (Euro/thousands)	**Land**	**Instrumental buildings**	**Plant and equipment**	**Other tangible assets**	**Total**
Historic cost at 31 December 2020	903	5,605	22,746	59,721	88,976
Investments			976	4,524	5,500
Disposals	(903)	(5,488)	(2,609)	(3,415)	(12,416)
Change in scope			125	546	671
Other changes	—	—	124	(345)	(221)
Historic cost at 31 December 2021	—	117	21,362	61,031	82,510
Accumulated depreciation and impairment loss at 31/12/2020	—	4,204	20,074	47,766	72,044
Depreciation and amortisation		128	737	3,260	4,125
Write-downs (write-backs)			348	1,292	1,640
Disposals	—	(4,215)	(2,609)	(3,403)	(10,227)
Change in scope			111	483	594
Other changes	—	—	—	(259)	(259)
Accumulated depreciation and impairment loss at 31/12/2021	—	117	18,661	49,139	67,917
Net value at 31/12/2020	903	1,401	2,672	11,955	16,932
Net value at 31/12/2021	**—**	**—**	**2,701**	**11,892**	**14,593**

Capital expenditure in 2022, amounting to € 12,501 thousand, refers mostly to the costs incurred by Mondadori Retail S.p.A. (€ 10,087 thousand), for site design, furnishings and leasehold improvements related to the opening of new bookstores or the restyling of existing stores.

Costs incurred to equip staff with the most suitable tools for smart working and to secure company networks amounted to a total of € 2,158 thousand.

In 2022, in addition to the annual depreciation charge of € 4,279 thousand, a write-down of tangible assets and leasehold improvement costs of € 320 thousand was recorded, mainly attributable to the Retail Area.

The companies acquired during the year contributed € 671 thousand to the increase in the net value of tangible assets.

Property, plant and equipment (Euro/thousands)	**Land**	**Instrumental buildings**	**Plant and equipment**	**Other tangible assets**	**Total**
Historic cost at 31 December 2021		117	21,362	61,031	82,510
Investments			1,123	11,378	12,501
Disposals		(117)	(420)	(1,468)	(2,005)
Change in scope			348	1,777	2,125
Other changes	—	—	13	(1,520)	(1,507)
Historic cost at 31 December 2022	—	—	22,426	71,198	93,624
Accumulated depreciation and impairment loss at 31/12/2021	—	117	18,661	49,139	67,917
Depreciation and amortisation		—	734	3,545	4,279
Write-downs (write-backs)			72	248	320
Disposals	—	(117)	(420)	(1,447)	(1,984)
Change in scope			100	366	466
Other changes	—	—	—	(1,507)	(1,507)
Accumulated depreciation and impairment loss at 31/12/2022	—	—	19,147	50,344	69,491
Net value at 31/12/2021	—	—	2,701	11,892	14,593
Net value at 31/12/2022	**—**	**—**	**3,279**	**20,854**	**24,133**

"Other fixed assets" is broken down as follows:

Other fixed assets (Euro/thousands)	**31/12/2022**	**31/12/2021**
Industrial and commercial equipment	97	117
Electronic office machinery	3,960	2,560
Office furniture, facilities and fittings	3,539	3,130
Motor and transport vehicles	6	16
Leasehold improvements	5,342	5,059
Other tangible assets and advances	7,910	1,011
Total other tangible assets	**20,854**	**11,892**

Depreciation of property, plant and equipment

Amortisation, depreciation and write-downs for the year totalled € 4,599 thousand, down from € 5,765 thousand in 2021, which included the write-down of furniture, fixtures and costs incurred on third-party assets, related to the Piazza Duomo store in Milan.

Depreciation and impairment loss on property, plant and equipment (Euro/thousands)	2022	2021
Buildings	—	128
Plant and equipment	734	737
Equipment	63	70
Electronic office machinery	1,531	1,143
Furniture and furnishings	730	752
Motor and transport vehicles	9	9
Leasehold improvements	1,208	1,286
Other tangible assets	4	
Total depreciation of property, plant and equipment	**4,279**	**4,125**
Write-downs of tangible assets	320	1,640
Write-backs of tangible assets	—	—
Total write-downs (write-backs) of property, plant and equipment	**320**	**1,640**
Total depreciation and impairment loss on tangible assets	**4,599**	**5,765**

14. ASSETS FROM RIGHTS OF USE

Assets from rights of use, recorded in accordance with IFRS 16, amounted to € 68,453 thousand, a decrease of € 12,274 thousand compared to 31 December 2021, mainly due to the effect of:

- the signing of the new lease agreement for the Segrate office; following the termination of the old contract, an IFRS 16 financial income of € 1,390 thousand was recognised under financial expense (income);
- the termination of the lease agreement for the Milan office of D Scuola S.p.A., due to the transfer of staff to the Segrate office.

Assets from rights of use (Euro/thousands)	Rights of use buildings	Rights of use motor vehicles	Rights of use hardware	Rights of use in progress	Total
Historic cost at 31 December 2020	103,139	991	1,306		105,436
Investments	12,835	240	—	2,132	15,206
Disposals	(7,605)	—	—	—	(7,605)
Other changes	3,674	196	—	—	3,870
Historic cost at 31 December 2021	112,044	1,427	1,306	2,132	116,908
Amortisation fund at 31 December 2020	24,504	450	278	—	25,232
Depreciation and amortisation	12,834	336	257	—	13,427
Disposals	(3,626)	—	—	—	(3,626)
Other changes	1,087	62	—	—	1,149
Amortisation fund at 31 December 2021	34,799	848	535	—	36,183
Net value at 31/12/2020	78,635	541	1,028	—	80,204
Net value at 31/12/2021	**77,244**	**579**	**771**	**2,132**	**80,725**

Assets from rights of use (Euro/thousands)	Rights of use buildings	Rights of use motor vehicles	Rights of use hardware	Rights of use in progress	Total
Historic cost at 31 December 2021	112,044	1,427	1,306	2,132	116,909
Investments	39,543	384	—	—	39,927
Disposals	(5,398)	—	—	—	(5,398)
Other changes	(48,874)	—	—	(2,132)	(51,006)
Historic cost at 31 December 2022	97,315	1,811	1,306	—	100,432
Amortisation fund at 31 December 2021	34,801	848	535	—	36,185
Depreciation and amortisation	13,406	443	257	—	14,106
Disposals	(4,094)	—	—	—	(4,094)
Other changes	(14,218)	(15)	—	—	(14,219)
Amortisation fund at 31 December 2022	29,896	1,290	792	—	31,979
Net value at 31/12/2021	77,244	579	771	2,132	80,725
Net value at 31/12/2022	**67,419**	**520**	**514**	**—**	**68,453**

15. INVESTMENTS

“Equity-accounted investees" and "Investments in other companies" amounting to € 29,748 thousand, up by € 11,014 thousand.

Investments (Euro/thousands)	**31/12/2022**	**31/12/2021**
Investments accounted for using the equity method	28,450	17,859
Investments in other companies	1,298	875
Total investments	**29,748**	**18,734**

During the year, the most significant changes were represented by the acquisition of A.L.I.- Agenzia Libraria Internazionale S.r.l., the write-down of Attica Publications S.A. for € 1,679 thousand and the sale of Monradio S.r.l., effective from 1 January 2022.

The results achieved by the investee companies were positive in the amount of € 1,199 thousand, plus the income from the fair value assessment of the residual 20% share retained in Press-Di Distribuzione Stampa e Multimedia S.r.l., in the amount of € 281 thousand, and the write-down of Attica Publications S.A. in the amount of € 1,679 thousand; for further information, see Note 35.

In 2022 the Group received dividends amounting to € 1,289 thousand, distributed by Edizioni EL S.r.l. And Digital Advertising & Engagement S.A..

Equity-accounted investees - Details (Euro/thousands)	31/12/2022	31/12/2021
Investments in joint ventures:		
- Edizioni EL S.r.l.	4,157	4,183
- Attica Publications Group	6,968	7,722
- Mediamond S.p.A.	2,390	1,683
- Mondadori Seec Advertising Co. Ltd	1,425	2,641
- A.L.I.-Agenzia Libraria Internazionale S.r.l.	12,447	—
Total investments in joint ventures	**27,387**	**16,229**
Investments in associates:		
- Monradio S.r.l.	—	1,200
- Digital Advertising S.r.l.	471	430
- Press-Di Distribuzione Stampa Multimedia S.r.l.	592	—
Total investments in associates	**1,063**	**1,630**
Total equity-accounted investees	**28,450**	**17,859**

The value of "Investments in other companies", amounting to € 1,298 thousand, increased by € 423 thousand due to capital contributions made to Società Europea di Edizioni S.p.A., net of the loss for the year.

Investments in other companies - Details (Euro/thousands)	31/12/2022	31/12/2021
Investments in other companies:		
- Società Europea di Edizioni S.p.A.	1,038	614
- Società Editrice Il Mulino S.p.A.	197	197
- Consuledit S.r.l.	1	1
- Immobiliare Editori Giornali S.r.l.	52	52
- Consorzio Edicola Italiana	10	10
Total investments in other companies	**1,298**	**875**

16. PRE-PAID TAX ASSETS AND DEFERRED TAX LIABILITIES

“Pre-paid tax assets", amounting to € 67,878 thousand, and "Deferred tax liabilities", amounting to € 42,255 thousand, respectively decreased by € 3,606 thousand and increased by € 6,382 thousand.

(Euro/thousands)	**31/12/2022**	**31/12/2021**
IRES on tax losses	1,754	3,399
Pre-paid IRES	60,781	62,883
Pre-paid IRAP	5,343	5,202
Total pre-paid tax assets	**67,878**	**71,484**
Deferred IRES	37,069	31,115
Deferred IRAP	5,187	4,758
Total deferred tax liabilities	**42,255**	**35,873**

The decrease in the value of “Pre-paid tax assets" was due to:

- to the consumption of previous tax losses by Rizzoli Education S.p.A. for € 1,645 thousand;
- the development of taxed provisions and other temporary differences affecting the various Group companies.

The Directors believe that the amounts recognised are fully recoverable, considering:

- the possibility of a pre-deduction of up to 80% of the Group's prior-years’ tax losses from taxable income, in accordance with the agreement governing relations with the consolidating entity Fininvest S.p.A.;
- the right to carry forward tax losses without time restrictions;
- the performance estimates contained in the 2023-2025 Medium-Term Plan, which was approved by the Board of Directors on 16 February 2023.

Components that led to the recognition of pre-paid tax

(Euro/thousands)	31/12/2022 Amount	31/12/2022 Current tax rate	31/12/2022 Prepaid tax assets	31/12/2021 Amount	31/12/2021 Current tax rate	31/12/2021 Prepaid tax assets
Difference between book value and tax value of intangible assets	11,084	(*)	2,659	13,073	(*)	3,138
Difference between book value and tax value of investment property and investments in property, plant and equipment	1,495	(*)	359	1,253	(*)	301
Provision for bad debts	17,327	(*)	4,184	14,716	(*)	3,556
Write-down of inventory	33,807	(*)	8,149	31,997	(*)	7,713
Write-down of advances to authors	54,043	(*)	12,983	49,569	(*)	11,909
Provisions	43,428	(*)	10,423	53,697	(*)	12,887
Post-employment benefits	803	(*)	193	3,213	(*)	771
Elimination of intercompany income	7,325	(*)	1,758	7,392	(*)	1,774
Returns to receive	32,215	(*)	7,732	31,368	(*)	7,528
Amendment rights to existing tax consolidation	45,904	(*)	11,018	48,778	(*)	11,707
Other temporary differences	4,698	(*)	1,164	6,490	(*)	1,599
Total for IRES purposes	**252,793**		**60,781**	**261,547**		**62,883**
Difference between book value and tax value of intangible assets	10,450	(*)	407	12,529	(*)	488
Difference between book value and tax value of investment property and investments in property, plant and equipment	302	(*)	12	313	(*)	12
Write-down of inventory	30,239	(*)	1,179	28,638	(*)	1,117
Write-down of advances to authors	52,422	(*)	2,045	48,094	(*)	1,876
Provisions	2,243	(*)	87	1,995	(*)	78
Post-employment benefits	1,123	(*)	44	2,380	(*)	93
Elimination of intercompany income	7,282	(*)	284	7,358	(*)	287
Returns to receive	32,215	(*)	1,257	31,368	(*)	1,223
Other temporary differences	715	(*)	28	730	(*)	29
Total for IRAP purposes	**136,991**		**5,343**	**133,404**		**5,203**

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

The increase in the value of "Deferred tax liabilities" is mainly determined by the combined effect:

- the recognition of assets at fair value, arising from the acquisition transactions of De Agostini Libri S.r.l. and Edizioni Star Comics S.r.l., as a result of the purchase price allocation, not relevant for tax purposes, which resulted in the recognition of deferred tax liabilities totalling € 7,185 thousand;
- the new temporary differences arising on the values of goodwill and trademarks with an indefinite life, subject to the realignment between tax values and respective balance sheet values, realised in 2021 in accordance with the provisions of Article 110 of Decree-Law No. 104/2020;
- utilisation as a result of impairment losses recorded during the year, in the amount of € 2,014 thousand.

Components that led to the recognition of deferred tax

(Euro/thousands)	31/12/2022			31/12/2021		
	Amount	Current tax rate	Prepaid tax assets	Amount	Current tax rate	Prepaid tax assets
Difference between book value and tax value of intangible assets	132,604	(*)	31,826	121,800	(*)	29,232
Difference between book value and tax value of investment property and investments in property, plant and equipment	—	(*)	—	—	(*)	—
Post-employment benefits	2,599	(*)	624	190	(*)	46
Other temporary differences	19,248	(*)	4,619	7,659	(*)	1,838
Total for IRES purposes	**154,451**		**37,069**	**129,649**		**31,115**
Difference between book value and tax value of intangible assets	132,936	(*)	5,184	121,924	(*)	4,755
Difference between book value and tax value of investment property and investments in property, plant and equipment	66	(*)	3	66	(*)	3
Total for IRAP purposes	**133,002**		**5,187**	**121,990**		**4,758**

(*) It should be noted that, with reference to income taxes, each Group company applied the tax rate applicable in the country of residence. As for IRAP, each Group company applied the tax rate in force, taking into account the distribution of the tax base by region.

17. OTHER NON-CURRENT ASSETS

The balance of "Other non-current assets", amounting to € 168 thousand, shows an increase of € 12 thousand, due to the effect of the deposits paid on new lease agreements, net of those reimbursed.

Other non-current assets (Euro/thousands)	31/12/2022	31/12/2021
Guarantee deposits	168	129
Others	—	27
Total other non-current assets	**168**	**156**

18. TAX RECEIVABLES AND PAYABLES

Tax receivables (Euro/thousands)	31/12/2022	31/12/2021
Receivables from the tax authorities for IRAP	1,087	383
Receivables from the tax authorities for IRES	220	—
Receivables from Fininvest for IRES	1,379	1,570
Receivables from the tax authorities for IVA	5,338	5,565
Receivables from the tax authorities for direct tax to recover and advances on disputes	1,025	1,315
Total tax assets	**9,049**	**8,833**

The value of "Tax Receivables", as at 31 December 2022, amounted to € 9,049 thousand, an increase of € 216 thousand, compared to the previous year, due to the remaining higher IRAP advances paid during the year, net of the accrued tax.

The advances turned out to be higher than the tax burden for the year due to the reduction in the economic results of some companies.

Receivables from Fininvest S.p.A., amounting to € 1,379 thousand, are represented by withholding taxes paid by companies that are part of the tax consolidation.

"Receivables from the tax authorities for direct tax to recover and advances on disputes", amounting to € 1,025 thousand, includes mainly:

- receivables recognised as a result of the deductibility of IRAP from the IRES taxable base for € 784 thousand;

- receivables from companies acquired in 2022, not yet included in the scope of the tax consolidation prepared by Fininvest S.p.A.;

- receivables for tax disputes for a total of € 8,903 thousand, fully written down.

Income tax payables (Euro/thousands)	**31/12/2022**	**31/12/2021**
Payables to the tax authorities for IRAP	521	451
Payables to the tax authorities for IRES	751	5,081
Payables to Fininvest for IRES	9,400	11,898
Total income tax payables	**10,671**	**17,431**

"Income tax payables", amounting to € 10,671 thousand, recorded a decrease of € 6,760 thousand, mainly due to the debt accumulated by D Scuola S.p.A. at the end of the previous year, during which the company had not paid IRES tax advances, because it still belonged to the De Agostini Group's tax consolidation area.

19. OTHER CURRENT ASSETS

"Other current assets", which amounted to € 72,213 thousand, increased by € 1,744 thousand, mainly due to the effect of the increase in prepaid expenses on cloud service fees and advances paid by Edizioni Star Comics S.r.l. to the companies licensing the rights to exploit the comics upon signing the contract.

The value of "Other Receivables", amounting to € 1,985 thousand decreased due to the collection of the receivable from La Verità S.r.l., relating to the sale of Stile Italia Edizioni S.r.l., amounting to € 1,129 thousand; the balance includes receivables from INPS related to training courses financed by the public fund on new skills.

Other current assets (Euro/thousands)	**31/12/2022**	**31/12/2021**
Receivables due from agents	174	261
Receivables from authors	123,697	121,470
Provision for advances to authors	(67,144)	(64,866)
Receivables from suppliers and associates	6,274	6,358
Accrued income and deferred expenses	7,225	4,469
Other receivables from associates	2	70
Other receivables	1,985	2,707
Total other current assets	**72,213**	**70,469**

20. INVENTORY

The value of "Inventory", equal to € 151,353 thousand, increased compared to the previous year by € 30,718 thousand, due to the contribution of the companies acquired in 2022, amounting to € 12,308 thousand, and for the reasons reported below, with comments on the various components.

Inventory (Euro/thousands)	**31/12/2022**	**31/12/2021**
Raw and ancillary materials and consumables	14,716	9,155
Write-down of raw and ancillary materials and consumables	(926)	(760)
Total raw and ancillary materials and consumables	**13,789**	**8,395**
Work in progress and semi-finished goods	12,298	12,260
Write-down of work in progress and semi-finished goods	(1,627)	(1,340)
Total work in progress and semi-finished goods	**10,671**	**10,921**
Finished products and goods	200,688	172,887
Write-down of finished products and goods	(73,796)	(71,569)
Total finished products and goods	**126,893**	**101,318**
Total inventory	**151,353**	**120,634**

The value of "Raw and ancillary materials and consumables", amounting to € 13,789 thousand, increased by € 5,394 thousand, due to increases in volumes purchased, to meet the increased production related to the enlarged scope of consolidation, and to the cost of raw materials.

The value of "Work in progress and semi-finished goods", amounting to € 10,671 thousand, is substantially in line with that of 2021.

"Finished products and goods" includes books produced by the Group, third-party publishers' books purchased for re-sale in the Retail segment and merchandising, paper processing and gifts.
The amount of € 126,893 thousand increased by € 25,575 thousand, compared to 31 December 2021, mainly due to:

- the contribution of the new companies acquired during the year (€ 12,067 thousand);
- growth in the costs of raw materials and printing and packaging services;

- the anticipated production of some titles by Rizzoli International Publications Inc.;

- the change in the euro/dollar exchange rate, which led to an increase in the value of inventories of about € 1 million.

Inventory write-down was calculated separately and analytically for each Group company, in consideration of the saleability of finished products and the relative rotation indexes, the possible unproductiveness of work-in-progress or semi-finished products, and the deterioration of raw materials.

Inventory - Write-down (Euro/thousands)	**Raw material**	**Work in progress and semi-finished goods**	**Finished products and goods**
Total at 31/12/2020	698	1,101	73,931
Changes in the year:			
- allocation	89	297	1,788
- utilisations	(76)	(91)	(10,316)
- other changes	49	33	6,166
Total at 31/12/2021	**760**	**1,340**	**71,569**
Changes in the year:			
- allocation	215	251	4,311
- utilisations	(48)	(7)	(5,870)
- other changes	(1)	43	3,786
Total at 31/12/2022	**926**	**1,627**	**73,796**

None of the inventory recorded in the financial statements are pledged as guarantees for liabilities..

Decrease (increase) in inventory

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

Decrease (increase) in inventory (Euro/thousands)	Year 2022	Year 2021
Changes in finished products and goods	(12,304)	8,046
Allocation to the provision for write-downs of finished products and goods	4,311	1,788
Utilisation of the provision for write-downs of finished products and goods	(5,870)	(10,316)
Total changes in finished products and goods	**(13,863)**	**(482)**
Changes in work in progress and semi-finished goods	350	(220)
Allocation to the provision for write-downs of work in progress and semi-finished goods	251	297
Utilisation of the provision for work in progress and semi-finished goods	(7)	(91)
Total changes in work in progress and semi-finished goods	**594**	**(15)**
Changes in raw and ancillary materials and consumables	(5,560)	(1,836)
Allocation to the provision for write-downs of raw and ancillary materials and consumables	215	89
Utilisation of the provision for write-downs of raw and ancillary materials and consumables	(48)	(76)
Total changes in raw and ancillary materials and consumables	**(5,394)**	**(1,823)**
Total decrease (increase) in inventory	**(18,663)**	**(2,320)**

21. TRADE RECEIVABLES

"Trade receivables", amounting to € 161,230 thousand, decreased versus € 164,971 thousand at 31 December 2021, despite the change in the scope of consolidation, which contributed a net trade receivables value of € 9,242 thousand.

Trade receivables (Euro/thousands)	31/12/2022	31/12/2021
Receivables from customers	134,694	135,752
Receivables from associates	25,798	28,585
Receivables from parent companies	—	22
Receivables from affiliates	739	612
Total trade receivables	**161,230**	**164,971**

In particular, "Receivables from customers", which amounted to € 134,694 thousand, decreased by € 1,058 thousand, attributable to the Education Books Area, as a result of lower revenues.

Trade receivables - Receivables from customers (Euro/thousands)	31/12/2022	31/12/2021
Receivables from customers	210,835	212,406
Customers – returns to receive	(62,081)	(63,022)
Provision for bad debts	(14,060)	(13,632)
Total trade receivables	**134,694**	**135,752**

The provision for bad debts, amounting to € 14,060 thousand, does not differ greatly from the amount at 31 December 2021; the amount of the provision was determined following a thorough analysis completed on customer creditworthiness and credit positions at risk of collection.

Trade receivables - Receivables from customers - Write-down (Euro/thousands)	31/12/2022	31/12/2021
Balance at beginning of year	13,632	13,598
Changes in the year:		
- allocation	3,694	5,113
- utilisations	(3,728)	(6,064)
- changes in consolidation scope and other changes	462	985
Total provision for bad debts	**14,060**	**13,632**

“Payables to associates", amounting to € 25,798 thousand, referring mainly to transactions carried out with Mediamond S.p.A., the advertising agency for magazine titles, fell by € 1,380 thousand.

There were no trade receivables due over five years.

22. EQUITY

Shareholders' equity as at 31 December 2022 was € 260,826 thousand (€ 219,581 thousand as at 31 December 2021), the movements in which are detailed in the statement of changes in shareholders' equity, increased by € 41,245 thousand, mainly due to the net result for the year, positive at € 52,067 thousand, the increase in the cash flow hedge reserve by € 8,250 thousand, as a counterpart to the appreciation of the interest rate derivative, net of the distribution of dividends of € 22,163 thousand.

Share Capital

Arnoldo Mondadori Editore S.p.A.’s share capital amounts to € 67,979,168.40, divided into no. 261,458,340 ordinary shares with a par value of € 0.26 each.

The legal entity controlling the Mondadori Group is Fininvest S.p.A.…

Treasury shares

In 2022, Arnoldo Mondadori Editore S.p.A. purchased no. 410,000 treasury shares on the MTA, equal to 0.157% of the share capital and assigned no. 311,847 shares to the beneficiaries of the 2019-2021 Performance Share Plan, bringing the total number of treasury shares held to no. 1,147,991, equal to 0.439% of the share capital.

The value of treasury shares servicing the incentive plans named "Performance Share Plan 2020-2022", "Performance Share Plan 2021-2023" and "Performance Share Plan 2022-2024", at 31 December 2022, amounted to € 2,024 thousand, up versus € 1,803 thousand at 31 December 2021.

Other reserves and profit/loss carried forward

“Other reserves and profit/(loss) carried forward” at 31 December 2022 amounted to € 141,540 thousand (€ 109,186 thousand at 31 December 2021) and included::

- a legal reserve of € 13,596 thousand;
- a revaluation reserve used over the years for a total of € 16,711 thousand (€ 16,711 thousand at 31 December 2021);
- a cash flow hedge reserve, amounting to € 9,072 thousand (€ 822 thousand at 31 December 2021), net of the relevant tax impact, for the valuation of hedge derivatives;
- a reserve that covers the incentive plans in accordance with IFRS 2, amounting to € 1,731 thousand (€ 1,277 thousand at 31 December 2021);
- a reserve for post-employment discounting, net of the relevant tax impact of € 699 thousand (€ 317 thousand at 31 December 2021);
- the translation reserve, amounting to € 1,739 thousand (€ 365 thousand at 31 December 2021), resulting from the translation of the financial statements of the companies belonging to the Attica Group, with offices in Eastern European countries, and of the Chinese joint-venture Mondadori Seec Advertising Co. Ltd and Rizzoli International Publications Inc..

The exchange rates used for the translation of financial statements denominated in foreign currencies are summarized in the table below:

Currency	Actual 31/12/2022	Actual 31/12/2021	Average 2022	Average 2021
U.S. dollar	1,07	1,18	1,05	1,13
Chinese yuan	7,36	8,02	7,08	7,19
New Romanian Leu	4,95	4,95	4,93	4,92
Bulgarian leva	1,96	1,96	1,96	1,96
Serbian dinars	117,33	116,97	117,47	117,58

- the residual balance represents reserves for retained earnings from past years..

Capital Management

The Mondadori Group capital is managed in relation mainly to the Group overall financial structure, taking into account a correct balance between net debt and capital.

The main index used by the Group for measuring capital adequacy compares net debt with capital to net debt. Net debt includes all liabilities (payables to banks) net of cash and cash equivalents.

Capital management (Euro/millions)	31/12/2022	31/12/2021
Net debt	177.4	179.1
Capital (equity)	260.8	219.6
Total capital and net debt	**438.2**	**398.7**
Ratio of net debt/capital to net debt	40.5%	44.9%
Treasury shares	2.0	1.8

23. CAPITAL, RESERVES AND RESULTS ATTRIBUTABLE TO MINORITIES

Below is a breakdown of non-controlling interests' equity:

Capital, reserves and results attributable to minorities (Euro/thousands)	Edizioni Star Comics	Zenzero	De Agostini Libri	Rizzoli Education
Shareholders' equity as at 31 December 2021	—	—	—	7
Result for 2021	—	—	—	6
Shareholders' equity as at 31 December 2022	—	(23)	1,265	21
Result for 2022	348	(30)	(848)	6

Minority interests are accounted for taking into account put and call agreements with minority shareholders.

24. PROVISIONS

The value of "Provisions", amounting to € 41,922 thousand, recorded a decrease of € 5,157 thousand, despite the contribution of the companies acquired during the year, amounting to € 424 thousand, mainly due to the utilisation of the provision for restructuring charges and the provision for contractual commitments, related to commitments undertaken, especially in the museum business, with contracts that have been entered into.

Provisions mainly refer to staff restructuring charges, contractual commitments and legal risks; the column "Other changes" mainly shows values related to changes within the scope of consolidation.

Provisions (Euro/thousands)	**31/12/2021**	**Alloc.**	**Uses**	**Other changes**	**31/12/2022**
Provision for agents' contractual risks	2,403	91	(186)	112	2,420
Provision for personnel downsising risks	9,376	1,007	(4,929)	(200)	5,254
Provision for legal risks	11,556	1,073	(708)	260	12,182
Provision for investment risks	—	—	—	—	—
Provision for tax disputes	600	—	(850)	250	—
Provision for contractual commitments	7,628	772	(1,261)	—	7,140
Provision for contractual commitments ad agency	2,182	30	(683)	—	1,529
Other provisions for risks	13,334	1,954	(1,884)	(7)	13,397
Total provisions	**47,079**	**4,928**	**(10,501)**	**415**	**41,922**

25. POST-EMPLOYMENT BENEFITS

“Post-employment benefits” amounted to € 28,350 thousand, an overall decrease of € 4,452 thousand.

In particular, the indemnities to be paid to employees decreased from € 15,831 thousand to € 13,795 thousand, while the indemnities to be paid to the sales network decreased from € 16,950 thousand to € 14,533 thousand, due to the reduction in staff and the turnover of agents, but also due to the increase in the discount rates, from 0.98% to 3.77%, used for actuarial valuations.

Post-employment benefits (Euro/thousands)	**31/12/2022**	**31/12/2021**
Provision for post-employment benefits (TFR)	13,795	15,831
Provision for supplementary agents’ indemnity (FISC)	14,533	16,950
Provision for pensions and similar obligations	22	22
Totale indennità di fine rapporto	**28,350**	**32,802**

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

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

Actuarial assumptions to measure TFR	31/12/2022	31/12/2021
Economic assumptions:		
- increase in cost of living	3,00%	1,00%
- discounting rate	3,77%	0,98%
Demographic assumptions:		
- probability of death	IPS55 tables	IPS55 tables
- probability of disability	INPS-2000 tables	INPS-2000 tables
- probability of leaving for other reasons	From 2.50% to 15.93%	From 4.00% to 15.69%
- retirement age	Regulations in force	Regulations in force

Actuarial assumptions to measure FISC	31/12/2022	31/12/2021
Economic assumptions:		
- discounting rate	3,77%	0,98%
Demographic assumptions:		
- probability of death/disability	1,0%	1,0%
- probability of leaving service	5,0%	5,0%
- probability of voluntary resignation	1,5%	1,5%
- average age of agency contract termination	Regulations in force	Regulations in force

The change in the discount rate, from 0.98% to 3.77%, led to a reduction in the provision for post-employment benefits of € 1,777 thousand.

Post-employment benefits cost items, booked under income statement, include the service cost of companies with less than 50 employees for € 182 thousand, financial costs of € 159 thousand, and the portion paid into the supplementary pension scheme for € 6,504 thousand.

The changes in the "Provision for supplementary agents' indemnity" reflect the turnover occurring in the Group's sales force during the financial year 2022; the item "Provisions" includes the effect of discounting.

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

Post-employment benefits - Details (Euro/thousands)	**Employee Severance Fund (TFR)**	**FISC**	**Provision for retirement**
Total at 31/12/2021	15,831	16,950	22
Changes in 2021:			
- allocations	573	(1,123)	—
- utilisations	(2,230)	(1,857)	—
- reversals		—	—
- interest costs	159	—	—
- changes in consolidation scope and other changes	(537)	563	—
Total at 31/12/2022	**13,795**	**14,533**	**22**

26. OTHER CURRENT LIABILITIES

The value of "Other current liabilities", which amounted to € 142,049 thousand, increased compared to 31 December 2021, despite the different scope of consolidation, which, in 2022, included the contributions of € 3,396 thousand from De Agostini Libri S.r.l. and Edizioni Star Comics S.r.l.

The main changes are attributable to:

- a reduction in "Taxes payables", from € 10,275 thousand to € 8,737 thousand, due to the payment of the second instalment payable on the transactions, concluded in 2021, for the realignment of the tax values of certain trademarks and goodwill to their respective book values, and due to lower payables to the Tax Authorities for withholding taxes made in 2021, as withholding agent, on higher salaries because they included a one-off payment;

- a decrease in "Other payables, accrued liabilities and deferred income", from € 12,873 thousand to € 10,839 thousand, due to lower revenues accruing in the coming financial year related to exhibitions opening in 2022 and lower accruals on insurance premiums.

Other current liabilities (Euro/thousands)	**31/12/2022**	**31/12/2021**
Customer advances	2,629	2,556
Tax payables	8,737	10,275
Payables to welfare and social security entities	12,769	13,070
Payables to associates and affiliates	301	333
Other payables	117,612	118,580
Total other current liabilities	**142,049**	**144,813**

Details of "Other payables”.

