



CAIRO COMMUNICATION

Half-Year Report as at 30 June 2023

English translation for convenience of international readers. Only the Italian version is authentic

Cairo Communication S.p.A.
Head office: Via Angelo Rizzoli 8
Share capital Euro 6,989,663.10



Governance

Board of Directors (*)

Urbano Cairo (**)	Chairman
Uberto Fornara	CEO
Daniela Bartoli	Director
Stefania Bedogni	Director
Valentina Beatrice Manfredi	Director
Laura Maria Cairo	Director
Roberto Cairo	Director
Massimo Ferrari	Director
Paola Mignani	Director
Marco Pompignoli	Director

Control and Risk Committee

Massimo Ferrari	Director
Daniela Bartoli	Director
Paola Mignani	Director

Remuneration and Appointments Committee

Paola Mignani	Director
Daniela Bartoli	Director
Valentina Manfredi	Director

Board of Statutory Auditors (***)

Michele Paolillo	Chairman
Gloria Marino	Standing Auditor
Maria Pia Maspes	Standing Auditor
Emilio Fano	Alternate Auditor
Francesco Brusco	Alternate Auditor

Independent Auditors (****)

Deloitte & Touche S.p.A.

(*) The Board of Directors was appointed by resolution of the Shareholders' Meeting held on 8 May 2023. The Directors are in office for the years 2023-2024-2025, therefore until the Shareholders' Meeting called to approve the financial statements for the year ending 2025

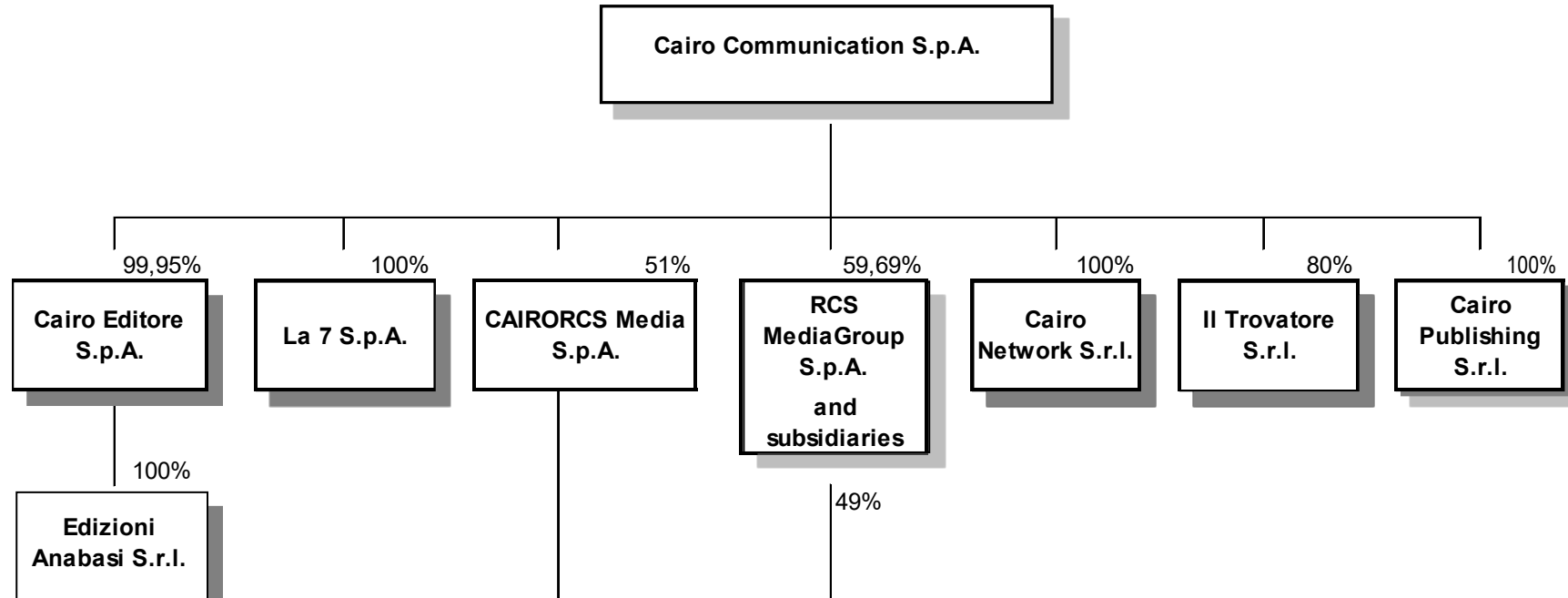
(**) Ordinary and extraordinary executive powers exercised with single signatory, as limited by the Board of Directors

(***) The Board of Statutory Auditors in office at the date of approval of this Report was appointed by resolution of the Shareholders' Meeting on 8 May 2023. The Statutory Auditors are in office for the years 2023-2024-2025, therefore until the Shareholders' Meeting called to approve the financial statements relating to the last of these years.

(****) In office until the Shareholders' Meeting called to approve the financial statements for the year ending 2028



The Group as at 30 June 2023





Interim Report on Operations at 30 June 2023

In the first half of 2023, the Group operated as a:

- publisher of magazines and books (Cairo Editore/Editoriale Giorgio Mondadori and Cairo Publishing);
- TV (La7, La7d) and Internet (La7.it, TG.La7.it) publisher and network operator (Cairo Network);
- multimedia agency for the sale of advertising space (CAIRORCS Media);
- publisher of dailies and magazines (weeklies and monthlies) in Italy and in Spain, through RCS MediaGroup, also active in the organization of major world sporting events, and in newsstand distribution through its subsidiary m-Dis.

The beginning of 2023 was still marked by the continued conflict in Ukraine, with its consequences also in terms of impacts on the economy and on trade. This is leading to a state of great uncertainty and a slowdown in anticipated economic growth in relevant markets, exacerbating in 2022 the pre-existing inflationary dynamics since 2021. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

With regard to the Group, this economic context impacted on production costs, on paper in particular, and may also affect the performance of the advertising market, as it may influence the advertisers' propensity to spend.

Moreover, in first half 2023, energy and gas costs, after the strong volatility and increases recorded in 2022, gradually returned to values basically similar to those of end of summer 2021; additionally, paper costs have decreased at the moment versus 2022 figures, with anticipated positive effects on the income statement, primarily from the latter half of 2023, also taking account of the turnover time of existing inventory.

The latest figures published by the IMF in July 2023 (*World Economic Outlook- July 2023*) estimate Italy's GDP to increase by 1.1% in 2023 and 0.9% in 2024. For Spain, the estimated GDP growth is 2.5% in 2023 and 2% in 2024.

The six-month period saw a slowdown in the inflation rate, with June 2023 showing a YoY change of +6%, remaining unchanged from the prior month, attributed primarily to the trend in energy goods prices (*ISTAT - FOI index excluding tobacco*).

Spain is also seeing a reduction in the inflation rate, which, YoY at June 2023, stands at 1.9% (*INE*).

In Italy, the advertising market in first six months 2023 (*Nielsen January-June 2023*) was up by 1.1% versus the same period of 2022, with online (excluding search, social media and over the top) and TV up by 6.1% and 0.5%. Newspapers and magazines were down by 3.4% and 1%. In first half 2023, the Spanish advertising sales market was up by 2.8% versus the same period of 2022 (*i2p, Arce Media*). Specifically, the newspaper and magazine markets increased by 1.8% and 1.9%. Internet (excluding



social media, search, etc.) and radio sales were up too by 6.2% and 6.9%.

Economic uncertainty and the general scenario also affected daily newspaper and magazine sales figures. On the circulation front, in the first five months of 2023, generalist newspapers in Italy recorded a 4.5% decline in print and digital circulation, while sports newspapers recorded a 35% increase in print and digital circulation (source *ADS January-May 2023*), thanks mainly to the performance of digital copies. In Spain, in the first six months of 2023, circulation figures show a decline for both generalist newspapers (-8.9%) and sports newspapers (-12.3%); the business newspaper segment was instead on an upward trajectory (+2.5%) (*OJD*).

In the first half of 2023, in a context still marked by uncertainty due to the conflict in Ukraine:

- the **Group** confirmed revenue and grew its margins (EBITDA, EBIT, and net profit) versus the results in the same period of 2022;
- **RCS** too grew its margins (EBITDA, EBIT, and net profit) versus the results in the same period of 2022. *Corriere della Sera* confirmed remarkable newsstand circulation levels and continued the growth of digital operations. In the first five months of 2023 too, RCS ranks as the top online publisher in Italy with an aggregate figure of 32.3 million average monthly unique users (net of duplications - source *Audicom*). At end of June, its total active digital customer base (digital edition, membership and m-site) counted 535 thousand subscriptions (508 thousand at end 2022 - Internal Source). At end of June 2023, the customer base for *Gazzetta's* pay products (*G ALL*, *G+*, *GPRO* and *Fantacampionato*) counted 211 thousand subscriptions (171 thousand at end 2022 - Internal Source). Digital subscriptions grew in Spain too, reaching at the end of June 2023 123 thousand subscriptions for *El Mundo* (101 thousand at the end of 2022 - Internal Source) and 70 thousand subscriptions for *Expansión* (51 thousand at the end of 2022 - Internal Source);
- the **TV publishing (La7) and network operator segment** achieved high ratings of the La7 channel (3.4% in the all-day share and 4.6% in prime time). Advertising sales on La7 and La7d channels totaled approximately Euro 74.6 million, up from Euro 73.4 million in the first half of 2022;
- the **Cairo Editore magazine publishing segment** confirmed the results of first half 2022, despite the increase in the cost of paper (Euro -1.7 million) versus the first half of 2022.

In the first half of 2023, consolidated gross revenue amounted to approximately Euro 599.2 million (comprising gross operating revenue of Euro 577 million and other revenue and income of Euro 22.2 million) versus Euro 598.6 million in the first half of 2022 (comprising gross operating revenue of Euro 580.1 million and other revenue and income of Euro 18.5 million).

EBITDA and EBIT came to Euro 80.2 million and Euro 41.1 million (Euro 69 million and Euro 31.3 million in the same period of the prior year), still impacted by the increase in the cost of paper (Euro -5.4 million) versus the same period of the prior year, when the paper used had been purchased at



2021 prices. Net non-recurring expense came to Euro -0.6 million (Euro 11.3 million in first half 2022, including Euro 10 million in expense from the settlement of the litigation over the Via Solferino/San Marco/Balzan property complex).

Profit attributable to the owners of the parent came to approximately Euro 15.9 million (Euro 11.3 million in the first half of 2022).

