INTERIM REPORT ON OPERATIONS

Q1 2021

APPROVED BY THE BOARD OF DIRECTORS ON 14 MAY 2021

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1. HIGHLIGHTS

Reclassified condensed consolidated income statement		
(Euro thousands)	**Q1 2021**	**Q1 2020**
Revenues	6,891	5,237
Capitalisation of internally produced animated series	1,130	721
Operating costs	(2,832)	(1,974)
EBITDA	**5,189**	**3,984**
Amortisation and depreciation, impairment, and provisions	(2,673)	(2,087)
EBIT	**2,516**	**1,897**
Net finance income (expenses)	28	(108)
Profit (loss) of the period before tax	**2,544**	**1,789**
Income tax expense	(844)	(405)
Net profit (loss) for the period	**1,700**	**1,384**
Profit (loss) for the year attributable to non-controlling interests	(62)	(9)
Profit (loss) attributable to owners of the Parent	**1,762**	**1,393**

Reclassified condensed consolidated statement of financial position		
(Euro thousands)	**31.03.2021**	**31.12.2020**
Non-current fixed assets	**57,699**	**59,086**
Current assets	36,050	33,486
Current liabilities	(14,940)	(18,339)
Net working capital	**21,110**	**15,147**
Non-current liabilities	**(837)**	**(838)**
Invested capital	**77,972**	**73,395**
Net financial position	(870)	(4,056)
Shareholders' equity	**77,102**	**69,340**
Non-controlling interests	634	700
Equity attributable to owners of the Parent	**76,468**	**68,640**

Consolidated cash flow statement		
(Euro thousands)	Q1 2021	Q1 2020
A. OPENING CASH AND CASH EQUIVALENTS	9,905	7,999
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	(1,120)	(448)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(1,757)	(1,376)
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	7,144	(391)
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	4,267	(2,215)
F. CLOSING CASH AND CASH EQUIVALENTS	14,172	5,784

2. INTRODUCTION

2.1 General and methodological introduction

This interim report on the Group's operations in the first quarter of 2021 is on a consolidated basis and has been prepared in accordance with article 154-ter, paragraph 5 of Legislative Decree 58/1998 (CFA), as amended by Legislative Decree 195/2007, which implemented Directive 2004/109/EC (Transparency Directive) and takes into account the communication from CONSOB, the accounting rules office, dated 30.4.2008.

It consists of a number of statements containing quantitative figures and explanatory and supplementary notes.
The purpose of the interim report on operations is to provide a general description of the financial position and performance of the Mondo TV Group during the period under review and to illustrate the significant events and transactions that took place during the period under review and their impact on the Group's financial position.

The income statement figures are shown with reference to the three months of the current year 2021 and are compared to the corresponding period of the previous year 2020.
The net financial position figures are compared with the closing figures for the previous year (31.12.2020).
All economic and financial figures are provided on a consolidated basis and are shown in Euro thousands.

The interim report on operations has not been audited.

This report is expressed in Euro (€), as this is the currency in which most of the Group's transactions are conducted. Operations abroad are included in the consolidated financial statements in compliance with the standards indicated in the following notes.

The items indicated in the reclassified financial statements presented above are in part taken from the statutory financial statements and reported further on in this document, and are in part the result of aggregations; the composition of the latter and the references to the items in the statutory financial statements are shown below.
Current assets: the sum of closing inventories, trade receivables, tax assets, and other assets.
Current liabilities: the sum of trade payables, tax payables and other liabilities.
Non-current liabilities: the sum of provisions for risks and charges (including current) and deferred tax liabilities.
Net financial position: the sum of financial receivables, cash and cash equivalents, current and non-current financial payables.
Revenues: the sum of revenues from sales and services, other revenues, change in inventories.
Operating costs: the sum of consumable raw materials, personnel costs and other operating costs.
Amortisation, depreciation, impairment and provisions: the sum of amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, and the allowance for doubtful debts.
Gross operating margin (EBITDA): the difference between operating revenues and costs as defined above.
Operating result (EBIT): the difference between EBITDA and amortisation, depreciation, impairment and provisions as defined above.

It is noted that the items mentioned above, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), EBIT, and net financial position are usually identified without having a consistent definition in the accounting standards or in the Italian Civil Code, and that therefore, they may not be comparable with items of the same name reported by other companies.