Other current liabilities – Other payables (Euro/thousands)	**31/12/2022**	**31/12/2021**
Payroll and other payables to personnel	20,271	20,777
Payables to authors and associates	69,015	67,706
Payables to subscription and instalment customers	17,487	17,224
Other payables, accrued liabilities and deferred income	10,839	12,873
Total other payables	**117,612**	**118,580**

27. TRADE PAYABLES

The item "Trade payables", amounting to € 252,689 thousand, increased by € 34,894 thousand, as a result of the acquisitions of De Agostini Libri S.r.l. and Edizioni Star Comics S.r.l., which at the end of the year accounted for a total of € 8,729 thousand, the increased purchases made by Mondadori Retail S.p.A, due to the expansion of the network of stores and the greater volume of business developed, which resulted in higher payables to suppliers of € 12,328 thousand, and the significant increase in the cost of raw materials and printing and packaging services.

Trade payables (Euro/thousands)	31/12/2022	31/12/2021
Payables to suppliers	246,455	210,983
Payables to associates	4,871	4,018
Payables due to parent companies	19	18
Payables to affiliates	1,345	2,776
Total trade payables	**252,689**	**217,796**

“Payables to associates" refers to the distribution of the publishing product of Edizioni EL S.r.l. and the sale of goods in exchange for advertising pages carried out with Mediamond S.p.A..

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

There were no trade payables due over five years.

28. NET FINANCIAL POSITION

The following table shows the composition of the net financial position.

Net financial position (Euro/thousands)	31/12/2022	31/12/2021
Non-current financial assets	13,410	553
Current financial assets	614	181
Cash and cash equivalents	34,941	90,714
Non-current financial liabilities	(119,250)	(122,953)
Current financial liabilities	(36,717)	(69,507)
Financial assets (liabilities) from discontinued operations	857	6,263
Net financial position before IFRS 16	**(106,145)**	**(94,750)**
Financial liabilities IFRS 16	(71,262)	(84,284)
Financial liabilities IFRS 16 discontinued operations	—	(44)
Net financial position including IFRS 16 effect	**(177,406)**	**(179,078)**

The net financial position, according to the format recommended by CONSOB shown below, which does not include "Non-current financial assets" amounting to € 13,410 thousand, stood at € -190,816 thousand.

Net financial position (Euro/thousands)	**31/12/2022**	**31/12/2021**
- Cash	1,867	1,612
- Bank deposits	32,297	93,987
- Postal deposits	776	528
A Cashfunds	34,941	96,127
B Cash equivalents	—	—
C Other current financial assets	614	181
D Liquidity (A+B+C)	**35,555**	**96,308**
- Current bank payables	(169)	(200)
- Other current financial payables	(9,857)	(35,601)
E Current financial debt (including debt instruments, excluding current portion of non-current financial debt)	(10,025)	(35,801)
- Loans	(25,833)	(45,833)
F Current portion of non-current financial debt	(25,833)	(45,833)
G Current financial debt (E+F)	**(35,859)**	**(81,634)**
H Net current financial debt (G-D)	**(304)**	**14,674**
- Loans	(104,608)	(118,553)
- Financial liabilities IFRS 16	(71,262)	(71,353)
- Derivatives and other financial liabilities	(14,642)	(4,400)
I Non-current debt (excluding current portion and debt instruments)	(190,512)	(194,306)
J Debt instruments	—	—
K Trade payables and other non-current payables	—	—
L Non-current financial debt (I+J+K)	**(190,512)**	**(194,306)**
M Total financial debt (H+L)	**(190,816)**	**(179,632)**

Non-current financial assets

The value of "Non-current financial assets", amounting to € 13,410 thousand, increased by € 12,857 thousand, attributable to:

- € 2,450 thousand for the loan granted by Mondadori Media to its associate Press-Di Distribuzione e Multimedia S.r.l.;
- € 10,407 thousand to the higher fair value of interest rate risk derivatives, related to the increase in market rates in 2022.

The balance includes the loan to Attica Publications, in the amount of € 500 thousand which was already in place at the end of the previous year.

Non-current financial assets (Euro/thousands	**31/12/2022**	**31/12/2021**
Financial receivables from associates	2,950	500
Financial receivables	—	—
Assets resulting from derivative instruments	10,460	53
Total non-current financial assets	**13,410**	**553**

The item "Other current financial assets", amounting to € 614 thousand, increased by € 433 thousand.

Other current financial assets (Euro/thousands)	31/12/2022	31/12/2021
Financial receivables from customers	—	—
Financial receivables from associates	—	—
Financial receivables from parent companies	—	—
Financial receivables from affiliates	—	—
Financial receivables from others	602	170
Total financial receivables	**602**	**170**
Financial assets at fair value with adjustments recognised in the income statement	—	—
Available-for-sale financial assets	12	10
Assets resulting from derivative instruments	—	—
Total other current financial assets	**614**	**181**

Cash and cash equivalent

The item amounted to € 34,941 thousand, down by € 55,773 thousand versus 31 December 2021; the fair value of cash and cash equivalents is equal to their relevant book value at 31 December 2022.

Cash and cash equivalents (Euro/thousands)	31/12/2022	31/12/2021
Cash and cash on hand	1,867	(3,773)
Bank deposits	32,297	93,989
Post office accounts	776	497
Total cash and cash equivalents	**34,941**	**90,714**

Non-current financial liabilities

“Non-current financial liabilities” includes:

- the amortised costs mainly of the Line A Amortising Term Loan and the use of Line C of the pool loan, coming to maturity in December 2026, totalling € 104,535 thousand;

- consideration, with deferred payment, related to certain acquisitions concluded in recent years, amounting to € 14,642 thousand.

Non-current financial liabilities	Effective interest rate	Maturity between 1 and 5 years	Maturity over 5 years	31/12/2022	31/12/2021
Loans	0,62%	104,608	—	104,608	118,552
Liabilities from derivatives		—	—	—	124
Other financial payables		7,990	6,652	14,642	4,276
Total non-current financial liabilities		**112,598**	**6,652**	**119,250**	**122,953**

Payables to banks and other current financial liabilities

“Payables to banks and other current financial liabilities” amounted to € 36,717 thousand and included:

- the portion of Term Loan A of the pool loan, maturing in December 2023, amounting to € 15,833 thousand; "Hot Money" financing, maturing in January 2023, amounting to € 10,000 thousand;

- other financial payables in the amount of 10,715, mainly for deferred payments related to certain acquisitions concluded in recent years.

Payables to banks and other current financial liabilities (Euro/thousands	Effective interest rate	31/12/2022	31/12/2021
Bank deposits		169	200
Loans	0,22%	25,833	45,833
Financial payables to associates		—	—
Other financial payables		10,715	23,474
Total payables to banks and other current financial liabilities		**36,717**	**69,507**

At 31 December 2022, the Leverage Ratio Financial Covenant (debt/EBITDA) resulting from the consolidated annual report was equal to 0.87, far below the cap of 3.25 under the pool loan agreement.

The forecasts contained in the medium-term plan show no reasonably foreseeable sign of overshooting the cap in the future.

Changes in committed credit lines:

(Euro/thousands)	31/12/2021	Uses	Repayments	Other changes	31/12/2022
Pool loan December 2017					
Line A maturing in 2026	74,961	—	(15,833)	1,554	60,682
Line C	59,397	—	—	289	59,686
Total	**134,358**	**—**	**(15,833)**	**1,843**	**120,368**

Assets and liabilities resulting from derivative instruments

Assets and liabilities resulting from derivative instruments - Details (Euro/thousand)	Type of derivative instrument	Fair value at 31/12/2022	Fair value at 31/12/2021
Non-current financial assets (liabilities)			
- Rate derivatives	Cash flow hedge	10,460	53
- Rate derivatives	Cash flow hedge	—	(124)
Current financial assets (liabilities)			
- Currency derivatives	Trading	—	—

The Group has adopted a Financial Risk Management policy. The use of derivative instruments is in line with the guidelines contained in such policy. In order to verify hedging efficiency, the Group performs a series of prospective tests and, where necessary, retroactive tests on a quarterly basis.

Assets resulting from derivative instruments amounting to € 10,460 thousand, include:

- the fair value relating to the hedging transactions on the existing interest rate risk (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), based on 100% of the Line A Amortising Term Loan of the pool loan agreement entered into in May 2021, maturing in December 2026 for a residual notional amount of € 63.3 million and a weighted average rate of -0.086%;

- the fair value related to the interest rate risk hedging transactions in place (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), applying to 100% of the use of Line C Acquisition Line of the pool loan agreement concluded in May 2021, coming to maturity in December 2026 for a notional value of € 60 million and a weighted average rate of -0.098%.

The table below shows the hedge impact on income statement and equity:

Cash flow hedge reserve (Euro/thousands)	31/12/2022	31/12/2021
Initial balance gross of the tax impact	(1,081)	(819)
Amount recognised in the period	(11,006)	189
Amount endorsed from reserve and recognised in the income statement:		
- adjustments to expense	123	7
- adjustments to income	26	(458)
Final balance gross of the tax impact	**(11,938)**	**(1,081)**
Inefficient part of hedge	—	—

Financial liabilities IFRS 16

"Financial liabilities IFRS 16", amounting to € 71,262 thousand, decreased by € 13,022 thousand compared to 31 December 2021.

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

Financial liabilities IFRS 16 (Euro/thousand)	Maturity between 1 and 5 years	Maturity over 5 years	31/12/2022	31/12/2021
Non-current financial liabilities IFRS 16	37,879	20,217	58,096	71,340
Current financial liabilities IFRS 16			13,166	12,944
Total financial liabilities IFRS 16	37,879	20,217	**71,262**	**84,284**

29. REVENUES FROM SALES AND SERVICES

Consolidated revenues in 2022 recorded an increase in all of the sectors in which the Mondadori Group operates, with the exception of the Media Area, which was affected by the sale of Donna Moderna and CasaFacile publications, going from € 807,345 thousand in the previous year to € 903,003 thousand; part of the increase can be attributed to the circumstances in 2021, which was characterised in the first months of the year by restrictions on the opening of stores at shopping centres, some museum venues and temporary exhibitions, to counter the spread of COVID-19.

Revenues from sales and services (Euro/thousands)	2022	2021	% Difference
Books	576,229	464,968	23.9%
Retail	189,191	173,912	8.8%
Media	177,797	206,603	(13.9%)
Other business and corporate	41,525	40,896	1.5%
Aggregate revenue	**984,742**	**886,379**	**11.1%**
Intercompany revenue	(81,739)	(79,035)	3.4%
Total revenue from sales and services	**903,003**	**807,345**	**11.8%**

Revenues from the Books Area, which amounted to € 576,229 thousand, increased by about 24 %, due to the performance of the publishing houses in the Trade segment, to which the consolidation of Edizioni Star Comics S.r.l. from 1 July 2022 also contributed, as well as the resumption of activities related to the management of museums and cultural heritage and the first-time consolidation of the economic data of D Scuola S.p.A..

Revenues from the Retail Area, amounting to € 189,191 thousand increased by about 9 %, mainly attributable to the sales channel of directly operated bookshops.

Media Area revenues, which amounted to € 177,797 thousand decreased by about 14%, due to the changes in the scope of consolidation that took place. On a like-for-like basis, total Media Area revenues showed a slight increase of 1.8% compared to the financial year 2021, thanks in particular to the positive performance of digital advertising sales, up by about 15%, which more than offset the decrease in circulation revenues of the titles and add-on sales.

Revenue from the Group’s advertising services totalled € 71.3 million and refers mainly to the Group’s share, as publisher of magazines and websites, of the advertising space sold by the advertising agency, as well as to revenue from digital marketing activities carried out by AdKaora S.r.l. and Hej! S.r.l..

The "Report on Operations" provides further details on revenue trends and the Group’s various lines of business.

30. COST OF RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

The "Cost of raw and ancillary materials, consumables and goods", which amounted to € 173,248 thousand, increased by € 31,318 thousand as a result:

- of the change in the scope of consolidation, which includes for the economic data also D Scuola S.p.A., as well as De Agostini Libri S.r.l. and Edizioni Star Comics S.r.l., entering, and Press-Di Distribuzione e Multimedia S.r.l., leaving in the second half of the year, for € 3,498 thousand;

- increased purchases of products and goods to be remarketed in Mondadori Retail S.p.A. Stores and Electa S.p.A. museum bookshops (€ +11,959 thousand); the former increased in number due to new openings in 2022 and both types returned to growing revenues, after the restrictions experienced in the period characterised by COVID-19;

- higher costs for raw material consumption, due to increases in production and the cost of paper, as a result of a number of factors that had already become apparent in the latter part of 2021, such as the increase in demand from packaging manufacturers, geared towards replacing plastic with paper, and some tensions with labour unions that affected a major group of northern European paper mills, slowing down their production, exacerbated by the repercussions triggered from the conflict in Ukraine.

Cost of raw and ancillary materials, consumables and goods (Euro/thousands)	**31/12/2022**	**31/12/2021**
Cost of raw materials	55,216	36,812
Goods for re-sale	115,725	103,766
Consumables, maintenance and other materials	2,307	1,352
Total cost of raw and ancillary materials, consumables and goods	**173,248**	**141,930**

31. COST OF SERVICES

"Costs of services", which amounted to € 484,601 thousand, increased by € 47,579 thousand; compared to the previous year, the new additions in the scope of consolidation resulted in an increase of € 58,140 thousand, mitigated by the deconsolidation of Press-Di Distribuzione e Multimedia S.r.l., effective from 1 July 2022, which led to a reduction in costs of services of € 26,257 thousand.

Further increases, attributable to the number of companies belonging to the Mondadori Group in 2021, concerned:

- "Processing" amounted to € 8,806 thousand and was mainly concentrated in the Books Area due to higher production volumes and increased costs for printing and packaging services;

- the "Publisher's share" for € 3,500 thousand due to the significant increase in revenues of Adkaora S.r.l. and Hej! S.r.l.;

- "Telephone and postal charges", for € 2,933 thousand, mainly for the Segrate office and the Mondadori Retail S.p.A. store network, as a result of the repercussions caused by the conflict between Russia and Ukraine.

Among the other costs of services items, the difference with respect to 2021, on a like-for-like basis, was very limited or decreased; in particular, among the most relevant:

- "Rights & Royalties" decreased as a result of lower sales in the Education Books Area and lower charges to the income statement for advances deemed non-recoverable in the Trade Books segment;

- "Commissions" decreased as a result of the significant increase in the rates used to discount agents' post-employment benefits;

- the "Logistics" segment increased by € 373 thousand due to higher volumes processed in the Books segment, partially offset by a decrease in volumes in the Media Area.

Costs for services (Euro/thousands)	**2022**	**2021**
Rights and royalties	99,377	97,053
Commissions and costs for agents	47,951	41,590
Processing	149,365	114,368
Logistics	42,896	50,389
Consultancy services and third-party collaborations	32,086	29,556
Newsstand channel fee and subscription management	17,988	20,477
Purchase of advertising space and promotion expenses	21,061	21,255
Publisher's share	12,849	9,138
Travel, gifts and entertainment expenses	4,231	2,122
Directors’ and statutory auditors’ fees	2,373	3,769
Insurance	2,014	1,929
Telephone and postal expenses	6,176	3,187
Catering, security and cleaning services	3,685	3,386
Maintenance costs	3,142	2,902
Market surveys, news agencies	2,276	2,602
Bank services and commissions	1,664	1,412
IT services and administrative area	14,249	13,088
Rents and service expenses	11,914	9,093
Temporary work fees	4,609	3,869
Other services	4,695	5,835
Total cost of services	**484,601**	**437,022**

“Directors’ and statutory auditors’ fees” comprised fees paid to Directors and Statutory Auditors for € 1,780 thousand and € 593 thousand, respectively.

32. COST OF PERSONNEL

Employees, both permanent and fixed-term, employed by Group companies, numbered 1,900, including the staff of the companies acquired in 2022 and D Scuola S.p.A., which amounted to 170 at the balance sheet date and an average of 158 during the financial year.

Press-Di Distribuzione e Multimedia S.r.l., deconsolidated as of 1 July 2022, contributes an average of 20 employees to the workforce figures.

On a like-for-like basis, the workforce decreased by about 1%, as a result of continued efforts to increase the efficiency of individual areas and company departments.

Headcount	Actual 31/12/2022	Actual 31/12/2021	Average 2022	Average 2021
Executives	99	98	98	98
White collars, middle managers and journalists	1,782	1,705	1,788	1,721
Manual workers	7	7	8	8
Total	**1,900**	**1,810**	**1,901**	**1,827**

"Cost of personnel" amounted to € 136,963 thousand, recording an increase of 0.60 %, and of about 2 % on a like-for-like basis, despite the aforementioned reduction in staff.

This trend is attributable to the significant but temporary benefits included in the 2021 figures, which were obtained by resorting to social safety nets and funded training; net of these savings, labour costs are in line with the previous year.

Cost of personnel (Euro/thousands)	2022	201
Wages and salaries	99,236	92,917
Social security expense	28,025	26,934
Post-employment benefits TFR	573	65
Supplementary pension scheme plans	6,113	6,411
Other costs	3,015	9,813
Total cost of personnel	**136,963**	**136,140**

Information on the Performance Share Plan

At 31 December 2022, the Mondadori Group has 3 share-based payment plans in place intended for managers of Group companies and for members of the Board of Directors of the Parent.

The reasons underlying the adoption of the Plans are:

- to create a stronger link between the creation of medium- and long-term value and the remuneration of Management;

- to support Mondadori's growth following the completion of the optimization of its assets, using a system that reflects the growth in the value of the company;

- to encourage teamwork at management level, supporting the shared objective of value creation.

The Board – or its representative, the CEO – has the power to amend the Performance Targets in extraordinary and/or unforeseen situations or circumstances that could have a significant impact on the results of the Group and/or its area of operations. These situations and circumstances could, for example, include mergers, demergers, acquisitions, disposals or spin-offs.

Shares are allocated to the beneficiaries at the end of the vesting period on the basis of pre-established performance targets. Specifically, these targets are related to:

- Total Shareholder Return (TSR) vis-à-vis the constituents of the FTSE Italia All Share index, with a weighting of 25% (20% for the 2022-2024 plan)

- Cumulative EBIT for the three-year period (EBITDA for the 2021-2023 and 2022-2024 Plans), with a weighting of 25% (20% for the 2022-2024 Plan)
- Cumulative Net profit over the three years, with a weighting of 25%
- Cumulative Free Cash Flow for the three-year period (Ordinary Cash Flow for the 2022-2024 Plan), with a weighting of 25%
- Impact Inclusion Index, for the 2022-2024 Plan, with a weighting of 10%.

For each of the above performance conditions, minimum, target and maximum result levels are set.

When the minimum (90%) is met for EBIT (EBITDA for the 2021-2023 and 2022-2024 plans), Net Profit and Free Cash Flow (Ordinary Cash Flow for the 2022-2024 plan), the number of shares granted is equal to 50% of the target number of options assigned. When the target is met, 100% vests, while with the maximum, the number of shares granted is equal to 120% of the target number of options assigned.

The Impact Inclusion Index, being the synthesis of three independent and individually measured fields of action, can have an outcome indicator value ranging from 0% to 120%, with a corresponding number of options assigned.

The TSR is defined vis-à-vis the constituents of the FTSE Italia All Share index by measuring performance over the period of the Plan. If the TSR is equal to or greater than the median, the target is deemed met and a number of shares up to 120% of the options assigned is granted. If the TSR is lower than the median, no shares are granted.

They are measured considering the five components of the Plan:

- the "market based" component connected to the measurement of the performance of Arnoldo Mondadori Editore S.p.A. in terms of Total Shareholder Return (TSR);
- the "non-market based" component relating to the achievement of targets on cumulative Net Profit, cumulative EBIT/EBITDA, cumulative Free/Ordinary Cash Flow and Impact Inclusion Index.

Pursuant to IFRS 2, the financial instruments underlying the Plan were stated at fair value on their granting.

The fair value measurement, which takes account of the current share price at the granting date, volatility, the expected flow of dividends, the duration of the Plan and the free-risk rate, was entrusted to an independent third-party expert and carried out using a Monte Carlo-type simulation model.

The information documents pursuant to Article 114-bis of Legislative Decree 58/98, which present the characteristics of the above plans, are publicly available in the Governance section of Arnoldo Mondadori Editore S.p.A.'s website (www.gruppomondadori.it), at the registered office and at Borsa Italiana S.p.A.. The table below shows for each plan the costs recognised in the income statement and the assumptions underlying the fair value measurement.

In first half 2022, the Performance Share Plan for the three-year period 2019-2021 came to maturity. A total of 311,848 shares were assigned, measured at a weighted average price of € 1.7164. The plan envisaged a total cost of € 426,920 thousand and the related reserves set aside during the three-year period were reclassified as available.

The plans in place are described below.

2022-2024 long-term incentive plan

At 31 December 2022, the cost of the 2022-2024 Performance Share Plan (intended for the Chief Executive Officer and 13 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognised in the income statement under Cost of personnel, amounted to € 295,767 thousand.

The total number of shares granted is 538,410.

The fair value of shares was determined based on the following assumptions:

Granting date	1 June 2022
Residual life at granting date (in months)	31
Expected volatility of the share price	33.89%
Risk-free interest rate	1.36%
% on expected dividends	—%
Fair value of share at granting date (Euro)	1,648

2021-2023 long-term incentive plan

At 31 December 2022, the cost of the 2021-2023 Performance Share Plan (intended for the Chief Executive Officer and 14 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognised in the income statement under Cost of personnel, amounted to € 389,515 thousand.

The total number of shares granted is 659,449.

The fair value of shares was determined based on the following assumptions:

Granting date	29 July 2021
Residual life at granting date (in months)	29
Expected volatility of the share price	36.69%
Risk-free interest rate	(0.50%)
% on expected dividends	—%
Fair value of share at granting date (Euro)	1.77

2020-2022 long-term incentive plan

At 31 December 2022, the cost of the 2020-2022 Performance Share Plan (reserved for the CFO - Executive Director and 8 selected Mondadori Managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognised in the income statement under Cost of personnel, amounted to € 218,808 thousand.

The total number of shares granted is 512,431.

The fair value of shares was determined based on the following assumptions:

Granting date	9 December 2020
Residual life at granting date (in months)	25
Expected volatility of the share price	40.23%
Risk-free interest rate	30.00%
% on expected dividends	—%
Fair value of share at granting date (Euro)	1.28

33. OTHER EXPENSE (INCOME)

In the year in question, net income amounted to € 3,874 thousand compared to net expenses recognised in 2021 of € 3,432 thousand..

The change mainly concerned the following income.

Other expense (income) (Euro/thousands)	2022	2021
Other revenues and income	(16,366)	(12,124)
Various operating costs	12,492	15,556
Total other expense (income)	**(3,874)**	**3,432**

"Other revenues and income" increased from € 12,124 thousand to € 16,366 thousand compared to the previous year; the representative elements of the change are:

- capital gains realised from the sale of the business units consisting of the magazines Donna Moderna and CasaFacile and from the sale of 80% of the share capital of Press-Di Distribuzione e Multimedia S.r.l., for a total of € 1,980 thousand;

- increased relief received (€ 6,377 thousand compared to € 4,639 thousand in 2021), to compensate for the lower revenues realised in connection with the management of museum activities, due to the limitations imposed by the health emergency;

- grants received, to the extent of 10% of the expenses incurred for the purchase of paper used in the production of magazines in the 2019 and 2020 financial years, based on Article 188 of Decree-Law No. 34 of 19 May 2020, as amended, amounting to € 1,888 thousand.

Other expense (income) – Other revenue and income (Euro/thousands)	2022	2021
Capital gains from the disposal of fixed assets and business units	1,980	487
Contingent assets	3,133	5,522
Others	11,253	6,115
Total other revenues and income	**16,366**	**12,124**

Details of "Other operating expense", amounting to € 12,492 thousand, are provided below.

Other (income) expense – Other operating expense (Euro/thousands)	**2022**	**2022**
Receivables management	3,668	5,210
Reimbursements and settlements, net of the use of provisions	1,697	270
Contributions and grants	2,238	1,466
Contingent liabilities	1,077	952
Capital loss from the disposal of fixed assets and business units	19	22
Other tax and duties	3,794	3,244
Sundry expenses	—	4,391
Total other operating expense	**12,492**	**15,556**

34. FINANCIAL EXPENSE (INCOME)

Net financial expense in 2022 amounted to € 5,635 thousand and increased by € 511 thousand versus the prior year, due mainly to:

- interest expenses on loans, which amounted to € 1,114 thousand, increased by € 794 thousand, despite the reduction in the average borrowing rate, due to the increase in the Group's average bank exposure, resulting from the acquisitions made at the end of 2021 and during 2022;

- the positive impact of derivative transactions, amounting to € 151 thousand, compared to charges of € 1,933 thousand recognised in 2021;

- ancillary financing expenses of € 1,843 thousand, an increase of € 449 thousand, related to the portions of the amortised cost pertaining to the year;

- net IFRS 9 amortised cost adjustment charges of € 324 thousand, an increase of € 2,069 thousand, of which € 2,041 thousand related to the amortised cost of the Committed Lines, subject to refinancing in 2021;

- higher costs for the discounting of deferred payments for € 884 thousand;

- other higher expense/lower income of € 571 thousand (including exchange rate differences of € 127 thousand, lower financial income of € 114 thousand, asset/liability discounting charges of € 101 thousand, other interest expenses of € 187 thousand);

- lower expense from the sale of Reworld Media shares in 2021 amounting to € 448 thousand;

- lower expense, amounting to € 1,724 thousand, from the application of IFRS 16.

Financial expense (income) (Euro/thousands)	**2022**	**2021**
Interest from banks and post offices	(21)	(14)
Financial income from derivatives	(151)	—
Financial income	(43)	(188)
Other interest	(50)	(26)
Total interest and other financial income	**(265)**	**(228)**
Interest to banks	7	11
Interest payable on loans	1,114	320
Financial expense from derivatives	—	1,933
Ancillary expense on loans	1,843	1,394
Commission on loans	577	531
Other impairment charges (income) IFRS 9	324	(1,745)
Financial expense from discounting of deferred payments	884	—
Financial expense from discounting of assets/liabilities	159	58
Other interest	289	102
Total interest and other financial expense	**5,197**	**2,604**
Realised positive currency differences	(100)	(42)
Unrealised positive currency differences	(33)	(20)
Realised negative currency differences	319	141
Unrealised negative currency differences	42	22
Total exchange losses (profit)	**228**	**101**
Expense (income) from financial assets	—	448
Financial expense IFRS 16	475	2,198
Total financial expense (income)	**5,635**	**5,122**

35. EXPENSE (INCOME) FROM INVESTMENTS

The impact on the income statement of the valuation of investments in jointly controlled companies, associates and companies in which the Group holds a non-controlling interest, showed a significant improvement compared to 2021, decreasing from a net expense of € 1,510 thousand to € 199 thousand..

In particular, the most significant changes relate to:

- the sale of Monradio S.r.l., effective as of 1 January 2022, which recorded a loss of € 2,005 thousand in 2021;
- the higher losses incurred by Società Europea di Edizioni S.p.A., which were offset by the less negative result of Mondadori Seec Advertising Co. Ltd;
- the positive but declining results of Edizioni EL S.r.l. and Mediamond S.p.A.;
- the write-down of Attica Publications S.A., as a result of the impairment test, in the amount of € 1,687 thousand, which penalised the positive result of ordinary operations.

Expense (income) from investments (Euro/thousands)	**2022**	**2021**
- Monradio S.r.l.	—	2,005
- Attica Publications Group	918	(899)
- Società Europea di Edizioni S.p.A.	1,849	1,506
- Mach 2 Libri S.p.A. in liquidation	—	(343)
- GD Media Service S.r.l.	(66)	(53)
- Edizioni EL S.r.l.	(1,256)	(1,708)
-Press-Di Distribuzione e Multimedia S.r.l.	(208)	—
- Mediamond S.p.A.	(475)	(875)
- Mondadori Seec Advertising Co. Ltd	1,200	1,784
- DI 2 S.r.l.	(16)	(48)
- Milano Distribuzione Media S.r.l.	—	141
Total expense (income) from investments	**199**	**1,510**

36. INCOME TAX

"Income tax" for 2022 show a charge of € 15,313 thousand, which compares with income for 2021 of € 5,646 thousand.

The main changes are represented by the realignment of the tax values of certain trademarks and goodwill to their respective book values and the amendment to the agreement on the exercise of the option for the tax consolidation scheme, carried out in 2021; as well as the improved economic performance achieved in 2022.

The amount for 2022 also included the positive effect, amounting to € 3,698 thousand, related to the 2022 amendment to the agreement on the exercise of the option for the tax consolidation scheme.

Income tax (Euro/thousands)	**2022**	**2021**
IRES on income for the year	16,162	12,973
IRAP for the year	4,329	3,694
Total current taxes	**20,491**	**16,666**
Deferred/pre-paid taxes for IRES	(81)	(22,444)
Deferred/pre-paid tax for IRAP	(753)	(2,102)
Total deferred/pre-paid tax	**(833)**	**(24,546)**
Other tax items	(4,344)	2,234
Total income tax expense for the year	**15,313**	**(5,646)**

Reconciliation between the theoretical tax charge and the current tax charge

(Euro/thousands)	2022			2021		
	Net income (loss) before tax	Tax	Current tax rate	Net income (loss) before tax	Tax	Current tax rate
Theoretical IRES tax amount	66,856	16,046	24,00%	38,566	9,256	24,00%
Theoretical IRAP tax amount	66,856	2,607	3,90%	38,566	1,504	3,90%
Total theoretical tax amount/ rate		**18,653**	**27,90%**		**10,760**	**27,90%**
Actual IRES tax amount		11,704	17,51%		(7,232)	(18,75%)
Actual IRAP tax amount		3,609	5,40%		1,586	4,11%
Total actual tax amount/rate		**15,313**	**22,91%**		**(5,646)**	**14,64%**
Theoretical tax amount/rate		**18,653**	**27,90%**		**10,760**	**27,90%**
Effect relating to the recognition of prior years' tax		(5,555)	(8.31%)		(681)	(1.77%)
Effects on companies booked at equity		(355)	(0.53%)		362	(0.94%)
Effect of differences in tax rates on taxable income of foreign subsidiaries		26	0.04%		41	0,11%
Effect of tax realignment and rights from amendment to existing tax consolidation		—	—%		(17,272)	(44.78%)
Net effect of other permanent differences		1,568	2.35%		1,062	2,75%
Effect of different IRAP tax base		976	1.46%		82	0,21%
Current tax amount/rate		**15,313**	**22,91%**		**(5,646)**	**(14.64%)**

37. EARNING PER SHARE

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

	2022	2021
Net result for the period (Euro/000)	51,543	44,212
Weighted average number of outstanding ordinary shares (no./000)	260,355	260,317
Basic earnings per share from continuing operations (Euro)	**0.20**	**0.17**

	2022	2021
Net result for the period (Euro/000)	52,067	44,206
Weighted average number of outstanding ordinary shares (no./000)	260,355	260,317
Basic earnings per share (Euro)	**0.20**	**0.17**

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding shares is adjusted on the assumption of converting shares with a dilution effect.

	2022	2021
Net result for the period (Euro/000)	51,543	44,212
Weighted average number of outstanding ordinary shares (no./000)	260,355	260,317
Number of options with diluted effect (no./000)	855	1,613
Diluted earnings per share from continuing operations (Euro)	**0.20**	**0.170**

	2022	2021
Net result for the period (Euro/000)	52,067	44,206
Weighted average number of outstanding ordinary shares (no./000)	260,355	260,317
Number of options with diluted effect (no./000)	855	1,613
Diluted earnings per share (Euro)	**0.20**	**0.170**

38. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At 31 December 2022, the Mondadori Group had commitments underwritten for a total of € 54,172 thousand (€ 43,095 thousand at 31 December 2021), consisting of guarantees issued on VAT receivables subject to reimbursement and prize contest transactions, of leases contracts and letters of patronage.

Contingent liabilities

Following tax audits by the Revenue Commissioners, a few points were raised on a number of companies.