Looking at the business segments, in the first half of 2023:

- in the **magazine publishing segment (Cairo Editore)**, EBITDA and EBIT came to Euro 1.7 million and Euro 0.8 million (Euro 1.8 million and Euro 0.7 million in the first half of 2022). Regarding weeklies, with approximately 0.9 million average copies sold in the period January-May 2023 (*ADS*), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 29% market share. Including the average sales of titles out of the *ADS* survey (comprising copies sold of “*Enigmistica Più*” and of “*Enigmistica Mia*”), average copies sold were approximately 1.1 million;
- in the **TV publishing (La7) and network operator segment**, EBITDA grew to reach approximately Euro 5 million (Euro 2.9 million in the first half of 2022). EBIT was approximately Euro -3.7 million (Euro -4.9 million in first half 2022);
- in the **advertising segment**, EBITDA came to Euro 1.1 million (Euro 1.6 million in the first half of 2022) and EBIT to Euro -0.1 million (Euro 0.6 million in the first half of 2022);
- in the **RCS segment**, in Cairo Communication's consolidated financial statements, EBITDA¹ and EBIT came to Euro 72.3 million and Euro 44.1 million (Euro 62.7 million and Euro 35 million in the same period of the prior year), impacted by the increase in the cost of paper (Euro -3.7 million) versus the same period of the prior year, when the paper used had been purchased at 2021 prices. Net operating revenue amounted to Euro 438.6 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 101 million and accounting for approximately 23% of total revenue. Total advertising sales from RCS online media amounted to Euro 67.7 million in first half 2023, making for 38% of total advertising revenue. Both Italian newspapers, *Corriere della Sera* and *La Gazzetta dello Sport*, and in Spain *Marca* and *Expansión*, retained their circulation leadership in their respective market segments (*ADS* for Italy and *OJD* for Spain). EGM's June 2023 “*General Media Research*” survey confirms Unidad Editorial as the leader in Spanish print media, adding almost 1.6 million overall daily readers of its three daily newspapers. The main digital performance indicators confirm the top market position of RCS, with the *Corriere della Sera* and *La Gazzetta dello Sport* brands which, in the period January-May 2023, counted 31.1 million and 19.8 million

¹ Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the section below “Alternative Performance Measures”. As a result of these differences - regarding provisions for risks and the allowance for impairment, totaling Euro 1.8 million in first half 2023 - EBITDA shown in the RCS Half-Year Report at 30 June 2023, approved on 31 July 2023, amounted to Euro 70.5 million.



average monthly unique users, and in the period January-June 2023, 3.9 million and 2.7 million average daily unique users (source *Audicom*). The main social accounts of the *Corriere System* at 30 June 2023 reached approximately 11.7 million total followers (considering *Facebook*, *Instagram*, *Twitter*, *LinkedIn* and *TikTok* – Internal Source) and those of *La Gazzetta dello Sport* 5.7 million (considering *Facebook*, *Instagram*, *Twitter* and *TikTok* – Internal Source). In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansión.com* reached 44.4 million, 96.4 million and 9.7 million average monthly unique browsers in the first half of 2023, comprising both domestic and foreign browsers and including apps (*Google Analytics*). The social audience of Unidad Editorial Group titles (Internal Source) stands at 9 million followers for *El Mundo*, 16.3 million for *Marca* and 2.4 million for *Telva* (considering *Facebook*, *Instagram* and *Twitter*) and 1.4 million for *Expansión* (considering *Facebook*, *Instagram*, *Twitter* and *LinkedIn*).

In the first half of 2023, La7's average all-day share was 3.4% and 4.6% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. La7d's share in the first half of 2023 was 0.5% in both all-day and prime time. The channel's news and discussion programmes in the first half of 2023 all continued to deliver remarkable results: *Otto e Mezzo* with 7% average share from Monday to Friday, *TgLa7* 8 p.m. edition with 5.8% from Monday to Friday, *diMartedì* with 6.3%, *Piazzapulita* with 5.1%, *Propaganda Live* with 5.7%, *Atlantide* with 3.5%, *In Onda* with 4.5%, *Omnibus La7* with 3.6%, *Coffee Break* with 3.7%, *L'Aria che tira* with 4.6%, and *Tagadà* with 3.4%. In the first half of 2023, La7 confirmed its leadership among generalist TV stations in terms of news hours (over 2,411 hours in the period) and was the second channel in terms of live hours (approximately 2,000 in the first six months of the year).

On the digital front, in the first five months of 2023, average monthly unique users were 8.3 million and in the six-month period daily unique users were 755 thousand. Stream views were 31.5 million per month. At the end of June, followers of La7 and its active programs on Facebook, Twitter, Instagram and TikTok total 6.5 million.



The main **consolidated income statement figures** in the first half of 2023 can be compared as follows with those of the first half of 2022:

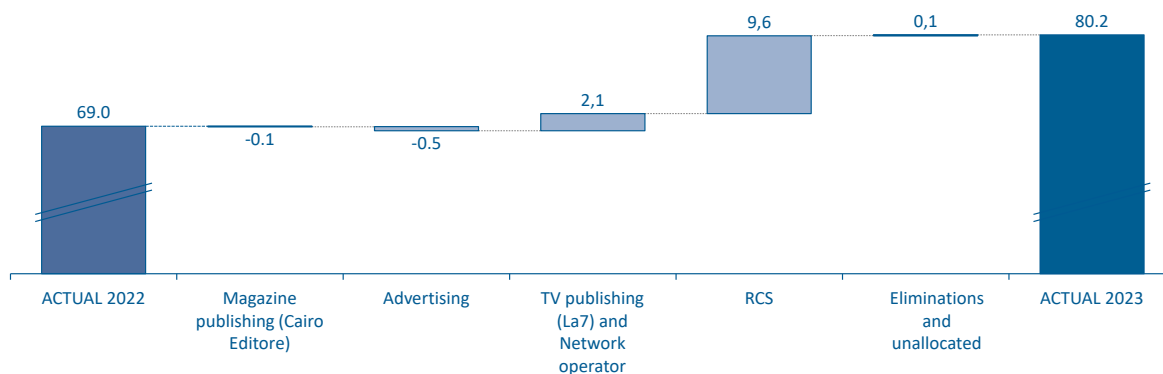
(€ millions)	30/06/2023	30/06/2022
Gross operating revenue	577.0	580.1
Advertising agency discounts	(29.6)	(30.1)
Net operating revenue	547.4	550.0
Change in inventory	0.9	2.4
Other revenue and income	22.2	18.5
Total revenue	570.5	570.9
Production costs	(325.1)	(329.3)
Personnel expense	(164.5)	(161.4)
Non-recurring income and expense	(0.6)	(11.3)
EBITDA	80.2	69.0
Amortization, depreciation, provisions and write-downs	(39.1)	(37.6)
EBIT	41.1	31.3
Net financial income	(6.1)	(4.2)
Profit (loss) before tax	35.1	27.1
Income tax	(7.2)	(6.2)
Non-controlling interests	(12.0)	(9.5)
Profit (loss) for the period attributable to the owners of the parent	15.9	11.3

In the first half of 2023, consolidated gross revenue amounted to approximately Euro 599.2 million (comprising gross operating revenue of Euro 577 million and other revenue and income of Euro 22.2 million) versus Euro 598.6 million in first half 2022 (comprising gross operating revenue of Euro 580.1 million and other revenue and income of Euro 18.5 million).

EBITDA and EBIT came to Euro 80.2 million and Euro 41.1 million (Euro 69 million and Euro 31.3 million in the same period of the prior year), still impacted by the increase in the cost of paper (Euro -5.4 million) versus the same period of the prior year, when the paper used had been purchased at 2021 prices. Net non-recurring expense came to Euro -0.6 million (Euro 11.3 million in the first half of 2022, including Euro 10 million in expense from the settlement of the litigation over the Via Solferino/San Marco/Balzan property complex).



The **EBITDA** trend between the first half of 2022 and first half of 2023 is shown below:



Profit attributable to the owners of the parent came to approximately Euro 15.9 million (Euro 11.3 million in the first half of 2022).

The Group **statement of comprehensive income** can be analyzed as follows:

€ millions	Half year ended 30/06/2023	Half year ended 30/06/2022
Profit (loss) for the period	27.9	20.8
<i>Reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the translation of financial statements denominated in foreign currencies	-	0.1
Gains (losses) from cash flow hedges	(0.2)	0.9
Reclassification of gains (losses) from cash flow hedges	(0.3)	0.2
Tax effect	0.2	(0.2)
<i>Non-reclassifiable items of the comprehensive income statement</i>		
Actuarial gains (losses) from defined benefit plans	0.2	0.8
Tax effect	(0.1)	(0.2)
Gains (losses) from the fair value measurement of equity instruments	-	-
Total comprehensive income for the period	27.7	22.4
- Owners of the parent	15.7	12.6
- Non-controlling interests - continuing operations	12.0	9.8
	27.7	22.4



The Group's performance can be read better by analyzing first half 2023 results by **main business segment** (magazine publishing Cairo Editore, advertising, TV publishing La7, network operator and RCS) versus those of the same period of 2022.

2023	Magazine publishing Cairo	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	37.2	191.8	58.0	456.0	(166.1)	577.0
Advertising agency discounts	-	(24.6)	-	(17.4)	12.5	(29.6)
Net operating revenue	37.2	167.2	58.0	438.6	(153.6)	547.4
Change in inventory	(0.0)	-	-	0.9	-	0.9
Other revenue and income	4.7	2.7	0.4	17.1	(2.8)	22.2
Total revenue	41.9	169.9	58.4	456.6	(156.4)	570.5
Production costs	(31.9)	(156.7)	(33.7)	(259.3)	156.4	(325.1)
Personnel expense	(8.3)	(12.1)	(19.7)	(124.3)	(0.0)	(164.5)
Non-recurring income (expense)	-	-	-	(0.6)	-	(0.6)
EBITDA	1.7	1.1	5.0	72.3	0.0	80.2
Amortization, depreciation, provisions and write-downs	(0.9)	(1.2)	(8.8)	(28.3)	0.0	(39.1)
EBIT	0.8	(0.1)	(3.7)	44.1	0.0	41.1
Other gains (losses) from financial assets/liabilities	-	-	-	0.0	-	0.0
Net financial income	(0.0)	(0.2)	(0.0)	(5.9)	(0.0)	(6.1)
Profit (loss) before tax	0.8	(0.2)	(3.8)	38.3	0.0	35.1
Income tax	0.6	(0.3)	0.9	(8.4)	(0.0)	(7.2)
Non-controlling interests	-	0.1	-	(12.0)	(0.0)	(12.0)
Profit (loss) for the period attributable to the owners of the parent	1.4	(0.5)	(2.9)	17.8	0.0	15.9
2022	Magazine publishing Cairo	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	37.5	190.9	55.8	463.8	(168.0)	580.1
Advertising agency discounts	-	(24.6)	-	(18.1)	12.6	(30.1)
Net operating revenue	37.5	166.3	55.8	445.7	(155.4)	550.0
Change in inventory	0.0	-	-	2.3	-	2.4
Other revenue and income	3.4	3.1	1.4	13.1	(2.4)	18.5
Total revenue	40.8	169.5	57.2	461.1	(157.8)	570.9
Production costs	(30.5)	(155.4)	(35.0)	(266.1)	157.8	(329.3)
Personnel expense	(8.6)	(12.4)	(19.3)	(121.1)	(0.0)	(161.4)
Non-recurring income (expense)	-	-	-	(11.3)	-	(11.3)
EBITDA	1.8	1.6	2.9	62.7	(0.1)	69.0
Amortization, depreciation, provisions and write-downs	(1.0)	(1.0)	(7.8)	(27.8)	(0.0)	(37.6)
EBIT	0.7	0.6	(4.9)	35.0	(0.1)	31.3
Other gains (losses) from financial assets/liabilities	-	-	-	(0.0)	-	(0.0)
Net financial income	(0.0)	(0.1)	(0.2)	(3.8)	(0.0)	(4.2)
Profit (loss) before tax	0.7	0.4	(5.1)	31.1	(0.1)	27.1
Income tax	0.2	(0.5)	1.5	(7.4)	0.0	(6.2)
Non-controlling interests	-	-	-	(9.6)	0.0	(9.5)
Profit (loss) for the period attributable to the owners of the parent	0.9	(0.1)	(3.6)	14.1	(0.1)	11.3



Gross operating revenue in the first half of 2023, split up by main business segment, can be analyzed as follows versus the amounts of the same period of 2022:

2023 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and	Total
TV advertising	-	74.6	50.7	0.1	(51.3)	74.2
Advertising on print media, Internet and sporting events	4.0	115.3	1.4	196.8	(108.6)	208.8
Other TV revenue	-	-	1.1	1.4	(0.1)	2.4
Magazine over-the-counter sales and subscriptions	33.7	-	-	167.0	(1.1)	199.6
VAT relating to publications	(0.5)	-	-	(1.5)	-	(2.0)
Sundry revenue	-	1.9	4.8	92.2	(5.0)	93.9
Total gross operating revenue	37.2	191.8	58.0	456.0	(166.1)	577.0
Other revenue	4.7	2.7	0.4	17.1	(2.8)	22.2
Total gross revenue	41.9	194.6	58.4	473.1	(168.9)	599.2
2022 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and	Total
TV advertising	-	73.8	50.2	0.0	(51.0)	73.1
Advertising on print media, Internet and sporting events	4.3	115.0	1.1	193.2	(110.2)	203.4
Other TV revenue	-	-	0.8	1.4	(0.1)	2.0
Magazine over-the-counter sales and subscriptions	33.7	-	-	179.4	(1.2)	211.9
VAT relating to publications	(0.5)	-	-	(0.8)	-	(1.3)
Sundry revenue	-	2.1	3.8	90.6	(5.5)	90.9
Total gross operating revenue	37.5	190.9	55.8	463.8	(168.0)	580.1
Other revenue	3.4	3.1	1.4	13.1	(2.4)	18.5
Total gross revenue	40.8	194.1	57.2	476.9	(170.4)	598.6

The main **consolidated statement of financial position figures** at 30 June 2023 can be compared as follows with those at 31 December 2022:

(€ millions)	30/06/2023	31/12/2022
Property, plant and equipment	107.5	110.9
Rights of use on leased assets	138.0	146.4
Intangible assets	986.6	990.2
Financial assets	35.4	36.8
Deferred tax assets	85.3	86.0
Net working capital	(23.5)	(57.8)
Total assets	1,329.3	1,312.5
Non-current liabilities and provisions	101.5	104.7
Deferred tax provision	163.7	163.4
(Financial position)/Net debt	47.0	15.2
Liabilities from lease contracts (pursuant to IFRS 16)	153.8	162.4
Equity attributable to the owners of the parent	521.6	525.0
Equity attributable to non-controlling interests	341.7	341.8
Total equity and liabilities	1,329.3	1,312.5

In 2023, as part of the share buy-back plans, no treasury shares were sold or purchased. At 30 June 2023, Cairo Communication held a total of no. 779 treasury shares, or 0.001% of the share capital, subject to Article 2357-ter of the Italian Civil Code.

It should be noted that:



- the Shareholders' Meeting held by RCS on 8 May 2023 approved the distribution of a dividend of Euro 0.06 per share, gross of tax, with ex-dividend date on 22 May 2023, for a total of approximately Euro 31 million (Euro 18.7 million the share of Cairo Communication),
- the Shareholders' Meeting held by Cairo Communication on 8 May 2023 approved the distribution of a dividend of Euro 0.14 per share, gross of tax, with ex-dividend date on 29 May 2023, for a total of approximately Euro 18.8 million.

The change in net financial debt at Group level as a result of the distribution of dividends was approximately Euro 31.2 million.

The **consolidated net financial debt** at 30 June 2023, versus the consolidated financial statement amounts at 31 December 2022, is summarized in the table below:

Net financial position (€ millions)	30/06/2023	31/12/2022	Changes
Cash and cash equivalents	62.0	54.3	7.7
Other current financial assets and financial receivables	1.0	1.0	-
Current financial assets (liabilities) from derivative instruments	0.5	0.9	(0.4)
Current financial payables	(52.5)	(31.8)	(20.7)
Current net financial position (net financial debt)	11.0	24.3	(13.4)
Non-current financial payables	(58.4)	(40.0)	(18.4)
Non-current financial assets (liabilities) from derivative instruments	0.4	0.4	(0.0)
Non-current net financial position (net financial debt)	(58.0)	(39.6)	(18.4)
Net financial position (net financial debt)	(47.0)	(15.2)	(31.8)
Liabilities from lease contracts (pursuant to IFRS 16)	(153.8)	(162.4)	8.6
Total net financial position (net financial debt)	(200.7)	(177.6)	(23.2)

Consolidated **net financial debt** at 30 June 2023 stood at approximately Euro 47 million (Euro 15.2 million at end 2022). The change is explained mostly by the outlays for dividend payout of approximately Euro 31.2 million and for technical expenditure of approximately Euro 18.2 million, offset by the positive contribution of ordinary operations, affected by the current timing of collecting tax credits granted to the publishing industry (at 30 June 2023, the outstanding credit of approximately Euro 26.5 million refers also to 2021 and 2022), and by the dynamics of working capital also due to the seasonality of its performance. At end June, the net financial debt of RCS stood at Euro 69.4 million (Euro 31.6 million at end 2022).



Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 153.8 million, amounted to Euro 200.7 million (Euro 177.6 million at 31 December 2022).

Statement of reconciliation between the Parent Company's equity and profit and Group's equity and profit

The **statement of reconciliation** of equity and profit between Cairo Communication S.p.A. and Group equity and profit can be analyzed as follows:

(€ millions)	Equity 30/06/2023	Net profit for the period
Separate financial statements of Cairo Communication S.p.A.	261.2	20.5
<u>Elimination of the carrying amount of consolidated equity investments:</u>		
Difference between carrying amount of investments and their equity value	2.1	-
Effects of the purchase price allocation of RCS S.p.A.	156.5	(0.3)
Share in consolidated companies' profit net of investment impairment losses	-	16.3
<u>Allocation of consolidation differences</u>		
RCS goodwill net of tax effects	112.4	-
Other goodwill	7.2	-
Elimination of intra-group profits net of income tax	(17.8)	-
Elimination of intra-group dividends	-	(20.7)
Consolidated financial statements of Cairo Communication	521.6	15.9

Main business segment operating results and related risk factors and strategic opportunities

MAGAZINE PUBLISHING CAIRO EDITORE

Cairo Editore - Cairo Publishing

Cairo Editore operates in the magazine publishing segment through (i) the weeklies “*Settimanale DIPIU'*”, “*DIPIU' TV*” and the supplements “*Settimanale DIPIU' e DIPIU' TV Cucina e Stellare*”, “*Diva e Donna*”, the fortnightly supplement “*TV Mia*”, “*Nuovo*”, “*F*”, “*Settimanale Giallo*” “*NuovoTV*”, “*Enigmistica Più*” and “*Enigmistica Mia*”, (ii) the monthly magazines “*For Men Magazine*”, “*Natural Style*”, “*Bell'Italia*”, “*Bell'Europa*”, “*In Viaggio*”, “*Airone*”, “*Gardenia*”, “*Arte*” and “*Antiquariato*”.



In the first half of 2023, against a backdrop still dominated by the uncertainty caused by the war in Ukraine, Cairo Editore confirmed the results of the first half of 2022, despite an increase in the cost of paper (Euro -1.7 million) versus the same period of the prior year, when the paper used had been purchased at 2021 prices.

The results achieved by the publishing segment in the first half of 2023 can be compared as follows with those of the same period of 2022:

Print media publishing <i>(€ millions)</i>	30 June 2023	30 June 2022
Gross operating revenue	37.2	37.5
Other income	4.7	3.4
Change in inventory	-	-
Total revenue	41.9	40.8
Production costs	(31.9)	(30.5)
Personnel expense	(8.3)	(8.6)
EBITDA	1.7	1.8
Amortization, depreciation, provisions and write-downs	(0.9)	(1.0)
EBIT	0.8	0.7
Net financial income	-	-
Profit (loss) before tax	0.8	0.7
Income tax	0.6	0.2
Profit (loss) for the period	1.4	0.9

EBITDA and EBIT came to approximately Euro 1.7 million and approximately Euro 0.8 million (Euro 1.8 million and Euro 0.7 million in the first half of 2022).

The Group weeklies reported high circulation results, with an average ADS weekly circulation in the January-May period of 2023 of 279,755 copies for “*Settimanale DIPIU*”, 134,995 copies for “*DIPIU’ TV*”, 39,339 copies for “*Settimanale DIPIU’ e DIPIU’TV Cucina*”, 91,006 copies for “*Diva e Donna*”, 142,693 copies for “*Settimanale Nuovo*”, 66,145 copies for “*F*”, 60,244 copies for “*TVMia*”, 46,013 copies for “*Settimanale Giallo*”, and 68,408 copies for “*NuovoTV*”, reaching a total of approximately 0.9 million average weekly copies sold, and making the Group the leading publisher in copies of weeklies sold at newsstands, with an approximately 29% market share. Including the average sales of titles out of the ADS survey (comprising copies sold of “*Enigmistica Più*” and of “*Enigmistica Mia*”), average copies sold were approximately 1.1 million.

Cairo Editore’s activities continued to focus also on enhancing the value of editorial content, developing existing brands, and launching new projects.

Below are some of the main initiatives implemented in Italy in the first half of 2023:

- in March, Gardenia's IG account topped 200,000 followers;
- in April, Gardenia launched on newsstands the Royal Horticultural Society's "*How to garden*" guide, translated and published for the first time in Italy;
- in May, Bell'Italia's IG account topped 200,000 followers;
- in June, two events organized by the *Bell'Italia* magazine were held in Sardinia (Cagliari,



Alghero), backed by a special issue of "*Bell'Italia Sardegna*";

- June 11 saw the comeback on La7 of the third season of "*Bell'Italia. In Viaggio*," the programme that chronicles Italian excellence, winner of the *Moige* (Italian Parents' Movement) Award in the culture and entertainment category;
- June 27 saw the "*Face to Face*" event held in the square of the Lombardy Region in Milan, the new editorial project of the magazine *F*.

ADVERTISING

With regard to the advertising segment, at the end of 2020 Cairo Communication and RCS transferred in a newly-established investee held on an equal basis - CAIRORCS Media S.p.A. - the advertising sales business units for RCS's print and online titles in Italy and the print, television and online titles of Cairo Editore and La7, as well as certain third-party media.

The results achieved by the advertising segment in the first half of 2023 can be compared as follows with those of the same period of 2022:

Advertising (€ millions)	30 June 2023	30 June 2022
Gross operating revenue	191.8	190.9
Advertising agency discounts	(24.6)	(24.6)
Net operating revenue	167.2	166.3
Other income	2.7	3.1
Change in inventory	-	-
Total revenue	169.9	169.5
Production costs	(156.7)	(155.4)
Personnel expense	(12.1)	(12.4)
EBITDA	1.1	1.6
Amortization, depreciation, provisions and write-downs	(1.2)	(1.0)
EBIT	(0.1)	0.6
Net financial income	(0.2)	(0.1)
Profit (loss) before tax	(0.2)	0.4
Income tax	(0.3)	(0.5)
Non-controlling interests	0.1	-
Profit (loss) for the period	(0.5)	(0.1)

In the first half of 2023, EBITDA came to Euro 1.1 million and EBIT to Euro 0.1 million (Euro 1.6 and Euro 0.6 million in the first half of 2022).

In the first half of 2023:

- advertising sales on La7 and La7d channels totaled approximately Euro 74.6 million (Euro 73.4 million in first half 2022),
- advertising sales on Cairo Editore titles amounted to Euro 5.4 million (Euro 5.7 million in first half 2022),
- gross advertising revenue of RCS titles in Italy amounted to Euro 102.6 million (Euro 103.9 million in first half 2022).



TV PUBLISHING (La7) AND NETWORK OPERATOR

The Group started operations in the TV field in 2013, following acquisition from Telecom Italia Media S.p.A. of the entire share capital of La7 S.r.l. (today La7 S.p.A.) as of 30 April 2013, with the upstream integration of its concessionaire business for the sale of advertising space, diversifying its publishing activities previously focused on magazines.

At the acquisition date, the financial situation of La7 had called for the implementation of a restructuring plan aimed at reorganizing and streamlining the corporate structure and at curbing costs, while retaining the high quality levels of the programming. Starting from May 2013, the Group began to implement its own plan, achieving, as early as the May-December eight-month period of 2013, a positive EBITDA, strengthening in the years that followed the results of the cost rationalization measures implemented.

With regard to the network operator business, in 2014, the Group company Cairo Network took part in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, winning the rights of use for a period of 20 years. The mux covers at least 94% of the national population, providing high-quality service levels.