ANNEXES

In order to supplement the information contained in the report, the following statements and documents are annexed:
Annex 1): summary financial statements of the parent company Mondo TV S.p.A.
Annex 2): corporate bodies of the parent company Mondo TV S.p.A.
Annex 3): corporate bodies of subsidiaries

2.2 Accounting standards and measurement bases

The income statement and statement of financial position figures presented in the interim report on operations have been determined in accordance with the International Financial Reporting Standards (hereinafter referred to as IFRS or international accounting standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure set out in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to article 9 of Legislative Decree 38/2005.

The interim report on operations does not qualify as interim financial statements pursuant to IFRS and, in particular, IAS 34.
The term IFRS encompasses all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission as of the date of approval of the Interim Report on Operations.

The valuation of financial statement items was based on general prudence and accrual criteria, on a going concern basis.
Application of the principle of prudence has resulted in the individual valuation of the elements making up the individual items or items of assets and liabilities, in order to avoid offsetting losses that should have been recognised with unrealised gains.
In compliance with the accrual principle, the effect of transactions and other events was accounted for and allocated to the period to which such transactions and events refer, and not to the period in which the related cash movements (collections and payments) take place.

With regard to the criteria adopted for the valuation of the individual items of the statement of financial position and income statement, they are unchanged from those adopted when preparing the separate and consolidated financial statements at 31.12.2020. Reference is therefore made to said statements for an analytical description.

2.3 Consolidation scope and criteria

The financial statements of the consolidated companies as submitted by their respective Boards of Directors, have been used to prepare the interim report on operations at 31 March 2021. The financial statements prepared by the subsidiaries have been adjusted, where necessary, by the Parent Company to make them adherent to the IFRS.

Subsidiaries are all the companies (including special purpose entities) in relation to which the Group has the power to govern the financial and operating policies, generally with a shareholding of at least half plus one of the actual or potential voting rights in the Shareholders' Meeting. The subsidiaries are consolidated starting from the date when the Group acquires control. They will be deconsolidated on the date when such control is lost.
Intercompany balances, transactions, and unrealised net gains from intercompany transactions, are eliminated.
Equity and the profit (loss) for the year attributable to non-controlling interests are presented separately in the statement of financial position and in the income statement of the consolidated financial statements.
There are no jointly controlled companies.

The subsidiaries were consolidated using the line-by-line method.
The assets and liabilities, expenses and income of the companies consolidated on a line-by-line basis are fully included in the consolidated financial statements, and the book value of equity investments is eliminated against the corresponding portion of the shareholders' equity of the investee companies, attributing to the individual assets and liabilities their current value on the date control was acquired. Any residual difference, if positive, is recorded under non-current assets as goodwill and consolidation differences, if negative it is charged to the income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those adopted by the Group.

Intra-group transactions, as well as those with related parties, were carried out on an arm's length basis, while no atypical transactions were carried out.

2.4 Estimated figures

In general, it has not been necessary to use estimates and assumptions in preparing these financial statements since the accounting figures are available from the Group's IT accounting system, with the following significant exceptions:

- Deferred tax assets are recognised in financial statements to the extent they are likely to be recovered; in particular, the recognition of deferred tax assets reflects the assessments made by the Board of Directors of the Parent Company and by the competent bodies of the other Group companies regarding the presence of future taxable income generated by the activities of the companies so as to allow the recovery thereof.