In particular:

- as for Arnoldo Mondadori Editore S.p.A., for the years 2004-2005, the Central Division of the Lombardy Region, through tax assessments, submitted findings relating to IRAP (2004) and to the application of a 12.50% withholding tax on the interest paid on a loan stock in favour of a subsidiary for a total of € 4 million, plus applicable ancillary expense (2005). In the matter of IRAP 2004, the Court of Cassation, by order of 3 February 2022, referred the dispute back to the Court of Justice of the second instance, which rules over matters concerning tax, deemed there to be a failure to state reasons in the previous judgement. By appeal filed on 28 September 2022, the Company resumed the case before the aforementioned Court. The date of the hearing is scheduled for 12 May 2023. With regard to the finding concerning the withholding tax on interest, the Company appealed to the Court of Cassation, after the Regional Tax Commission of Milan rejected the appeal. By judgement filed on 8 March 2023, the Court of Cassation declared that the matter in issue, relating to the penalty notice, had ceased to exist and referred the dispute to the second instance Court of Justice on matters of taxation. In particular, the Supreme Court of Cassation, upholding the Company's arguments, followed the interpretative position expressed on the subject of the "beneficial owner" by the Court of Justice in its most recent rulings, which were also implemented in the national context, and, to that effect, the court quashed the contested decision, referring the case back to the second instance Court of Justice, in a different composition, for the assessment of the factual elements of the case.

For the above indicated potential liabilities, while taking account of the substantial grounds of defense, the risk of a negative outcome is considered likely, covered by a specific provision for write-downs.

- as for Mondadori Retail S.p.A., it received tax assessments for IRES, IRAP and VAT relating to the 2003-2006 tax years. All these tax assessments were challenged before the Provincial Tax Commission of Milan, which upheld the appeals. The Office filed an appeal before the Regional Tax Commission, which confirmed the first instance ruling, annulling the contested acts.

The Office filed an appeal before the Court of Cassation after receiving cancellation of all assessment notices from the Regional Tax Commission.

Supreme Court hearings were held on 10 June 2021, and:

- as for the ruling regarding IRAP for 2004, a separate appeal of which was pending, it referred the matter back to the Regional Tax Commission of Milan to review the merits of the appeal. The hearing before the second instance Court of Justice was held on 27 January 2023, during which the case was extinguished due to the fact that the dispute had ceased to exist;

- with regard to VAT, IRAP and IRPEG/IRES for 2003, 2004, 2005 and 2006, the Court finally rejected the appeal filed by the Revenue Agency, thereby confirming the full cancellation of the tax claim.

39. NON-RECURRING EXPENSE (INCOME)

Pursuant to Consob Resolution No. 15519 of 27 July 2006, it should be noted that the Mondadori Group did not recognise any non-recurring expense (income) in 2022.

40. RELATED PARTIES

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

Benefits to key management personnel

At 31 December 2022, the executives holding responsibilities for Mondadori Group planning, direction and control activities are listed below:

Directors	
Antonio Porro	CEO
Alessandro Franzosi	Head of Finance and Control
Executives	
Enrico Selva	General Manager Trade Books Business Unit
Carmine Perna	General Manager, Retail Business Unit
Carlo Luigi Mandelli	General Manager Media Business Unit
Gian Luca Pulvirenti	General Manager Educational Books Business Unit
Daniele Sacco	Head of Human Resources, Organization and Legal Affairs
Andrea Santagata	Chief Technology and Innovation Officer

As indicated in the 2021 Remuneration Report, the number of Executives with Strategic Responsibilities was enlarged from five to six, following the entry of Andrea Santagata, Chief Technology and Innovation Officer, among them.

The total remuneration paid to Executives with Strategic Responsibilities in 2022 amounted to € 5.3 million, with an increase of 16%, mainly due to the presence of two new Executives: the aforementioned Chief Technology and Innovation Officer and the General Manager of the Education Books Business Unit, Gianluca Pulvirenti, who joined the Group in December 2021 and was therefore only present for one month among the previous year's remuneration.

It should also be noted that, with the approval of the 2022 financial statements, the 2020-2022 Performance Share Plan comes to a conclusion, with an overall 27% lower allocation of shares than that approved by the shareholders' meeting due. This was due, in part, to the dynamics of turnover among beneficiaries and also, in part, to the actual result equal to 90% of the target, which, despite the Group's good economic and financial performance, was affected in the TSR by the external effect of the performance of the FTSE MIB All Share, dragged down by the prices of companies in the Banking and Oil&Gas sectors.

Transactions with parent companies, affiliates and associates

Transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual transactions, and were concluded at market conditions.

RELATED PARTY TRANSACTIONS:
FIGURES AS AT 31 DECEMBER 2022

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Parent companies:														
- Fininvest S.p.A.	—	—	159	11,018	19	—	10,061	—	—	—	66	—	—	—
Associates														
- Attica Publications Group	6	500	—	—	—	—	—	—	12	—	—	—	—	(25)
- Edizioni EL S.r.l.	1,081	—	—	22	2,720	—	—	—	(7,118)	26	(33)	—	—	—
- Mediamond S.p.A.	17,948	—	—	(11)	1,033	—	—	156	37,793	645	(1,010)	—	269	—
- Mondadori Seec Advertising Co. Ltd	904	—	—	—	94	—	—	—	2,160	—	—	—	95	—
- GD Media Service S.r.l.	—	—	—	—	—	—	—	—	37	232	324	—	—	—
- Press-di Distribuzione Stampa e Multimedia S.r.l.	1,904	2,450	—	—	758	—	—	—	35,957	—	10,889	(114)	109	(25)
- Digital Advertising & Engagement S.L.	6	—	—	—	195	—	—	—	21	—	501	—	—	—
- A.L.I. Agenzia Libraria International S.r.l.	3,948	—	—	—	70	—	—	—	3,410	—	73	—	—	—
- DI2 S.r.l.	—	—	—	—	—	—	—	—	—	—	3,190	—	—	—
Total associates	**25,798**	**2,950**	**—**	**11**	**4,871**	**—**	**—**	**156**	**72,272**	**903**	**13,935**	**(114)**	**473**	**(50)**

RELATED PARTY TRANSACTIONS: FIGURES AS AT 31 DECEMBER 2022

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Affiliates:														
- RTI - Reti Televisive Italiane S.p.A.	675	—	—	129	60	—	—	2	(1,504)	—	38	—	—	—
- Publitalia ’80 S.p.A.	—	—	—	—	1,225	—	—	—	60	136	1,961	—	—	—
- Banca Mediolanum S.p.A.	—	—	—	—	—	—	—	11	—	—	—	—	—	—
- TaoDue S.r.l.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Il Teatro Manzoni S.p.A.	—	—	—	—	—	—	—	—	81	—	(4)	—	—	—
- Mediaset S.p.A.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Fininvest Real Estate&Services S.pA.	—	—	—	—	—	—	—	—	—	—	7	—	—	—
- Digitalia'08 S.r.l.	—	—	—	—	—	—	—	—	—	—	(1)	—	—	—
- Radio Mediaset S.p.A.	64	—	—	133	59	—	—	133	433	—	428	—	—	—
- Radio Subasio S.r.l.	—	—	—	—	—	—	—	—	17	—	17	—	—	—
Total affiliates	**739**	**—**	**—**	**263**	**1,345**	**—**	**—**	**146**	**(912)**	**136**	**2,446**	**—**	**—**	**—**
Other companies:														
- Società Europea di Edizioni S.p.A.	19	—	—	35	132	461	—	52	(4,587)	86	290	—	—	—
Total related parties	**26,555**	**2,950**	**159**	**11,326**	**6,366**	**461**	**10,061**	**354**	**66,772**	**1,125**	**16,737**	**(114)**	**473**	**(50)**
related parties from discontinued operations														

RELATED PARTY TRANSACTIONS:
FIGURES AS AT 31 DECEMBER 2021

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Parent companies:														
- Fininvest S.p.A.	22	—	1,570	11,707	18	—	11,898	—	4	—	31	(21)		—
Associates														
- Gruppo Attica Publications	29	500	—	—	3	—	—	—	9	—	—	—	1	(22)
- Edizioni EL S.r.l.	1,042	—	—	18	1,592	—	—	(1)	(7,162)	55	38	—	—	—
- Mediamond S.p.A.	27,078	—	—	47	2,277	—	—	220	46,972	1,426	(409)	—	93	—
- Mondadori Seec Advertising Co. Ltd	433	—	—	—	143	—	—	—	1,586	—	1	—	105	—
- GD Media Service S.r.l.	—	—	—		—	—	—	—	31	443	685	—	—	—
- Monradio S.r.l.	3	—	—	—	2	—	—	—	—	—	—	—	1	—
- DI2 S.r.l.	—	—	—	—	—	—	—	—	—	—	6,621	—	—	—
Total associates	**28,585**	**500**	**—**	**65**	**4,017**	**—**	**—**	**219**	**41,435**	**1,924**	**6,936**	**—**	**200**	**(22)**

RELATED PARTY TRANSACTIONS:
FIGURES AS AT 31 DECEMBER 2021

(Euro/thousands)	Trade receivables	Financial receivables	Tax receivables	Other business	Trade payables	Financial payables	Income tax payables	Other liabilities	Revenues (*)	Purchase of raw materials	Purchase of services	Cost of personnel	Other expense (income)	Financial expense (income)
Affiliates:														
- RTI - Reti Televisive Italiane S.p.A.	582	—	—	84	946	1,200	—	93	(4,348)	(2)	196	—	—	—
- Publitalia ’80 S.p.A.	24	—	—	—	1,825	—	—	—	20	—	2,708	—	—	—
- Banca Mediolanum S.p.A.	—	—	—	—	—	—	—	9	—	—	1	—	—	—
- TaoDue S.r.l.	—	—	—	—	—	—	—	—	36	—	—	—	—	—
- Il Teatro Manzoni S.p.A.	1	—	—	11	—	—	—	11	10	—	9	—	—	—
- Mediaset S.p.A.	—	—	—	—	—	—	—	—	(10)	—	—	—	—	—
- Fininvest Real Estate&Services S.pA.	—	—	—	—	—	—	—	—	—	—	10	—	—	—
- RMC Italia S.p.A											1			
- Medusa Film S.p.A.	5	—	—	—	—	—	—	—	4	—	—	—	—	—
- Radio Mediaset S.p.A.	—	—	—	—	5	—	—	—	588	—	597	—	—	—
- Radio Subasio S.r.l.	—	—	—	—	—	—	—	—	9	—	—	—	—	—
Total affiliates	**612**	**—**	**—**	**95**	**2,776**	**1,200**	**—**	**113**	**(3,691)**	**(2)**	**3,522**	**—**	**—**	**—**
Other companies:														
- Società Europea di Edizioni S.p.A.	404			156	476			52	(11,535)	139	358		—	
Total related parties	**29,625**	**500**	**1,570**	**12,023**	**7,287**	**1,200**	**11,898**	**384**	**26,175**	**2,061**	**10,847**	**(21)**	**200**	**(22)**
related parties from discontinued operations	2,985			3	1,450									

(*) Revenue from distribution services is booked as a fee in compliance with IFRS 15.

41. FINANCIAL RISK MANAGEMENT AND OTHER INFORMATION REQUIRED UNDER IFRS 7

In carrying out its business activities, the Mondadori Group is exposed to various financial risks, including interest rate risk, exchange rate risk, credit/counterparty risk, issuer risk and liquidity risk.

The Group drafted a “General Policy for Financial Risk Management” aimed at regulating and defining financial risk management. The Policy also envisaged the establishment of a Risk Committee, whose task is to define any changes. The Policy was adopted by the Parent Company, Arnoldo Mondadori Editore S.p.A., and all Group companies.

The Mondadori Group analyses and measures its exposure to financial risks for the purpose of defining management and hedge strategies. The criteria used by the Group to measure the risks include the sensitivity analysis of positions subject to risk, involving "mark to market" analysis of variations and/or future cash flow variations in relation to variations in risk factors.

The overall Policy objective is to minimize financial risks, by using appropriate tools available on the market. Financial derivative instruments are exclusively used to hedge against financial risks directly referring to Arnoldo Mondadori Editore S.p.A. or its subsidiaries.

Financial derivative instruments may not be used for speculative purposes.

Specific company functions are responsible for risk management and monitoring and reports are drafted periodically for each type of risk.

Interest rate risk

Interest rate risk refers to the possibility that losses may be incurred in financial management, in terms of lower business activity performance or increased liability costs (existing or potential) as a result of interest rate fluctuations.

Interest rate risk is therefore correlated to interest rate uncertainty. The key objective of interest rate risk management is to reduce exposure of the Group’s financial margin against market interest rate fluctuations.

Group exposure to interest rate risk refers mainly to long-term loans, specifically, to the loan granted by a pool of banks coming to maturity in December 2026, taken out in May 2021.

Interest rate risk hedging is ensured through interest rate swap contracts, converting exposure from floating to fixed rate.

In particular:

- on the A Term Loan Line, a -0.086% weighted average fixed rate 3-month Euribor, comprising four interest rate swaps with a notional value of € 63.3 million, coming to maturity in December 2026;
- on Line C, a -0.098% weighted average fixed rate 3-month Euribor, comprising four interest rate swap forward start 31 January 2022 with a notional value of € 60.0 million, coming to maturity in December 2026.

The characteristics of the payables are contained in Note 28 "Net financial position".

The following table shows the results of the sensitivity analysis with indication of the relevant impact on income statement and equity, gross of any tax effects.

Sensitivity analysis (Euro/millions)	**Underlying**	**Interest rate increase (decrease)**	**Income (expense)**	**Equity increase (decrease)**
2022	(8,262)	1%	697	3,881
2021	12,462	1%	1,847	7,070
2022	(8,262)	(1%)	(697)	(2,929)
2021	12,462	(1%)	(473)	(1,479)

While identifying the potential impact correlated to positive and negative interest rate variations, floating-rate loans were also analysed.

The basic assumptions underlying the sensitivity analysis are:

- an initial parallel shift of the interest curve of + 100/-100 base points;
- all the other risk variables remain constant;
- same analysis performed both on the current year and the prior year.

Currency risk

Currency risk refers to a set of negative effects on the margin or the value of an asset or a liability as a result of exchange rate fluctuations.
The Mondadori Group is not particularly exposed to exchange rate risks. At 31 December 2022, there are no exchange derivatives in place.

Liquidity risk

Liquidity risk refers to the possibility that the Group may not be able to meet payment obligations as a result of its inability to raise new funds (funding liquidity risk), or its inability to sell assets on the market (asset liquidity risk), thereby being forced to sustain excessively high costs for the purpose of meeting obligations.

The Group's exposure to liquidity risk refers mainly to existing loans and borrowings. The Group currently has a medium/long-term loan (pool loan, taken out in May 2021 and coming to maturity in 2026) in place with banks.

In addition, if deemed necessary, the Group may resort to pre-authorized short-term credit lines. Details of the characteristics of current and non-current financial liabilities are contained in Note 28 "Net financial position".

At 31 December 2022, liquidity risk was managed by the Mondadori Group through the following tools:

- bank and post office deposits totalling 34.9 million euro;
- committed credit lines totalling € 418.3 million (€ 295.0 million of which unused) and uncommitted credit lines of € 212.9 million, unused for € 202.9 million at 31 December 2022.

The table below details Group exposure to liquidity risk and the relevant maturity dates.

Liquidity risk	Analysis of maturity dates at 31/12/2022						
(Euro/thousands)	< 6 months	6-12 months	1-2 years	2-5 years	5-10 years	> 10 years	Total
Trade payables and other payables	247,936						247,936
Medium/long-term loans	934	187,508	18,457	94,843	—	—	301,742
Other financial:							
- committed lines							—
- uncommitted lines	20,883	—					20,883
Other liabilities	83,009						83,009
Payables to associates	4,633						4,633
Total	**357,395**	**187,508**	**18,457**	**94,843**	**—**	**—**	**658,203**
Derivatives on rate risk	1,729	2,352	3,661	5,633			13,375
Derivatives on currency risk							—
Total exposure	**355,666**	**185,156**	**14,796**	**89,210**	**—**	**—**	**644,828**

Liquidity risk	Analysis of maturity dates at 31/12/2021						
(Euro/thousands)	< 6 months	6-12 months	1-2 years	2-5 years	5-10 years	> 10 years	Total
Trade payables and other payables	213,762						213,762
Medium/long-term loans	522	16,404	186,937	110,061	—	—	313,924
Other financial:							
- committed lines							—
- uncommitted lines	53,674						53,674
Other liabilities	83,459						83,459
Payables to associates	4,033						4,033
Total	**355,450**	**16,404**	**186,937**	**110,061**	**—**	**—**	**668,852**
Derivatives on rate risk	(312)	(270)	(66)	59	—	—	(589)
Derivatives on currency risk							—
Total exposure	**355,762**	**16,674**	**187,003**	**110,002**	**—**	**—**	**669,441**

Maturity dates were analysed by using undiscounted cash flows and the amounts were accounted for by taking into account the first date upon which payment becomes due. For this reason, uncommitted credit lines are shown in the first column.

For the purpose of meeting liquidity requirements, the Group relies on credit lines and liquidity, and cash flow from operations.

Credit risk

Credit risk refers to the possibility of incurring financial losses as a result of counterparty default in complying with contractual obligations.

A special type of credit risk is represented by the counterparty/replacement risk in case of derivative exposure. In this case, the risk is associated with any deferred gains as a result of the possibility that the counterparty fails to meet its contractual obligations and thus no positive cash flow is generated in favour of the Company.

In the case of the Mondadori Group, this potential risk is limited, since the counterparties of derivative instrument contracts are leading financial institutions with high ratings.

The objective is to limit the risk for losses due to the unreliability of market counterparties or to the difficulty of converting or replacing existing financial positions. Hence, transactions with non-authorized counterparties are not allowed.

When approving the Policy, the Board of Directors also approved a list of authorized counterparties for financial risk hedging. Transactions with such authorized counterparties are constantly monitored and reports are periodically drafted.

Each individual Group company is responsible for the management of trade receivables in compliance with the Group financial objectives, business strategies and operating procedures, restricting the sale of products and services to customers whose credit profile or provision of collateral guarantees does not conform to the standards set.

The balance relating to trade receivables is monitored throughout the year, to ensure that the amount of exposure to losses is kept low.

Maximum risk exposure for financial items including derivative instruments: maximum risk exposure is accounted for before the effects of mitigation deriving from compensation agreements and guarantees.

Credit risk (Euro/thousands)	**31/12/2022**	**31/12/2021**
Deposits	33,059	94,486
Financial assets at fair value with adjustments recognised in the income statement	12	10
Receivables and loans:		
- trade receivables and other current financial assets	171,200	176,317
- trade receivables and other non-current financial assets	2,497	2,620
Available-for-sale assets	1,298	875
Receivables from hedge derivatives		
Guarantees		
Total maximum exposure to credit risk	**208,066**	**274,308**

The table below shows the Group’s exposure to credit risk by geographical area:

Trade credit risk concentration	Euro/thousands **31/12/2022**	Euro/thousands **31/12/2021**	% **31/12/2022**	% **31/12/2021**
Italy	155,289	157,557	96.32%	95.51%
Other Countries	5,941	7,414	3.68%	4.49%
Total	**161,230**	**164,971**	**100.00%**	**100.00%**

Below is a description of the management criteria used for the main business segments:

Books

The Group has adopted a specific procedure to assess the risk profile of any new customer. This procedure comprises the collection of business information to gauge customer reliability before granting any credit line. Customer reliability is monitored on an ongoing basis.

Media - circulation

The Group’s exposure relates to local distributors represented mainly by small-medium enterprises.
Given the fact that contractual provisions establish the collection of significant advances on supplies, exposure is represented by the residual amount of sales relating to the month of December.

In order to curb the credit risk, the Group stipulated an insurance policy; given the soundness and solvency of its counterparties, the Group does not consider credit risk relevant.

Media - advertising

Most of the Group's exposure is with small to medium-sized advertising investors and with media centres, constantly monitored by Mediamond S.p.A., an equally-held joint-venture with the Mediaset Group and advertising agency for Mondadori Group titles.

Mediamond S.p.A. controls credit risk with these subjects, for significant investments, through solvency analysis and the collection of business information before the provision of services.

Each company performs autonomous individual assessments of the most significant positions and makes the appropriate adjustments, taking account of the estimated recoverable amount, collection dates, recovery charges and costs and any guarantees issued.

In case of positions not subject to specific losses, the Group companies set up a provision based on historical data and statistics.

Retail

The Group's exposure is mainly towards franchisees; in order to contain credit risk, Mondadori has obtained bank and unsecured guarantees from franchisees.

The table below shows the Group’s exposure to credit risk by business area:

Trade credit risk concentration		Analysis of maturity dates at 31/12/2022				
		Net overdraft				
	Net to maturity	0-30 days	30-60 days	60-90 days	Over	Provision for bad debts
Books	89,656	1,522	747	297	3,763	7,705
Media	34,103	2,741	355	214	1,897	1,360
Retail	15,219	1,477	299	458	3,958	4,981
Other business	679	168	—	—	—	14
Total	**139,657**	**5,908**	**1,401**	**969**	**9,618**	**14,060**

Trade credit risk concentration		Analysis of maturity dates at 31/12/2021				
		Net overdraft				
	Net to maturity	0-30 days	30-60 days	60-90 days	Over	Provision for bad debts
Books	83,690	2,231	743	385	6,988	7,675
Media	43,893	1,819	657	427	1,440	1,470
Retail	16,071	1,530	462	423	3,804	4,477
Other business	376	19	—	—	11	11
Total	**144,030**	**5,599**	**1,862**	**1,235**	**12,243**	**13,633**

Other information required under IFRS 7

The table below summarizes financial assets and liabilities classified according to the categories defined by IFRS 9 and the relevant fair value:

IFRS 7 requires values regarding financial assets and liabilities to be classified based on a scale of levels reflecting input significance used when calculating fair value.

Classification (Euro/thousands)	Book value						Fair value	
	Total		of which current		of which non-current			
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial assets held to collect, measured at fair value with adjustments recognised in the income statement	12	10	12	10	—	—	12	10
Receivables and loans								
- cash and cash equivalents	34,941	90,714	34,941	90,714	—	—	34,941	90,714
- trade receivables	135,422	136,163	133,093	133,699	2,329	2,464	135,422	136,163
- other financial assets	16,431	14,191	16,262	14,035	168	156	16,431	14,191
- receivables from affiliates and joint ventures	24,794	29,082	21,844	28,582	2,950	500	24,794	29,082
Available-for-sale financial assets	1,298	875	1,298	875	—	—	1,298	875
Derivatives	—	—	—	—	—	—	—	—
Total financial assets	**212,898**	**271,035**	**207,450**	**267,915**	**5,447**	**3,120**	**212,898**	**271,035**
Financial liabilities held to collect, measured at fair value with adjustments recognised in the income statement:								
- non-hedge derivatives	—	—	—	—	—	—	—	—
Financial liabilities at amortised cost:								
- trade payables	247,936	213,762	247,936	213,762	—	—	247,936	213,762
- payables to banks and other financial liabilities	238,976	275,795	119,726	152,966	119,250	122,828	229,408	279,684
- payables to associates and joint ventures	4,633	4,033	4,633	4,033	—	—	4,633	4,033
Derivatives	—	124	0'	—	—	124	—	124
Total Financial liabilities	**491,545**	**493,714**	**372,295**	**370,761**	**119,250**	**122,952**	**481,977**	**497,603**

Additionally, the Group has current and non-current financial liabilities represented by derivatives explained in Note 28 "Net financial position", classified as Level 2; this scale concerns financial instruments that are measurable using techniques for which all inputs that have a significant effect on the recorded fair value are either directly or indirectly observable.

The table below summarizes income and expense recognised under the income statement and attributable to financial assets and liabilities, classified according to the categories set out by IFRS 9.

Profit and loss from financial instruments (Euro/thousands)	31/12/2022	31/12/2021
Interest earned on financial assets not measured at fair value		
- deposits	21	14
- other business	93	188
Total income	**581**	**228**
Net loss on derivative instruments	641	2,229
Interest due on financial liabilities not measured at fair value:		
- deposits	7	11
- trade payables	205	94
- loans	1,114	320
- other	968	7
Losses from financial instrument impairment:		
- trade receivables	4,033	6,566
Expense and commissions not included in effective interest rates	2,419	(116)
Total expense	**9,387**	**9,111**
Net profit (losses) on instruments measured at fair value with changes booked to the income statement	—	(448)
Total	**(8,806)**	**(9,331)**

42. FAIR VALUE MEASUREMENTS

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

Financial assets (liabilities) (Euro/thousands)	Fair value at 31/12/2022	Fair value hierarchy	Measurement method and main inputs
Interest rate swap contracts	10.460	Level 2	Discounted cash flow. Future cash flows are discounted based on the forward rate curve expected at the end of the period and on the contractual fixing rates, also taking the counterparty default risk into account
Investments	1.298	Level 3	Fair value determined using measurement techniques with regard to market variables and unobservable data

43. OPERATING SEGMENTS

The disclosure required by IFRS 8 - Operating segments - is provided by taking account of the Group's organizational structure, based on which the periodic reporting is made, used by Management to define actions and strategies, evaluate investment opportunities and allocate resources; the picture versus 2021 remained unchanged.

Segment reporting: figures at 31 December 2022

(Euro/thousands)	Books	Retail	Media	Corporate & Shared Services	Unallocated items and consolidation adjustments	Consolidated result
Revenue from sales and services from external customers	**535,101**	**188,414**	**178,290**	**41,525**	**(81,740)**	**903,003**
Revenue from sales and services from other sectors	**41,128**	**777**	**(493)**	**40,328**	**(81,740)**	**—**
Gross operating margin	**114,944**	**8,163**	**13,963**	**(6,397)**	**54**	**130,727**
EBIT	**88,588**	**(943)**	**869**	**(15,877)**	**54**	**72,691**
Financial expense (income)	868	690	1,364	2,726	(13)	5,635
Expense (income) from equity-accounted investees	(2,952)	—	1,302		—	2,952
Result before tax and non-controlling interests	**90,672**	**(1,634)**	**(1,798)**	**(20,452)**	**67**	**66,856**
Income tax	—	—	—	15,313	—	15,313
Result attributable to non-controlling interests	(493)	—	(30)		(1)	(524)
Profit/(loss) from discontinued operations					—	—
Net profit	**91,165**	**(1,633)**	**(1,768)**	**(35,765)**	**68**	**52,067**
Amortisation, depreciation and write-downs	26,355	9,107	13,094	9,480	—	58,036
Non-monetary costs	20,844	4,304	1,618	22	—	26,788
Non-recurring income (expense)						—
Investments	55,062	11,222	11,830	4,544		82,659
Equity-accounted investees	16,605		11,845	—	—	28,450
Total assets	**911,284**	**133,993**	**155,114**	**207,291**	**(401,035)**	**1,006,647**
Total liabilities	**302,982**	**127,645**	**129,704**	**582,907**	**(397,417)**	**745,821**

	Revenues from sales and services	Fixed assets
Italy	814,215	395,688
Other EU countries	27,900	
USA	49,653	742
Other extra EU countries	11,235	
Consolidated result	**903,003**	**396,430**

Segment reporting: figures at 31 December 2021

(Euro/thousands)	Books	Retail	Media	Corporate & Shared Services	Unallocated items and consolidation adjustments	Consolidated result
Revenue from sales and services from external customers	**424,820**	**173,207**	**208,427**	**40,896**	**(79,031)**	**807,345**
Revenue from sales and services from other sectors	**40,149**	**702**	**(1,824)**	**40,005**	**(79,031)**	**—**
Gross operating margin	**90,093**	**3,667**	**7,143**	**(9,630)**	**(132)**	**91,140**
EBIT	**73,986**	**(6,601)**	**(2,947)**	**(19,107)**	**(132)**	**45,199**
Financial expense (income)	564	693	379	3,488	—	5,123
Expense (income) from equity-accounted investees	(2,051)	—	50	2,005	—	4
Result before tax and non-controlling interests	**75,474**	**(7,295)**	**(3,375)**	**(26,106)**	**(132)**	**38,566**
Income tax	—	—	—	(5,646)	—	(5,646)
Result attributable to non-controlling interests	6					6
Profit/(loss) from discontinued operations					—	—
Net profit	**75,467**	**(7,295)**	**(3,375)**	**(20,460)**	**(132)**	**44,206**
Amortisation, depreciation and write-downs	16,106	10,268	10,089	9,477	—	45,941
Non-monetary costs	26,380	3,482	8,237	1,585	—	39,684
Non-recurring income (expense)	300		10			310
Investments	172,560	4,696	17,805	1,924		196,985
Equity-accounted investees	4,183		12,475	1,200	—	17,859
Total assets	**747,145**	**114,772**	**207,739**	**258,626**	**(305,702)**	**1,022,580**
Total liabilities	**277,380**	**113,856**	**172,072**	**540,951**	**(301,262)**	**802,998**

	Revenues from sales and services	Fixed assets
Italy	728,629	364,670
Other EU countries	26,165	
USA	46,415	1,789
Other extra EU countries	6,136	
Consolidated result	**807,345**	**366,459**

44. EVENTS OCCURRING AFTER YEAR END

Disposal of Grazia and Icon

On **10 January 2023**, the Mondadori Group, through the subsidiary Mondadori Media S.p.A., executed the contract of sale to Reworld Media S.A. of the paper and digital publishing business of the titles Grazia and Icon, as well as the related international licences network.

The execution of the transaction took place with the transfer of the business unit heading the operations disposed of to a newly-incorporated company and the concurrent disposal to Reworld Media of 100% of the share capital of the transferee.

Acquisition of A.L.I. S.r.l. - Agenzia Libraria International

On **13 January 2023**, the Mondadori Group finalised, through its subsidiary Mondadori Libri S.p.A., the acquisition of a further 25% stake in A.L.I. S.r.l. - Agenzia Libraria International, which operates in the distribution of books.

The transaction - as a result of which the Mondadori Group increased its stake in A.L.I. S.r.l. - Agenzia Libraria International, to 75%, which is therefore consolidated on a line-by-line basis as of 1 January 2023 - took place in accordance with the agreements defined and communicated on 11 May 2022 at the time of the acquisition of an initial 50% stake, with an earlier effective date than the date originally scheduled of 28 February 2023.

The provisional price, paid entirely in cash, was approximately € 9.5 million and was determined on the basis of an average 2021-2022 EBITDA and the positive net financial position (cash) of the scope covered by the transaction, which at 31 December 2022 amounted to € 17.8 million (preliminary figure).

Additionally, the defined agreements gave the Mondadori Group the right to acquire the remaining 25% at a price to be determined on the basis of an average 2023-2024 EBITDA, through put&call options exercisable by 30 July 2025.

45. INFORMATION PURSUANT TO ARTICLE 149-DUODECIS OF CONSOB ISSUER REGULATION

Table drawn up pursuant to Article 149-duodecies of CONSOB Issuer Regulation, illustrating fees paid in 2022 for auditing and other services provided by EY S.p.A. and by other entities belonging to the same network.

Service	Entity providing the service	Beneficiary of the service	Amount Euro/thousands
Auditing	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	419
	EY S.p.A.	Subsidiaries	613
Certification services (1)	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	39
	EY S.p.A.	Subsidiaries	100
Other services (2)	Other EY network entities	Arnoldo Mondadori Editore S.p.A.	66
Total			**1,237**

(1) Include audit of the Non-Financial Statement, Accertamento Diffusione e Stampa activities and other certification work
(2) Include compliance endorsements on tax returns

46. INFORMATION PURSUANT TO LAW 124/2017 ARTICLE 1, PARAGRAPH 125bis

In 2022, the Group received the following amounts:

- € 1,128 thousand, as a contribution pursuant to DG-MU Decree no. 407 of 7 April 2022;

- € 5,248 thousand, as a contribution pursuant to DG-MU Decree no. 614 of 17 June 2022;

- € 1,886 thousand, recognised for the costs incurred for the purchase of paper for printing publications in 2019 and 2020, pursuant to Legislative Decree 19 May 2020, Article 188 and subsequent amendments;

- € 114 thousand, as a contribution, in the form of tax credit, for the purchase of electricity, pursuant to Article 3 of Legislative Decree No. 21/2022;

- € 7 thousand, as a contribution, in the form of tax credit, for the purchase of natural gas, pursuant to Article 4 of Legislative Decree No. 21/2022.