January 2017 marked the start of the broadcasting of La7 channels on the mux. It also currently hosts *Dazn Channel*, some of Elda Srl's "Italy" and "Art" channels, and some of GMH's channels.

The results achieved by the TV publishing (La7) and network operator segment in the first half of 2023 can be compared as follows with those of the same period of 2022:



Television and network operator segment <i>(€ millions)</i>	30 June 2023	30 June 2022
Gross operating revenue	58.0	55.8
Advertising agency discounts	-	-
Net operating revenue	58.0	55.8
Other income	0.4	1.4
Change in inventory	-	-
Total revenue	58.4	57.2
Production costs	(33.7)	(35.0)
Personnel expense	(19.7)	(19.3)
EBITDA	5.0	2.9
Amortization, depreciation, provisions and write-downs	(8.8)	(7.8)
EBIT	(3.7)	(4.9)
Net financial income	-	(0.2)
Other gains (losses) from financial assets/liabilities	-	-
Profit (loss) before tax	(3.8)	(5.1)
Income tax	0.9	1.5
Profit (loss) for the period	(2.9)	(3.6)

In the first half of 2023, the TV publishing (La7) and network operator segment's EBITDA grew to reach approximately Euro 5 million (Euro 2.9 million in the first half of 2022), while EBIT came to approximately Euro -3.7 million (Euro -4.9 million in the first half of 2022).

In the first half of 2023, La7's average all-day share was 3.4% and 4.6% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. La7's share in the first half of 2023 was 0.5% in both all-day and prime time. The channel's news and discussion programmes in the first half of 2023 all continued to deliver remarkable results: *Otto e Mezzo* with 7% average share from Monday to Friday, *TgLa7* 8 p.m. edition with 5.8% from Monday to Friday, *diMartedì* with 6.3%, *Piazzapulita* with 5.1%, *Propaganda Live* with 5.7%, *Atlantide* with 3.5%, *In Onda* with 4.5%, *Omnibus La7* with 3.6%, *Coffee Break* with 3.7%, *L'Aria che tira* with 4.6%, and *Tagadà* with 3.4%. In the first half of 2023, La7 confirmed its leadership among generalist TV stations in terms of news hours (over 2,411 hours in the period) and was the second channel in terms of live hours (approximately 2,000 in the first six months of the year).

On the digital front, in the first five months of 2023, average monthly unique users were 8.3 million and in the six-month period daily unique users were 755 thousand. Stream views were 31.5 million per month. At end June, followers of La7 and its active programmes on Facebook, Twitter, Instagram and TikTok total 6.5 million.

RCS

In 2016, the Group started operations in the daily newspaper publishing segment with the acquisition of the control of RCS.

RCS, both directly and indirectly through its subsidiaries, publishes and distributes - in Italy and Spain - daily newspapers and magazines (weeklies and monthlies), and is also involved in the distribution of editorial products at newsstands.



Specifically, in Italy RCS publishes the dailies *Corriere della Sera* and *La Gazzetta dello Sport*, as well as various weeklies and monthlies such as *Io Donna*, *Oggi*, *Amica*, *Living*, *Style Magazine*, *Sportweek*, *Sette*, *Dove* and *Abitare*.

In Spain, it operates through its subsidiary Unidad Editorial S.A., publisher of the dailies *El Mundo*, *Marca* and *Expansion*, as well as several magazines such as *Telva*.

RCS is also marginally active in the Pay TV market in Italy, through the satellite and OTT TV channel *Caccia e Pesca* and also publishes the web TVs of *Corriere della Sera* and *La Gazzetta dello Sport*.

In Spain, it is active with the leading national sports radio *Radio Marca* and the web TV of *El Mundo*, and broadcasts the two digital TV channels *GOL* and *Dmax*, whose content is produced by third parties.

RCS also organizes, through RCS Sport and RCS Sports & Events, major world sporting events (such as *Giro d'Italia*, the *UAE Tour* and the *Milano City Marathon*).

With *Solferino - i libri del Corriere della Sera*, it is active in book publishing; June 2020, instead, saw the start of activities of *RCS Academy*, the Business School of the Group.

RCS generated negative results prior to 2016, and has embarked on an operational restructuring process to restore profitability. In 2016, profit had amounted to Euro 3.5 million,² marking a return to positive territory by the RCS Group (the first time since 2010), and in 2017², 2018² 2019² 2020² 2021² and 2022² the net result had amounted to Euro 71.1 million, Euro 85.2 million, Euro 68.5 million, Euro 31.7 million, Euro 72.4 million and Euro 50.1 million.

The results achieved by the RCS segment in the first half of 2023 can be compared as follows with those of the same period of 2022:

RCS <i>(€ millions)</i>	30 June 2023	30 June 2022
Gross operating revenue	456.0	463.8
Advertising agency discounts	(17.4)	(18.1)
Net operating revenue	438.6	445.7
Change in inventory	0.9	2.3
Other revenue and income	17.1	13.1
Total revenue	456.6	461.1
Production costs	(259.3)	(266.1)
Personnel expense	(124.3)	(121.1)
Non-recurring income and expense	(0.6)	(11.3)
EBITDA	72.3	62.7
Amortization, depreciation, provisions and write-downs	(28.3)	(27.8)
EBIT	44.1	35.0
Net financial income	(5.9)	(3.8)
Other gains (losses) from financial assets/liabilities	-	-
Profit (loss) before tax	38.3	31.1
Income tax	(8.4)	(7.4)
Non-controlling interests	(12.0)	(9.6)
Profit (loss) for the period	17.8	14.1

² RCS 2017, 2018, 2019, 2020, 2021 and 2022 Annual Report



In the first half of 2023, against a backdrop still dominated by the uncertainty caused by the conflict in Ukraine, RCS achieved - in the consolidated financial statements of Cairo Communication - an EBITDA of approximately Euro 72.3 million³ and an EBIT of Euro 44.1 million (Euro 62.7 million and Euro 35.0 million in first half 2022, still impacted by the increase in paper (Euro -3.4 million) versus the same period of the prior year, when the paper used had been purchased at 2021 prices. Net non-recurring expense and income came to Euro -0.6 million (Euro 11.3 million in first half 2022, including Euro 10 million in expense from the settlement of the litigation over the Via Solferino/San Marco/Balzan property complex).

In the first half of 2023, RCS's consolidated net operating revenue reached approximately Euro 438.6 million (Euro 445.7 million in first half 2022). RCS digital revenue (Italy and Spain), which amounted to approximately Euro 101 million, accounted for approximately 23% of total revenue. Total advertising sales from RCS online media amounted to Euro 67.7 million in the first half of 2023, making for 38% of total advertising revenue.

Both Italian newspapers retained their circulation leadership in their respective market segments at May 2023 (ADS). In Italy, in the first five months of 2023, the average daily copies distributed including digital copies of *Corriere della Sera* amounted to 251 thousand, and those of *La Gazzetta dello Sport* to 165 thousand copies (source ADS January-May 2023). *Corriere della Sera* was able to achieve the excellent newsstand circulation results and, most importantly, to continue the growth in digital development. Regarding the comparison with the market, the circulation performance of *Corriere della Sera* (-4.9%) is broadly in line with the -4.5% of the generalist newspaper market. *Gazzetta dello Sport* increased by 57.8%, driven by the performance of digital copies versus the +35% increase in the sports newspaper market (source ADS January-May 2023).

At the end of June 2023, the total active digital customer base for *Corriere della Sera* (digital edition, membership and m-site) reached 535 thousand subscriptions (508 thousand at end 2022 - Internal Source). At the end of June 2023, the customer base for *Gazzetta's* pay products (which includes *G ALL*, *G+*, *GPRO* and *Fantacampionato*) counted 211 thousand subscriptions (171 thousand at end 2022 - Internal Source).

The main digital performance indicators confirm the top market position of RCS. The *Corriere della Sera* and *La Gazzetta dello Sport* brands, in the period January-May 2023, reached 31.1 million and 19.8 million average monthly unique users, and in the period January-June 2023 3.9 million and 2.7 million average daily unique users (source Audicom). In the first five months of 2023 too, RCS ranks as the top online publisher in Italy with an aggregate figure of 32.3 million average monthly unique users (net of duplications – source Audicom).

The main social accounts of the *Corriere System* at 30 June 2023 reached approximately 11.7 million

³ Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the section below "Alternative Performance Measures". As a result of these differences - regarding provisions for risks and the allowance for impairment, totaling Euro 1.8 million in first half 2023 - EBITDA shown in the RCS Half-Year Report at 30 June 2023, approved on 31 July 2023, amounted to Euro 70.5 million.



total followers (considering *Facebook*, *Instagram*, *Twitter*, *LinkedIn* and *TikTok* - Internal Source) and those of *La Gazzetta dello Sport* 5.7 million (considering *Facebook*, *Instagram*, *Twitter* and *TikTok* - Internal Source).

Including digital copies, in the first half of 2023 the average daily circulation of *El Mundo*, *Marca* and *Expansión* stood at approximately 56 thousand copies, approximately 54 thousand copies and approximately 23 thousand copies (Internal Source). The latter two newspapers retained their circulation leadership in their respective market segments also at June 2023 (*OJD*). EGM's June 2023 "General Media Research" survey confirms Unidad Editorial as the leader in Spanish daily print media, adding almost 1.6 million overall daily readers of its three daily newspapers, with *Marca* and *Expansión* reaching more readers than the sum of the first two main competitors. *El Mundo* remains steadily the second largest newspaper in Spain, reaching over 400 thousand readers.

In Spain as well, the main digital performance indicators confirm Unidad Editorial's top market position, with *elmundo.es*, *marca.com* and *expansion.com* reaching 44.4 million, 96.4 million and 9.7 million average monthly unique browsers in the first half of 2023, comprising both domestic and foreign browsers and including apps (*Google Analytics*). The social audience of Unidad Editorial Group titles (Internal Source) stands at 9 million followers for *El Mundo*, 16.3 million for *Marca* and 2.4 million for *Telva* (considering *Facebook*, *Instagram* and *Twitter*) and 1.4 million for *Expansión* (considering *Facebook*, *Instagram*, *Twitter* and *LinkedIn*).

In Spain, at end June 2023, digital subscriptions grew to approximately 123 thousand subscriptions for *elmundo.es* (101 thousand at end 2022 - Internal Source) and approximately 70 thousand subscriptions for *expansion.com* (51 thousand at end 2022 - Internal Source).

At 30 June 2023, net financial debt stood at Euro 69.4 million (Euro 31.6 million at 31 December 2022). The change is explained mostly by the outlays for dividend payout of approximately Euro 31 million and for technical expenditure, and by non-recurring expense of approximately Euro 13 million, partly offset by the positive contribution of ordinary operations for approximately Euro 6 million, affected in the first half by the current timing of collecting tax credits granted to the publishing industry (at 30 June 2023, the outstanding credit of approximately Euro 18.5 million refers also to 2021 and 2022), and by the dynamics of working capital also due to the seasonality of its performance.

The total net financial debt of RCS, which includes financial liabilities from leases recognized in accordance with IFRS 16, totaling Euro 135 million (mainly property leases), amounted to Euro 204.4 million (Euro 174.4 million at 31 December 2022).

RCS's activities continued to focus also on enhancing the value of editorial content, developing existing brands, and launching new projects.

Below are some of the main initiatives implemented in Italy in the first half of 2023:

- The new *Stile Gazzetta* section on *Gazzetta.it* for content related to fashion and design in sports was launched in February.