3. STATEMENTS OF QUANTITATIVE FIGURES

3.1 Statement of financial position at 31 March 2021 and comparisons with 2020

Statement of financial position

(Euro thousands)	31/03/2021	31/12/2020
Non-current assets		
- Intangible rights	*43,887*	*44,731*
- Other intangible assets	*65*	*55*
Intangible assets	43,952	44,786
Tangible assets	413	337
Rights of use on leased assets	721	880
Equity investments	0	0
Deferred tax assets	12,573	13,042
Receivables	40	41
	57,699	**59,086**
Current assets		
Trade receivables	33,222	30,694
Current financial receivables	362	169
Tax receivables	2,315	2,567
Other assets	512	226
Cash and cash equivalents	14,172	9,905
	50,583	**43,561**
Total assets	**108,282**	**102,647**
- Share capital	*21,794*	*19,957*
- Share premium provision	*35,941*	*33,528*
- Legal reserve	*3,248*	*3,248*
- Other reserves	*9,199*	*7,383*
- Retained earnings (losses)	*4,524*	*156*
- Profit (loss) for the year	*1,762*	*4,368*
Equity attributable to owners of the Parent	76,468	68,640
Non-controlling interests	634	700
Total equity	**77,102**	**69,340**
Non-current liabilities		
Provision for post-employment benefits	650	653
Provisions for risks and charges	0	0
Deferred tax liabilities	186	186
Financial payables	8,007	8,372
Non-current financial payables on leased assets	533	418
	9,376	**9,629**
Current liabilities		
Provisions for risks and charges	100	100
Financial payables	6,553	4,797
Current financial payables on leased assets	311	542
Tax payables	3,517	3,552
Trade and various payables and other current liabilities	11,323	14,687
	21,804	**23,678**
Total liabilities	**31,180**	**33,307**
Total liabilities + equity	**108,282**	**102,647**

3.2 Changes in the Group's net financial position

Consolidated net financial position		
(Euro thousands)	**31.03.2021**	**31.12.2020**
Cash and cash equivalents	14,172	9,905
Current financial receivables	362	169
Current financial payables due to banks	(3,278)	(2,967)
Financial payables for IFRS 16 application	(311)	(542)
Current payables due to COFILOISIR	(3,275)	(1,830)
Net current financial position	**7,670**	**4,735**
Financial payables for IFRS 16 application	(533)	(418)
Financial payables for convertible bonds	0	(1,750)
Non-current payables due to banks	(8,007)	(6,623)
Net non-current financial position	**(8,540)**	**(8,791)**
Net financial debt as per comm. Consob DEM/6064293	**(870)**	**(4,056)**
Non-current receivables due from third parties	0	0
Consolidated net financial position	**(870)**	**(4,056)**

3.3 Analysis of changes in intangible assets

Changes in intangible assets			
(Euro thousands)	**Intangible rights**	**Other intangible assets**	**TOTAL**
Cost as at 31/12/2018	212,565	1,251	213,816
Amortisation and impairment as at 31/12/2018	(181,677)	(1,222)	(182,899)
Net value 31/12/2018	**30,888**	**29**	**30,917**
FY 2019			
Increases in the period	14,106	13	14,119
Disposals in the period			0
Amortisation and impairment in the period	(9,261)	(2)	(9,263)
Reclassifications			0
Cost as at 31/12/2019	226,671	1,264	227,935
Amortisation and impairment as at 31/12/2019	(190,938)	(1,224)	(192,162)
Net value 31/12/2019	**35,733**	**40**	**35,773**
FY 2020			
Increases in the period	18,455	16	18,471
Disposals in the period			0

Amortisation and impairment in the period	(9,457)	(1)	(9,458)
Reclassifications			0
Cost as at 31/12/2020	245,126	1,280	246,406
Amortisation and impairment as at 31/12/2020	(200,395)	(1,225)	(201,620)
Net value 31/12/2020	**44,731**	**55**	**44,786**
Q1 2021			
Increases in the period	1,670	10	1,680
Disposals in the period			
Amortisation and impairment in the period	(2,514)		(2,514)
Reclassifications			
Cost as at 31/03/2021	246,796	1,290	248,086
Amortisation and impairment as at 31/03/2021	(202,909)	(1,225)	(204,134)
Net value 31/03/2021	**43,887**	**65**	**43,952**

3.4 Income statement Q1 2021

Separate income statement		
(Euro thousands)	**Q1 2021**	**Q1 2020**
Revenue from sales and services	6,891	5,157
Other income	0	80
Capitalisation of internally produced animated series	1,130	721
Raw materials, consumables and goods	(8)	(13)
Personnel costs	(1,138)	(999)
Amortisation and impairment of intangible assets	(2,514)	(1,927)
Depreciation and impairment of tangible assets	(25)	(25)
Amortisation of rights of use	(135)	(135)
Other operating costs	(1,685)	(962)
EBIT	**2,516**	**1,897**
Financial income	126	10
Financial expenses	(98)	(118)
Profit (loss) of the period before tax	**2,544**	**1,789**
Income tax expense	(844)	(405)
Net profit for the period	**1,700**	**1,384**
Profit (loss) for the year attributable to non-controlling interests	(62)	(9)
Profit (loss) attributable to owners of the Parent	**1,762**	**1,393**