47. OTHER INFORMATION

Effects of the conflict between Russia and Ukraine

Concerning the effects on the operating and financial situation resulting from the Russia-Ukraine war, the Mondadori Group clarifies:

- to have no "direct" impacts, as it has no production sites in the affected area, nor does this area represent an outlet market for publishing production or services offered by the Group;

- to have "indirect" impacts, due to the increase in prices of raw materials, energy and transportation.

As for the increase in paper prices, Mondadori has taken measures to optimize paper consumption by reviewing sizes, weights and number of pages of certain products, fine-tuning print runs, acting, where possible with a view to competition, on retail prices, and reviewed procurement policies.

Finally, Mondadori implemented further corrective actions aimed at achieving efficiencies.

Effects resulting from climate change

The Group, by virtue of its sector, is not particularly exposed to the consequences of climate change; however, it remains sensitive to these issues and has therefore implemented, or has planned to implement, energy efficiency initiatives, aimed at reducing the emission of greenhouse gases (CO2).

In particular, Section 4.3 of the Non-Financial Statement, to which reference should be made, lists these initiatives, which have been taken into account in the medium-term plan.

Macroeconomic impacts

Mondadori, by adopting a hedging policy for its medium- to long-term exposure, neutralised the increases in interest rates resulting from the monetary policies implemented by central banks and the consequent increase in the borrowing costs charged by credit institutions.

Modest effects were recorded by the Group in relation to the costs of very short-term financing (hot money) with which the Group finances its exposure deriving from net working capital.

Overall, the cost (average interest rate) borne by the Group in the financial year 2022 was 0.47%.

As regards the impairment test, conducted for the purpose of verifying the sustainability of the book values of certain asset items, it should be noted that the cash flows used incorporate the impacts of the inflationary trend triggered by the macroeconomic scenario, while the discount rates reflect the aforementioned increase in borrowing costs: by virtue of these factors, following the impairment test, it was necessary to write down some intangible asset items, as illustrated in more detail in the note relating to the impairment test (Note 11).

For the Board of Directors

The Chairman

Marina Berlusconi

CERTIFICATION OF THE CONSOLIDATED FINANCIAL

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

1. The undersigned Antonio Porro, in his capacity as CEO, and Alessandro Franzosi, in his capacity as Financial Reporting Manager of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for the drafting of the Group's consolidated financial statements in 2022.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Group's consolidated financial statements at 31 December 2022 was carried out based on a specific process defined by Arnoldo Mondadori Editore S.p.A. consistent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. We also hereby certify that:

3.1 the Consolidated Financial Statements at 31 December 2022:

a. were drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002, as well as with the provisions set out for the implementation of Article 9 of Legislative Decree no. 38/2005;

b. agree with the results of the accounting records and entries;

c. provide a true and fair view of the statements of financial position and results of operations of the Company and the group of businesses included in the consolidation scope.

3.2 the Report on Operations includes a reliable analysis of performance and results, of the situation of the Company and of the businesses included in the consolidation scope, along with the description of the main risks and uncertainties they are exposed to.

16 March 2023

Chief Executive Officer Antonio Porro	Financial Reporting Manager Alessandro Franzosi





Acquisitions and new companies
In 2022, new entities joined the Mondadori Group and new companies were created. On this page, top-left: **De Agostini Libri with** Claudio Cammarano, Mattia De Bernardis, Annachiara Tassan and Lorenzo Garavaldi; **Zenzero Talent Agency** with Lisa Bontempelli, Ludovica Rozera, Alessandra Rigolio, Carolina Cefalù and Nicole Cavallo. Centre: **Webboh** with Diego Odello, Giulio Pasqui, Grazia Gasperini and Ivan Buratti. Bottom: **Star Comics** with Claudia Bovini and Simone Bovini and the first line of **D Scuola** with Roberto Devalle, Luca Vajani, Gian Luca Pulvirenti, Paolo Reniero. In 2022, the Mondadori Group also acquired A.L.I. Agenzia Libraria International, led by the Belloni family.

Arnoldo Mondadori Editore S.p.A. Financial Statements at 31 December 2022

STATEMENTS OF FINANCIAL POSITION

Assets (Euro)	Notes	31/12/2022	31/12/2021
Intangible assets	1	**5,621,515**	**5,868,896**
Real estate		—	—
Land and buildings		—	—
Plant and equipment		835,109	1,014,412
Other tangible fixed assets		3,374,392	2,334,192
Property, plant and equipment	2	**4,209,501**	**3,348,604**
Assets from rights of use	3	**27,329,409**	**42,226,590**
Subsidiaries		661,816,879	526,568,867
Investments in joint ventures and associates		6,966,000	8,924,000
Other investments		1,100,745	677,137
Total investments	4	**669,883,624**	**536,170,004**
Non-current financial assets	5	10,960,331	552,966
Pre-paid tax assets	6	1,298,288	1,759,689
Other non-current assets	7	124,406	58,254
Total non-current assets		**719,427,073**	**589,985,003**
Tax receivables	8	8,762,619	9,402,000
Other current assets	9	3,051,610	2,618,056
Inventory		—	—
Trade receivables	10	13,758,677	12,280,257
Other current financial assets	11	24,490,256	23,107,314
Cash and cash equivalents	12	25,325,242	72,946,835
Cash and cash equivalents		**75,388,405**	**120,354,462**
Assets held for sale or transferred		—	—
Total assets		**794,815,478**	**710,339,466**

Liabilities (Euro)	Notes	31/12/2022	31/12/2021
Share capital		67,979,168	67,979,168
Treasury shares		(2,024,356)	(1,802,559)
Other reserves and results carried forward		141,540,194	109,186,234
Profit (loss) for the period		52,067,225	44,205,586
Total equity	**13**	**259,562,231**	**219,568,430**
Provisions	14	3,879,330	6,106,426
Post-employment benefits	15	1,828,590	1,904,100
Non-current financial liabilities	16	104,534,705	118,649,344
Financial liabilities IFRS 16	16	22,377,228	38,523,660
Deferred tax liabilities	6	4,519,500	1,687,961
Other non-current liabilities		—	—
Total non-current liabilities		**137,139,353**	**166,871,491**
Income tax payables		—	—
Other current liabilities	17	10,032,496	12,306,508
Trade payables	18	18,402,704	13,270,057
Payables to banks and other financial liabilities	16	364,393,177	293,046,671
Financial liabilities IFRS 16	16	5,285,517	5,276,310
Total current liabilities		**398,113,894**	**323,899,545**
Liabilities held for sale or transferred		—	—
Total liabilities		**794,815,478**	**710,339,466**

INCOME STATEMENTS

(Euro)	Notes	31/12/2022	31/12/2021
Revenue from sales and services	19	**41,752,306**	**41,072,598**
Decrease (increase) in inventory		—	—
Cost of raw and ancillary materials, consumables and goods	20	374,156	271,873
Cost of services	21	27,762,224	26,816,897
Cost of personnel	22	21,544,041	23,969,409
Other (income) expense	23	(1,244,362)	1,378,735
EBITDA		**(6,683,754)**	**(11,364,317)**
Amortization and impairment loss on intangible assets	1	2,633,692	2,729,677
Depreciation and impairment loss on property, plant and equipment	2	1,292,288	1,147,060
Amortization/depreciation and impairment loss of assets from rights of use	2	5,553,591	5,600,298
EBIT		**(16,163,324)**	**(20,841,351)**
Financial expense (income)	24	2,725,027	3,464,704
Expense (income) from investments	25	(67,471,434)	(65,292,367)
Result before tax		**48,583,083**	**40,986,312**
Income tax	26	(3,484,142)	(3,219,274)
Result from continuing operations		**52,067,225**	**44,205,586**
Result from discontinued operations		—	—
Net result		**52,067,225**	**44,205,586**

STATEMENTS OF COMPREHENSIVE INCOME

(in Euro)	31/12/2022	31/12/2021
Net result	**52,067,225**	**44,205,586**
Items reclassifiable to income statement		
Effective portion of income (loss) on cash flow hedge instruments	10,531,607	1,405,976
Tax effect	(2,527,586)	(337,434)
Items of the comprehensive income statement of investments measured at equity	1,774,771	1,897,717
Reclassified entries under income statement		
Effective portion of income (loss) on cash flow hedge instruments	324,007	495,832
Tax effect	(77,762)	(119,000)
Items not reclassifiable to income statement		
Actuarial income/ (losses)	80,519	53,544
Tax effect	(19,325)	(12,851)
Actuarial gains/(losses) from equity-accounted investees	321,434	(36,054)
Comprehensive net result	**62,474,891**	**47,553,316**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2021 AND 2022

(Euro/thousands)	Share capital	Treasury shares	Performance share reserve	Discounting reserve - IAS 19 post-employment benefits	Cash flow hedge reserve	Other reserves	Result for the period	Total equity
Balance at 31/12/2020	67,979	(2,771)	2,144	513	(623)	100,664	4,503	172,409
Changes in:								
- Allocation of result						4,503	(4,503)	—
- Purchase of treasury shares		(1,516)						(1,516)
- Provision Performance shares			1,110					1,110
- Granting Performance shares		2,484	(1,977)			(507)		—
- Other changes						11		11
- Comprehensive profit/(loss)				41	1,445	1,862	44,206	47,554
Balance at 31/12/2021	67,979	(1,803)	1,277	554	822	106,533	44,206	219,568

(Euro/thousands)	Share capital	Treasury shares	Performance share reserve	Discounting reserve - IAS 19 post-employment benefits	Cash flow hedge reserve	Other reserves	Result for the period	Total equity
Balance at 31/12/2021	67,979	(1,803)	1,277	554	822	106,533	44,206	219,568
Changes in:								
- Allocation of result						44,206	(44,206)	—
- Dividends						(22,161)		(22,161)
- Purchase of treasury shares		(757)						(757)
- Provision Performance shares			881					881
- Granting Performance shares		535	(427)			(109)		—
- Other changes						(444)		(444)
- Comprehensive profit/(loss)				61	8,250	2,096	52,067	62,475
Balance at 31/12/2022	67,979	(2,024)	1,731	615	9,073	130,122	52,067	259,562

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENTS OF CASH FLOWS

Euro thousands	31/12/2022	31/12/2021
Net result	52,067	44,206
Adjustments		
Amortization, depreciation and write-downs	9,480	9,477
Income tax for the period	(3,484)	(3,219)
Stock options	508	722
Provisions and post-employment benefits	(2,620)	425
Gains (losses) from disposal of intangible assets, property plant and equipment and investments	—	(390)
(Income)/expense from securities valuation	—	268
(Income)/expense from measurement of investments at equity	(67,471)	(65,292)
Net financial expense (income) on loans, leases and derivative transactions	4,160	3,876
Other non-monetary adjustments to discontinued operations	—	—
Cash flow generated from operations	**(7,360)**	**(9,927)**
(Increase) decrease in trade receivables	(1,482)	1,446
(Increase) decrease in inventory	—	—
Increase (decrease) in trade payables	4,097	(7,532)
(Payment) cash in from income tax	4,043	5,968
Increase (decrease) in provisions and post-employment benefits	401	(855)
Net change in other assets/liabilities	(2,031)	3,547
Net change in discontinued operations	—	—
Net change in contribution	—	—
Cash flow generated from (absorbed by) operations	**(2,332)**	**(7,353)**
Price collected (paid) net of cash transferred/acquired	—	—
(Purchase) disposal of intangible assets	(1,829)	(1,069)
(Purchase) disposal of property, plant and equipment	(1,675)	1,738
(Purchase) disposal of investments	(124,041)	(144,954)
(Purchase) disposal of discontinued operations	—	—
Income from investments - dividends	60,290	39,065
(Purchase) disposal of securities	—	4,924
(Purchase) disposal from contribution	—	—
Cash flow generated from (absorbed by) investing activities	**(67,255)**	**(100,296)**
Increase (decrease) in payables to banks for loans	(35,833)	29,467
Change in other financial assets - Intercompany	(934)	19,190
Change in other financial liabilities - Intercompany	(27,477)	(42,785)
(Purchase) disposal of treasury shares	(757)	(1,516)
Net change in other financial assets/liabilities	110,605	75,871
Dividends	(22,161)	—
Cash in of net financial income (payment of net financial expense) on loans and transactions in derivatives	(1,477)	(1,307)
Cash flow generated from (absorbed by) discontinued operations	—	—
(Purchase) disposal from contribution	—	—
Cash flow generated from (absorbed by) financing activities	**21,966**	**78,920**
Increase (decrease) in cash and cash equivalents	**(47,621)**	**(28,729)**
Increase (decrease) in cash from contribution	**—**	**—**
Cash and cash equivalents beginning of period	**72,947**	**101,676**
Cash and cash equivalents end of period	**25,326**	**72,947**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENTS OF FINANCIAL POSITION PURSUANT TO CONSOB REGULATION NO. 15519 OF 27 JULY 2006

Assets (Euro/thousands)	Notes	31/12/2022	of which related parties (note 29)	31/12/2021	of which related parties (note 29)
Intangible assets	**1**	**5,622**		**5,869**	
Land and buildings		—		—	
Plant and equipment		835		1,014	
Other tangible fixed assets		3,374		2,334	
Property, plant and equipment	2	4,210		3,349	
Assets from rights of use	3	27,329		42,227	
Investments	4	669,884		536,170	
Non-current financial assets	5	10,960	500	553	500
Pre-paid tax assets	6	1,298		1,760	
Other non-current assets	7	124		58	
Total non-current assets		**719,427**	**500**	**589,985**	**500**
Tax receivables	8	8,763	4,758	9,402	4,754
Other current assets	9	3,052		2,618	
Inventory		—		—	
Trade receivables	10	13,759	13,307	12,280	12,046
Other current financial assets	11	24,490	24,475	23,107	23,099
Cash and cash equivalents	12	25,325		72,947	
Cash and cash equivalents		**75,388**	**42,540**	**120,354**	**39,899**
Assets held for sale or transferred					
Total assets		**794,815**	**43,040**	**710,339**	**40,399**

STATEMENTS OF FINANCIAL POSITION PURSUANT TO CONSOB REGULATION NO. 15519 OF 27 JULY 2006

Liabilities		**31/12/2022**	**of which related parties**	**31/12/2021**	**of which related parties**
(Euro/thousands)	**Notes**		**(note 29)**		**(note 29)**
Share capital		67,979		67,979	
Treasury shares		(2,024)		(1,803)	
Other reserves and results carried forward		141,540		109,186	
Profit (loss) for the period		52,067		44,206	
Total equity	**13**	**259,562**		**219,568**	
Provisions	14	3,879		6,106	
Post-employment benefits	15	1,829		1,904	
Non-current financial liabilities	16	104,535		118,649	
Financial liabilities IFRS 16	16	22,377		38,524	
Deferred tax liabilities	6	4,519		1,688	
Other non-current liabilities		—		—	
Total non-current liabilities		**137,139**		**166,871**	
Income tax payables		—		—	
Other current liabilities	17	10,032	2,542	12,307	2,530
Trade payables	18	18,403	650	13,270	482
Payables to banks and other financial liabilities	16	364,393	338,465	293,047	246,776
Financial liabilities IFRS 16	16	5,286		5,276	
Total current liabilities		**398,114**	**341,658**	**323,900**	**249,788**
Liabilities held for sale or transferred		—		—	
Total liabilities		**794,815**	**341,658**	**710,339**	**249,788**

INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(Euro/thousands)	Notes	2022	of which related parties (note 29)	of which non-recurring (income) expense	2021	of which related parties (note 29)	of which non-recurring (income) expense
Revenue from sales and services	19	41,752	41,516		41,073	40,945	
Decrease (increase) in inventory		—	—		—	—	
Cost of raw and ancillary materials, consumables and goods	20	374	138		272	11	
Cost of services	21	27,762	219		26,817	(494)	
Cost of personnel	22	21,544	(2,281)		23,969	(1,998)	
Other (income) expense	23	(1,244)	—		1,379	1	
EBITDA		**(6,684)**	**43,439**		**(11,364)**	**43,427**	
Amortization and impairment loss on intangible assets	1	2,634	—		2,730	—	
Depreciation and impairment loss on property, plant and equipment	2	1,292	—		1,147	—	
Amortization/depreciation and impairment loss of assets from rights of use	2	5,554	—		5,600	—	
EBIT		**(16,163)**	**43,439**		**(20,841)**	**43,427**	
Financial expense (income)	24	2,725	(542)		3,465	(593)	
Expense (income) from investments	25	(67,471)	(67,471)		(65,292)	(65,292)	(18,693)
Result before tax		**48,583**	**111,453**	**—**	**40,986**	**109,312**	**18,693**
Income tax	26	(3,484)	—		(3,219)	—	
Result from continuing operations		**52,067**	**111,453**	**—**	**44,206**	**109,312**	**18,693**
Result from discontinued operations		—	—		—	—	
Net result		**52,067**	**111,453**	**—**	**44,206**	**109,312**	**18,693**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. GENERAL INFORMATION

The core business of Arnoldo Mondadori Editore S.p.A. is Publishing in the areas of Trade Books, Educational and Magazines, with the relating advertising sales, as well as Retailing through its directly-managed and franchised stores. The Company has its registered office in Via Bianca di Savoia 12, Milan, and headquarters in Strada privata Mondadori, Segrate/Milan.

The Company is present through the storage device on the www.1info.it website.

The draft financial statements of Arnoldo Mondadori Editore S.p.A. for the year ended 31 dicembre 2022 were approved by the Board of Directors on 16 March 2023 and made available, together with the additional documents forming the Company's Annual Report, pursuant to Article 154-ter of the TUF (Finance Consolidation Act), and the Statutory Auditors' and Independent Auditors' Reports, within the time limits established by current laws, at the registered office, at Borsa Italiana S.p.A. and on the Company's website.

The Company's financial statements will be filed with the Company Registry within 30 days after the Annual General Meeting called on 28 April 2023 to approve the 2022 financial statements.

Information pursuant to Article 2427, no. 22-quinquies, of the Italian Civil Code

Arnoldo Mondadori Editore S.p.A. is part of the Fininvest Group, whose consolidated financial statements are prepared by the parent Finanziaria d'Investimento Fininvest S.p.A.. A copy of the consolidated financial statements of the Fininvest Group is filed with the registered office of Finanziaria d'Investimento Fininvest S.p.A., in Largo del Nazareno 8, Rome.

2. FORM AND CONTENT

The financial statements at 31 dicembre 2022 were prepared in accordance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the EU, and with the International Financial Reporting Interpretations Committee (SIC/IFRIC).

The financial statements were drawn up based on the historical cost, adjusted as requested to evaluate a few financial instruments, and on a going concern basis. The Company has assessed that, despite the challenging economic, financial and core market context, there are no significant uncertainties (as defined by IAS 1. 25) surrounding its ability to continue operations, also as a result of the actions undertaken to adjust to the changed market scenarios, and of its industrial and financial flexibility.

Arnoldo Mondadori Editore S.p.A. adopted the body of the standards applied as from 1 January 2005, following entry into force of European Regulation no. 1606 of 19 July 2002.

The financial statements at 31 dicembre 2022 were drawn up in accordance with the accounting standards used for the preparation of the IAS/IFRS consolidated financial statements at 31 dicembre 2022, considering the amendments and the new standards effective as from 1 January 2022, as per Note 3.25.

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

- current and non-current assets and current and non-current liabilities are shown separately in the statements of financial position;

- in the separate income statement, the analysis of costs is carried out on the basis of the nature of the costs, since the Company decided that this method is more representative than an analysis by function;

- the comprehensive income statement contains revenue and cost items that are not recognised under profit (loss) for the year as required or allowed by the other IAS/IFRS accounting standards;

- the statement of cash flows was prepared using the indirect method.

With regard to the requirements of CONSOB Resolution no. 15519 of 27 July 2006 concerning the tables to the financial statements, specific supplementary tables were included to highlight significant transactions with "Related parties" and "Non-recurring transactions".

The amounts shown in the tables and in these notes are expressed in Euro thousands unless otherwise stated.

3. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The following is an explanation of the standards adopted by the Company in preparing the IAS/IFRS financial statements at 31 dicembre 2022.

3.1 Intangible assets

When it is probable that costs will generate future economic benefits, intangible assets include the cost, including ancillary expense, of the purchase of assets or resources, without any physical form, used in the production of goods or in the supply of services, to rent to third parties or for administrative purposes, on condition that the cost is quantifiable in a reliable manner and that the goods are clearly identifiable and controlled by the company that owns them.

Costs incurred after the initial purchase are included in the increase of the cost of intangible assets in direct relation to the extent to which those costs are able to generate future economic benefits.

Internal costs for producing publishing trademarks and for the launch of journalistic titles are recognised in the income statement for the year in question.

Subsequent to initial recognition, intangible assets are measured at cost, net of accumulated amortisation and any accumulated impairment loss.

Intangible assets purchased separately and those purchased as part of business combinations that took place before the first-time adoption of IAS/IFRS were initially recognised at cost, while those purchased as part of business combination transactions concluded after the first-time adoption of IAS/IFRS are initially recognised at fair value.

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

Intangible assets with finite useful life
The cost of intangible assets with finite useful life is systematically amortised over the useful life of the asset from the moment the asset is available for use. The amortisation criteria depend on how the relating future economic benefits contribute to the Company's result.

The amortisation rates reflecting the useful lives attributed to intangible assets with finite useful life are as follows:

Intangible assets with a finite useful life	Amortisation rates and useful life
Goods under concession or license	Term of the concession and license
Software and development costs	Straight line over 3 years
Patents and rights	Straight line over 3-5 years
Other intangible assets	Straight line over 3-5 years

Intangible assets with finite useful life are subject to an impairment test whenever there is an indication of a possible impairment. The period and method of amortisation applied are reviewed at the end of each year or more frequently, if necessary, whenever there are reasons to believe that changes have occurred.

Changes in the expected useful life or in the way future economic benefits linked to intangible assets are expected to be earned by the Company, are recognised by modifying the period or method of amortisation, and are treated as adjustments to accounting estimates.

Intangible assets with indefinite useful life

Intangible assets are considered to have indefinite useful life when, on the basis of a thorough analysis of the relevant factors, there is no foreseeable limit to the length of time the assets may generate income for the Company.

Goodwill represents the excess of the cost of a business combination over the Company's purchased share in the fair value of the assets and liabilities acquired, as identifiable at the time of purchase. Goodwill and other intangible assets with indefinite useful life are not subject to amortisation but to an impairment test of their book value. This test concerns the value of the individual assets or of the cash generating unit and is carried out whenever it is believed that the value has decreased and in any case at least once a year.

In cases where goodwill is attributed to a cash generating unit (or to a group of units) whose assets are partly disposed of, goodwill associated with the asset disposed of is reviewed in order to determine any capital gains or losses resulting from the transaction. In these circumstances, goodwill disposed of is measured on the basis of the value of the assets disposed of, compared with the asset still included in the cash generating unit in question.

3.2 Property, plant and equipment

Any costs attributable to the purchase of property, plant and equipment are recognised as assets, on condition that the relevant costs can be reliably calculated and any relating future economic benefits accrue to the entity.

Assets booked to property, plant and equipment are recognised based on the purchase method, including any ancillary expense, and are stated net of depreciation and any impairment loss.

Costs incurred after the initial purchase are recognised as an increase in cost in direct relation to the extent that these costs can improve the asset's yield.

Assets booked to property, plant and equipment purchased as part of acquisitions and business combinations are initially recognised at fair value as determined at the time of purchase and, subsequently, at historical cost.

Assets booked to property, plant and equipment, with the exception of land, are depreciated on a straight-line basis during the useful life of the asset from the moment the assets are available for use.

If the assets include more than one significant component and the components have different useful lives, each individual component is depreciated separately.

The depreciation rates that generally reflect the useful lives attributed to Group property, plant and equipment are shown in the table below:

Property, plant and equipment	**Depreciation rate**
Instrumental buildings	3%
Plant	10% - 25%
Machinery	15,5%
Equipment	12,5% - 25%
Electronic office equipment	30%
Office furniture, facilities and fittings	12%
Motor and transport vehicles	20% - 30%
Other tangible assets	20%

The residual value of assets, useful lives and depreciation criteria applied are reviewed on an annual basis and adjusted, if necessary, at year end.

Leasehold improvements are recognised as fixed assets and depreciated over the lower of the residual useful life of the asset and the residual term of the lease contract.

3.3 Rights-of Use-Assets

IFRS 16 sets out the principles for recognising, measuring, presenting and disclosing lease contracts and requires lessees to account for all lease contracts in the financial statements.
Application of this standard results in the initial recognition in the statement of financial position of (i) an asset, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, which will be amortised/depreciated over the shorter of the technical economic life and the remaining term of the contract, and (ii) a financial liability, equal to the present value of the future minimum compulsory rentals to be paid by the lessee from 1 January 2019 or from the contract commencement date if later than the date of first-time application, unpaid at the transition date. The payable will then be reduced as lease payments are made. The lease payment is no longer recorded in EBITDA, recording instead (i) the amortisation/depreciation of the right of use and (ii) the financial expense on the payable entered.

Lessees must also remeasure the lease liability on occurrence of certain events (for example: a change in the terms of the lease or a change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee generally recognizes the amount of the re-measurement of the liability as an adjustment to the asset's right of use.

In the adoption of IFRS 16, the Company made use of the exemptions granted by section IFRS 16.5 (a) relating to short-term leases, and by IFRS 16.5 (b) relating to lease contracts whose underlying asset is a low-value asset. For such contracts, the introduction of IFRS 16 implied the recognition of the financial liability of the lease and the relating right of use, but lease payments are recognised in the income statement on a straight-line basis for the duration of the respective contracts.

3.4 Financial expense

Under IAS 23, the Company capitalizes financial expense resulting from asset purchase, development or production. In case of assets that do not justify capitalization, the expense is recognised in the income statement in the year in which it is incurred.

3.5 Impairment

The value of intangible assets, and property, plant and equipment and rights of use is subject to an impairment test whenever it is believed it may have decreased.

Impairment tests are carried out at least once a year on goodwill, other intangible assets with indefinite useful life and on other assets that are not available for use, and are performed by comparing the book value with whichever is higher between the fair value less costs to sell and the value in use of the asset.

If no binding sales agreement or active market for an asset exist, the fair value is calculated on the basis of the best information available on the amount the entity would obtain at closing from the disposal of an asset in a free transaction between informed and willing parties, having deducted the costs of disposal.

The value in use of an asset is determined by discounting the cash flows expected from its use, subjecting forecasts of the relevant financial income on reasonable and sustainable assumptions used by the Directors to best represent the economic conditions foreseen for the remainder of the life of the asset, giving more weight to external indicators.

Discounting rates reflect current market estimates of the time value of money and the specific risks connected to the asset.

The valuation is carried out by individual asset or by the smallest Cash Generating Unit that generates cash flows from asset use.

Should the recoverable value resulting from the impairment test be lower than cost, the loss is recognised as a reduction in the value of the asset and recognised as a cost item in the income statement.

If during subsequent financial years, when the impairment test is repeated, the reasons for the write-down no longer apply, the value of the asset, excluding goodwill, is written back to take account of the new recoverable value, which should never exceed the value that would have been stated had no impairment been recognised.

3.6 Investments in subsidiaries, joint ventures and associates

Subsidiaries are business entities in which the Company has the power to determine, both directly and indirectly, administrative and managerial decisions and obtain the resulting benefits. Generally, control is assumed when the Company owns, directly or indirectly, more than half of the voting rights in the ordinary Shareholders' Meeting, including any potential rights to vote resulting from convertible securities.

Joint ventures are business entities in which the Company exercises, together with one or more partners, joint control over business activities. Joint control envisages that the strategic, financial and managerial decisions are made with the unanimous agreement of the parties sharing control.

Associates are business entities in which the Company has a considerable influence in the determination of the relevant administrative and managerial decisions, though not having control. Generally, a considerable influence is assumed when the Company owns, directly or indirectly, at least 20% of the voting rights in the ordinary Shareholders' Meeting.

Investments in subsidiaries, joint ventures and associates are initially recognised at cost and subsequently adjusted as a result of any changes in the interest in the relevant equity.

The investor's profit or loss includes its share of the investee's profit or loss, and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Investments in companies are recognised at fair value in accordance with IFRS 9. Adjustments and any write-backs are recognised in the income statement.

The value of investments is subject to an impairment test whenever there are indications of a possible impairment loss. If the impairment test indicates an impairment loss, the investment is written down. Write-downs and write-backs are recorded in the income statement.

3.7 Financial assets

Financial assets are initially recognised at cost, increased by ancillary purchase expense, corresponding to the fair value of the price paid. Purchases and sales of financial assets are recognised as from the trading date, which corresponds to the date in which the Company agrees to purchase or sell the assets in question. After initial recognition, financial assets are posted according to the relevant classification, as outlined below:

Financial assets classified as "held to collect" and measured at fair value through P&L
This category includes financial assets held for trading, acquired for the purpose of sale in the short term.

Profit and loss deriving from the fair value measurement of assets held for trading is recognised in the income statement.

Held-to-maturity investments
Assets that envisage fixed or determinable payments with a fixed maturity date, that the Company intends to hold in its portfolio, are classified as held-to-maturity investments.

Long-term financial investments held to their maturity, such as bonds, are valued, after their initial recognition by using the amortised cost method based on effective interest rates, i.e. the rates that will apply to future payments or returns estimated for the entire life of the financial instrument.

Calculation of amortised cost also considers any discounts or premiums that will be applied over the period of time to maturity.

Financial assets that the Company decides to keep in its portfolio for an indefinite period do not fall into this category.

Loans and receivables
This item includes financial assets that do not have fixed or determinable payments and are not listed on an active market.

These assets are recognised at amortised cost, under IFRS 9, using the discounting method. Profit and loss is recognised in the income statement when loans and receivables are written off or in case of impairment loss, as well as through amortisation. The Company includes trade receivables, both financial and other receivables into this category.

These are due within twelve months and are therefore recorded at their estimated realizable value. This class also includes "Cash and cash equivalents".

3.8 Trade and other receivables

Trade and other receivables are recorded at the fair value of the price collected during the transaction. Receivables are recognised at current values when the relevant financial impact linked to the expected collection time span is significant and the collection date can be reliably estimated.

Receivables are recognised in the financial statements at their estimated realizable value, taking account of expected losses.

3.9 Treasury shares

Treasury shares recognised as a reduction of equity are booked in a separate reserve.

No profit or loss is recognised in the income statement for the purchase, sale, issue, cancellation or any other transaction involving treasury shares.

3.10 Cash and cash equivalents

“Cash and cash equivalents” includes cash on hand and financial investments falling due within three months and which entail only a minimal risk of change in their face value. They are recognised at face value.

3.11 Financial liabilities

Financial liabilities include financial payables, derivative instruments, payables associated with finance leases and trade payables. All financial liabilities other than derivative financial instruments, under IFRS 9 are initially measured at fair value, increased by any transaction costs, and are subsequently measured at amortised cost using the interest rate method.
Financial liabilities hedged by derivative instruments against the risk of changes in value (“fair value hedges”), are measured at fair value, in accordance with IAS 39 - Hedge accounting, as an exception to the provisions of IFRS 9: profit and loss resulting from subsequent variations in fair value is recognised in the income statement. Any changes linked to the effective hedge portion are offset by adjusting the value of the relevant derivative instruments.

Financial liabilities hedged by derivative instruments against the risk of changes in cash flow (“cash flow hedges”), are measured at amortised cost in compliance with IAS 39 - Hedge accounting.

3.12 Derecognition of financial assets and liabilities

A financial asset or, where applicable, part of a financial asset or parts of a group of similar financial assets, is derecognised when:
- the right to receive cash flows from the asset has been extinguished;
- the Company still has the right to receive cash flows from the asset but has taken on a contractual obligation to transfer the entire cash flow promptly to a third party;
- the Company has transferred the right to receive cash flows from an asset and has transferred substantially all the risks and benefits deriving from the ownership of the financial asset or has transferred control of the financial asset.

A financial liability is derecognised when the underlying obligation has been discharged, cancelled or expired.

3.13 Impairment of financial assets

At the balance sheet date, the Company carries out an impairment test in order to determine whether a financial asset or group of financial assets has suffered an impairment loss.

Financial assets recognised at amortised cost
If there is objective evidence of an impairment in loans and receivables, the loss amount is recognised in the income statement and is calculated as the difference between the asset's book value and the current value of the estimated cash flows discounted based on the interest rate used initially for the asset.