- on 5 March, the first 2023 issue of *La Lettura per ragazze e ragazzi* hit newsstands;
- on 9 and 10 March was held the second edition of *Obiettivo5*, the *Corriere della Sera* and *Io Donna* event in association with La Sapienza University of Rome dedicated to gender equality issues;
- on 31 March, “*Italia Genera Futuro*” was held at Palazzo Mezzanotte in Milan;
- in regard to the series, books and add-ons fronts, *Corriere della Sera* published: the volumes *Tokyo tutto l’anno*, *Ultima fermata Auschwitz*, *Romanzo Popolare*, “*Lavorare Dispari*”; series included *La storia Italia Europa Mediterraneo*, *Biblioteca di astrologia*, *Margaret Atwood Camminare*, *La poesia è di tutti*, *Picasso*, *Meditazioni Quotidiane*, *Banksy*, *Ciclovie*. *La Gazzetta dello Sport* published a number of initiatives dedicated to the Japanese world: the DVD series “*Naruto*”, the collection of the manga “*The Seven Deadly Sins*”, the work “*Giappone. Storia e cultura del Paese del Sol Levante*”, for the comics section the series “*Strip! I grandi classici del fumetto americano*”, as well as “*La grande storia della Rossa*”, “*Itinerari in moto*”, the “*Noir Italia*” series and the celebratory volumes “*Sogno azzurro*” and “*Il Milan di Berlusconi*”;
- on 17 April, with a special issue of *Buone Notizie* and an event, the second edition of the *Bilanci di Sostenibilità Award* was held;
- for the *Milan Design Week* from 17 to 23 April, the headquarters of the *Corriere della Sera* was open to the public with a tour through the installation *Solferino 28 Elevators*;
- in April, for the *Corriere della Sera* local edition extension plan, the editions in Trento and Salerno were opened;
- *Corriere della Sera* 's digital initiatives and projects were marked in particular by the opening of three new TikTok accounts: *Corriere della Sera*, *Moda Corriere*, *7corriere*, which add to the existing *Data Room* and *Cook.Corriere*, reaching a total follower base of over 229 thousand followers and over 109 million video views of published content at 30 June 2023. *Corriere della Sera*'s Instagram account topped 1.5 million followers;
- in the *Corriere della Sera digital subscriptions* area, more than ten exclusive and dedicated live events were organized for *Corriere*'s digital subscribers, and the new *Corriere Family* product was also launched;
- in the first half of 2023, efforts continued in improving the graphics of *G+* content, the premium section of *Gazzetta.it*, through the launch of new interactive specials and in-depth features;
- *La Gazzetta dello Sport* and its supplements covered and delved into the various sporting events of the first half 2023, with several issues of *Grande Gazzetta*, *G magazine*, *Sportweek* specials, and instalments;
- second quarter 2023 saw the launch of *Il Ciclista*: the new subscription-based digital section of *Gazzetta.it* dedicated to recreational cyclists;
- *La Gazzetta dello Sport* 's new *Twitch* channel (with over 2 million cumulative video views since its opening) established itself among the top channels in Italy. In April, *Gazzetta Motori* launched its own channel on *YouTube*;



- *Gazzetta.it* 's online game offerings were enriched in March with the "Mr. Palleggio" skill game, the quiz "Questo o Quello" and *Fantamarket*;
- on 4-7 May, the fifth edition of "Civil Week" was held in Milan, the event organized by *Buone Notizie*;
- on 16 May, *Corriere della Sera* in collaboration with Visa launched the *She's Next* project;
- on 16-18 May, the second edition of the *Tech Emotion* event was held at Palazzo Mezzanotte;
- on 26-28 May was held the Festival *Cibo a Regola d'arte*;
- the *Economia d'Italia* cycle of events continued in the first half with events dedicated to the Emilia-Romagna and Liguria regions;
- in May, *La Gazzetta dello Sport*, with the sponsorship of the Municipality of Milan, organized the first edition of *Milano Football Week*;
- on 5 June, *Corriere della Sera* celebrated the World Environment Day, with a green paper edition of the newspaper and an event day;
- the podcast catalogue was enriched with the original series *Corriere della Sera: Cinema Eros, Diabolica – La coppia dell'acido, Geni invisibili* and included the collaborations: *Chiedilo a Barbero* by Alessandro Barbero and *Dicono di te* by Malcom Pagani;
- *Corriere della Sera*'s newsletter catalogue was expanded to include *Diario Politico, One more thing*, and local newsletters Bergamo and Brescia;
- in June, RCS signed a partnership with Samsung TV Plus to further extend the free streaming service with the first two *FAST channels Lifestyle by Lei* and *Travel & Living by Dove*.

RCS Academy, the Group's business school, completed in the first half of 2023 the training activities of the full-time master's degree programs launched in autumn 2022 and the related placement of 250 students, offering young students tangible opportunities to enter the job world. Interest from companies and consulting firms was high. May and June saw the start of the first five master's degree programs in the 2023-2024 academic calendar, *Sports Management, Digital Marketing, Digital Communication and Media, Journalism Content Writing, and Creative Writing*. Additionally, in first half, the first five *Business talks* of the year, broadcast live on *Corriere.it*, with more than 350,000 average users, were held on the topics of *Economy and Business Sustainability, Alternative Energy Sources, Sustainable Development of the Fashion & Made in Italy Industry, and Retail & Omnichannel Strategy*.

In the first six months of 2023, the Books market surveyed by GFK was up by 2.5% in value versus the same period of 2022, unchanged in volume, where the positive trend in the first months of the year is currently offsetting the negative trend recorded in the following months through June.

As for the performance of the RCS Group, the *Solferino* brand shows better-than-market growth in volume (+1.3%) and in value, in line (+2.4%) with the same period of 2022. The trend of the *Cairo* brand is driven by the excellent performance in 2022 of Ibrahimovic's title when compared with the same period of the prior year. Net of this effect, the first six months would see +6.3% in volume and



+6.7% in value over last year.

For magazines:

- in February, the first event organized by *Dove* was held in Padua, backed by a special issue on newsstands and online dedicated to the Veneto region;
- in February, a new business activity was launched in Italy by the *Childhood Magazines* with the opening in Milan of the first store offering pre-birth 5D images to parents-to-be;
- on 1 March 2023, Luisa Simonetto was appointed Editor-in-Chief of *Amica*, replacing Danda Santini;
- in March, *Io Donna* participated together with *Corriere della Sera* in the *Obiettivo5* event;
- from 17 to 23 April, for the *Design Week*, furnishing publications *Living* and *Abitare* with *Corriere della Sera* created a scenic installation designed by the Migliore-Servetto studio inside the courtyard of the historic headquarters in Via Solferino;
- on 10 and 11 June, the first edition of *Io Donna's* event "*A corpo libero*", dedicated to the topic of sports and wellness, was held in the Indro Montanelli Gardens in Milan;
- on 13 June, *DOVE* held the event "*Viaggiare è rinascere*".

Below are also some of the main initiatives implemented in Spain in the first half of 2023:

- January was launched the new *El Mundo* podcast by *Arcadi Espada*;
- on 1 February was launched of the new online version of *El Mundo*, featuring major innovations, including technological advancements, to provide readers with an improved reading experience, thanks also to new graphics;
- the graphical layout and organization of the print version of *El Mundo* was also revamped, with the inclusion of the *Primer Plano* section devoted to the most topical issues;
- on 13 February was held the second edition of *Classica di Jaén*, organized by Unidad Editorial Sport, a stage of the international cycling calendar that saw the victory of champion Tadej Pogacar;
- in February, *Diario Medico* received the recognition of "*Premios Semergen 50 Años Contigo*" in the "*Media*" category;
- at the end of February, *El Mundo* and *La Lectura* participated in the *International Contemporary Art Fair* with an exhibition dedicated to Spanish painter and photographer *Darío Villalba*;
- on 22 March was launched the online platform *Cooking*, a new section of *El Mundo* dedicated to gastronomy and the topics of nutrition, recipes and foods;
- at the end of March, Malaga held the annual *Marca Sport Weekend*, which featured various international stars in more than 150 initiatives scattered throughout the city;
- on 30 March, *Telva* began its 60th anniversary celebration with the Zaragoza stop, with a series of meetings to bring readers closer to the world of fashion, art and the latest lifestyle trends. Cycle that continued in second quarter 2023 with a meeting held in Valencia;



- on 22 April was held the first edition of *Marca Family & Sports*, an event sponsored by the Community of Madrid aimed at connecting families with sports activities;
- in May, Unidad Editorial joined through its media the "*Todos contra el cancer*" initiative promoted by Asociación Española Contra el Cáncer;
- on 10 and 11 May, the fourth edition of "*El foro económico internacional Expansión*," organized in association with *The European House Ambrosetti*, was held, with the participation of prominent national and international political and economic figures;
- 2 June marked the third *Congreso Internacional de Telva* focused on topical issues of wellness and mental health;
- in June, the *Federación de Gremios de Editores de España* (FGEE) awarded *La Lectura*, the cultural magazine of *El Mundo*, the LIBER 2023 Prize for promoting reading in the media.

Alternative performance measures

In this Half-Year Report, in order to provide a clearer picture of the performance of the Cairo Communication Group, besides of the conventional financial indicators required by IFRS, a number of alternative performance indicators are shown that should, however, not be considered substitutes of those adopted by IFRS.

The alternative measures are:

• **EBITDA:** used by Cairo Communication as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate Group and Parent operational performance, with **EBIT**, and is calculated as follows:

Result from continuing operations, before tax

+/- Net finance income

+/- Other income (expense) from financial assets and liabilities

EBIT - Operating profit (loss)

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

EBITDA – Operating profit (loss), before amortization, depreciation, provisions and write-downs

EBITDA (earnings before interest, tax, depreciation and amortization) is not classified as an accounting measure under IFRS, therefore, the criteria adopted for its measurement may not be consistent among companies or different groups.

RCS defines EBITDA as operating profit (EBIT) before depreciation, amortization and write-downs on fixed assets.



The main differences between the two definitions of EBITDA lie in the provisions for risks and in the allowance for impairment, included in the EBITDA definition adopted by RCS, while they are excluded from the EBITDA definition adopted by Cairo Communication. Owing to the differences between EBITDA definitions adopted, in this Half-Year Report, consolidated EBITDA was determined consistently with the definition adopted by the Parent Cairo Communication.

Consolidated gross revenue: for a more detailed view, and in consideration of the specific features of the segment, operating revenue - for advertising revenue - includes gross operating revenue, advertising agency discounts and net operating revenue. Consolidated gross revenue is equal to the sum of gross operating revenue and other revenue and income.

The Cairo Communication Group also considers the **net financial position (net financial debt)** as a valid measure of the Group's financial structure determined as a result of current and non-current financial liabilities, net of cash and cash equivalents and current financial assets, excluding financial liabilities (current and non-current) from leases previously classified as operating and recognized in the financial statements in accordance with IFRS 16.

The **total net financial position (net financial debt)** also includes financial liabilities from leases recorded in the financial statements pursuant to IFRS 16, previously classified as operating leases and non-remunerated debt, which have a significant implicit or explicit financing component (e.g. trade payables with a maturity of over 12 months), and any other non-interest-bearing loans (as defined by the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 with document "ESMA32-382-1138" and taken up by CONSOB in communication 5/21 of 29 April 2021).

Transactions with parents, subsidiaries and associates and companies subject to the control of the parents

Transactions in the period with related parties, including with Group companies, were not considered to be atypical or unusual, and were part of the ordinary activities of Group companies. These transactions were carried out on market terms, taking account of the goods and services provided.

Information on transactions with related parties is shown in Note 29 to the condensed consolidated half-year financial statements at 30 June 2023.