3.5 Cash flow statement Q1

Consolidated cash flow statement		
(Euro thousands)	**Q1 2021**	**Q1 2020**
A. OPENING CASH AND CASH EQUIVALENTS	**9,905**	**7,999**
Group profit (loss) of the period	1,762	1,393
Profit (loss) for the year attributable to non-controlling interests	(62)	(9)
Total profit (loss) of the period	1,700	1,384
Depreciation, amortisation and impairment	2,674	2,087
Net change in provisions	(3)	(2)
Cash flow from (used in) operating activities before changes in working capital	**4,371**	**3,469**
(Increase) decrease in trade receivables	(2,527)	(3,942)
(Increase) decrease in tax assets	721	252
(Increase) decrease in other assets	(286)	(144)
Increase (decrease) in trade payables	(3,364)	192
Increase (decrease) in tax liabilities	(35)	(275)
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(1,120)**	**(448)**
(Acquisition) / Disposal of		
- Intangible assets	(1,680)	(1,150)
- Tangible assets	(101)	(52)
- Rights of use on leased assets	24	(1)
- Financial assets	0	(173)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(1,757)**	**(1,376)**
Changes in capital	6,062	(115)
(Increase) decrease in financial receivables and securities	(193)	0
Increase (decrease) in financial payables	1,275	(276)
Interest paid		
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**7,144**	**(391)**
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**4,267**	**(2,215)**
F. CLOSING CASH AND CASH EQUIVALENTS	**14,172**	**5,784**

4. EXPLANATORY AND SUPPLEMENTARY NOTES

4.1 General description of the Group's financial position and performance

The following table represents Q1 2021 compared to the corresponding period in 2020:

Reclassified condensed consolidated income statement		
(Euro thousands)	**Q1 2021**	**Q1 2020**
Revenues	6,891	5,237
Capitalisation of internally produced animated series	1,130	721
Operating costs	(2,832)	(1,974)
EBITDA	**5,189**	**3,984**
Amortisation and depreciation, impairment, and provisions	(2,673)	(2,087)
EBIT	**2,516**	**1,897**
Net finance income (expenses)	28	(108)
Profit (loss) of the period before tax	**2,544**	**1,789**
Income tax expense	(844)	(405)
Net profit (loss) for the period	**1,700**	**1,384**
Profit (loss) for the year attributable to non-controlling interests	(62)	(9)
Profit (loss) attributable to owners of the Parent	**1,762**	**1,393**

The production value amounted to approximately Euro 8 million in the period, an increase of 35% compared to the first three months of 2020 due mainly to sales of new series by the parent company Mondo TV S.p.A., by the Mondo TV Iberoamerica Group and Mondo Tv France.

Ebitda amounted to approximately Euro 5.2 million, an increase of 30% compared to approximately Euro 4 million in the first three months of 2020 due to the increase in the production value for the reasons stated above.

EBIT was approximately Euro 2.5 million, up 33% compared to approximately Euro 1.9 million in the first three months of 2020.

Net profit was approximately Euro 1.8 million compared to approximately Euro 1.4 million in the first three months of 2020.

The net financial position was Euro 0.9 million of net debt compared to Euro 4.1 million of net debt at 31 December 2020; the improvement is due to the full conversion of the Atlas convertible bonds for a total amount of Euro 6 million.

As a result of the above, cash and cash equivalents went from 9.9 million at 31 December to 14.2 million at 31 March 2021.

The Group's shareholders' equity amounted to Euro 76.5 million compared to Euro 68.6 million at 31 December 2020, mainly due to the full conversion of the remaining Atlas convertible bonds, for a total amount of Euro 6 million, and the result for the period.

With regard to the parent company Mondo TV S.p.A.:

The production value amounted to approximately Euro 5.7 million in the period, an increase of 36% compared to the first three months of 2020 due mainly to sales of new series.

EBITDA amounted to approximately Euro 4.9 million, an increase of 48% compared to approximately Euro 3.3 million in the first three months of 2020 as a result of the above.

EBIT was approximately Euro 2.5 million, up 67% compared to approximately Euro 1.5 million in the first three months of 2020.

Net profit was approximately Euro 1.8 million compared to a net profit of Euro 1 million in the first three months of 2020.