If, in a subsequent year, the impairment amount decreases and such reduction can be objectively attributed to an event that has occurred after the recognition of impairment, the previously recognised impairment is written back to the amount the asset would have had, taking amortisation into account, at the date of the write-back.

Available-for-sale financial assets
When any financial asset available for sale is subject to impairment, the accumulated impairment loss is recognised in the income statement. Write-backs for equity instruments classified as available for sale are not recognised in the income statement. Write-backs for debt instruments are recognised in the income statement if the increase in the fair value of the instrument can be objectively attributed to an event that occurred after the recognition of impairment in the income statement.

3.14 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date they are stipulated. When a hedge operation is entered into, the Company designates and formally documents the hedge relationship for hedge accounting purposes and its objectives for risk and strategy management purposes. The documentation includes the identification of the hedging instrument, the object or transaction subject to hedge, the nature of the risk and the criteria adopted by the Company to evaluate hedging effectiveness in offsetting exposure to fair value fluctuations of the object hedged or cash flows correlated to the risk hedged.

It is assumed that such hedges are highly effective to offset the exposure of the object hedged against fair value fluctuations or cash flows associated with the risk hedged. The valuation of the effectiveness of such hedges is carried out on an ongoing basis over the years of application.

Transactions that satisfy hedge accounting criteria are accounted for as follows:

Fair value hedge
If a derivative financial instrument is designated as a hedge against the exposure to variations in the fair value of an asset or liability attributable to a particular risk, the profit or loss deriving from subsequent variations in the fair value of the hedge instrument is recognised in the income statement. The profit or loss deriving from the adjustment of the fair value of the item hedged, to the extent attributable to the risk hedged, modifies the book value of the item and is recognised in the income statement.

As for the fair value hedge of items recognised at amortised cost, the adjustment of the book value is amortised in the income statement throughout the period before maturity.

Any adjustments to the book value of any hedged financial instrument for which the interest rate method is applied are amortised in the income statement.

Amortisation may begin as soon as an adjustment is identified but it may not be extended after the date in which the object hedged ceases to be subject to fair value adjustments attributable to the hedging risk. If the hedged object is cancelled, the fair value that has not been amortised is immediately recognised in the income statement.

Cash flow hedge
If a derivative financial instrument is designated as a hedging instrument against exposure to cash flow variations of an asset or liability included in the financial statements or of a highly probable transaction, the effective portion of profit or loss deriving from fair value adjustment of the derivative instrument is recognised in a special reserve under equity. The accumulated profit or loss is written off from the equity reserve and recognised in the income statement, when the results of the transaction subject to hedge are recognised in the income statement.

Profit and loss associated with the ineffective part of a hedge is recognised in the income statement. When a hedging instrument is terminated, but the transaction subject to hedge has not been carried out yet, the accumulated profit and loss is kept in the reserve under equity and will be reclassified in the income statement upon completion of the transaction. Should the transaction subject to hedge be considered as no longer probable, any unrealised profit and loss posted under the relevant equity reserve is recognised in the income statement.

When hedge accounting is not applicable, profit and loss deriving from the fair value measurement of the derivative financial instrument is recognised in the income statement.

3.15 Provisions

Provisions established to cover liabilities that have been clearly identified, are certain or probable but whose amount or date of occurrence cannot be foreseen at the reporting date, are recognised when a legal or implicit obligation can be assumed which refers to past events and when it is also assumed that such obligation implies expenses that can be reliably measured.

Provisions are measured at fair value based on each individual liability item. When the financial impact associated with the assumed time span for the outlay is relevant and the payment dates can be reliably foreseen, provisions include said financial component, which is recognised in financial income (expense) in the income statement.

3.16 Post-employment benefits

Benefits to employees upon termination of the relevant labour contract are broken down according to their economic nature as follows:
- defined contribution plans, represented by the sums accrued as of 1 January 2007;

- defined benefit plans, represented by the severance indemnity (TFR) fund accrued until 31 December 2006.

In the defined contribution plans, the entity’s legal or implicit obligation is limited to the amount of contributions to pay; hence, the actuarial and investment risks fall upon the employee. In the defined benefit plans, the entity’s obligation consists in granting and ensuring the agreed benefits to employees; hence, the actuarial and investment risks fall upon the entity.

Post-employment benefits are calculated by applying actuarial criteria to the severance indemnity provision accrued until 31 December 2006, taking into account both demographic assumptions, including mortality rates and employee turnover, and financial assumptions, relating to discounts reflecting the time value of money and the inflation rate.

The amount recognised as a liability for defined benefit plans is represented by the current liability value at closing, net of the current value of plan assets, if any. This liability item is recognised in the income statement and includes the following components:

- social security costs relating to current labour services;

- cost of interest;

• actuarial gains or losses;

• the expected return from any plans, if any.

The amounts accrued in favour of employees during the year, and any applicable actuarial profit or losses, are recognised under “Cost of personnel”, while the relevant financial component, which represents the cost the company would have to incur if it were to seek a loan on the market for the same amount, is recognised under “Financial income (expense)”.

The supplementary indemnity for agents is also determined on an actuarial basis. The amounts accrued in favour of agents during the year, which become payable upon termination of the labour contract only under certain conditions, are recognised under “Other expense (income)”.

3.17 Equity compensation plans

The Company grants additional benefits to a number of board members and managers whose functions are strategically relevant for the achievement of the Company’s results, through equity-settled compensation plans (Performance Share Plan).

In the case of share-based payments transactions settled with equity instruments of the Company, the fair value at the granting date, calculated according to a binomial model, is recorded under cost of personnel, with a corresponding increase in Equity under "Reserve for Performance shares", over the period during which the employees obtain the unconditional right to the incentives. All non-vesting conditions are taken into account when estimating the fair value of the equity instruments granted.

The benefits, directly attributed by the Parent Company Arnoldo Mondadori Editore S.p.A. to the executives/managers of subsidiaries, are recognised as an increase in the cost of the relevant investment with a balancing entry in “Performance share reserve” under equity.

Subsequently, the amount recognised as a cost is adjusted to reflect the actual number of shares for which the service condition and the non-market condition have been met, so that the final amount recorded as a cost is based on the number of incentives that will definitely vest.

Service or performance conditions are not taken into account when defining the fair value of the plan at the granting date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Market conditions are reflected in the fair value at granting date. Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognised for rights that do not ultimately vest because the performance and/or service conditions have not been met.

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3.18 Recognition of revenue and costs

Revenue from services is recognised based on the relevant state of completion.

Revenue from interest is recognised on an accrual basis by applying the effective interest method; dividends are recognised when the shareholder is acknowledged the right to payment.

Any revenue from barter transactions is recognised at fair value when the barter deal involves dissimilar services. Dissimilar services comprise barter deals for goods and advertising, when they refer to different communications means or product positioning.

Costs are recognised based on similar criteria as revenue and, in any case, on an accrual basis.

3.19 Current, pre-paid and deferred tax

Current tax is calculated on the basis of a taxable income estimate and in accordance with the laws applicable in the Country in which the Company has its registered offices.

Deferred and pre-paid tax is calculated on all the temporary differences arising between the taxable base of assets and liabilities and the relevant book values in the financial statements, with the exception of the following:

- temporary taxable differences deriving from the initial recognition of goodwill;

- temporary taxable or deductible differences resulting from the initial recognition of an asset or a liability in a transaction which does not imply business combination and which does not have any impact either on the result or the taxable income on the transaction date;

- in subsidiaries, associates and jointly-controlled companies when:

- the Company is in a position to control the timing for the reversal of temporary taxable differences and it is probable that such differences shall not reverse in the foreseeable future;

- it is not probable that deductible temporary differences will reverse in the foreseeable future and that taxable income is available to cover such temporary differences.

The value of prepaid tax amounts is reviewed at the balance sheet date and is reduced if it is no longer probable that sufficient taxable income will be available in the future to cover all or part of these assets.

Deferred tax assets and liabilities are calculated on the basis of the tax rates that are expected to apply in the year in which assets are realised and liabilities are settled, considering the then applicable tax rates or the tax rates essentially used at the balance sheet date.

Tax relating to items directly recognised under equity (cash flow hedge reserve) is recognised directly under equity and not under income statement.

3.20 Transactions denominated in foreign currencies

Revenue and costs deriving from transactions denominated in foreign currencies are posted in the relevant currency at the exchange rate applied on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate ruling at the balance sheet date and any exchange differences are recognised in the income statement.

Non-monetary items measured at historical cost in a foreign currency are converted using the exchange rates applied on the relevant transaction date. Non-monetary items recognised at fair value in a foreign currency are converted using the exchange rates applied on the fair value calculation date.

3.21 Grants and contributions

Grants and contributions are recognised if there is a reasonable certainty that they will be received and if all the conditions referring to them are satisfied. When grants refer to cost items, they are recognised as revenue and systematically distributed over the years so as to reflect the cost proportion they are intended to offset. When grants refer to assets, the relevant fair value is deferred in long-term liabilities and is recognised in equal amounts in the income statement over the useful life of the asset.

With regard to State aid and/or "de minimis" aid, pursuant to Article 1, paragraphs 125-129, of Law no. 124/2017, received by the Company, reference is also made to the content contained and published in the National State Aid Register.

3.22 Dividends

Dividends are recognised as a reduction in the value of the investment when shareholders are given right to them. This normally corresponds to the date of the AGM resolving upon dividend payout.

3.23 Discontinued assets and liabilities

Non-current assets and groups of assets and liabilities whose book value is mainly expected to be recovered through disposal instead of continuous use are recognised separately from other assets and liabilities in the statement of financial position. Such assets and liabilities, when their sale is highly likely, are classified as “held-for-sale or discontinued” and are measured at the lower between their book value and fair value less probable costs of disposal. Profit and loss, net of the related tax effect, resulting from the valuation or disposal of such assets or liabilities, is recognised in a separate item in the income statement.

3.24 Business combinations and other acquisitions

Business combinations are recognised using the purchase cost method pursuant to IFRS 3.

Upon acquisition date, assets and liabilities pertaining to the transaction are recognised at fair value, except for any anticipated and deferred tax and assets and liabilities relating to benefits in favour of employees, any equity compensation plans as well as assets classified as held for sale, which are measured according to the relevant reference standard. Ancillary expense relating to the transaction is recognised in the income statement in the year in which it is incurred.

Goodwill represents the difference between acquisition price, minority shareholders’ equity and the fair value of any interest previously held in the acquired company against the fair value of the net assets and liabilities acquired upon completion of the transaction.

When the value of the net assets and liabilities purchased on the acquisition date exceeds the acquisition price, the minority shareholders’ equity and the fair value of any interest previously held in the acquired company, such excess amount is recognised in the income statement in the year in which the acquisition transaction is completed.

Non-controlling interests’ equity may be measured, at acquisition date, either at fair value or pro-rata of the net assets recognised for the acquired company.

The choice of valuation method is made individually for each transaction.

For the purpose of calculating goodwill, any prices relating to the acquisition subject to the conditions of, and envisaged by business combination contracts, are measured at fair value as at the acquisition date and included in the relevant acquisition price.

Any subsequent changes in the fair value, referred to as adjustments deriving from additional information provided about facts and circumstances existing on the business combination completion date and in any case identified within the subsequent 12 months, are retroactively included in the value of goodwill.

In case of business combinations accomplished in subsequent steps, the investment previously held in the acquired company is subject to write-back at fair value from the date of control acquisition and any resulting profit or loss is recognised in the income statement in the year in which the transaction is completed.

Should the values of the assets and liabilities acquired be incomplete as at the date of drafting of these financial statements, the Company recognizes provisional values that will be later subject to adjustments in the financial year of reference within 12 months thereafter, so as to take account of any new information about facts and circumstances existing at the acquisition date, that, if made available earlier, would have had an impact on the value of the assets and liabilities recognised on that same date.

Business combinations completed before 1 January 2010 are recognised pursuant to the provisions contained in the previous version of IFRS 3.

3.25 Accounting standards, amendments and interpretations adopted by the EU, with effect from 1 January 2022 and applied by Arnoldo Mondadori Editore S.p.A.

The following is a list of new standards, interpretations and amendments subject to mandatory application as of 1 January 2022 that, based on the assessments performed, did not have a significant impact on the Company's financial statements as at 31 December 2022:

- amendments to IFRS 3 Business Combinations;
- amendments to IAS 16 Property, Plant and Equipment;
- amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- annual Improvements 2018-2020.

3.26 Accounting standards, amendments and interpretations not yet endorsed by the European Union

At the date of preparation of this document, the following new accounting standards, amendments and interpretations have been issued, which have not yet come into force and have not been adopted in advance by the Company:

- IFRS 17, effective from 1 January 2023;
- amendments to IAS 12 Income Taxes: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction, effective from 1 January 2023;
- amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of the accounting standards, effective from 1 January 2023;
- amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, effective from 1 January 2023;

- amendments to IAS 1 Presentation of Annual Financial Statements, effective from 1 January 2024:
  - classification of liabilities into current and non-current;
  - classification of liabilities into current and non-current - deferral of the effective date;
  - non-current liabilities with covenants.
- amendments to IFRS 16 Leases: lease liability in a sale and leaseback, effective from 1 January 2024.

4. USE OF ESTIMATES

In preparing the attached tables and the notes to these financial statements, it was deemed necessary to use estimates and assumptions in order to calculate, in particular, the provisions for returns relating to the sale of publishing products, the provisions for bad debts, the provision for risks, post-employment benefits and taxation and the expected cash flows to calculate the value of certain current and non-current assets, including intangible assets and goodwill.

These estimates are periodically reviewed and any effects are recognised in the income statement.

Estimates are based on the current status of information available, are examined periodically and effects reflected in the income statement.

It should be noted that in the current macroeconomic context and in the specific scenario of the publishing industry, marked by an ongoing financial and economic crisis, it was deemed necessary to make assumptions on the future trend based on significant uncertainty. Results in the coming years, therefore, may differ from the estimates, resulting in the need to make adjustments to the book value of each item, including significant adjustments, which cannot be foreseen or quantified today.

The most significant accounting estimates that involve a high level of subjective opinion are outlined below:

Measurement of investments

The Company exercises the right granted by the amendment to IAS 27 – Equity Method in Separate Financial Statements, to measure investments in subsidiaries, joint arrangements and associates using the equity method. The Company therefore adjusts their amounts also taking account of the net assets presented in the Group's consolidated financial statements, which include the amounts of goodwill and other net assets identified on acquisition. The impairment test on investments follows the same procedures as the test at consolidated level. In this sense, the impairment of goodwill and intangible assets is tested by comparing the book value of the relating Cash Generating Units with their recoverable value, represented by the higher of fair value and the value in use.

Provision for bad debts

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

Depreciation and amortisation

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

Provision for risks

Provisions made in relation to costs for restructuring and judicial, arbitration and tax disputes are based on complex estimates that take into account the probability of losing the dispute.

Post-employment benefits

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

Income tax

Income tax (both current and deferred) is calculated based on the applicable rates in Italy according to a prudent interpretation of currently applicable tax laws.

5. 5. RISK MANAGEMENT

The Company manages financial risks for all Mondadori Group Italian subsidiaries. For a detailed analysis of the Group's financial risks, reference should be made to the relevant section in the consolidated financial statements.

6. NON-RECURRING INCOME AND EXPENSE

As required by CONSOB resolution no. 15519 of 27 July 2006, any income and expense deriving from non-recurring transactions are recognised in the income statement. Transactions and events are considered non-recurring when, by nature, they do not occur repeatedly during normal business operations.

The relevant effects were outlined in a separate table in these "Explanatory notes to the financial statements".

DETAILS REGARDING THE ITEMS OF THE FINANCIAL STATEMENTS

All the amounts are expressed in Euro thousands, with the exception of certain ancillary figures, which are expressed in Euro millions. The amounts in brackets refer to 2021 figures.

Statement of financial position

Assets

1. Intangible assets

Intangible assets (Euro/thousands)	31/12/2022	31/12/2021
Intangible assets with finite useful life	5,622	5,869
Intangible assets with indefinite useful life	—	—
Total intangible assets	**5,622**	**5,869**

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

The tables below show changes in the last two years.

Intangible assets with finite useful life (Euro/thousands)	Software	Cost of development	Other and under construction	Total
Historical cost at 31/12/2020	14,034	8	145	14,187
Capital expenditure	455	58	681	1,193
Disposals	—	—	—	—
Reclassifications	105	—	(145)	(40)
Historical cost at 31/12/2021	14,594	67	681	15,341
Accumulated amortisation and impairment loss at 31/12/2020	6,740	3	—	6,743
Amortization	2,719	10	—	2,730
Write-downs	—	—	—	—
Disposals	—	—	—	—
Reclassifications	—	—	—	—
Accumulated amortization and impairment losses at 31/12/2021	9,459	13	—	9,472
Net book value at 31/12/2020	7,294	6	145	7,445
Net book value at 31/12/2021	**5,135**	**54**	**681**	**5,869**

Intangible assets with finite useful life (Euro/thousands)	**Software**	**Cost of development**	**Other and under construction**	**Total**
Historical cost at 31/12/2021	14,594	67	681	15,341
Capital expenditure	1,544	45	797	2,386
Disposals	—	—	—	—
Reclassifications	681	—	(681)	—
Historical costat 31/12/2022	16,818	112	797	17,728
Accumulated amortization and impairment lossesat 31/12/2021	9,459	13	—	9,472
Amortization	2,589	45	—	2,634
Write-downs	—	—	—	—
Disposals	—	—	—	—
Reclassifications	21	(21)	—	—
Accumulated amortization and impairment lossesat 31/12/2022	12,069	37	—	12,106
Net book value at 31/12/2021	5,135	53	681	5,869
Net book valueat 31/12/2022	**4,749**	**75**	**797**	**5,622**

The most significant changes in "Intangible assets with finite useful life" in 2022 were the following:

- investments, amounting to € 2,386 thousand mainly related to the development of software for the new copyright management system, the streamlining of the accounts payable cycle, the new software for planning and control, and the transition to cloud technology for the Group's SAP system;

- the reclassification from “Other and under construction" refers to the classification under assets under construction in 2021.

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

Amortization and impairment loss on intangible assets (Euro/thousands)	**2022**	**2021**
Software	2,589	2,719
Cost of development	45	10
Other	—	—
Total amortization of intangible assets	**2,634**	**2,730**
Write-downs of intangible assets	—	—
Write-backs of intangible assets	—	—
Total write-downs (write-backs) of intangible assets	**—**	**—**
Total amortization of intangible assets	**2,634**	**2,730**

2. Property, plant and equipment

The tables below show changes in the last two years.

Property, plant and equipment (Euro/thousands)	Land	Instrumental buildings	Plant and equipment	Other tangible assets	Total
Historical cost at 31/12/2020	903	5,488	10,858	12,606	29,856
Capital expenditure	—	—	150	580	731
Disposals	(903)	(5,488)	(722)	(332)	(7,446)
Reclassifications	—	—	48	(9)	40
Historical cost at 31/12/2021	**—**	**—**	**10,335**	**12,846**	**23,181**
					—
Accumulated amortization and impairment loss at 31/12/2020	—	4,087	9,831	10,036	23,954
Amortization	—	128	212	806	1,147
Disposals	—	(4,216)	(722)	(331)	(5,269)
Write-downs	—	—	—		—
Reclassifications	—	—	—	—	—
Accumulated amortization and impairment losses at 31/12/2021	**—**	**—**	**9,321**	**10,511**	**19,832**
Net book value at 31/12/2020	903	1,401	1,028	2,570	5,902
Net book value at 31/12/2021	**—**	**—**	**1,014**	**2,334**	**3,349**

Property, plant and equipment (Euro/thousands)	Land	Instrumental buildings	Plant and equipment	Other tangible assets	Total
Historical cost at 31/12/2021	—	—	10,335	12,846	23,181
Capital expenditure	—	—	36	2,122	2,158
Disposals	—	—	—	(60)	(60)
Reclassifications	—	—	9	(9)	—
Historical cost at 31/12/2022	**—**	**—**	**10,381**	**14,898**	**25,279**
Accumulated amortization and impairment losses at 31/12/2021	—	—	9,321	10,511	19,832
Amortization	—	—	197	1,058	1,254
Disposals	—	—	—	(56)	(56)
Write-downs	—	—	28	10	38
Reclassifications	—	—	—	—	—
Accumulated amortization and impairment losses at 31/12/2022	**—**	**—**	**9,545**	**11,524**	**21,069**
Net book value at 31/12/2021	—	—	1,014	2,334	3,349
Net book value at 31/12/2022	**—**	**—**	**835**	**3,374**	**4,209**

Other tangible fixed assets (Euro/thousands)	31/12/2022	31/12/2021
Industrial and commercial equipment	33	64
Electronic office equipment	2,064	912
Office furniture, facilities and fittings	236	282
Leasehold improvements	1,027	1,058
Motor vehicles	—	—
Assets under contruction and advances	15	18
Total other tangible assets	**3,374**	**2,334**

During the year 2022, the most significant changes in “Property, Plant and Equipment” related to capital expenditures, which amounted to € 2,158 thousand and were mainly related to:

- data processing tools (personal computers and local networks) to equip the workforce with the means required for the greater resort to smart working, as well as the related network security, amounting to € 1,809 thousand;

- work on the Group's branch offices (improvements, office automation, furniture/furnishings, installations) in the amount of € 299 thousand.

Depreciation of property, plant and equipment

Depreciation and impairment loss on property, plant and equipment (Euro/thousands)	31/12/2022	31/12/2021
Instrumental buildings	—	128
Plant and equipment	224	212
Equipment	31	41
Electronic office equipment	722	465
Furniture and fittings	60	61
Motor and transport vehicles	—	—
Leasehold improvements	255	239
Total depreciation of property, plant and equipment	**1,292**	**1,147**

The availability and use of property, plant and equipment recognised in these financial statements are not subject to any lien or restriction.

3. Rights-of Use-Assets

The tables below show changes in the last two years:

Assets from rights of use (Euro/thousands)	Buildings	Motor Vehicle	Office equipment	Total
Historical cost at 31/12/2020	56,577	347	1,306	58,230
Capital expenditure	279	101	—	380
Disposals	—	—	—	—
Historical cost at 31/12/2021	**56,856**	**448**	**1,306**	**58,610**
Accumulated depreciation at 31/12/2020	10,348	157	278	10,783
Amortization	5,234	109	257	5,600
Disposals	—	—	—	—
Accumulated depreciation at 31/12/2021	**15,582**	**266**	**535**	**16,383**
Net book value at 31/12/2020	46,229	190	1,028	47,447
Net book value at 31/12/2021	**41,274**	**182**	**771**	**42,227**

Assets from rights of use (Euro/thousands)	**Buildings**	**Motor Vehicle**	**Office equipment**	**Total**
Historical cost at 01/01/2022	56,856	448	1,306	58,610
Capital expenditure	27,820	104	—	27,924
Disposals	(51,235)	—	—	(51,235)
Historical cost at 31/12/2022	**33,441**	**552**	**1,306**	**35,299**
Accumulated depreciation at 31/12/2022	15,582	266	535	16,383
Amortization	5,179	118	257	5,554
Disposals	(13,967)	—	—	(13,967)
Accumulated depreciation at 31/12/2022	**6,794**	**383**	**792**	**7,970**
Net book value at 01/01/2022	41,274	182	771	42,227
Net book value at 31/12/2022	**26,647**	**169**	**514**	**27,329**

During 2022 , net disposals of € 37,268 thousand and increases of € 27,924 thousand were recorded, both of which mainly related to the signing of the new lease agreement for the Segrate offices. Following the termination of the old contract, the company recognised an IFRS 16 financial income of € 1,390 thousand.

The normal depreciation process involved costs of € 5,554 thousand.

4. Investments

The Company exercises the right granted by the amendment to IAS 27 – Equity Method in Separate Financial Statements, to measure investments in subsidiaries, joint arrangements, associates and other investees using the equity method. The Company therefore adjusts their amounts also taking account of the net assets presented in the Group's consolidated financial statements, which include the amounts of goodwill and other net assets identified on acquisition. The impairment test on investments follows the same procedures as the test at consolidated level.

"Investments", amounting to € 669,884 thousand (536,170 thousand as al 31 dicembre 2021), consists of the cost of investments for € 640,754thousand, their adjustment to equity for a positive total net of € 26,790 thousand, and the effects of the application of IFRS 2 on the long-term incentive plan (performance share) for the granting of Arnoldo Mondadori Editore S.p.A. shares to executives and directors of subsidiaries who perform strategic functions for the fulfilment of Group targets, for the amount of € 2,340 thousand. The detail for each subsidiary and associate is shown in Annexes A and B.

The increase compared to 2021 is mainly due to the increased revaluation of the investment in Mondadori Libri S.p.A., deriving from the result for the year and the change in the scope of consolidation resulting from the acquisitions during the same year, net of the reduction related to the dividends received from the latter and from Mondadori Media S.p.A.

Investments are broken down as follows:

Investment (Euro/thousands)	31/12/2022	31/12/2021
Subsidiaries	661,817	526,569
Associates	6,966	8,924
Other companies	1,101	677
Total investments	**669,884**	**536,170**

Changes in investments in subsidiaries over the past two years are shown below:

Subsidiaries (Euro/thousands)	31/12/2022	31/12/2021
Opening amount	**526,569**	**351,757**
Increases:		
. Purchases, establishments and capital contributions	122,230	143,152
. Granting of performance share	378	388
. Pro-rata share of the result	71,677	73,441
. Other changes	1,492	2,432
Total increases	**195,777**	**219,413**
Decreases:		
. Reversal of dividends	(59,090)	(39,065)
. Pro-rata share of the result	(1,439)	(5,536)
. Reclassification from provisions for risks		
. Other changes		
Total decreases	**(60,529)**	**(44,601)**
Closing amount	**661,817**	**526,569**

“Purchases, establishments and capital contributions" refers to capital contributions for:

- Mondadori Libri S.p.A. for € 117,180 thousand, paid to service the acquisitions completed during the year;
- Mondadori Retail S.p.A. for € 5,000 thousand;
- Mondadori Scuola S.p.A., for € 50 thousand, paid against the incorporation of the company.

Increases in investments as a result of the performance share plan are the following:

- Mondadori Libri S.p.A. for € 169 thousand;
- Mondadori Media S.p.A. for € 133 thousand;
- Mondadori Retail S.p.A. for € 76 thousand.

The “Pro-rata share of the result” included in the increases reflects the positive results of:

- Mondadori Libri S.p.A. for € 70,975 thousand;
- Mondadori Media S.p.A. for € 702 thousand.

"Reversal of dividends" included in decreases refers to dividends received during the year from:

- Mondadori Libri S.p.A. for € 54,090 thousand;

- Mondadori Media S.p.A. for € 5,000 thousand.

The “Pro-rata share of the result” included in the decreases reflects the negative results of the following companies:

- Mondadori Retail S.p.A. for € 1,427 thousand;

- Mondadori Scuola S.p.A. for € 12 thousand.

Other changes, amounting to € 1,492 thousand, reflect all the changes in the equity of the subsidiaries that have no effect on the income statement.

Changes in investments in associates and joint ventures over the past two years are shown below:

Associates (Euro/thousands)	**31/12/2022**	**31/12/2021**
Opening amount	**8,924**	**10,588**
Increases:		
. Purchases, establishments and capital contributions		
. Pro-rata share of the result		899
. Other changes		
Total increases	**—**	**899**
Decreases		
. Pro-rata share of the result	(918)	(2,005)
. Value adjustments		
. Disposal of investments	(1,200)	
. Other changes	160	(558)
Total decreases	**(1,958)**	**(2,563)**
Closing amount	**6,966**	**8,924**

The item "Pro-rata share of the result" under decreases includes the result for the year and the write-down of the company Attica Publications S.A., which was carried out as a result of the impairment process.

The item "Sale of investments", amounting to € 1,200 thousand, relates to the sale of Monradio S.r.l., which took place with effect from 1 January 2022.

Other changes reflect all the changes in the equity of the associates that have no effect on the income statement.

Changes in investments in other companies over the past two years are shown below:

Other companies (Euro/thousands)	31/12/2022	31/12/2021
Opening amount	**677**	**935**
Increases:		
. Purchases, establishments and capital contributions	2,273	1,248
. Pro-rata share of the result		
. Other changes		
Total increases	**2,273**	**1,248**
Decreases		
. Pro-rata share of the result	(1,849)	(1,506)
. Value adjustments		
. Disposal of investments		
. Other changes		
Total decreases	**(1,849)**	**(1,506)**
Closing amount	**1,101**	**677**

The change refers to the subsidiary Società Europea di Edizioni S.p.A. and reflects:

- capital contributions of €2,273 thousand;
- the loss recorded in the item "Pro-rata share of the result" included in decreases, for € 1,849 thousand.

Impairment test

When preparing the financial statements as al 31 dicembre 2022, particular attention was paid to observing any impairment indicators, also in relation to the international geo-political context, which led to tensions in the financial markets, resulting in the increase in inflation and consequently in the repeated increase in interest rates by the European Central Bank and other international institutions that govern the monetary policy of the various countries.

Against this backdrop, the Mondadori share price at 30 December 2022 stood at € 1.81 (€ 2.04 at 30 December 2021). As a result of the price trend, the value expressed by the stock market capitalisation shows a decrease, but remains well above the book equity value.

Market capitalization at the end of the year stood at € 473 million, and consolidated equity at € 260.8 million.

Pursuant to IAS 36, assets with indefinite useful life and goodwill are not subject to amortisation, but to an impairment test of the book value at least once a year or whenever there are indications of impairment.

Assets with finite useful life are subject to amortisation, according to the useful life of each asset, and upon closing assets items are subject to impairment test to verify whether any impairment loss has occurred.

An impairment test is only performed if these indicators are present.

The impairment testing process includes, among others:
- the identification of individual assets or the smallest Cash Generating Unit that generates independent cash flows;

- assessment of the carrying amount of the CGUs by determining their recoverable value, equal to the higher of fair value, less costs to sell, and value in use determined on the basis of the cash flow projections deriving from the most recent financial plans approved by the Board of Directors.

Identification of Cash Generating Units
CGUs have been identified as assets that generate independent cash flows from their ongoing use, consistent with the Group's organizational and business structure.

Taking account of the above, the table below provides details of the assets identified on acquisition of the subsidiaries that were subject to impairment testing, as well as the related CGUs. These amounts are shown net of amortisation and impairment losses recorded during the year.

Cash Generating Unit (Euro/migliaia)	**Trademarks and series**	**Other**	**Goodwill**	**Total**
CGU ex Gruner+Jahr Mondadori	1,791			1,791
CGU Digital			5,168	5,168
CGU Hej!			6,178	6,178
CGU Einaudi	2,991		286	3,277
CGU Education	23,217		109,107	132,324
CGU Star Comics	12,500		4,321	16,821
Other CGUs			2,754	2,754
Investment		8,077		8,077
Total assets subject to impairement test				**176,390**

Cash Generating Unit ex Gruner+Jahr Mondadori
The value recorded in the financial statements is represented by Focus, a brand with finite useful life, resulting from the acquisition in 2015 of the control over the entire capital of Gruner+Jahr Mondadori S.p.A. (now Mondadori Scienza S.p.A.), previously held 50% by Arnoldo Mondadori Editore S.p.A..

Digital Cash Generating Unit
The value recorded in the financial statements is represented by the goodwill of AdKaora, resulting from the acquisition of 100% of Banzai Media Holding S.p.A. in 2016.

Hej! Cash Generating Unit
In January 2021, Adkaora S.r.l., indirectly controlled by Arnoldo Mondadori Editore S.p.A., acquired 100% control of the share capital of Hej! S.r.l., a company specializing in AI solutions to companies to create customer relationships, marketing plans and media campaigns.

On conclusion of the purchase price allocation process, the higher price paid was allocated to proprietary software, the customer database and, residually, to goodwill. Assets identified in the purchase price allocation, except for goodwill, have been qualified as having finite useful life.

Einaudi Cash Generating Unit
This CGU includes the publishing series of Casa Editrice Einaudi, acquired in several tranches between 1989 and 1994; these assets qualify as having indefinite useful life.