Main risks and uncertainties to which the Group is exposed, which could impact on the business outlook for the second half of 2023

The Directors' Report on the financial statements for the year ended 31 December 2022 includes a description, to which reference should be made, of the main risks and uncertainties to which Cairo Communication S.p.A. and the Group are exposed, as well as the strategies and activities implemented



to monitor and counter them. Specifically, mention should be made of:

- Risks associated with the general economic and geopolitical climate, and with the potential effects of the persisting factors of economic uncertainty in the short-medium term on the Group's business, strategies and outlook.
- Risks associated with advertising and publishing market trends, related mainly to the general contraction in sales and the advertising market trend.
- Risks associated with developments in the media segment, as a result mainly of the penetration of new communication resources
- Risks associated with privacy, data protection and cybersecurity
- Risks associated with Management and "key staff", hence with the ability of its executive directors, editors-in-chief, TV personalities, and other Management members to efficiently manage the Group, and with the ability of the Group to attract and retain new talents.
- Risks associated with retaining the value of the brands of the Group titles and programs, by maintaining the current levels of quality and innovation.
- Risks associated with business suppliers, clients and staff regarding the outsourcing of production processes, specifically printing and distribution, and the production of TV content.
- Risks associated with developments in the legal and regulatory framework, specifically for the television industry.
- Risks associated with the measurement of intangible assets, related to the regular review of their recoverable carrying amount.
- Risks associated with litigation
- Risks associated with climate change
- Financial risks

This Half-Year Report provides a summary of the financial risks that could impact on the business outlook for second half 2023.

Risks associated with the general economic climate and geopolitical risks

The operating results, financial position and cash flows of the Cairo Communication Group may be influenced by various factors within the macro-economic environment, such as the increase or decrease of GNP, the level of consumer and corporate confidence, the advertising expenditure/GDP ratio, interest rate trends and cost of raw materials.

With the acquisition of the control of RCS, the Group activities are carried out mainly in Italy and Spain. Therefore, Group profits are exposed to risks caused by the economic cycle of these two countries, and the effectiveness of the economic policies implemented by the respective governments.



The latest figures published by the IMF in July 2023 (*World Economic Outlook- July 2023*) estimate Italy's GDP to increase by 1.1% in 2023 and 0.9% in 2024. For Spain, the estimated GDP growth is 2.5% in 2023 and 2% in 2024.

The six-month period saw a slowdown in the inflation rate, with June 2023 showing a YoY change of +6%, remaining unchanged from the prior month, attributed primarily to the trend in energy goods prices (*ISTAT - FOI index excluding tobacco*).

Spain is also seeing a reduction in the inflation rate, which, YoY at June 2023, stands at 1.9% (*INE*). The beginning of 2023 was still marked by the continued conflict in Ukraine, with its consequences also in terms of impacts on the economy and trade. This is leading to a state of great uncertainty and a slowdown in anticipated economic growth in relevant markets, exacerbating in 2022 the pre-existing inflationary dynamics since 2021. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

With regard to the Group, this economic context impacted on production costs, on paper in particular, and may also affect the performance of the advertising market, as it may influence the advertisers' propensity to spend.

Moreover, in the first half of 2023, energy and gas costs, after the strong volatility and increases recorded in 2022, gradually returned to values basically similar to those of end of summer 2021; additionally, paper costs have decreased at the moment versus 2022 figures, with anticipated positive effects on the income statement, primarily from the latter half of 2023, also taking account of the turnover time of existing inventory.

The Group is monitoring developments on a daily basis to minimize the impacts, by defining and implementing flexible and timely action plans.

Should this situation of uncertainty continue for some time, the operations, strategy and outlook for the Group may be impacted.

Risks associated with advertising and publishing market trends

The persisting short and medium-term economic uncertainty, aggravated by the current conflict in Ukraine, may impact negatively on daily newspapers and magazines.

In Italy, the advertising market in first six months 2023 (*Nielsen January-June 2023*) was up by 1.1% versus the same period of 2022, with online (excluding search, social media and over the top) and TV up by 6.1% and 0.5%. Newspapers and magazines were down by 3.4% and 1%.

In the first half of 2023, the Spanish advertising sales market was up by 2.8% versus the same period of 2022 (*i2p, Arce Media*). Specifically, the newspaper and magazine markets increased by 1.8% and 1.9%. Internet (excluding social media, search, etc.) and radio sales were up too by 6.2% and 6.9%.

Economic uncertainty and the general scenario also hit daily newspaper and magazine sales figures. On the circulation front, in the first five months of 2023, generalist newspapers in Italy recorded a 4.5% decline in print and digital circulation, while sports newspapers recorded a 35% increase in print



and digital circulation (*source ADS January-May 2023*), thanks mainly to the performance of digital copies.

In Spain, in first six months 2023, circulation figures show a decline for both generalist newspapers (-8.9%) and sports newspapers (-12.3%); the business newspaper segment was instead on an upward trajectory (+2.5%) (*OJD*).

Advertising

The Cairo Communication Group is significantly exposed to advertising revenue trends, which are cyclical and directly related to general economic trends. Advertising sales are currently the main source of revenue for the TV publishing segment. La7 boasts an exceptional audience profile, particularly appealing in terms of advertising.

Considering the Cairo Editore magazine publishing segment, advertising revenue at the Group level in the first half of 2023 accounted for 14%, while the remaining 86% was generated by distribution and subscription revenue.

Regarding RCS, advertising represents approximately 41% of total revenue.

Persisting global economic uncertainty could impact on advertising market prospects. Against this backdrop, any difficulty in maintaining or increasing its advertising revenue could impact on Group prospects, activities, operating results and cash flows.

Additionally, also with regard to the advertising segment, in light of the developments taking place, growing importance is attached to the ability of the operators to develop digital products that allow the customization of advertising content and formats, user profiling, use of analytics/big data, and lead generation. With regard to the evolution of the market, any difficulty or delay in adapting to and meeting the new demand - also through the development of cutting-edge, intuitive and effective technological products - may impact negatively on the prospects, activities, operating and financial results of the Group.

Circulation

In addition to advertising, a large share of its other activities is represented by the sale of publishing products for a market that has been long undergoing change in both Italy and Spain, which implies increasing integration with online communication systems. This transition is impacting on the circulation of print products, which the Group is addressing by adopting appropriate digital development strategies. Against this backdrop, any difficulty in maintaining the circulation of its print products could impact on Group prospects, activities, operating results and cash flows.

The ability of the Cairo Communication Group to increase its revenue and pursue its growth and development targets, and maintain adequate levels of profitability, also depends on how successful it is in putting its industrial strategy into place, which is also based on the expansion and enrichment of its product portfolio, including digital products, in order to capture market segments with greater potential.



Should the Cairo Communication Group fail to pursue this strategy, the activities and prospects of the Group may be negatively affected.

Privacy, data protection and cybersecurity

The innovation and enhancement of technological platforms and the organic development of digital products and customer centric strategies lead to increased risks related to data protection. Privacy and personal data protection are becoming an increasingly important issue for the Group and, especially in the publishing industry, play a key role in the relationship of trust with readers and users.

This strategy must be complemented by stringent rules and policies and a corporate culture that needs to be aligned with the latest regulations that have extended and consolidated the protection of data subjects' rights.

Additionally, the global scenario has seen a growth in the frequency and complexity of cyberattacks (malware, ransomware, phishing and social engineering techniques), with both extortionary and industrial espionage purposes.

Also in connection with the ongoing conflict in Ukraine and its geopolitical consequences, greater threats have arisen from criminal organizations of cyberattacks against industrial and strategic targets in a number of countries, including Italy.

Such a context requires constant monitoring and evolving IT security systems, which in turn call for growing resources to cope with increasingly sophisticated attacks.

Given the topical nature of the risk, the Group has introduced further protection tools and procedures, focusing its attention on a constant and gradual upgrading of its technological platforms.

The Group has procedures and tools in place to ensure compliance with the European Regulation on the protection of personal data EU 679/2016, with Legislative Decree 196/2003 as amended by Legislative Decree 101/2019 in Italy, and with Ley Orgánica 3/2019, de Protección de Datos Personales y Garantía de los Derechos Digitales in Spain of 5 December 2019.

Risks associated with business with suppliers, customers and employees

A number of the production processes of the Cairo Communication Group, particularly magazine printing and network management activities in the TV publishing segment, are outsourced. The outsourcing of production processes requires close collaboration and careful monitoring of suppliers to ensure and preserve the quality of the products carried out with the help of external suppliers. This outsourcing may provide operational benefits in terms of flexibility and efficiency, but means that the Cairo Communication Group has to trust the ability of its suppliers to achieve and maintain the quality standards required by the Cairo Communication Group.

As previously commented after the downtrend of 2020, the economic recovery that started in 2021



was marked by higher prices for transportation and a number of commodities, including printing paper, which has led to a general increase in production costs. The Group's main raw material is paper, and the paper mill market is highly concentrated.

Moreover, in the first half of 2023, energy and gas costs, after the strong volatility and increases recorded in 2022, gradually returned to values basically similar to those of end of summer 2021; additionally, paper costs have decreased at the moment versus 2022 figures, with anticipated positive effects on the income statement, primarily from the latter half of 2023, also taking account of the turnover time of existing inventory.

Certain dealings with suppliers/customers are based on licence and/or sponsorship agreements, non-renewal of which on expiry or renewal of which at less favourable conditions could impact on the results and financial position of the Group.

Risks associated with legal and regulatory developments

In the 2018 Budget Law (Law no. 205 of 2017, as subsequently supplemented and amended by Law no. 145 of 2019), Article 1, paragraph 1026 et seq. introduced specific provisions for terrestrial TV operators to release 694-790 MHz frequencies (“700 band” – corresponding to channels 49-60) to telephone operators and for the consequent reorganization of the user rights of existing television operators over the remaining television spectrum (“refarming”).

Pursuant to the above law, AGCOM and MISE adopted the implementing measures, as a result of which in 2019 Cairo Network was assigned a right of use with no frequency specification, equal to half of a mux.

Subsequently, at the end of the procedure for consideration called, the Ministry of Economic Development, through its decision dated 2 July 2021, announced that Cairo Network had been awarded a right of use with no frequency specification, equal to half of a newly-planned national multiplex. Cairo Network paid half of the amount offered in the tender (subject to a reservation) and asked for the residual amount to be paid in installments (in three annual installments). On 6 August 2021, MISE, as a result of the combination of the two rights of use with no frequency specification, then announced the provision for the assignment of the right of use of the frequencies for the purposes of operating the national network of the PNAF called "National network no. 10" until 2032 (two years less than the duration of the right originally acquired in 2014).

Cairo Network was heard in the context of the various proceedings, and took part in the relating public consultations, pointing out the legal and technical arguments for the exclusion of the Company from the application of the Budget Law (and, specifically, from the procedure for the conversion of the original right of use and the assignment of newly-planned rights of use), also attaching supporting documentation.

Cairo Network then also challenged the resolutions and provisions of AGCOM and MISE, implementing the Budget Law, filing appeals with the Latium Regional Administrative Court, Rome,



and subsequent additional grounds (g.r. no. 6740/2018, no. 7017/18, no. 440/2021 and no. 6040/2021), in which the same arguments raised with the public authorities and further illegalities of the contested measures were also raised with the administrative judge.

The Latium Regional Administrative Court, with judgments issued on 28 January 2021 in the above trials g.r. no. 6740/2018 and no. 7017/2018, rejected the claims for annulment, while not fully addressing the merits of the issues raised by Cairo Network, and the above judgments are subject to an appeal before the Council of State (g.r. no. 4335/2021 and no. 4334/2021, with hearings set for 28 September 2023).

On 8 February 2022, the MISE then published the decree on compensatory measures to network operators for the costs incurred in the preparation of transmission facilities to guarantee the T2 transmission standard, which Cairo Network has challenged in an appeal before the Regional Administrative Court, which is pending (g.r. no. 4515/2022).