4.2 Significant events and transactions in Q1 2021 and their impact on the Group's financial and economic position

On 11 January 2021 after the co-production agreement with ZDF Enterprises GmbH signed at the end of 2020, a new contract was signed with Italian television RAI for the pre-purchase of the animated series Grisù. The agreement provides for the granting of licenses for a period of 7 years from the date of completion for Free TV, Pay TV, Pay per view, VOD and ancillary rights for the Italian territory. This agreement is of great importance to the Mondo TV Group as it significantly supports the production budget of the animated series.

In the first quarter of 2021, the remaining Euro 4.25 million related to the issuance of convertible bonds in favour of Atlas was collected; at the date of this report, all bonds have been converted into shares, and therefore no debts remain in favour of Atlas.

4.3 Events after period-end and outlook for the year

During the period, the commercial exploitation of the Group's series continued, with particular reference to the MeteoHeroes series both as regards the sale of television rights and the exploitation of licensing rights.

On 29 April 2021, the Spanish subsidiary Mondo TV Producciones Canarias S.L.U. signed with Sony Interactive Entertainment España, S.A.U. and Gammera Nest, S.L., the first contract for the development, promotion and physical and digital distribution of the video game based on the animated series “MeteoHeroes” for PlayStation and subsequently for PC and MAC platforms. The agreement marks the Group’s entry into a sector that may be strategic for the development of its IP.

The Group is continuing its activities in line with the objectives set in its business plan.

On behalf of the Board of Directors
Chief Executive Officer

(Matteo Corradi)

STATEMENT BY THE COMPANY’S HEAD OF FINANCIAL REPORTING PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998

The company’s head of financial reporting, Carlo Marchetti, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Act, that the information contained in this document “Interim Report on Operations Q1 2021” corresponds to the document results, accounting books and records.

Head of Financial Reporting
Carlo Marchetti

3. ANNEXES

3.1 PARENT COMPANY CONDENSED FINANCIAL STATEMENTS

Condensed statement of financial position		
(Euro thousands)	**31/03/2021**	**31/12/2020**
Non-current fixed assets	**60,767**	**62,894**
Current assets	31,219	28,288
Current liabilities	(10,311)	(13,681)
Net working capital	**20,908**	**14,607**
Non-current liabilities	**(4,930)**	**(4,932)**
Invested capital	**76,745**	**72,569**
Net financial position	3,806	6
Shareholders' equity	**80,551**	**72,575**

Reclassified condensed income statement		
(Euro thousands)	**Q1 2021**	**Q1 2020**
Revenues	5,455	3,879
Capitalisation of internally produced animated series	287	282
Operating costs	(890)	(812)
EBITDA	**4,852**	**3,349**
Amortisation and depreciation, impairment, and provisions	(2,323)	(1,879)
EBIT	**2,529**	**1,470**
Net finance income (expenses)	38	(65)
Profit (loss) of the period before tax	**2,567**	**1,405**
Income tax expense	(753)	(405)
Net profit (loss) for the period	**1,814**	**1,000**

3.2 CORPORATE BODIES OF THE PARENT

Board of Directors[1]

Chair and CEO
Matteo Corradi
Directors
Monica Corradi
Aurelio Fedele[2]
Angelica Mola[3]
Carlo Marchetti

Investor Relator
Piergiacomo Pollonio

Board of Statutory Auditors[4]

Maurizio Bernardo (Chair)
Adele Barra
Alberto Montuori

Independent Auditors[5]

BDO Italia S.p.A.

Sponsor and Specialist

Finnat

[1] In office until the approval of the financial statements at 31.12.2023
[2] Independent Director
[3] Independent Director
[4] In office until the approval of the financial statements at 31.12.2022
[5] Assignment for nine financial years, until the approval of the financial statements at 31.12.2023

3.3 CORPORATE BODIES OF THE SUBSIDIARIES

Mondo TV Suisse S.A.	Board of Directors Yvano Dandrea (Chair) Valentina La Macchia Paolo Zecca Matteo Corradi Alexander Manucer
Mondo France S.A.	Directors Matteo Corradi (Chair) Eve Baron Carlo Marchetti Feliciana Gargano Sylvie Mahé
Mondo TV Iberoamerica S.A.	Matteo Corradi Maria Bonaria Fois Carlo Marchetti Patricia Motilla Jesus Garcia
Mondo TV Producciones Canarias S.L.U.	Maria Bonaria Fois Matteo Corradi Enrico Martinis