Considering the changes occurred over time in the structure and in the positioning of the different series of the company acquired, the entire legal entity to which also goodwill acquired upon acquisition is attributed, was considered as cash generating unit for the purpose of the impairment test.

Education Cash Generating Unit
This CGU group includes series and publishing lines referring to the production of textbooks for the different levels and grades of the Italian school system.

The Education CGU group also includes the amounts attributed to trademarks, rights to exploit literary works and goodwill of D Scuola S.p.A., acquired in 2021.

Star Comics Cash Generating Unit
In July 2022, Mondadori Libri S.p.A., a subsidiary of Arnoldo Mondadori Editore S.p.A., acquired 51% of the share capital of Edizioni Star Comics S.r.l., a company specialising in the publication of comic books.

On conclusion of the purchase price allocation process, the higher price paid was allocated to trademarks, proprietary software and, residually, to goodwill.

Other Cash Generating Units
This group of CGUs includes:
- the value of the bookclub member database of former Mondolibri S.p.A., amounting to € 2,500 thousand;

- goodwill from the acquisition of Abscondita S.r.l., amounting to € 254 thousand.

Investments
These CGUs include the goodwill identified on acquisition of the investment in the Attica Publications S.A. Group, in the A.L.I.-Agenzia Libraria Internazionale S.r.l. group and, for a residual amount, in Società Europea di Edizioni S.p.A..

Assessment of the recoverable value
The carrying amount of the CGUs is assessed by determining their recoverable value, which is the higher of value in use and fair value, less costs to sell.

With regard to the CGUs measured through value in use, the impairment test was based on the projection of cash flows deriving from the Medium-Term Plan, drawn up for the years 2023-2025, in relation to which the Board of Directors reviewed the guidelines and approved the contents on 16 February 2023.

The table shows the criteria used in the valuation of the various CGUs, as well as the main elements for assessing their recoverable value.

Cash Generating Unit	**Criterion used**	**Economics**	**Growth rate on terminal value**	**Discount rate**
CGU ex Gruner+Jahr Mondadori	Fair value	Revenue 2023-2025	g = -5%	9,03%
CGU Digital	Value in use	EBITDA 2023-2025	g = 0%; g = 2%	9,03%
CGU Hej!	Value in use	Cash flow 2023-2025	g = 0%	9,03%
CGU Einaudi	Value in use	Cash flow 2023-2025	g = 0%	8,50%
CGU Education	Value in use	Cash flow 2023-2025	g = 0%	8,50%
CGU Star Comics	Value in use	Cash flow 2023-2025	g = 0%	8,50%
Other CGUs	Value in use	EBITDA 2023-2025	g = 0%	8,50%
Investment	Value in use / Fair value	EBITDA 2023-2027 Market transaction	g = 0%	10,90%

Specifically, when performing the impairment test:

- as regards the former Gruner+Jahr Mondadori CGU, the fair value of the Focus magazine was determined by applying the royalty method, based on estimated revenue in the medium-term forecast scenarios. A royalty rate of 4% was used; the estimated growth rate (g) for the period following the explicit years of the Medium-Term Plan is -5%;

- as regards the Digital CGU, which has the value of goodwill allocated, the value in use was determined on the basis of the income statements of the various digital brands, which are deemed to be representative of the related cash flows. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, ranges between 0% and 2%;

- with regard to the Hej! CGU, the entire legal entity was considered as cash generating unit for the purposes of the impairment test, attributing also goodwill arising at the time of acquisition. The value in use was determined on the basis of the cash flows of the company. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the Einaudi and Education CGUs (Mondadori Education and D Scuola), for the purposes of the impairment test, all the legal entities were considered as cash generating units, also attributing goodwill arising from the acquisitions. The value in use was determined on the basis of the cash flows of the respective companies. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%;

- with regard to the other CGUs, the recoverable value was determined mainly on the basis of value in use, taking account of the income statements, including structural and maintenance costs of the assets subject to impairment. The growth rate (g), estimated for the period following the explicit years of the Medium-Term Plan, is 0%.

With respect to Investments:

- with regard to the Attica Publications S.A. Group, the value in use was determined on the basis of cash flow projections drawn from the long-term plans;

- with regard to Società Europea di Edizioni S.p.A., in which the Group holds an 18.445% stake, the fair value was determined on the basis of the transaction, involving the sale by Mondadori of 18.445% of Società Europea di Edizioni S.p.A.;

- for the A.L.I. Group, of which the Group holds 50%, the value in use was defined with reference to the cash flows contained in the Medium-Term Plan. The growth rate (g) estimated for the period following the explicit years of the Medium-Term Plan is 0%.

Determination of the discount rate

The discount rate was defined in terms of weighted average cost of capital (WACC) for the individual Cash Generating Unit/Country taken into account and shown net of tax, consistently with the flows used.

WACC is an adjusted risk rate, measured on the basis of the cost that the company must bear to collect resources from lending entities, internal and external, to finance any specific investment. WACC expresses an opportunity cost of capital and is calculated as the weighted average of the cost of the risk capital and the cost of the debt capital.

The individual parameters used in the determination of WACC are the following:

- cost of equity (ke) is quantified based on the model of CAPM (Capital Asset Pricing Model) as requested in IAS 36, as the sum of: (i) the return on risk-free investments, (ii) a risk premium determined on the basis of the systematic riskiness of the investment being valued and (iii) an additional premium correlated to the dimensional risk. In particular:

  – the risk-free rate was determined taking account of the yield to maturity for the securities of the Countries to which the Cash Generating Units are referred, taking account of the annual average;

  – the risk premium was determined through the product resulting from the beta coefficient and the difference between the market performance (mp) and risk-free rate (equity risk premium), determined taking account of a sufficiently large time horizon. Specifically, the beta coefficient was calculated by considering the normalized average of market unlevered betas of a panel of comparable companies, distinguishing the book publishing business from the magazine publishing business, in order to intercept the different systematic risk. With regard to the equity risk premium, reference was made to the equity risk component for AAA Countries (5.11%) and the country risk premium component (1.86% for Italy and 3.91% for Greece); both figures were drawn from the estimates published by Damodaran in January 2023;

- the calculation of the Cost of Debt (kd) is based on the analysis of the specific financial structure of the Group;

- the weight attributed to equity and non-controlling interests' equity was calculated based on the normalized average of a panel of comparable companies.

Results of the impairment test

The results of the impairment test required the write down of:

- the Focus trademark for € 0.3 million;

- The value of the investment in Attica Publications S.A. for € 1.7 million.

Sensitivity to changes in the assumptions

For the amounts relating to the CGUs indicating no impairment loss, sensitivity analyses were carried out to corroborate the results of the test, increasing the discount rate by 0.5% and reducing the cash flows by 5%, while maintaining the other assumptions unchanged.

The analysis confirmed that the results obtained are reasonable and, consequently, confirmed the recoverability of the book values recognised in these financial statements, while stressing the need, however, to oversee the performance of each CGU in order to verify the consistency of final and forecast trends, taking account of the current market context.

5. Non-current financial assets

"Non-current financial assets", amounting to € 10,960 thousand (€ 553 thousand 31 dicembre 2021), is broken down as follows:

Non-current financial assets (Euro/thousands)	**31/12/2022**	**31/12/2021**
Medium-long term financial receivables from associates	500	500
Assets from derivative instruments	10,460	53
Total non-current financial assets	**10,960**	**553**

Financial receivables from associates refer to the intercompany loan granted to Attica Publications S.A.

Assets resulting from derivative instruments amounting to € 10,460 thousand, include:

- the fair value relating to the hedging transactions on the existing interest rate risk (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), based on 100% of the Line A Amortising Term Loan of the pool loan agreement entered into in May 2021, maturing in December 2026 for a notional amount of € 63 million and a weighted average rate of -0.086%;

- the fair value relating to the Forward Start 31 January 2022 hedging transactions on the existing interest rate risk (carried out with Banco BPM, BNP Paribas, Intesa Sanpaolo and UniCredit), applying to 100% of the use of Line C Acquisition Line of the pool loan agreement concluded in May 2021, coming to maturity in December 2026 for a notional value of € 60 million and a weighted average rate of -0.098%.

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

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

Group criteria to test effectiveness include statistic regression analyses and the Dollar Offset Method or Ratio Analysis.

6. Pre-paid tax assets and deferred tax liabilities

Pre-paid tax assets of € 1,298 thousand (€ 1,760 thousand al 31 dicembre 2021) and deferred tax liabilities of € 4,519 thousand (€ 1,688 thousand) were recognised and determined based on the temporary differences between balance sheet values stated in the financial statements and the corresponding values recognised for tax purposes.

(Euro/thousands)	31/12/2022	31/12/2021
Pre-paid IRES	1,298	1,760
Pre-paid IRAP	—	—
Total pre-paid tax assets	**1,298**	**1,760**
Deferred IRES	4,511	1,681
Deferred IRAP	8	7
Total deferred tax liabilities	**4,519**	**1,688**

Pre-paid tax and deferred tax is calculated based on the tax rates that will be applicable when these differences arise (IRES 24%, IRAP 3.9%).

Description of temporary differences that led to the recognition of pre-paid tax

(Euro/thousands)	31/12/2022			31/12/2021		
	Amount of temporary differences	**Current tax rate**	**Deferred tax**	**Amount of temporary differences**	**Current tax rate**	**Deferred tax**
Provisions	4,387	24.00%	1,053	6,046	24.00%	1,451
Other temporary differences	1,022	24.00%	245	1,286	24.00%	309
Total for IRES purposes	**5,409**		**1,298**	**7,332**		**1,760**
Other temporary differences	-	3,90%	-	-	3,90%	-
Total for IRAP purposes	**-**		**-**	**-**		**-**

Description of temporary differences that led to the recognition of deferred tax

(Euro/thousands)	31/12/2022			31/12/2021		
	Amount of temporary differences	**Current tax rate**	**Deferred tax**	**Amount of temporary differences**	**Current tax rate**	**Deferred tax**
Write-back of investments measured at equity	6,632	24.00%	1,592	5,923	24.00%	1,421
Cash flow hedge reserve	11,938	24.00%	2,865	1,082	24.00%	260
Other temporary differences	227	24.00%	55		24.00%	
Total for IRES purposes	**18,797**		**4,511**	**7,005**		**1,681**
Other temporary differences	211	3.90%	8	175	3.90%	7
Total for IRAP purposes	**211**		**8**	**175**		**7**

Changes in pre-paid and deferred tax amounts led to costs of € 668 thousand as shown in Note 26.

The increase in deferred tax liabilities is mainly related to the performance of the cash flow hedge reserve, which increased substantially as a result of the fair value measurement of interest rate hedging transactions outstanding at 31 December 2022.

7. 7. Other non-current assets

"Other non-current assets", amounting to € 124 thousand (€ 58 thousand at 31 December 2021), is broken down and commented on below:

Other non-current assets (Euro/thousands)	31/12/2022	31/12/2021
Security deposits	124	58
Other	—	—
Total other non-current assets	**124**	**58**

The increase of € 66 thousand is due to the deposits paid on the new lease agreements.

8. Tax receivables

"Tax receivables", amounting to € 8,763 thousand (€ 9,402 thousand at 31 December 2021), is broken down as follows:

Tax receivables (Euro/thousands)	31/12/2022	31/12/2021
Advances to the tax authorities for disputes	8,903	8,903
Receivables from the tax authorities for VAT	3,963	4,610
Receivables from subsidiaries for VAT	1,207	713
Receivables from the tax authorities for direct and indirect tax to recover	42	421
Receivables from Fininvest for IRES	3,551	4,041
Provision for bad debts on tax receivables	(8,903)	(9,286)
Total tax receivables	**8,763**	**9,402**

Advances, amounting to € 8,903 thousand (€ 8,903 thousand at 31 December 2021), refer to payments made provisionally for pending disputes, currently pending before the Court of Cassation and written off.

Receivables from the tax authorities for VAT, amounting to € 3,963 thousand (€ 4,610 thousand at 31 December 2021), refer to the Group's VAT receivable accrued in the last three years, still pending a reimbursement claim. Since 2017, the Company has instituted a Group VAT settlement regime as Parent Company with all its subsidiaries (Article 73, paragraph 3, Presidential Decree 633/72 and Ministerial Decree of 13 December 1979). This option makes it possible to concentrate the obligations arising from periodic settlements on the parent company and to allow any credit positions to offset the debit positions of the participating companies. The system adopted by the Mondadori Group involves the monthly settlement of credit/debit positions of subsidiaries, thereby concentrating the exposure to the tax authorities with the Parent Company.

Receivables from subsidiaries for VAT, amounting to € 1,207 thousand (€ 713 thousand as of 31 December 2021), refer to the VAT debit balance following the December settlement of subsidiaries, transferred to the Parent Company following participation in the Group VAT settlement regime.

Receivables from the tax authorities for direct and indirect tax to recover, amounting to € 42 thousand (€ 421 thousand at 31 December 2021), mainly refer to residual VAT receivables from the liquidation of Glaming S.r.l. for € 11 thousand and a receivable for an overpayment of contributions in 2022 for € 27 thousand.

The receivable from Fininvest S.p.A. for IRES, amounting to € 3,551 thousand (€ 4,041 thousand as at 31 December 2021), includes the amount due from the parent company for the tax credit accrued during the year.

The Company's income amounts are defined for tax purposes until 2016, except for the indications provided in note 28 "Commitments and potential liabilities".

Note that on 24 January 2023, a tax audit began for the purposes of direct taxes, IRAP and withholding agent obligations for the 2017 tax year, by the Lombardy Regional Revenue Agency Office - Large Taxpayers Office. There are no findings in the Daily Reports recorded to date.

For income tax purposes, the last tax period defined is the period relating to the year ended 31 December 2016, although the related tax acts may be served until 26 March 2023. It should be noted that Decree-Law no. 18 of 17 March 2020 provided for an 85-day suspension, from 8 March 2020 to 31 May 2020, and therefore, 85 days must be added to the ordinary deadline of 31 December, so that the assessment notices relating to 2016 can be served by 26 March 2023. The possibility of assessment remains for the tax periods ending from the financial year 01/01/2017 - 31/12/2017.

As to fiscally open financial years, tax amounts have been allocated and paid on the basis of taxable income and the currently applicable tax regulations upon allocation of the relevant provision.

9. 9. Other current assets

"Other current assets", amounting to € 3,052 thousand (€ 2,618 thousand at 31 December 2021), includes:

Other current assets (Euro/thousands)	**31/12/2022**	**31/12/2021**
Prepayments	2,765	1,031
Short-term receivable disposal 75% Stile Italia Edizioni	—	1,129
Receivables from personnel	65	62
Receivables from suppliers	48	14
Receivables from social security institutions	4	5
Other receivables from Group companies	—	—
Other receivables	170	377
Total other current assets	**3,052**	**2,618**

The receivable for the sale of Stile Italia Edizioni to La Verità S.r.l., consisting of the last three tranches, equal to 75% of the final sale price, was fully collected during the 2022 financial year.

"Prepayments", amounting to € 2,765 thousand (€1,031 thousand at 31 December 2021), refers to:

(Euro/thousands)	31/12/2022	31/12/2021
Other prepayments (rents, subscriptions, membership fees)	2,463	416
Insurance	51	67
Freelance prepayments	251	549
Total prepayments	**2,765**	**1,031**

The increase, amounting to € 1,734 thousand, was mainly due to prepaid expenses on advance fees related to the cloud service, already accounted for but accruing in future years.

Other prepayments refer to leases, subscriptions, licenses and membership fees, accounted for but relating to future years.

Other receivables mainly consist of contributions allocated to INPS, relating to staff training provided to employees as part of the financed courses on new skills.

10. Trade receivables

"Trade receivables", amounting to € 13,759 thousand (€ 12,280 thousand at 31 December 2021), are broken down as follows:

Trade receivables (Euro/thousands)	31/12/2022	31/12/2021
Receivables from customer	455	238
Receivables from associates	406	196
Receivables from subsidiaries	12,897	11,834
Receivables from parent companies	—	11
Total trade receivables	**13,759**	**12,280**

Information by geographical area is provided in the relevant separate section.

Receivables from subsidiaries for € 12,897 thousand (€ 11,834 thousand at 31 December 2021) and those from associates for € 406 thousand (€ 196 thousand at 31 December 2021) refer to trade transactions carried out under standard market conditions. The breakdown by company and the changes versus 2021 are shown in Annex C1.

Receivables from customers amount to € 455 thousand (€ 238 thousand at 31 December 2021):

Trade receivables **Receivables from customer** (Euro/thousands)	31/12/2022	31/12/2021
Receivables from customer	470	249
Provision for bad debt	(14)	(11)
Total receivables from customer	**455**	**238**

The changes in the provision for bad debts of € 14 thousand (€ 11 thousand at 31 December 2021) are detailed below:

Trade receivables **Receivables from customers - Provision for bad debts** (Euro/thousands)	**31/12/2022**	**31/12/2021**
Balance at beginning of year	11	11
Changes in the year		
allocation	4	4
utilization	—	(4)
Total provision for bad debts	**14**	**11**

The provision, considered appropriate to cover possible risks of insolvency, was determined following a thorough analysis completed on customer creditworthiness and credit positions at risk of collection.

11. Other current financial assets

“Other current financial assets”, amounting to € 24,490 thousand (€ 23,107 thousand at 31 December 2021), includes:

Other current financial assets (Euro/thousands)	**31/12/2022**	**31/12/2021**
Financial receivables:		
- Financial receivables from subsidiaries	24,474	23,099
- Other financial receivables	16	8
- Financial receivables from subsidiaries **Total financial receivables**	**24,490**	**23,107**
Total other current financial assets	**24,490**	**23,107**

Financial receivables from subsidiaries of € 24,474 thousand (€ 23,099 thousand at 31 December 2021) include current account transactions negotiated at interest rates in line with market rates. The increase over the previous year is mainly attributable to Mondadori Media S.p.A. and Edizioni Star Comics S.p.A., the latter of which was acquired during the year.

The breakdown by company and the changes versus 2021 are shown in Annex C1.

12. Cash and cash equivalents

"Cash and cash equivalents", amounting to € 25,325 thousand (€ 72,947 thousand at 31 December 2021), comprises:

Cash and cash equivalents (Euro/thousands)	**31/12/2022**	**31/12/2021**
Cash and cash on hand	—	—
Bank deposits	25,325	72,947
Total cash and cash equivalents	**25,325**	**72,947**

The fair value of cash and cash equivalents at 31 December 2022 was equal to the relevant book value.

The changes in the item are explained in the statement of cash flows.

It should be noted that there are no restrictions on the use of cash and cash equivalents, except for the indications provided in Note 16 “Financial liabilities”.

LIABILITIES

13. Equity

The share capital of € 67,979 thousand is fully underwritten and paid up and is divided into 261,458,340 ordinary shares with a face value of € 0.26 each.

The table below shows an analysis of equity with regard to the origin, availability and possible distribution of each single sub-item:

Nature/description (Euro/thousands)	**Amount**	**Possible use**	**Portion available**	**Portion distributable**
Share capital	**67,979**			
Income reserves:				
- legal reserve	13,596	B	13,596	
- extraordinary reserve	113,189	A,B,C	113,189	113,189
IAS/IFRS:				
- reserves for investments measured at equity	3,337	B	3,337	
- post-employment discounting reserve	615	B	615	
- performance share reserve	1,731	B	1,731	
- cash flow hedge reserve	9,073	B	9,073	
Treasury shares held	(2,024)		(2,024)	(2,024)
Total	**207,495**		**139,516**	**111,164**

Key: A: for capital increases - B: to cover losses - C: for distribution to Shareholders

The table “Changes in equity” includes details regarding the individual sub-items under equity and, specifically:

Treasury shares

The Company holds no. 1,147,991 treasury shares in its portfolio at 31 December 2022, the result of purchases on the MTA for a total of no. 410,000 treasury shares (equal to 0.157% of the share capital) at an average unit price of € 1.849 and the allocation to beneficiaries of no. 311,847 shares related to the 2019-2021 performance share plan closed with the approval of the financial statements at 31 December 2021. The valuation of shares held in portfolio amounted to € 2,024 thousand at 31 December 2022.

The purchases were authorized by the Shareholders' Meeting of 28 April 2022, following expiry of the term relating to the previous authorization approved on 27 April 2021, and are instrumental in the implementation of future long-term incentive plans (performance share) approved at the same meeting for the 2022-2024 period. This is an additional plan to those approved by the Shareholders' Meeting on 27 April 2021 and 22 April 2020 for the three-year period 2021-2023 and the three-year period 2020-2022 respectively.

Other reserves

"Other reserves" includes:
- A legal reserve of € 13,596 thousand, unchanged versus the prior year;

- An extraordinary reserve of € 113,189 thousand (€ 91,253 thousand);

- Other reserves, including the reserve for changes in investments that are not recorded in the Income Statement, and the translation reserve, amounting to € 3,337 thousand (€ 1,684 thousand).

14. Provisions

“Provisions”, amounting to € 3,879 thousand (€ 6,106 at 31 December 2021) in the year, is broken down as follows:

Provisions (Euro/thousands)	**31/12/2021**	**Allocations**	**Utilizations**	**31/12/2022**
Provision for legal risks	3,469	—	—	3,469
Provision for charges on tax disputes	600	—	(600)	—
Provision for other charges	2,038	70	(1,697)	411
Total provisions	**6,106**	**70**	**(2,297)**	**3,879**

The above provisions are intended to cover potential liabilities from legal disputes, contractual clauses and commitments, and tax and contribution disputes. Other risk provisions also include guarantees given to counterparties following the sale of Stile Italia S.r.l.

15. Post-employment benefits

Post-employment benefits, amounting to € 1,829 thousand (€ 1,904 thousand at 31 December 2021), are composed exclusively of the provision for employee severance indemnities.

Changes in the year are detailed below:

Post-employment benefits - Details (Euro/thousands)	**TFR**
Balance at 31/12/2021	**1,904**
Changes in 2022:	
- utilizations	(169)
- transfers Group companies	181
- discounting	18
- other	(105)
Balance at 31/12/2022	**1,829**

The liability relating to post-employment benefits was subject to discounting pursuant to IAS 19.

It should be noted that for the calculation, a discounting rate based on the iBoxx Corporate EUR benchmark, with a 10+ duration and AA rating was used.

As for the prior year, the following assumptions were used to measure the current value of post-employment benefits:

Actuarial assumptions to measure TFR	31/12/2022	31/12/2021
Economic assumptions:		
- increase in cost of living	3,00%	1,00%
- discounting rate	3,77%	0,98%
Demographic assumptions:		
- probability of death	IPS55 tables	IPS55 tables
- probability of disability	INPS-2000 tables	INPS-2000 tables
- probability of leaving for other reasons	12,84%	11,69%
- retirement age	Regulations in force	Regulations in force

It should be noted that the change in the discount rate, from 0.98% to 3.77%, resulted in a decrease in the employee severance fund of € 223 thousand.

The cost for post-employment benefits in the income statement amounted to € 1,202 thousand and is broken down as follows:

Cost of post-employment benefits (Euro/thousands)	31/12/2022	31/12/2021
Cost of post-employment benefits allocated to supplementary pension plans	1,185	1,159
Financial expense	18	8
Total cost of post-employment benefits	**1,202**	**1,167**

It should be noted that "Current cost of employee post-employment benefits" and "Actuarial (profit)/loss" are recognised in a specific reserve under equity, while the financial component is accounted for under financial expense for the period.

16. Financial Liabilities

"Non-current financial liabilities", amounting to € 126,912 thousand (€ 157,173 thousand at 31 December 2021), are broken down as follows:

Non-current financial liabilities (Euro/thousands)	Actual interest rate	Maturity over 5 years	31/12/2022	31/12/2021
Medium-long term loans and borrowings	0,62%	—	104,535	118,525
Medium-long term financial payables IFRS 16	-	8,353	22,377	38,524
Liabilities from derivatives	-	—	—	124
Total non-current financial liabilities		**8,353**	**126,912**	**157,173**

"Medium/long-term loans and borrowings" is made up as follows:

- € 44,849 thousand from the amortised cost of the Line A Amortizing Term Loan, taken out with a pool of banks (medium/long-term portion) in May 2021 and coming to maturity in December 2026;

- € 59,686 thousand from the amortised cost of using Line C (Acquisition Line) of the pool loan to finance the acquisition of De Agostini Scuola S.p.A..

“Medium-long term financial payables IFRS 16" refers to the financial payable originating from the application of the IFRS 16 accounting standard, the changes in the current year of which were as follows:

(Euro/thousands)	31/12/2021	Increas.	Decreas.	Reclass.	31/12/2022
Medium-long term financial payables to third parties - IFRS 16	38,524	27,663	(38,524)	(5,286)	22,377
Short-term financial payables to third parties - IFRS 16	5,276	—	(5,276)	5,286	5,286
Total financial payables IFRS 16	**43,800**	**27,663**	**(43,800)**	**—**	**27,663**

“Payables to banks and other financial liabilities” amounted to € 369,679 thousand (€ 298,323 thousand at 31 December 2021):

Payables to banks and other financial liabilities (Euro/thousands)	31/12/2022	31/12/2021
Financial payables to subsidiaries	338,004	245,576
Short-term loans	25,833	45,833
Short-term financial payables IFRS 16	5,286	5,276
Other financial payables	556	1,638
Total payables to banks and other financial liabilities	**369,679**	**298,323**

Payables to subsidiaries of € 338,004 thousand (€ 245,576 thousand at 31 December 2021) refer mainly to current account transactions negotiated at interest rates in line with market rates. The breakdown by company and the changes versus 2021 are shown in Annex D1.

Short-term loans amounting to € 25,833 thousand (€ 45,833 thousand at 31 December 2021) include the portion of the Line A Amortizing Term Loan of the pool loan maturing in December 2023, amounting to € 15,833 thousand, and the use of short-term Hot Money lines of credit for € 10,000 thousand (maturing in January 2023).

Other financial payables, accrued expenses and deferred income in the amount of € 556 thousand mainly refer to payables to the subsidiary Società Europea di Edizioni S.p.A., and to accrued expenses related to interest on loans, calculated on an accrual basis.

Changes in the drawdowns of committed credit lines are shown below:

(Euro/thousands)	Balance 31/12/2021	Utilizations	Repayments	Other changes	Balance 31/12/2022
Term Loan A maturity 2026	74,961		(15,833)	1,554	60,682
Line C maturity 2026	59,397			289	59,686
Total credit lines	**134,358**	**—**	**(15,833)**	**1,843**	**120,368**

The above loans are tied, inter alia, to financial obligations (financial covenants), checked every six months or year, respectively, Group debt/EBITDA ratio and net financial exposure limits; at the date of drafting of these financial statements, the obligations have been met.

At 31 December 2022, the Leverage Ratio Financial Covenant (debt/EBITDA) resulting from the consolidated annual report was equal to 0.87, far below the cap of 3.25 under the pool loan agreement. The forecasts contained in the medium-term plan show no reasonably foreseeable sign of overshooting the cap in the future.

The Company's overall financial position at 31 December 2022, outlined as per CONSOB recommendations, indicates a net debt of € 446,775 thousand (€ 359,442 thousand at 31 December 2021).

Net financial position (Euro/thousands)	31/12/2022	31/12/2021
- Cash	—	—
- Bank deposits	25,325	72,947
- Postal deposits	—	—
A Liquid funds	25,325	72,947
B Cash equivalents	—	—
C Other current financial assets	24,490	23,107
D Liquidity (A+B+C)	**49,815**	**96,054**
- Current bank payables	(10,000)	(30,000)
- Financial payables to subsidiaries	(338,004)	(245,576)
Financial Liabilities IFRS 16	(5,286)	(5,276)
- Other current financial payables	(556)	(1,638)
E. Current financial debt	(353,846)	(282,490)
- Loans	(15,833)	(15,833)
F Current portion of non-current financial debt	(15,833)	(15,833)
G Current financial debt (E+F)	**(369,679)**	**(298,323)**
H Net current financial debt (G-D)	**(319,863)**	**(202,269)**
- Loans	(104,535)	(118,525)
Financial Liabilities IFRS 16	(22,377)	(38,524)
Derivatives and other financial liabilities	—	(124)
I. Non-current financial debt	(126,912)	(157,173)
J Debt instruments	—	—
K Trade payables and other non-current payables	—	—
L Non-current financial debt (I+J+K)	**(126,912)**	**(157,173)**
M Total financial debt (H+L)	**(446,775)**	**(359,442)**

For the analysis of the Company's net financial position and the relevant changes, reference should be made to the Cash flow statement in these financial statements.

17. Other current liabilities

"Other current liabilities", amounting to € 10,032 thousand (€ 12,307 thousand at 31 December 2021), is detailed and commented on below:

Other current liabilities (Euro/thousands)	31/12/2022	31/12/2021
Payroll and other payables to personnel	4,105	5,379
Payables to welfare and social security entities	2,138	2,162
Tax payables	3,338	3,366
Cost of post-employment benefits allocated to supplementary pension plans	314	320
Accrued liabilities and deferred income	37	987
Other payables	100	91
Total other current liabilities	**10,032**	**12,307**

Payables to welfare and social security entities of € 2,138 thousand (€ 2,162 thousand at 31 December 2021) include € 822 thousand (€ 771 thousand at 31 December 2021) for contributions on salaries relating to December and paid in January 2023; € 1,245 thousand (€ 1,226 thousand at 31 December 2021) for contributions allocated for deferred salary items.

Tax payables of € 3,338 thousand (€ 3,366 thousand at 31 December 2021) regard IRPEF withholdings on employee salaries and professional fees paid in January 2023 for € 721 thousand (€ 760 thousand at 31 December 2021), payables to subsidiaries for the VAT receivable balance from their settlement in December, following participation in the Group VAT settlement regime for € 2,542 thousand (€ 2,530 thousand at 31 December 2021), and other tax for € 75 thousand.

Post-employment benefits allocated to supplementary pension plans of € 314 thousand (€ 320 thousand at 31 December 2021) refer to pension funds in which post-employment benefits flow, paid in January 2023.

"Accrued liabilities and deferred income" of € 37 thousand (€ 987 thousand at 31 December 2021) was determined on an accrual basis and refers to insurance, contributions and other accrued expense.

18. Trade payables

"Trade payables" amounted to € 18,403 thousand (€ 13,270 thousand at 31 December 2021):

Trade payables (Euro/thousands)	**31/12/2022**	**31/12/2021**
Payables to suppliers	17,861	12,870
Payables to subsidiaries	296	363
Payables to associates	39	—
Payables to parent company	19	5
Payables to affiliates	187	32
Total trade payables	**18,403**	**13,270**

Payables to suppliers amounted to € 17,861 thousand (€ 12,870 thousand as at 31 December 2021). The increase in the supplier balance is mainly due to the concentration of purchases and investments, mainly related to IT, in the latter part of the year.

Payables due to subsidiaries, associated and affiliated companies refer to trade transactions performed at standard market conditions.

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Intercompany trade transactions in 2022 with related parties are explained in Annexes C2 and D2

19. Revenues from sales and services

Revenues amounted to € 41,752 thousand and mainly consisted of charges to subsidiaries for shared services provided.

Revenue is detailed in the following tables:

Revenue from sales and services (Euro/thousands)	31/12/2022	31/12/2021
Revenue from the sale of products:		
- magazines/publications	192	173
Revenue from the sale of services:		
- revenue from administrative services	34,599	33,596
- other revenue	6,961	7,304
Total revenue	**41,752**	**41,073**

Revenue from administrative services refers to revenue from administrative and IT services provided to Group companies. The item “Other revenues” mainly includes revenues from subsidiaries for the provision of space at their premises in the amount of € 6,961 thousand (€ 7,304 thousand as at 31 December 2021).

Revenue by geographical area:

Geographical area (Euro/thousands)	31/12/2022	31/12/2021
Italy	41,752	41,073
EU countries		
Total	**41,752**	**41,073**

20. Cost of raw and ancillary materials, consumables and goods

Cost of raw and ancillary materials, consumables and goods amounted to € 374 thousand.

Cost of raw and ancillary materials, consumables and goods (Euro/thousands)	31/12/2022	31/12/2021
Raw material	1	—
Goods for re-sale	143	53
Consumables and maintenance materials	230	219
Total cost of raw and ancillary materials, consumables and goods	**374**	**272**

21. Costs for services

“Costs for services" amounted to € 27,762 thousand. Details are shown in the table below:

Costs for services (Euro/thousands)	31/12/2022	31/12/2021
IT professional services	7,598	6,719
Consultancy and professional services	2,470	3,383
Third-party collaborations	345	576
Rights and royalties	150	183
Advertising services	524	640
Third party graphical processing	238	232
Logistics	385	350
Newsstands channel fee	52	52
Leases and rentals	5,494	4,551
Fees to Directors and Statutory Auditors	1,186	2,742
Maintenance	2,145	1,971
Catering, security and cleaning services	1,444	1,523
Temporary work, courses and personnel selection	970	1,688
Utilities (electricity, gas, water)	2,462	1,162
Audit and certification expenses	497	469
Travel and other expense reimbursements	416	148
Other services	1,386	429
Total cost of services	**27,762**	**26,817**

Costs for services recorded an overall increase compared to the previous year, mainly due to the increase in gas and electricity tariffs, particularly referring to the Segrate offices, and higher software support fees, included in the item "Leases and rentals".

22. Cost of personnel

“Cost of personnel” amounted to € 21,544 thousand versus € 23,969 thousand in 2021.

Cost of personnel (Euro/thousands)	31/12/2022	31/12/2021
Salaries and wages and related costs	16,919	16,231
Capitalisation of payroll costs	(154)	(93)
Performance shares	504	370
Charging/(recovery) of costs for seconded staff	(2,392)	(2,012)
Social security expense	5,145	4,909
Post-employment benefits, retirement indemnity and supplementary pension scheme plans	2,449	4,241
Allocation/utilisation for risks from personnel reorganisation	(927)	323
Total cost of personnel	**21,544**	**23,969**

Cost of personnel includes the net balance between the charging and recovery of costs for staff seconded from and to Group companies.

“Capitalisation of payroll costs” refers to the costs for the resources working specifically on the development of SAP evolutions, the new copyright management system and legacy systems.

The decrease in labour costs is due to lower charges for leaving supplements, related, in 2021, to rationalisation operations implemented by the company.

At 31 December 2022, the Company employed 254 people, an increase of eight compared to 31 December 2021.

Headcount	Actual 31/12/2022	Actual 31/12/2021	Medium 2022	Medium 2021
Executives	27	31	28	30
Journalists	—	—	—	—
White collars and managers	224	214	218	216
Manual workers	3	1	2	2
Total	**254**	**246**	**248**	**248**

In the reporting period, there were an average of 248 units (248 units in 2021).

Share-based management incentive plans(Performance Share Plans)
At 31 December 2022, the Mondadori Group has three share-based payment plans in place intended for managers of Group companies and for members of the Board of Directors of the Parent.

The reasons underlying the adoption of the Plans are:

- to create a stronger link between the creation of medium- and long-term value and the remuneration of Management;

- to support Mondadori's growth following the completion of the optimization of its assets, using a system that reflects the growth in the value of the company;

- to encourage teamwork at management level, supporting the shared objective of value creation.

The Board – or its representative, the CEO – has the power to amend the Performance Targets in extraordinary and/or unforeseen situations or circumstances that could have a significant impact on the results of the Group and/or its area of operations. These situations and circumstances could, for example, include mergers, demergers, acquisitions, disposals or spin-offs.

Shares are allocated to the beneficiaries at the end of the vesting period on the basis of pre-established performance targets. Specifically, these targets are related to:

- Total Shareholder Return (TSR) vis-à-vis the constituents of the FTSE Italia All Share index, with a weighting of 25% (20% for the 2022-2024 plan)

- Cumulative EBIT for the three-year period, with a weighting of 25% (EBITDA for the 2021-2023 and 2022-2024 Plans), with a weighting of 25% (20% for the 2022-2024 Plan)

- Cumulative Net profit over the three years, with a weighting of 25%

- Cumulative Free Cash Flow for the three-year period (Ordinary Cash Flow for the 2022-2024 Plan), with a weighting of 25%

- Impact Inclusion Index, for the 2022-2024 Plan, with a weighting of 10%.

For each of the above performance conditions, minimum, target and maximum result levels are set.

When the minimum (90%) is met for EBIT (EBITDA for the 2021-2023 and 2022-2024 plans), Net Profit and Free Cash Flow (Ordinary Cash Flow for the 2022-2024 plan), the number of shares granted is equal to 50% of the target number of options assigned.

When the target is met, 100% vests, while with the maximum, the number of shares granted is equal to 120% of the target number of options assigned.

The Impact Inclusion Index, being the synthesis of three independent and individually measured fields of action, can have an outcome indicator value ranging from 0% to 120%, with a corresponding number of options assigned.

The TSR is defined vis-à-vis the constituents of the FTSE Italia All Share index by measuring performance over the period of the Plan. If the TSR is equal to or greater than the median, the target is deemed met and a number of shares up to 120% of the options assigned is granted. If the TSR is lower than the median, no shares are granted.

They are measured considering the four components of the Plan:

- the “market based” component connected to the measurement of the performance of Arnoldo Mondadori Editore S.p.A. in terms of Total Shareholder Return (TSR);

- the “non-market based” component relating to the achievement of targets on cumulative Net Profit, cumulative EBIT/EBITDA, cumulative Free/Ordinary Cash Flow and Impact Inclusion Index.

Pursuant to IFRS 2, the financial instruments underlying the Plan were stated at fair value on their granting.

The fair value measurement, which takes account of the current share price at the granting date, volatility, the expected flow of dividends, the duration of the Plan and the free-risk rate, was entrusted to an independent third-party expert and carried out using a Monte Carlo-type simulation model.

The information documents pursuant to Article 114-bis of Legislative Decree 58/98, which present the characteristics of the above plans, are publicly available in the Governance section of Arnoldo Mondadori Editore S.p.A.’s website (www.gruppomondadori.it), at the registered office and at Borsa Italiana S.p.A.. The table below shows for each plan the costs recognised in the income statement and the assumptions underlying the fair value measurement.

In first half 2022, the Performance Share Plan for the three-year period 2019-2021 came to maturity. A total of 311,847 shares were assigned, measured at a weighted average price of € 1.7164. The plan envisaged a total cost of € 426,920 thousand and the related reserves set aside during the three-year period were reclassified as available.

The table below shows for each plan the costs recognised in the income statement and the assumptions underlying the fair value measurement.

2022-2024 long-term incentive plan

At 31 December 2022, the cost of the 2022-2024 Performance Share Plan (intended for the Chief Executive Officer and 13 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognised in the income statement under Cost of personnel, amounted to € 161 thousand.

The total number of shares granted is 293 thousand.

The fair value of shares was determined based on the following assumptions:

Granting date	**1 June 2022**
Residual life at granting date (in months)	31
Expected volatility of the share price	33.89%
Risk-free interest rate	1.36%
% on expected dividends	0%
Fair value of share at granting date (Euro)	1.648

2021-2023 long-term incentive plan

At 31 December 2022, the cost of the 2021-2023 Performance Share Plan (intended for the Chief Executive Officer, the CFO and 14 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognised in the income statement under Cost of personnel, amounted to € 228 thousand.

The total number of shares granted is 386 thousand.

The fair value of shares was determined based on the following assumptions:

Granting date	**29 July 2021**
Residual life at granting date (in months)	29
Expected volatility of the share price	36.69%
Risk-free interest rate	-0.5%
% on expected dividends	0%
Fair value of share at granting date (Euro)	1.77

2020-2022 long-term incentive plan

At 31 December 2022, the cost of the 2020-2022 Performance Share Plan (intended for the Chief Executive Officer, the CFO and 8 selected Mondadori managers who have an employment and/or directorship relationship with the Company or with its Subsidiaries), recognised in the income statement under Cost of personnel, amounted to € 119 thousand.

The total number of shares granted is 278 thousand.

The fair value of shares was determined based on the following assumptions:

Granting date	**9 December 2020**
Residual life at granting date (in months)	25
Expected volatility of the share price	40,23%
Risk-free interest rate	-0,3%
% on expected dividends	0%
Fair value of share at granting date (Euro)	1,28

23. Other expense (income)

Other expense (income) (Euro/thousands)	31/12/2022	31/12/2021
Other revenues and income	(2,214)	(1,106)
Various operating costs	969	2,484
Total other expense (income)	**(1,244)**	**1,379**

"Other revenue and income", amounting to € 2,214 thousand (€ 1,106 thousand at 31 December 2021), refers to:

Other expense (income) – Other revenue and income (Euro/thousands)	31/12/2022	31/12/2021
Capital gains and contingent assets	(55)	(406)
Supplier rebates and miscellaneous contributions	(2,157)	(456)
Others (claims for damages)	(2)	(243)
Total other revenues and income	**(2,214)**	**(1,106)**

"Other operating expense", amounting to € 969 thousand (€ 2,484 thousand at 31 December 2021), includes:

Other (income) expense – Other operating expense (Euro/thousands)	31/12/2022	31/12/2021
Compensation, settlements and allowances	760	1,962
Membership fees and disbursements	516	434
Capital loss/contingent liabilities	38	20
Management of trade and other receivables	85	1
Allocation / (Utilization) Provision for sundry risks	(732)	(505)
Other tax and duties	298	390
Sundry expenses	4	181
Total other operating expense	**969**	**2,484**

24. Financial expense (income)

The item, amounting to € 2,725 thousand in expense (€ 3,465 thousand at 31 December 2021), consists of:

Financial expense (income) (Euro/thousands)	31/12/2022	31/12/2021
Interest from subsidiaries	(516)	(569)
Interest from associates	(26)	(24)
Interest from banks and post offices	(21)	(14)
Financial income from derivatives	(151)	—
Other interest and financial income	(23)	(166)
Total interest and other financial income	**(737)**	**(774)**
Interest on loans and borrowings	1,113	320
Financial expense from derivatives	—	1,933
Ancillary expense on loans	1,843	1,394
Commission on loans	577	531
Other impairment charges (income) IFRS 9	324	(1,745)
Financial expense from discounting of assets/liabilities	18	8
Interest to banks	4	9
Other interest and financial expense	148	80
Total interest and other financial expense	**4,026**	**2,530**
Realised currency gains	1	(3)
Unrealised currency gains	(1)	—
Total (profit) loss on currency transactions	**—**	**(3)**
Expense (income) from financial assets	—	448
Financial expense (income) IFRS 16	(563)	1,263
Total financial expense (income)	**2,725**	**3,465**

Net financial expense in 2022 amounted to € 2,725 thousand and decreased by € 740 thousand versus the prior year, due mainly to:

- interest expenses on loans, which amounted to € 1,113 thousand, increased by € 793 thousand, due to the increase in the Group's average bank exposure, resulting from the acquisitions made at the end of 2021 and during 2022, despite the reduction in the average borrowing rate;

- income from derivative transactions, which amounted to € -151 thousand, decreased by € -2,084 thousand due to the impact of negative initial fair values of interest rate derivative contracts entered into in 2021 (€ -1,477 thousand) and lower fixed/floating rate differentials received in the year (€ -607 thousand);

- ancillary financing expenses of € 1,843 thousand, an increase of € 449 thousand related to the portions of the amortised cost pertaining to the year;

- IFRS 9 amortised cost adjustment expense/(income) of € 324 thousand, an increase of € 2,069 thousand, of which € 2,041 thousand related to the amortised cost of the Committed Lines, subject to refinancing in 2021;

- lower expense from the sale of Reworld Media shares in 2021 amounting to € 448 thousand;

- lower expense, amounting to € 1,827 thousand, from the application of IFRS 16.

25. Expense (income) from investments

This item is detailed and commented on below:

Expense (income) from investments (Euro/thousands)	31/12/2022	31/12/2021
Revaluations	(71,677)	(74,340)
Impairment	4,206	9,047
Capital gain/(loss) on sale of investments	—	—
Total expense (income) from investments	**(67,471)**	**(65,292)**

Write-backs refer to:

(Euro/thousands)	31/12/2022	31/12/2021
Subsidiaries:		
– Mondadori Libri S.p.a	70,975	65,109
– Mondadori Media S.p.a	702	8,332
Total subsidiaries	**71,677**	**73,441**
Associates:		
– Attica Publications S.A.	—	899
Total associates and joint ventures	**—**	**899**
Total write-backs	**71,677**	**74,340**

Write-downs, which include the negative performance of the companies and the value adjustments of the investments following impairment testing, refer to:

(Euro/thousands)	31/12/2022	31/12/2021
Subsidiaries:		
- Mondadori Retail S.p.A.	1,427	5,536
- Mondadori Scuola S.p.A.	12	—
Total subsidiaries	**1,439**	**5,536**
Associates and joint ventures:		
- Monradio S.r.l.	—	2,005
- Attica Publications S.A.	918	
Total associates and joint ventures	**918**	**2,005**
Other companies:		
- Società Europea Edizioni S.p.A.	1,849	1,506
Total other companies	**1,849**	**1,506**
Total write-downs	**4,206**	**9,047**

During the year, the company collected dividends from the subsidiary Mondadori Libri S.p.A. for a total of € 54,090 thousand (€ 39,065 thousand in 2021) and from the subsidiary Mondadori Media for € 5,000 thousand.

The performance of the impairment test required the write-down of the investment in the Attica Group. For the impairment process and the underlying assumptions, reference should be made to paragraph 4 “Investments".

26. Income tax

“Income tax” amounted to an income of € 3,484 thousand (€ 3,219 thousand in 2021). The main components for the years ended 31 December 2022 and 2021 are shown in the table below:

Income tax (Euro/thousands)	**31/12/2022**	**31/12/2021**
Income from tax consolidation (IRES tax on income for the year)	(3,551)	(4,324)
IRAP for the year	—	—
Total current taxes	**(3,551)**	**(4,324)**
Deferred (pre-paid) tax for IRES	638	217
Deferred (pre-paid) tax for IRAP	1	(23)
Total deferred (pre-paid) tax	**639**	**194**
Taxes for previous years	410	312
Allocation / (Utilisation) Provision for tax disputes	(600)	600
Allocation / (Utilisation) Provision for write-down of tax receivables	(383)	—
Total income tax expense for the year	**(3,484)**	**(3,219)**

As shown in the sections relating to tax receivables and payables, since the Company participates in the tax consolidation regime of Fininvest S.p.A., it recorded an income from tax consolidation relating to the tax loss of the current year of € 3,551 thousand, which will be paid by the consolidating entity in 2023, and used to offset the current tax profit transferred from Mondadori companies to the fiscal unit.

The item "Taxes for previous years" includes the charge of € 383 thousand arising from the write-off of foreign tax credits no longer recoverable pursuant to Article 165, paragraph 6 of Presidential Decree 917/86 (Consolidated Law on Income Tax), entirely covered by the utilisation of the relative provision for bad debts.

Reconciliation between the financial statement tax charge and the theoretical tax charge

(Euro/thousands)	31/12/2022 Net income (loss) before tax	31/12/2022 Tax	31/12/2022 Current tax rate	31/12/2021 Net income (loss) before tax	31/12/2021 Tax	31/12/2021 Current tax rate
Theoretical IRES tax amount	48,583	11,660	24.00%	40,986	9,837	24.00%
Theoretical IRAP tax amount		1,895	3.90%		1,598	3.90%
Total theoretical tax amount/rate	**48,583**	**13,555**	**27.90%**	**40,986**	**11,435**	**27.90%**
Actual IRES tax amount	48,583	(3,485)	(7.17%)	40,986	(3,196)	(7.80%)
Actual IRAP tax amount		1	—%		(23)	(0.06%)
Total actual tax amount/ rate	**48,583**	**(3,484)**	**(7.17%)**	**40,986**	**(3,219)**	**(7.85%)**
Theoretical tax amount/ rate	**48,583**	**13,555**	**27.90%**	**40,986**	**11,435**	**27.90%**
Effects of investments	(63,930)	(15,343)	(37.43%)	(61,742)	(14,818)	(36.15%)
Effects of non-deductible interest expense	2,725	654	1.60%	3,004	721	1.76%
Effect of prior years' tax	114	27	0.07%	1,298	312	0.76%
Effect of provision for tax litigation	(2,500)	(600)	(1.46%)	2,500	600	1.46%
Effects of other permanent increases	733	176	0.43%	839	201	0.49%
Effects of different taxable amount for IRAP	(7,889)	(1,893)	(4.62%)	(6,757)	(1,622)	(3.96%)
Effects of other permanent decreases	(248)	(59)	(0.14%)	(205)	(49)	(0.12%)
Current tax amount/rate		**(3,484)**	**(7.17%)**		**(3,220)**	**(7.86%)**

27. Commitments and contingent liabilities

The following table shows Company commitments at 31 December 2022:

(Euro/thousands)	31/12/2022	31/12/2021
Guarantees, sureties, endorsements:		
- in favour of subsidiaries	18,900	18,981
- in favour of other companies	14,679	14,073
Total	**33,579**	**33,054**

Guarantees, sureties, endorsements:

- **in favour of subsidiaries**: € 18,900 thousand (€ 18,981 thousand in 2021) refer mainly to letters of patronage issued in favour of subsidiaries, mainly Mondadori Retail S.p.A..

- **in favour of other enterprises**: € 14,679 thousand (€ 14,073 thousand) refer to counter-guarantees issued by the Company against sureties issued by credit institutes:
  - in the interest of the Lombardy Regional Revenue Agency Office and the Italian Ministry of Production Activities to support premium contests of € 2,533 thousand;
  - to the Lombardy Regional Inland Revenue Office for VAT reimbursements of € 7,911 thousand;
  - € 443 thousand to other organizations and companies regarding guarantees on leases or other contracts entered into by the Company.

Contingent liabilities (pending disputes):

For the years 2004-2005, the Central Division of the Lombardy Region, through tax assessments, submitted findings relating to IRAP (2004) and to the application of a 12.50% withholding tax on the interest paid on a loan stock in favour of a subsidiary for a total of € 4 million, plus applicable ancillary expense (2005).

With regard to IRAP 2004, the Court of Cassation, by order of 3 February 2022, referred the dispute back to the Court of Justice of the second instance because it found that there was a failure to state reasons in the previous judgement. By appeal filed on 28 September 2022, the Company resumed the case before the aforementioned Court. The date of the hearing is scheduled for 12 May 2023. With regard to the finding concerning the withholding tax on interest, the Company appealed to the Court of Cassation, after the Regional Tax Commission of Milan rejected the appeal. In a judgement filed on 8 March 2023, the Court of Cassation declared that the matter in dispute in relation to the notification of the penalties had ceased and the Court referred the dispute to the second instance Court of Justice on matters of taxation. In particular, the Supreme Court of Cassation, upholding the Company's arguments, followed the interpretative position expressed on the subject of the "beneficial owner" by the Court of Justice in its most recent rulings, which were also implemented in the national context, and, to that effect, the court quashed the contested decision, referring the case back to the second instance Court of Justice, in a different composition, for the assessment of the factual elements of the case.

For the above indicated potential liabilities, while taking account of the substantial grounds of defence, the risk of a negative outcome is considered likely, covered by a specific provision for write-downs.

28. Non-recurring (income) expense

Pursuant to Consob Resolution no. 15519 of 27 July 2006, it should be noted that the Company did not recognise any non-recurring expenses (income) during the financial year 2022.

29. Related Parties

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

Annexes C1, C2, D1, D2 detail the operating and financial impacts of transactions with parent companies, subsidiaries, associates and affiliates performed in 2022 and 2021.

30. Financial risk management and other information required under IFRS 7 and IFRS 9

In carrying out its business activities, the Company is exposed to various financial risks, including interest rate risk, exchange rate risk, price risk, credit/counterparty risk, issuer risk and liquidity risk.

The Company drafted a “General Policy for Financial Risk Management” aimed at regulating and defining financial risk management. The Policy also envisaged the setting up of a Risk Committee, whose task is to identify any changes. The Policy was adopted by the Parent Company, Arnoldo Mondadori Editore S.p.A., and all Group companies.

The Company analyses and measures its exposure to financial risks for the purpose of defining management and hedge strategies. The criteria used by the Company to measure the risks include the sensitivity analysis of positions subject to risk, involving mark-to-market analysis of variations and/or future cash flow variations in regard to small variations in risk factors.

The overall Policy objective is to minimize financial risks, by using appropriate tools available on the market. Financial derivative instruments are exclusively used to hedge against financial risks directly referring to Arnoldo Mondadori Editore S.p.A. or its subsidiaries.

Financial derivative instruments may not be used for speculative purposes.

Specific company functions are responsible for risk management and monitoring and reports are drafted periodically for each type of risk.

Interest rate risk

Interest rate risk refers to the possibility that losses may be incurred in net financial income, in terms of lower yield from an asset or increased liability costs (existing or potential) as a result of interest rate fluctuations.

Interest rate risk is therefore correlated to interest rate uncertainty. The prime objective of interest rate risk management is to protect the Company’s financial margin against market interest rate fluctuations, by steadily monitoring interest rate volatility, and prudently managing the risk consistent with the Group risk profiles and the Group financial assets and liabilities performance from an asset and liability management perspective.

The Company’s exposure to interest rate risk refers mainly to medium-long term loans, and, in particular, the pool loan granted in May 2021, and the interest rate swaps taken out to hedge the loan.

The following table shows the findings of the sensitivity analysis, with indication of the relevant impact on income statement and equity, gross of any tax effects, pursuant to IFRS 7.

Sensitivity analysis (Euro/million)	**Underlying**	**Interest rate increase (decrease)**	**Income (expense)**	**Equity increase (decrease)**
2022	(225.4)	1.00%	(1.5)	3.9
2021	(115.5)	1.00%	0.6	7.1
2022	(225.4)	(1.00%)	1.5	(2.9)
2021	(115.5)	(1.00%)	0.8	(1.5)

While identifying potential impact correlated to positive and negative interest rate variations, floating-rate loans (short-term credit lines) were also analysed.

The impact of the sensitivity analysis refers to future cash flows on the payment of floating-rate loans.

The basic assumptions underlying the sensitivity analysis are:

- an initial parallel shift of the interest curve of + 100/-20 basis points (+100/-20 basis points in 2021);
- the analysis is carried out on the assumption that all the other risk variables remain constant;

• for the purpose of comparability, the same analysis is performed both on the current and prior year.

Currency risk

Currency risk refers to a set of negative effects on the margin or the value of an asset or a liability as a result of exchange rate fluctuations.

The Company is not particularly exposed to exchange rate risks since the Euro is the currency used in the Company's main business areas.

In 2022, the type of exposure and the hedge policy adopted for exchange rate risks did not show any particular changes from prior years.

The results of the sensitivity analysis performed on the currency risk showed an irrelevant economic impact, considering the low level of average exposure in 2022 and 2021.

Liquidity risk

Liquidity risk refers to the possibility that the Company may not be able to meet payment obligations as a result of its inability to raise new funds (funding liquidity risk), or its inability to sell assets on the market (asset liquidity risk), thereby being forced to sustain overly high costs for the purpose of meeting obligations. The Company's exposure to liquidity risk refers mainly to existing loans and borrowings.

In addition, if deemed necessary, the Company may resort to pre-authorised short-term credit lines.

The Company's objective is to maintain a constant balance and flexibility between financial sources and commitments. For detailed information regarding current and non-current financial liabilities, reference should be made to Note 16 "Financial liabilities".

At 31 December 2022, liquidity risk was managed by the Company by resorting to its own financial resources and to the financial resources of its subsidiaries.

The table below details the Company's exposure to liquidity risk and the relevant maturity dates:

Liquidity risk	**Analysis of maturity dates at 31/12/2022**						
(Euro/millions)	**< 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**5-10 years**	**> 10 years**	**Total**
Trade payables	18.0						18.0
Medium-long term intercompany loans	—						—
Medium-long term third-party loans	0.9	187.5	18.5	94.8	—	—	301.7
Other financial liabilities:							
- committed lines							—
- uncommitted lines	10.6						10.6
Other liabilities	0.1						0.1
Intercompany payables	338.3						338.3
Total	**367.9**	**187.5**	**18.5**	**94.8**	**—**	**—**	**668.8**
Derivatives on rate risk	1.7	2.4	3.7	5.6	—	—	13.4
Total exposure	**366.2**	**185.2**	**14.8**	**89.2**	**—**	**—**	**655.4**

Liquidity risk	Analysis of maturity dates at 31/12/2021						
(Euro/millions)	< 6 months	6-12 months	1-2 years	2-5 years	5-10 years	> 10 years	Total
Trade payables	12.9						12.9
Medium-long term intercompany loans	—						—
Medium-long term third-party loans	0.5	16.4	186.9	110.1	—	—	313.9
Other financial liabilities:							
- committed lines							—
- uncommitted lines	30.4						30.4
Other liabilities	1.1						1.1
Intercompany payables	245.9						245.9
Total	**290.9**	**16.4**	**186.9**	**110.1**	**—**	**—**	**604.3**
Derivatives on rate risk	(0.3)	(0.3)	(0.1)	0.1	—	—	(0.6)
Total exposure	**291.2**	**16.7**	**187.0**	**110.0**	**—**	**—**	**604.9**

Maturity dates were analysed by using undiscounted cash flows and the amounts were accounted for by taking into account the first date upon which payment becomes due. For this reason, uncommitted credit lines are shown in the first column.

For the purpose of meeting liquidity requirements, the Company relies on credit lines and liquidity, as already commented on above.

Credit risk

Credit risk refers to the possibility of incurring financial losses as a result of counterparty default in complying with contractual obligations.

A special type of credit risk is represented by the counterparty/replacement risk in case of derivative exposure. In this case, the risk is associated with any capital gain positions as a result of the possibility that the counterparty fails to meet its contractual obligations and thus no positive cash flow is generated in favour of the Company. In the case of the Company, this potential risk is limited, since the counterparties of derivative instrument contracts are leading financial institutions with high ratings.

The objective is to limit the risk for losses due to the unreliability of market counterparties or to the difficulty of converting or replacing existing financial positions. Hence, transactions with non-authorized counterparties are not allowed.

When approving the Policy, the Board of Directors also approved a list of authorized counterparties for financial risk hedging. Transactions with such authorized counterparties are constantly monitored and reports are periodically drafted.

There is virtually no risk of trade credit for the company which has trade relations almost exclusively with its subsidiaries and associates to which it provides services in the areas of Administration, Management Control and Planning, Treasury and Finance, Purchasing, IT, Human Resources, Logistics, Legal and Corporate Affairs, and External and Institutional Relations. The balance relating to trade receivables is monitored throughout the year, to ensure that the amount of exposure to losses is kept low.

The table below shows maximum exposure to credit risk for financial statements items. Maximum risk exposure is accounted for before the effects of mitigation deriving from compensation agreements and guarantees.

Credit risk (Euro/millions)	**31/12/2022**	**31/12/2021**
Deposits	25.3	72.9
Securities held for trading		
Receivables and loans:		
- trade receivables and other current financial assets	41.3	38.0
- trade receivables and other non-current financial assets	1.7	1.2
- guarantees		
Total maximum exposure to credit risk	68.4	112.2

As to trade receivables, the table below illustrates the Company's exposure to credit risk by geographical area and business area:

Credit risk concentration	**(Euro/millions) 31/12/2022**	**(Euro/millions) 31/12/2021**	**% 31/12/2022**	**% 31/12/2021**
By business area:				
Corporate & Shared Services	13.7	12.2	99%	100%
Magazines (Print)	0.1	0.1	1%	—%
Total	**13.8**	**12.3**	**100%**	**100%**
By geographical area:				
Italy	12.3	12.3	100%	100%
Other Countries	—	—	-	-
Total	**12.3**	**12.3**	**100%**	**100%**

Below is a description of the management criteria used for the main business segments:

Corporate & Shared Services
Receivables related to Corporate & Shared Services refer to Administration, Planning and Control, Treasury and Finance, Procurement, IT, Human Resources, Logistics, Legal and Corporate Affairs, and External and Institutional Relations performed centrally for all subsidiaries and affiliates.

Price risk

Price risk refers mainly to changes in the market price of equity instruments and the impairment of financial assets/liabilities as a result of changes in commodity prices. The key objective of price risk management is to reduce the impact of fluctuations in the price of raw materials on the financial results of the Company.

Other information required under IFRS 7 and IFRS 9

The table below summarizes financial assets and liabilities classified according to the categories defined by IFRS 9 and the relevant fair value:

	Classification							
	Book value						Fair value	
(Euro/millions)	Total		of which current		of which non-current			
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	12/31/2021
- Financial assets classified as "held for trading" measured at fair value with changes booked to the income statement (securities)	—	—	—	—	—	—	—	—
Receivables and loans:								
- cash and cash equivalents	25.3	72.9	25.3	72.9	—	—	25.3	72.9
- trade receivables	0.5	0.3	0.5	0.3	—	—	0.5	0.3
- other financial assets	3.2	2.7	3.1	2.6	0.1	0.1	3.2	2.7
- receivables due from subsidiaries, associates, affiliates	38.3	35.6	37.8	35.1	0.5	0.5	38.3	35.6
Available-for-sale financial assets (investments)	1.1	0.7	1.1	0.7	—	—	1.1	0.7
Cash flow hedges	—	—	—	—	—	—	—	—
Total financial assets	**68.4**	**112.2**	**67.7**	**111.6**	**0.6**	**0.6**	**68.4**	**112.2**
Financial liabilities classified as “held to collect”, measured at amortised cost or fair value with adjustments recognised in the income statement:	-	-	-	-	-	-	-	-
- trade payables	18.0	12.9	18.0	12.9	—	—	18.0	12.9
- payables to banks and other financial liabilities	131.1	165.9	26.5	47.3	104.5	118.5	136.2	174.1
- payables to subsidiaries, associates, affiliates	338.3	245.9	338.3	245.9	—	—	338.3	245.9
Cash flow hedges	—	0.1	—	—	—	0.1	—	0.1
Total Financial liabilities	**487.4**	**424.9**	**382.8**	**306.2**	**104.5**	**118.6**	**492.5**	**433.1**

The table below summarises income and expense recognised in the income statement and attributable to financial assets and liabilities, classified according to the categories defined by IFRS 9:

Profit and loss from financial instruments (Euro/millions)	**31/12/2022**	**31/12/2021**
Interest income on financial assets:		
- intercompany receivables	0.5	0.6
-	—	0.2
Income from financial assets:		
-		
Total income	**0.6**	**0.8**
Net loss on derivative instruments	0.2	2.2
Interest due on financial liabilities:		
- loans	3.5	0.2
- other	0.2	0.1
Losses from financial instrument impairment:		
- trade receivables	0.1	
Expense from financial assets:		
- expense from securities "held for trading"		0.4
Total expense	**3.9**	**2.9**
Total	**(3.4)**	**(2.1)**

31. Fair value measurement

Some of the Company's financial assets and liabilities are measured at fair value at each balance sheet date. The table below provides information on the measurement of the abovementioned fair value:

Financial assets (liabilities) (Euro/thousand)	**Fair value at 31/12/2022**	**Fair value hierarchy**	**Measurement method and main inputs**
Interest rate swap contracts	10,460	Level 2	Discounted cash flow Future cash flows are discounted based on the forward rate curve expected at the end of the period and on the contractual fixing rates, also taking the counterparty default risk into account
Investments in other companies	1,101	Level 3	Fair value determined using measurement techniques with regard to unobservable market variables.

32. Events after year end

There were no significant events after year end.

33. Information pursuant to Law 124/2017 Article 1, paragraph 125bis

In 2022, the company received the following government grants in the form of tax credits:

- € 59 thousand, as a contribution for the purchase of electricity pursuant to Article 3 of Legislative Decree No. 21/2022;

- € 7 thousand, as a contribution for the purchase of natural gas pursuant to Article 4 of Legislative Decree No. 21/2022.

34. Information pursuant to Article 149-duodecies of CONSOB Issuer Regulation

The table below, prepared pursuant to Article 149-duodecies of the CONSOB Issuer Regulation, shows the fees paid in 2022 (net of ancillary expenses) for auditing and other services provided by EY S.p.A. and by other entities belonging to the same network.

Service	Entity providing the service	Beneficiary of the service	Amount (Euro/ thousand)
Auditing	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	419
Certification services (1)	EY S.p.A.	Arnoldo Mondadori Editore S.p.A.	39
Other services (2)	Other EY network entities	Arnoldo Mondadori Editore S.p.A.	66
Total			**524**

1) Include audit of the Non-Financial Statement and other certification work

2) Other services include compliance endorsements on tax returns

35. Proposed resolution of the board of directors

Dear Shareholders,
if you agree with our proposals, we invite you to adopt the following resolutions:

"1. The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., convened in ordinary session, having reviewed the draft financial statements for the year ended 31 December 2022, the Directors' Report on Operations, having regard to the certification referred to in Article 154-bis, fifth paragraph of Legislative Decree 58/1998, issued by the Financial Reporting Manager, and having taken note of the Statutory Auditors' Report and the Independent Auditors' Report,

resolves:

to approve the Financial Statements at 31 December 2022 and the Board of Directors' Report on Operations, including all the information and results contained therein."

"2. The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., in ordinary session,

- having regard to the financial statements for the year ended 31 December 2022, approved by today's Shareholders' Meeting;

- having regard to the proposed resolutions submitted;

- having acknowledged that the legal reserve is equal to one fifth of the share capital, in compliance with Article 2430, paragraph 1, of the Italian Civil Code;

resolves:

- to allocate the net profit resulting from the financial statements of Arnoldo Mondadori Editore S.p.A. at 31 December 2022, equal to € 52,067,225.12 entirely to the non-distributable reserve from the measurement of investments at equity (Article 2426, paragraph 4, of the Italian Civil Code)."

"3. The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., in ordinary session, - having regard to the proposed resolutions submitted;

resolves:

- to distribute to the Shareholders, a dividend for the unit amount of € 0.11, gross of tax, for each ordinary share (net of treasury shares) outstanding at the record date, drawing the relating amount from the distributable portion of the extraordinary reserve (included in the equity item "Other reserves and profit/(loss) carried forward").

The dividend will be paid, in accordance with the provisions of the "Regulation of the markets organized and managed by Borsa Italiana S.p.A.", ***from 24 May 2023 (payment date), with ex-coupon (no. 22) date on 22 May 2023 (ex date) and with the date of entitlement to payment of the dividend, pursuant to Article 83-terdecies of the TUF (record date), on 23 May 2023.***

For the Board of Directors
The Chairman
Marina Berlusconi

ANNEXES
TO THE
FINANCIAL STATEMENTS

ANNEX A: STATEMENT OF INVESTMENTS

Description (Euro/thousands)	Registered office	Share capital	Equity	Profit (loss) for the year 2022	Total equity	Ownership share	Shareholders' equity	Balance sheet value of equity stake
Subsidiaries:								
Mondadori Retail S.p.A.	Milano	2,000	10,331	(1,427)	8,904	100.00 %	8,904	11,404
Mondadori Media SpA	Milano	1,000	38,380	(524)	37,856	100.00 %	37,856	37,409
Mondadori Libri S.p.A.	Milano	30,050	519,633	69,142	588,775	100.00 %	588,775	612,966
Mondadori Scuola S.p.A.	Milano	50	50	(12)	38	100.00 %	38	38
Total							**635,572**	**661,817**
Associates:								
Attica Publications S.A. (b)	Atene	4,590	3,890	2,880	6,770	41.98 %	2,842	6,966
Total							**2,842**	**6,966**
Other companies:								
Società Europea di Edizioni S.p.A. (a)	Milano	2,529	8,529	(8,118)	411	18.45 %	76	1,038
Consorzio Edicola Italiana	Milano	60	—		—	16.67 %	—	11
Consuledit S.c.a.r.l. (in liquidazione)	Milano	20	—		—	9.56 %	—	1
Immobiliare Editori Giornali S.r.l.	Roma	830	—		—	7.88 %	—	51
Total							**76**	**1,101**
Total direct equity investments							**638,490**	**669,884**

(a) Figures at 31/12/2021
(b) Consolidated figures at 31/12/2021
Note: the amounts refer to balance sheet and income statement figures, in accordance with the accounting standards adopted for the preparation of the financial statements of the individual subsidiaries

ANNEX B1: MAIN INDIRECT SUBSIDIARIES AND ASSOCIATES AT 31 DECEMBER 2022

Description (Amounts in currency/thousands)	**Registered office**	**Currency**	**Share capital**	**Equity**	**Profit (loss) for the year 2022**	**Total equity**	**Group interest**	**Equity in foreign currency**	**Equity in Euro (a)**
Subsidiaries:									
Electa S.p.A.	Milan	Euro	1,594	10,799	8,365	19,164	100.00%	19,164	19,164
Direct Channel S.p.A.	Milan	Euro	3,120	3,224	(48)	3,176	100.00%	3,176	3,176
Adkaora S.r.l.	Milan	Euro	15	1,365	1,441	2,806	100.00%	2,806	2,806
Giulio Einaudi Editore S.p.A.	Turin	Euro	23,920	36,883	13,066	49,949	100.00%	49,949	49,949
Mondadori Education S.p.A.	Milan	Euro	10,608	50,842	13,311	64,153	100.00%	64,153	64,153
Mondadori Scienza S.p.A.	Milan	Euro	2,600	3,159	(35)	3,124	100.00%	3,124	3,124
Rizzoli Education S.p.A.	Milan	Euro	42,405	84,712	32,269	116,981	99.99%	116,969	116,969
Rizzoli Bookstore Inc.	New York	US$	3,499	1,055	(460)	595	99.99%	595	565
Rizzoli International Publications Inc.	New York	US$	26,900	41,776	2,114	43,890	99.99%	43,886	41,677
Hej! S.r.l.	Milan	Euro	18	1,624	1,120	2,744	100.00%	2,744	2,744
D Scuola S.p.A.	Milan	Euro	5,000	8,100	12,130	20,230	100.00%	20,230	20,230
De Agostini Libri S.r.l.	Novara	Euro	100	4,271	2,736	7,007	50.00%	3,504	3,504
Libromania S.r.l.	Milan	Euro	20	434	911	1,345	100.00%	1,345	1,345
Edizioni Star Comics S.r.l.	Perugia	Euro	1,000	5,754	1,143	6,897	51.00%	3,517	3,517
Total									**332,923**

Description (Amounts in currency/thousands)	Registered office	Curren cy	Share capital	Equity	Profit (loss) for the year 2022	Total equity	Group interest	Equity in foreign currency	Equity in Euro (a)
Associates:									
Edizioni EL S.r.l. [(b)]	Trieste	Euro	620	6,770	2,566	9,336	—	4,668	4,668
Press-Di Distribuzione Stampa e Multimedia S.r.l.	Milan	Euro	200	462	425	887	—	177	177
Mediamond S.p.A.	Milan	Euro	2,400	3,829	950	4,779	—	2,390	2,390
Mondadori Seec (Beijing) Advertising Co. Ltd [(b)]	Beijing	Cny	40,000	53,280	(16,060)	37,220	—	18,610	2,587
A.L.I. Agenzia Libraria International S.r.l.	Cornaredo	Euro	156	7,548	4,703	12,251	—	6,126	6,126
Il Castello S.r.l.	Cornaredo	Euro	10	4,774	533	5,307	—	2,654	2,654
Total									**9,822**

(a) Exchange rates December: USD Euro 1.05; Cny Euro 7.19
(b) Figures at 31/12/2021

RELATED PARTIES
ANNEX C1: RECEIVABLES FROM SUBSIDIARIES AND ASSOCIATES AT 31 DECEMBER 2022

Current account transactions and financial receivables (Euro/thousands)	**31/12/2022**	**31/12/2021**
Subsidiaries:		
Abscondita S.r.l.	91	77
Mondadori Media S.p.A.	21,388	18,465
Mondadori Retail S.p.A.	—	4,476
Hej! S.r.l.	—	81
Edizioni Star Comics S.r.l.	1,968	—
Zenzero S.r.l.	104	—
Libromania S.r.l.	87	—
Adkaora S.r.l.	835	—
Associates:		
Attica Publications S.A.	500	500
Total	**24,974**	**23,599**
% impact on financial statements item	**70.4%**	**99.7%**

Trade transactions (Euro/thousands)	**31/12/2022**	**31/12/2021**
Subsidiaries:		
Adkaora S.r.l.	125	36
Electa S.p.A.	278	294
Giulio Einaudi editore S.p.A.	272	303
Mondadori Education S.p.A.	824	906
Mondadori Media S.p.A.	2,174	3,382
Mondadori Libri S.p.A.	3,336	2,217
Mondadori Retail S.p.A.	2,579	2,775
Mondadori Scienza S.p.A.	166	185
Press-Di Distribuzione Stampa e Multimedia S.r.l.	—	236
Direct Channel S.p.A.	832	691
Hej! S.r.l.	15	1
D Scuola S.p.A.	740	14
Rizzoli Education S.p.A.	672	796
Zenzero S.r.l.	43	—
De Agostini Libri S.r.l.	574	—
Libromania S.r.l.	268	—
Associates:		
Attica Publications S.A.	—	—
Mediamond S.p.A.	152	196
Press-Di Distribuzione Stampa e Multimedia S.r.l.	254	—
Parent company:		
Fininvest S.p.A.	—	11
Affiliates:		
RTI S.p.A.	—	—
Other companies for amounts lower than € 52 thousand	4	4
Total	**13,307**	**12,046**
% impact on financial statements item	**96.7%**	**98.1%**

Receivables for income tax and other tax receivables (Euro/thousands)	**31/12/2022**	**31/12/2021**
Parent company:		
Fininvest S.p.A.	3,551	4,041
Subsidiaries:		
Adkaora S.r.l.	301	310
Mondadori Media S.p.A.	561	333
Mondadori Scienza S.p.A.	61	70
D Scuola S.p.A.	—	—
Total	**4,474**	**4,754**
% impact on financial statements item	**51.05%**	**50.60%**

RELATED PARTIES
ANNEX C2: INTERCOMPANY TRANSACTIONS IN 2022

Related parties (Euro/thousands)	**Revenues from sales and services**	**Other income**	**Financial income**	**Income from investments***	**Total**
Subsidiaries:					
Abdscondita S.r.l.	—	—	1	—	1
Adkaora S.r.l.	245	—	9	—	255
Direct Channel S.p.A.	1,466	—	—	—	1,466
Electa S.p.A.	1,262	—	—	—	1,262
Giulio Einaudi editore S.p.A.	1,090	—	—	—	1,090
Mondadori Education S.p.A.	3,963	—	—	—	3,963
Mondadori Media S.p.A.	8,806	—	425	702	9,934
Mondadori Libri S.p.A.	11,172	—	—	70,975	82,147
Mondadori Retail S.p.A.	6,376	—	18	—	6,394
Mondadori Scienza S.p.A.	615	—	—	—	615
Press-Di Distribuzione Stampa e Multimedia S.r.l.	478	—	3	—	481
Rizzoli Education S.p.A.	3,322	—	—	—	3,322
Hej! S.r.l.	53	—	—	—	53
De Agostini Libri S.r.l.	433	—	1	—	433
D Scuola S.p.A.	928	—	46	—	974
Edizioni Star Comics S.r.l.	—	—	13	—	13
Zenzero S.r.l.	35	—	—	—	35
Libromania S.r.l.	220	—	—	—	220
Total	**40,465**	**—**	**516**	**71,677**	**112,658**

Related parties (Euro/thousands)	**Revenues from sales and services**	**Other income**	**Financial income**	**Income from investments**	**Total**
Associates:					
Attica Publications S.A.	—	—	25	—	25
Mediamond S.p.A.	627	—	—	—	627
Press-Di Distribuzione Stampa e Multimedia S.r.l.	424	—		—	424 —
Total	**1,051**	**—**	**25**	**—**	**1,076**
Total	**41,516**	**—**	**542**	**71,677**	**113,735**
% impact on financial statements item	**99.4%**	**—%**	**21.6%**	**100.0%**	**n.s.**

* Income from investments in indirect subsidiaries is shown in direct subsidiaries

RELATED PARTIES
ANNEX D1: PAYABLES TO PARENT COMPANY, SUBSIDIARIES, ASSOCIATES AND AFFILIATES AT 31 DECEMBER 2022

Current account transactions and financial payables (Euro/thousands)	**31/12/2022**	**31/12/2021**
Subsidiaries:		
Adkaora S.r.l.	268	339
Direct Channel S.p.A.	11,632	12,251
Electa S.p.A.	33,459	24,150
Giulio Einaudi Editore S.p.A.	30,294	28,890
Mondadori Education S.p.A.	53,938	61,114
Mondadori Media S.p.A.	—	—
Mondadori Libri S.p.A.	56,971	21,026
Mondadori Scienza S.p.A.	8,463	9,963
Press-Di Distribuzione Stampa e Multimedia S.r.l.	—	2,830
Rizzoli Education S.p.A.	111,268	65,242
D Scuola S.p.A.	23,477	19,771
De Agostini Libri S.r.l.	3,357	—
Mondadori Scuola S.p.A.	50	—
Hej! S.r.l.	880	—
Mondadori Retail S.p.A.	3,948	—
Other companies:		
Società Europea di Edizioni S.p.A.	461	—
Affiliates:		
RTI S.p.A.		1,200
Total	**338,465**	**246,776**
% impact on financial statements item	**72.2%**	**54.2%**

Trade transactions (Euro/thousands)	31/12/2022	31/12/2021
Subsidiaries:		
Adkaora S.r.l.	—	—
Giulio Einaudi Editore S.p.A.	2	2
Mondadori Education S.p.A.	—	100
Mondadori Electa S.p.A.	—	71
Mondadori Media S.p.A.	146	141
Mondadori Libri S.p.A.	133	31
Direct Channel S.p.A.	1	—
Mondadori Retail S.p.A.	7	7
Press-Di Distribuzione Stampa e Multimedia S.r.l.	—	11
Mondadori Scienza S.p.A.	7	—
Associates:		
Mediamond S.p.A.	33	—
Press-Di Distribuzione Stampa e Multimedia S.r.l.	6	—
Other companies:		
Società Europea di Edizioni S.p.A.	109	82
Parent company:		
Fininvest S.p.A.	19	18
Affiliates:		
RTI S.p.A.	13	13
Publitalia '80 S.p.A.	174	5
Total	**650**	**482**
% impact on financial statements item	**3.5%**	**3.6%**

Other payables (Euro/thousands)	31/12/2022	31/12/2021
Subsidiaries:		
AdKaoraS.r.l.	41	41
GiulioEinaudiEditoreS.p.A.	636	462
MondadoriEducationS.p.A.	335	312
ElectaS.p.A.	86	102
MondadoriLibriS.p.A.	778	816
MondadoriRetailS.p.A.	323	102
Direct Channel S.p.A.	127	156
Press-di-DistribuzioneStampaeMultimediaS.r.l.	—	251
RizzoliEducation S.p.A.	217	290
Other companies:		
Società Europea di Edizioni S.p.A.	—	—
Total	2,542	2,530
% impact on financial statements item	**25.3%**	**20.6%**

RELATED PARTIES
ANNEX D2: INTERCOMPANY TRANSACTIONS IN 2022

Related parties (Euro/thousands)	Raw and ancillary materials, consumables and goods	Services	Cost of personnel	Other expense	Financial expense	Expenses from investments*	Total
Parent company:							
Fininvest S.p.A.	—	66	—	—	—	—	66
Subsidiaries:							
Adkaora S.r.l.	—	(21)	—	—	—	—	(21)
Electa S.p.A.	—	23	(56)	—	—	—	(34)
Giulio Einaudi editore S.p.A.	—	(10)	(184)	—	—	—	(194)
Mondadori Education S.p.A.	—	24	(126)	—	—	—	(102)
Mondadori Media S.p.A.	1	(108)	255	—	—	—	149
Mondadori Libri S.p.A.	—	34	(789)	—	—	—	(755)
Mondadori Retail S.p.A.	—	(123)	(798)	—	—	1,427	506
Mondadori Scienza S.p.A.	—	(27)	—	—	—	—	(27)
Press-Di Distribuzione Stampa e Multimedia S.r.l.	—	73	(30)	—	—	—	43
Direct Channel S.p.A.	—	(7)	—	—	—	—	(7)
Hej! S.r.l.	—	(4)	—	—	—	—	(4)
D Scuola S.p.A.	—	(2)	(437)	—	—	—	(440)
Rizzoli Education S.p.A.	—	(12)	(85)	—	—	—	(97)
Mondadori Scuola S.p.A.	—	—	—	—	—	12	12
De Agostini Libri S.r.l.	—	(46)	—	—	—	—	(46)
Zenzero S.r.l.	—	—	—	—	—	—	—
TOTAL	**1**	**(207)**	**(2,251)**	**—**	**—**	**1,439**	**(1,017)**

* Expense from investments in indirect subsidiaries is shown in direct subsidiaries

Related parties (Euro/thousands)	**Raw and ancillary materials, consumables and goods**	**Services**	**Cost of personnel**	**Other expense**	**Financial expense**	**Expenses from investments***	**Total**
Associates:							
Attica Publications S.A.	—	—	—	—	—	918	918
Mediamond S.p.A.	—	47	—	—	—	—	47
Press-Di Distribuzione Stampa e Multimedia S.r.l.	—	28	(30)	—	—	—	(2)
Total	**—**	**75**	**(30)**	**—**	**—**	**918**	**963**
Other companies:							
Società Europea di Edizioni S.p.A.	—	297	—	—	—	1,849	2,146
Total	**—**	**297**	**—**	**—**	**—**	**1,849**	**2,146**
FININVEST GROUP COMPANIES							—
							—
Il Teatro Manzoni S.p.A.	—	(19)	—	—	—	—	(19)
Fininvest Real Estate&Services S.p.A.	—	7	—	—	—	—	7
Publitalia '80 S.p.A.	136	—	—	—	—	—	136
Total	**136**	**(12)**	**—**	**—**	**—**	—	125
Total	**138**	**219**	**(2,281)**	**—**	**—**	**4,206**	**2,282**
% impact on financial statements item	**36.8%**	**0.8%**	**n.s.**	**—%**	**—%**	**100.0%**	**n.s.**

* Expense from investments in indirect subsidiaries is shown in direct subsidiaries

ANNEX E: FINANCIAL HIGHLIGHTS OF SUBSIDIARIES PREPARED ACCORDING TO IAS INTERNATIONAL ACCOUNTING STANDARDS

(Euro/thousands)	Mondadori Retail	Mondadori Media	Mondadori Libri	Mondadori Scuola
Period at	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**
Statement of financial position				
Assets				
Intangible assets	1,870	65,388	21,082	—
Property, plant and equipment	16,405	490	150	—
Assets from rights of use	33,565	61	126	—
Investments	—	19,254	446,203	—
Non-current financial assets	—	2,450	—	—
Deferred tax assets	4,791	14,375	24,499	—
Other non-current assets	—	6	10	—
Total non-current assets	**56,632**	**102,024**	**492,070**	**—**
Tax receivables	439	1,472	998	—
Other current assets	1,780	1,156	42,748	—
Inventory	49,946	4,042	36,468	—
Trade receivables	21,772	23,388	89,174	—
Other current financial assets	3,948	—	56,971	50
equivalents	2,206	229	16	—
Total current assets	**80,092**	**30,286**	**226,375**	**50**
Discontinued or discontinuing operations	—	1,159,295	—	—
Total Assets	**136,724**	**133,469**	**718,445**	**50**
Liabilities				
Share capital	2,000	1,000	30,050	50
Share premium reserve	—	26,549	69,410	—
Other reserves and profit/loss carried forward	8,331	10,831	420,172	—
Profit (Loss) for the year	(1,427)	(524)	69,142	(12)
Total Equity	**8,904**	**37,856**	**588,775**	**38**
Provisions	2,118	8,497	2,188	—
Post-employment benefits	2,546	3,037	5,346	—
Non-current financial liabilities	—	1,335	—	—
Financial liabilities IFRS 16	28,519	30	68	—
Deferred tax liabilities	39	12,386	790	—
Other non-current liabilities	—	—	—	—
Total non-current liabilities	**33,223**	**25,286**	**8,392**	**—**
Income tax payables	136	(461)	1,626	—
Other current liabilities	9,561	13,275	44,480	—
Trade payables	78,679	33,999	73,906	12
Debts to banks and other financial liabilities	—	22,446	1,203	—
Financial liabilities IFRS 16	6,220	32	63	—
Total current liabilities	**94,597**	**69,292**	**121,278**	**12**
Disposals	—	1,036	—	—
Total liabilities	**136,724**	**133,469**	**718,445**	**50**

(Euro/thousands)	Mondadori Retail	Mondadori Media	Mondadori Libri	Mondadori Scuola
Year	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**
Income statement				
Revenues from sales and services	189,191	117,222	208,038	—
Decrease (increase) in inventory	(1,459)	430	(4,868)	—
Cost of raw and ancillary materials, consumables and goods	125,182	11,933	21,388	—
Costs for services	39,515	69,225	148,930	12
Cost of personnel	14,364	30,947	23,671	—
Other expense (income)	3,426	2,849	(539)	—
EBITDA	**8,163**	**1,838**	**19,455**	**(12)**
Amortisation and impairment loss on intangible assets	634	11,301	487	—
Depreciation and impairment loss on property, plant and equipment	2,277	235	111	—
Amortisation/depreciation and impairment loss of assets from rights of use	6,196	49	85	—
EBIT	**(943)**	**(9,747)**	**18,772**	**(12)**
Financial expense (income)	690	1,578	70	—
Expense (income) from investments	—	(8,265)	(51,671)	—
EBT	**(1,634)**	**(3,061)**	**70,373**	**(12)**
Income tax	(207)	(2,537)	1,231	—
Net profit	**(1,427)**	**(524)**	**69,142**	**(12)**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

(Euro/thousands)	Mondadori Education	Electa	Giulio Einaudi Editore	Rizzoli Education	Adkaora	Mondadori Scienza	Direct Channel	Hej!	D Scuola	De Agostini Libri	Libromania	Edizioni Star Comics
Period at	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**
Statement of financial position												
Assets												
Intangible assets	35,089	4	160	19,853	160	—	289	21	11,936	1,630	201	160
Property, plant and equipment	37	425	112	31	86	29	14	13	113	41	248	382
Assets from rights of use	—	—	508	52	7	—	83	—	341	18	16	697
Investments	—	330	1,332	—	9,523	—	2,097	—	—			
Non-current financial assets	—	—	—	—	—	—	—	—	—			
Deferred tax assets	1,792	2,716	4,983	3,585	77	598	161	28	2,751		66	106
Other non-current assets	9	—	—	—	19	—	—	—	—			—
Total non-current assets	**36,928**	**3,474**	**7,096**	**23,521**	**9,871**	**627**	**2,644**	**62**	**15,141**	**1,689**	**531**	**1,345**
Tax receivables	541	262	680	1,106	—	34	134	134	1,034	501	108	212
Other current assets	348	1,467	11,983	156	102	179	9,927	28	54	377	7	1,028
Inventory	10,637	1,618	5,683	9,739	—	212	—	—	6,677	2,123		10,185
Trade receivables	6,071	2,513	19,901	7,060	5,287	2,375	4,983	4,713	4,470	3,479	2,220	6,383
Other current financial assets	53,937	34,084	30,294	111,267	12	8,463	11,632	880	23,478	3,357		
Cash and cash equivalents	10	233	79	79	—	—	562	—	170	20	2	56
Total current assets	**71,544**	**40,177**	**68,620**	**129,408**	**5,401**	**11,262**	**27,237**	**5,754**	**35,884**	**9,858**	**2,338**	**17,864**
Discontinued or discontinuing operations	—											
Total Assets	**108,472**	**43,651**	**75,716**	**152,929**	**15,272**	**11,889**	**29,882**	**5,817**	**51,025**	**11,547**	**2,869**	**19,210**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

(Euro/thousands)	Mondadori Education	Electa	Giulio Einaudi Editore	Rizzoli Education	Adkaora	Mondadori Scienza	Direct Channel	Hej!	D Scuola	De Agostini Libri	Libromania	Edizioni Star Comics
Period at	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**
Liabilities												
Share capital	10,608	1,594	23,920	42,405	15	2,600	3,120	18	5,000	100	20	1,000
Share premium reserve	16,771	60	—	—	—	1	—	254	756	3,900	27	
Other reserves and profit/loss carried forward	23,463	9,145	12,963	42,307	1,350	559	104	1,352	2,343	271	387	4,754
Profit (Loss) for the year	13,311	8,365	13,066	32,269	1,441	(35)	(48)	1,120	12,130	2,736	911	1,143
Total Equity	**64,153**	**19,164**	**49,949**	**116,981**	**2,806**	**3,124**	**3,176**	**2,744**	**20,230**	**7,007**	**1,345**	**6,897**
Provisions	5,182	10,155	405	4,406	—	2,393	47	—	2,227	254	170	
Post-employment benefits	4,120	60	1,086	4,611	265	349	791	57	3,532	206	312	157
Non-current financial liabilities	—	—	—	—	196	—	—	—	—	10		49
Financial liabilities IFRS 16	—	—	373	27	4	—	56	—	176	5	11	602
Deferred tax liabilities	300	3	40	231	6	14	8	—	214		25	5
Other non-current liabilities	—	—	—	—	—	—	—	—	—			
Total non-current liabilities	**9,601**	**10,217**	**1,904**	**9,274**	**470**	**2,756**	**902**	**57**	**6,151**	**476**	**518**	**814**
Income tax payables	4,139	902	3,926	388	512	(758)	199	409	3,032			492
Other current liabilities	8,257	3,463	8,572	7,903	1,791	3,508	18,263	590	8,937	851	169	2,468
Trade payables	22,245	8,747	11,215	18,262	4,581	3,259	7,313	2,017	12,493	3,192	744	6,466
Payables to banks and other financial liabilities	76	1,158	3	95	5,109	—	2	—	—	7	87	1,975
Financial liabilities IFRS 16	—	—	148	26	3	—	27	—	184	13	5	98
Total current liabilities	**34,718**	**14,270**	**23,863**	**26,674**	**11,996**	**6,009**	**25,804**	**3,016**	**24,645**	**4,063**	**1,005**	**11,499**
Liabilities disposed or being disposed of	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	**108,472**	**43,651**	**75,716**	**152,929**	**15,272**	**11,889**	**29,882**	**5,817**	**51,025**	**11,547**	**2,869**	**19,210**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

(Euro/thousands)	Mondadori Education	Electa	Giulio Einaudi Editore	Rizzoli Education	Adkaora	Mondadori Scienza	Direct Channel	Hej!	D Scuola	De Agostini Libri	Libromania	Edizioni Star Comics
Period at	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**
Income statement												
Revenues from sales and services	81,648	23,144	53,928	78,659	16,265	12,927	10,172	8,799	76,993	8,785	3,782	11,258
Decrease (increase) in inventory	(3,493)	(406)	(641)	(1,567)	—	(81)	—	—	(19)	338		(2,170)
Cost of raw and ancillary materials, consumables and goods	12,950	4,477	3,926	22,772	41	1,637	52	7	1,079	638		2,880
Costs for services	40,038	11,498	28,035	36,673	10,274	7,783	6,894	6,464	44,175	7,971	2,148	8,410
Cost of personnel	6,353	2,514	5,307	5,830	2,620	3,918	2,175	537	8,926	1,886	403	414
Other expense (income)	169	(5,502)	478	826	280	(208)	(23)	186	487	49	(47)	(4)
EBITDA	**25,632**	**10,563**	**16,823**	**14,125**	**3,050**	**(120)**	**1,074**	**1,606**	**22,345**	**(2,097)**	**1,279**	**1,729**
Amortisation and impairment loss on intangible assets	7,181	2	76	6,047	70	—	152	36	5,238	150	5	8
Depreciation and impairment loss on property, plant and equipment	19	102	41	23	24	7	11	4	35	37	1	32
Amortisation/depreciation and impairment loss of assets from rights of use	17	3	388	48	29	—	27	—	516	15	3	54
EBIT	**18,416**	**10,455**	**16,318**	**8,008**	**2,926**	**(127)**	**885**	**1,566**	**16,556**	**(2,298)**	**1,269**	**1,635**
Financial expense (income)	16	(27)	23	11	884	5	5	1	127	(4)	1	26
Expense (income) from investments	—	—	(1,280)	(27,234)	(9)	—	700	—	—	(5,031)		
EBT	**18,399**	**10,483**	**17,575**	**35,230**	**2,051**	**(132)**	**179**	**1,565**	**16,429**	**2,736**	**1,268**	**1,609**
Income tax	5,089	2,118	4,509	2,961	610	(97)	227	445	4,299		357	466
Net profit	**13,311**	**8,365**	**13,066**	**32,269**	**1,441**	**(35)**	**(48)**	**1,120**	**12,130**	**2,736**	**911**	**1,143**

ANNEX G: FINANCIAL HIGHLIGHTS OF ASSOCIATES AND OTHER COMPANIES

(Euro/thousands)	Società Europea di Edizioni (*)	Attica Publications
Period at	**31/12/2021**	**31/12/2021**
Statement of financial position		
Assets		
Share capital proceeds to be received	—	—
Intangible assets	376	—
Other intangible assets	2,126	10,301
Property, plant and equipment	236	775
Rights-of Use-Assets		
Investments	644	731
Non-current financial assets	—	8
Deferred tax assets	92	2,256
Other non-current assets	—	113
Total non-current assets	**3,474**	**14,184**
Tax receivables	423	—
Other current assets	853	2,247
Inventory	161	315
Trade receivables	9,068	7,482
Securities and other current financial assets	—	—
Cash and cash equivalents	10	5,884
Total current assets	**10,515**	**15,928**
Discontinued or discontinuing operations	—	—
Total Assets	**13,989**	**30,112**
Liabilities		
Share capital	2,529	4,590
Reserves	6,000	(403)
Profit (loss) for the year	(8,118)	2,914
Total Equity	**411**	**7,101**
Provisions	966	—
Post-employment benefits	2,341	328
Non-current financial liabilities	—	5,953
Deferred tax liabilities	—	—
Other non-current liabilities	—	86
Total non-current liabilities	**3,307**	**6,367**
Income tax payables	501	173
Other current liabilities	1,306	4,174
Trade payables	3,165	3,905
Payables to banks and other financial liabilities	5,299	8,392
Total current liabilities	**10,271**	**16,644**
Liabilities disposed or being disposed of	—	—
Total liabilities	**13,989**	**30,112**

ANNEX G: FINANCIAL HIGHLIGHTS OF ASSOCIATES AND OTHER COMPANIES

(Euro/thousands)	Società Europea di Edizioni (*)	Attica Publications
Period at	**31/12/2021**	**31/12/2021**
Income statement		
Revenues from sales and services	19,883	18,359
Decrease (increase) in inventory	113	—
Purchase of raw and ancillary materials, consumables and goods	1,721	8,213
Purchase of services	11,472	8,460
Cost of personnel	11,894	—
Other expense (income)	1,258	(2,356)
EBITDA	**(6,575)**	**4,042**
Depreciation of property, plant and equipment	84	—
Amortisation of intangible assets	1,133	—
EBIT	**(7,792)**	**4,042**
Financial expense (income)	326	816
Expense (income) from investments	—	(331)
EBT	**(8,118)**	**3,557**
Income tax	—	643
Net profit	**(8,118)**	**2,914**

(*) Financial statements prepared according to Italian accounting standards

CERTIFICATION OF THE FINANCIAL STATEMENTS

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED 14 MAY 1999, WITH AMENDMENTS AND ADDITIONS

1. The undersigned Antonio Porro, in his capacity as CEO, and Alessandro Franzosi, in his capacity as Financial Reporting Manager of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the company and

- the effective application

- of the administrative and accounting procedures for the drafting of the Company's financial statements in 2022.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Company's financial statements at 31 December 2022 was carried out based on a specific process defined by Arnoldo Mondadori Editore S.p.A. consistent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. We also hereby certify that:

- the financial statements at 31 December 2022:

i. were drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002, as well as with the provisions set out for the implementation of Article 9 of Legislative Decree no. 38/2005;

ii. agree with the results of the accounting records and entries;

iii. provide a true and fair view of the financial position and results of operations of the Company.

- the Report on Operations includes a reliable analysis of performance and results, of the situation of the Company and of the businesses included in the consolidation scope, along with the description of the main risks and uncertainties they are exposed to.

16 March 2023

Chief Executive Officer
Antonio Porro

Financial Reporting Manager
Alessandro Franzosi