Lastly, with decree dated 17 April 2023 (published on 10 July 2023), the Ministry of Business and Made in Italy (Mimit) established the fees for digital frequency usage rights for the years 2022-2023. According to the decree, network operators are required to pay an annual amount of Euro 3.8 million for each network. Cairo Network should be exempted from the provisions of the above decree, and, specifically, from paying the fees for the years 2022 and 2023, since the acts of the bidding procedure called in 2014 and concluded with the assignment to Cairo Network of the right of use for a 20-year period, established that: i) upon completion of the refarming of frequencies, Cairo would receive a frequency with similar coverage and duration as the one assigned; ii) payment of the amount of Cairo's bid was also made as a fee for the granting of rights of use of radio frequencies, thus fulfilling its obligation to pay. In any case, Cairo Network will challenge the 17 April 2023 decree before the Latium Regional Administrative Court.

Additionally, Cairo Network is about to initiate actions, also of a judicial nature (in addition to disputes already filed), in order to obtain compensation for the damages and harm suffered i) for payment requested to regain ownership of a right of use of frequencies that Cairo had already paid for as a result of the 2014 tender procedure, ii) for the different duration of the new right of use, iii) for the loss of business opportunities suffered in recent years as a result of the uncertainty generated by the refarming procedure, and iv) for being discriminated (virtually the only network operator to be so) by the compensatory measures envisaged in the MISE decree of 17 November 2021 and published on 8 February 2022.

To date, the effect of the outcome of the appeals brought before the Regional Administrative Court and the Council of State, or of those that may be brought in the future, cannot be predicted with certainty yet.



Risks associated with the evaluation of intangible assets

At 30 June 2023, the Group held intangible assets for a total of Euro 986.6 million.

Intangible assets should be regularly subject to evaluation, in accordance with international accounting standards, in order to verify their recoverable carrying amount and ensure their consistency with the carrying amounts in the financial statements (impairment test). This test is based on financial ratios and estimates of the trend of the activities to which the assets are linked, which are highly sensitive to the financial and economic markets. The main valuation decisions and the sources of estimation uncertainty are commented on in the section *“Key Sources of Estimation Uncertainty”* in the notes to the consolidated financial statements of this Report, to which reference is made for further details. Significant changes in the economic and financial environment may lead to significant deviations in the parameters and forecasts as estimated and used in the impairment test. If these changes were negative, write-downs could be made with a significant impact on results.

Risks associated with litigations

Due to the nature of its business, the Cairo Communication Group is subject to the risk of litigation in the performance of its activities. The Cairo Communication Group monitors the development of these disputes, including with the help of external consultants, and sets aside the amounts needed to deal with the disputes in place according to how likely they are to lose.

The notes on “Other information” (Note 28 to the consolidated financial statements) contain information on a number of cases of litigation. The evaluation of the potential legal and tax liabilities requires the Company to use estimates and assumptions in relation to forecasts made by the Directors, based upon the opinions expressed by the Company’s legal and tax advisers, in relation to the probable cost that can be reasonably considered to be incurred. Actual results may vary from these estimates.

Mention should be made that, because of its business activities, the Cairo Communication Group is involved in certain civil and criminal disputes for press defamation. With regard to the disputes for libel, on the basis of the experience of the Cairo Communication Group, for the cases where the Cairo Communication Group companies have lost, these proceedings are normally settled by paying compensation for smaller amounts than the original amounts claimed. Moreover, La7 has an insurance policy that covers professional responsibility for television activity.

Financial risks

The Group manages capital structure and financial risks consistent with its asset structure, in order to maintain adequate and consistent credit ratings and capital ratio levels, taking account of the current credit availability in Italy.

No significant changes were made to the operating objectives, policies and procedures in the first half of 2023 from the year ended 31 December 2022.

The notes on “Information on financial risks” (Note 31 to the consolidated financial statements) contain



information on liquidity risk, interest rate risk and credit risk.

Other information

Human resources

Because of the nature of its business activities, human resources play a critical role in the success of the Group. The evaluation of staff, the development of their abilities and the recognition of their achievements and responsibilities are the principles which govern personnel management, from the selection phase, which is facilitated by the high degree of the Group's visibility and its ability to attract personnel.

The exact headcount of the Group at 30 June 2023 is shown below, broken down by role and geographical area:

	CAIRO COMMUNICATION AND OTHER COMP.		RCS		TOTAL
	MEN	WOMEN	MEN	WOMEN	
<i>Executives</i>	40	6	56	18	120
<i>Editors</i>	7	1	24	9	41
<i>Middle managers</i>	65	49	119	91	324
<i>White collars</i>	266	266	615	696	1,843
<i>Blue collars</i>	1	1	146	12	160
<i>Journalists and freelance</i>	98	136	719	464	1,417
TOTAL	477	459	1,679	1,290	3,905

	ITALY		ABROAD		TOTAL
	MEN	WOMEN	MEN	WOMEN	
<i>Executives</i>	84	17	12	7	120
<i>Editors</i>	28	7	3	3	41
<i>Middle managers</i>	157	121	27	19	324
<i>White collars</i>	582	647	299	315	1,843
<i>Blue collars</i>	147	13	0	0	160
<i>Journalists and freelance</i>	538	420	279	180	1,417
TOTAL	1,536	1,225	620	524	3,905

With regard to the other Group companies, most of the employees work in the TV segment (503 resources), followed by the advertising segment (CairoRCS Media), which counts 236 employees and a sales network of approximately 200 agents (including direct and indirect) coordinated by managers and sales officers.

Regarding RCS, the headcount at 30 June 2023 amounted to 2,969 employees, 1,144 of whom working abroad.



Events occurring after the reporting period and business outlook

The beginning of 2023 was still marked by the continued conflict in Ukraine, with its consequences also in terms of economic sanctions applied to Russia and of impacts on the economy and trade. These elements are leading to a state of great uncertainty and a slowdown in anticipated economic growth in relevant markets. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

This situation fueled the inflationary pressure in 2022 and the growing trend in the costs of various inputs already underway since 2021.

With regard to the Group, this economic context impacted on production costs, on paper in particular, and may also affect the performance of the advertising market, as it may influence the advertisers' propensity to spend.

Moreover, in the first half of 2023, energy and gas costs, after the strong volatility and increases recorded in 2022, gradually returned to values basically similar to those of end of summer 2021; additionally, paper costs have decreased at the moment versus 2022 figures, with anticipated positive effects on the income statement, primarily from the latter half of 2023, also taking account of the turnover time of existing inventory.

In the first half of 2023 too, the Group met the public's strong need to stay informed through its information offering, ensuring a timely service to its viewers and readers. The programmes of *La7*, the daily editions of *Corriere della Sera* and *La Gazzetta dello Sport* in Italy, and of *El Mundo*, *Marca* and *Expansión* in Spain, the Group's magazines and web and social platforms have played a pivotal role in informing and reporting over these past years, focusing on their mission as a non-partisan, trustworthy public service, and establishing themselves as authoritative players in daily television, print and online information, with strong television ratings and digital traffic figures.

The developing situation and the potential effects on the business outlook, which will be constantly monitored also in the further course of the year, are unforeseeable at this time as they depend, inter alia, on the developments and duration of the conflict in Ukraine and its geopolitical effects, and on the effectiveness of the public measures - including economic and/or monetary ones - which have been and will be implemented.

In consideration of the actions already implemented and those planned, in the absence of a deterioration of the consequences from the continued conflict in Ukraine and/or cost dynamics, the Group believes that it can confirm the goal of achieving strongly positive margins (EBITDA) in 2023, up from those achieved in 2022, and cash generation in the second half of the year, improving the net financial position at the end of the year compared to end 2022.

Developments in the ongoing conflict, the overall economic climate and the core segments could, however, affect the full achievement of these targets.

For the Board of Directors
Chairman Urbano Cairo



CAIRO COMMUNICATION

Condensed consolidated half-year financial statements

as at 30 June 2023



CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2023

€ millions		Half year ended 30/06/2023	Half year ended 30/06/2022
	Notes		
Net revenue	1	548.0	550.0
Other revenue and income	2	22.2	19.5
Change in inventory of finished products	3	0.9	2.4
Raw and ancillary materials and consumables	4	(59.5)	(54.4)
Cost of services	5	(241.3)	(251.9)
Use of third-party assets	6	(15.9)	(14.9)
Personnel expense	7	(165.7)	(162.1)
Amortization, depreciation, provisions and write-downs	8	(39.1)	(37.6)
Other operating costs	9	(8.5)	(19.5)
EBIT		41.1	31.3
Other gains (losses) from financial assets/liabilities	10	0.0	(0.0)
Net financial income (expense)	11	(6.1)	(4.2)
Profit (loss) before tax		35.1	27.1
Income tax for the period	13	(7.2)	(6.2)
Profit (loss) from continuing operations		27.9	20.8
Profit (loss) from discontinued operations		-	-
Profit (loss) for the period		27.9	20.8
- Owners of the parent		15.9	11.3
- Non-controlling interests - continuing operations		12.0	9.5
		27.9	20.8
Earnings per share (Euro)			
- Earnings per share - continuing and discontinued operations	15	0.118	0.084
- Earnings per share - continuing operations	15	0.118	0.084



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2023

€ millions	Half year ended 30/06/2023	Half year ended 30/06/2022
Profit (loss) for the period	27.9	20.8
<i>Reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the translation of financial statements denominated in foreign currencies	-	0.1
Gains (losses) from cash flow hedges	(0.2)	0.9
Reclassification of gains (losses) from cash flow hedges	(0.3)	0.2
Tax effect	0.2	(0.2)
<i>Non-reclassifiable items of the comprehensive income statement</i>		
Actuarial gains (losses) from defined benefit plans	0.2	0.8
Tax effect	(0.1)	(0.2)
Gains (losses) from the fair value measurement of equity instruments	-	-
Total comprehensive income for the period	27.7	22.4
- Owners of the parent	15.7	12.6
- Non-controlling interests - continuing operations	12.0	9.8
	27.7	22.4



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Assets € millions	Notes	30 June 2023	31 December 2022
Property, investment property, plant and equipment	16	107.5	110.9
Rights of use on leased assets	17	138.0	146.4
Intangible assets	18	986.6	990.2
Investments	19	31.3	31.3
Non-current financial receivables and financial assets recognized for derivatives	19	0.7	1.2
Other non-current assets	19	3.7	4.3
Deferred tax assets	20	85.3	86.0
Total non-current assets		1,353.1	1,370.3
Inventory	21	32.4	35.5
Trade receivables	21	276.3	264.3
Receivables from parents, associates and affiliates	21	2.4	2.6
Sundry receivables and other current assets	21	92.7	86.2
Other current financial assets	25	1.5	1.9
Cash and cash equivalents	25	62.0	54.3
Total current assets		467.3	444.8
Total assets		1,820.4	1,815.1
Equity and liabilities	Notes	30 June 2023	31 December 2022
Share capital		7.0	7.0
Share premium reserve		224.2	224.2
Prior-years' profit (loss) and other reserves		274.5	261.7
Profit for the period		15.9	32.1
Equity attributable to the owners of the parent		521.6	525.0
Share capital and reserves attributable to non-controlling interests		341.7	341.8
Total equity	27	863.3	866.8
Non-current financial payables and liabilities	25	58.4	40.0
Non-current liabilities from lease contracts	25	126.7	133.6
Post-employment benefits	23	44.0	44.3
Provisions for non-current risks and charges	24	25.9	27.1
Deferred tax liabilities	24	163.7	163.4
Other non-current liabilities	22	1.3	1.3
Total non-current liabilities		420.0	409.7
Current financial payables and liabilities	25	52.5	31.8
Current liabilities from lease contracts	25	27.2	28.8
Payables to suppliers	21	287.3	307.1
Payables to parents, associates and affiliates	21	11.5	11.8
Tax payables	21	26.3	23.7
Current portion of provisions for risks and charges	24	30.3	32.0
Sundry payables and other current liabilities	21	102.1	103.4
Total current liabilities		537.1	538.6
Total liabilities		957.1	948.3
Total equity and liabilities		1,820.4	1,815.1



CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2023

€ millions	Half year ended 30 June 2023	Half year ended 30 June 2022
Cash funds	54.3	113.0
Bank overdrafts	0.0	0.0
CASH AND CASH EQUIVALENTS OPENING BALANCE	54.3	113.0
OPERATIONS		
Profit (loss)	27.9	20.8
Amortization/depreciation	36.6	34.8
(Gains) losses and other non-monetary items	0.0	0.0
(Income) expense from investments	0.0	0.1
Net financial expense (income)	6.1	4.2
Dividends from equity-accounted investees	0.0	0.0
Income tax	7.2	6.2
Increase (decrease) in employee benefits and provisions for risks and charges	(3.8)	(5.3)
Cash flow from operations before changes in working capital	74.0	60.8
(Increase) decrease in trade and other receivables	(18.3)	(2.6)
Increase (decrease) in payables to suppliers and other liabilities	(22.4)	19.0
(Increase) decrease in inventory	3.1	(10.8)
CASH FLOW FROM OPERATIONS	36.5	66.3
Income tax received (paid)	(0.9)	(0.4)
Net financial expense paid	(5.3)	(4.4)
CASH FLOW FROM OPERATIONS (A)	30.3	61.6
INVESTING ACTIVITIES		
Net (acquisition) disposal of PPE and intangible assets	(18.2)	(13.8)
Acquisition of investments	0.0	(3.0)
Proceeds from the disposal of investments	0.5	0.5
Proceeds from the sale of property, plant and equipment and intangible assets	0.0	0.0
Net decrease (increase) in other non-current assets	0.1	(0.0)
CASH FLOW FROM INVESTING ACTIVITIES (B)	(17.5)	(16.3)
FINANCING ACTIVITIES		
Dividends paid	(31.2)	(36.7)
Net change in financial payables and other financial assets	39.0	(22.6)
Net change in lease liabilities	(12.9)	(13.4)
Increase (decrease) in non-controlling interests' share capital and reserves	0.0	0.0
Other changes in equity	(0.1)	0.0
CASH FLOW FROM FINANCING ACTIVITIES (C)	(5.1)	(72.6)
CASH FLOW FOR THE PERIOD (A)+(B)+(C)	7.7	(27.4)
CASH AND CASH EQUIVALENTS CLOSING BALANCE	62.0	85.6
CASH AND CASH EQUIVALENTS		
Cash funds	62.0	85.7
Bank overdrafts	0.0	(0.1)
	62.0	85.6



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ millions	Share capital	Share premium reserve	Prior-years' profit (loss) and other reserves	Profit (loss) for the period	Equity attributable to the owners of the parent	Non-controlling interests' share capital and reserves	Total
Balance at 31 December 2020	7.0	224.2	220.7	16.5	468.4	309.4	777.8
Allocation of profit (loss)			16.5	(16.5)			
Dividend distribution			(5.4)		(5.4)	(6.2)	(11.6)
Other changes			(0.1)		(0.1)	0.9	0.8
Items of the comprehensive income statement			0.5	(0.5)			
Total comprehensive profit (loss) for the period				51.5	51.5	29.3	80.8
Balance at 31 December 2021	7.0	224.2	232.2	51.0	514.4	333.3	847.7
Allocation of profit (loss)			51.0	(51.0)			
Dividend distribution			(24.2)		(24.2)	(12.5)	(36.7)
Other changes						0.1	0.1
Items of the comprehensive income statement			2.7	(2.7)			
Total comprehensive profit (loss) for the period				34.8	34.8	20.8	55.6
Balance at 31 December 2022	7.0	224.2	261.7	32.1	525.0	341.8	866.8
Allocation of profit (loss)			32.1	(32.1)			
Dividend distribution			(18.8)		(18.8)	(12.4)	(31.2)
Other changes			(0.3)		(0.3)	0.2	(0.0)
Items of the comprehensive income statement			(0.2)	0.2			
Total comprehensive profit (loss) for the period				15.7	15.7	12.0	27.7
Balance at 30 June 2023	7.0	224.2	274.5	15.9	521.6	341.7	863.3



EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Company information

Cairo Communication S.p.A. (the Parent or the Company) is a joint-stock company listed in the Milan Company Register.

The Cairo Communication Group operates as a

- publisher of magazines and books (Cairo Editore - and its division Editoriale Giorgio Mondadori - and Cairo Publishing);
- TV (La7, La7d) and Internet (La7.it, TG.La7.it) publisher and network operator (Cairo Network);
- multimedia advertising agency for the sale of spaces on TV, in print media and at stadiums (Cairo Communication and CAIRORCS Media);
- publisher of dailies and magazines (weeklies and monthlies) in Italy and in Spain, through RCS MediaGroup, also active in the organization of major world sporting events, and in newsstand distribution through its subsidiary m-Dis.

At 30 June 2023, the condensed half-year financial statements included 54 fully consolidated direct and indirect subsidiaries. Further details on investments are found in the annex "List of Group Investments at 30 June 2023".

The entity which prepares the consolidated financial statements of the largest group of entities, of which the entity forms part as a subsidiary, is U.T. Communications S.p.A., with registered office in Via Montenapoleone 8, Milan.

Basis of preparation

The Group condensed consolidated half-year financial statements were prepared in accordance with IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union in accordance with Regulation no. 1606/2002. The term IFRS is used to also mean the International Accounting Standards (IAS) still in effect, and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These condensed consolidated half-year financial statements were prepared in summary form in accordance with IAS 34 – *Interim financial reporting*. They do not contain all the information required for the Annual Report and should, therefore, be read together with the Annual Report for the year ended 31 December 2022.

The accounting standards adopted in the preparation of the condensed consolidated half-year financial statements are the same as those used for the consolidated financial statements at 31 December 2022, with the exception of the adoption of the new standards, where applicable, effective as of 1 January 2023.



The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

The condensed half-year financial statements at 30 June 2023 were prepared on a going concern basis as the Group has determined that, despite the current geopolitical and economic context, there are no significant uncertainties (as defined in paragraph 25 of IAS 1) on the Company's ability to continue operating as a going concern, in consideration of both the income prospects and cash generating capacity of the Group companies, as well as the Company's financial position.

The currency of these consolidated financial statements is the Euro, used as the functional currency by most Group companies. Unless otherwise indicated, all amounts are expressed in millions of Euro.

Key sources of estimation uncertainty

The preparation of the condensed half-year financial statements has required using estimates and assumptions both for determining the carrying amounts of some assets and liabilities and for measuring contingent assets and liabilities. The main items involved are goodwill, other intangible assets with indefinite useful life, rights of use, deferred tax assets and the estimated recoverability of receivables. Projections are also used when determining revenue generated through consignment contracts (newspapers and magazines), the estimated provisions for risks and charges and legal disputes, the estimated returns to receive (books), the provisions for doubtful accounts, amortization and depreciation, employee benefits, as well as deferred tax and inventory valuations.

The estimates and assumptions are periodically reviewed, and the effects of any changes immediately reflected in the financial statements.

Certain measurement processes, in particular the determination of any impairment losses on intangible assets, or reviews of the economic useful lives, are generally carried out at year end, or, nonetheless, when all the necessary information is available, unless there are impairment indicators.

Intangible assets are periodically subject to an impairment test to determine their value in use, which is compared with the value recorded in the financial statements, and to verify their sustainability. In the case of goodwill and intangible assets with indefinite useful life, this assessment is performed at least once a year irrespective of any signs or evidence of impairment.

The amounts recorded in this Half-Year Report had passed the impairment test performed at 31 December 2022. At 30 June 2023, the presence of possible indicators of impairment was assessed, taking account of the impact of actual figures in the period on the forecasts used in the impairment tests at 31 December 2022, and the trend in interest rates to evaluate the repercussions of said trend on the estimate of the discount rate (WACC) to be applied to expected cash flows. The analysis also took account of the sensitivity tests developed at 31 December 2022 to better appraise the impacts that these changes could



generate in determining the recoverable amount of the cash generating units and assets identified. No impairment indicators emerged on conclusion of this analysis.

However, following the preparation of the condensed half-year financial statements and the materialization of trends that differ from estimates to date, adjustments, including significant ones, may be required to the amounts recorded in the half-year report.

Deferred tax assets recognized at the reporting date represent amounts which are likely to arise, based on Management estimates, on future taxable profit, and on current tax rates, taking account of the effects of participation in the Group tax consolidation. At 30 June 2023, the recoverability assumptions developed at 31 December 2022 were confirmed.

Description of the impacts following the conflict in Ukraine (ESMA Document no. 32-63-1277 of 13/05/2022 reflected in CONSOB with Warning Notice no. 3/22 of 19/05/2022) and subsequent warning notice by ESMA in Public Statement "European common enforcement priorities for 2022 annual financial reports" dated 28 October 2022)

The beginning of 2023 was still marked by the continuation of the conflict in Ukraine, with its consequences also in terms of impacts on the economy and trade. This is leading to a state of great uncertainty and a slowdown in anticipated economic growth in relevant markets, exacerbating in 2022 the pre-existing inflationary dynamics since 2021. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

With regard to the Group, this economic context impacted on production costs, on paper in particular, and may also affect the performance of the advertising market, as it may influence the advertisers' propensity to spend.

Moreover, in first half of 2023, energy and gas costs, after the strong volatility and increases recorded in 2022, gradually returned to values substantially in line with those of the end of summer 2021; additionally, paper costs have decreased at the moment versus 2022 figures, with anticipated positive effects on the income statement, primarily from the latter half of 2023, also taking account of the turnover time of existing inventory.

The development of the situation and the potential effects on the business outlook, which will be constantly monitored also in the further course of the year, are unforeseeable at the moment as they depend, inter alia, on the evolution and duration of the conflict in Ukraine, the economic sanctions against Russia and its geopolitical effects, and the effectiveness of public measures, including economic measures, that have been and will be implemented.

The forecasts regarding the future evolution in the macroeconomic, financial and operational context in which the Group operates are, therefore, still marked by a high degree of uncertainty, which could be reflected in the valuations and estimates made by Management of the book values of assets and liabilities affected by greater volatility.



1. Accounting standards, amendments and interpretations effective as of 1 January 2023

As of 1 January 2023, amendments to the following standards came into effect:

- Amendment to IAS 1 - Disclosure of Accounting Policies IAS 1 and IFRS Practice Statement 2: the amendments require companies to disclose their material accounting policy information and not all material accounting policies. An accounting policy is defined as material if financial statement users need it to understand other information included in the financial statements.
- Amendment to IAS 8 - Definition of Accounting Estimates: the amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.
- Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: these amendments clarify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.
- Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules: the amendments introduce temporary relief from the accounting of deferred tax arising from the implementation of the second-pillar rules published by the OECD.

The adoption of such amendments had no impact on the Group's condensed consolidated half-year financial statements.

2. Accounting standards, amendments and interpretations yet to be endorsed by the EU and applicable from financial periods after 1 January 2023

The following are the amendments that have yet to be endorsed and have not been adopted in advance by the Group, on which an assessment of their impact is in progress, with indication of the effective date:

- Amendment to IAS 1 - *Classification of liabilities as current or non-current*. Implementation of the amendments initially scheduled to start in 2022 have been postponed to 2024.
- Amendment to IAS 1 - *Non-current Liabilities with Covenants*. The amendments will apply as from 1 January 2024.
- Amendment to IFRS 16 - *Lease Liability in a Sale and Leaseback*. The amendments will apply as from 1 January 2024.
- Amendment to IAS 7 and IFRS 7 - *Supplier Finance Arrangements*. The amendments will apply as from 1 January 2024.

Form and content of the financial statements

The **consolidated income statement** is presented by nature, highlighting interim operating results and pre-tax results, in order to allow a better measurement of the results from normal operations. Furthermore, cost and revenue components deriving from events or transactions which, by their nature or size, are considered non-recurring, are also separately identified in the financial statements and the notes. These



transactions also fall under the definition of non-recurring events and transactions as per CONSOB Communication No. 6064293 of 28 July 2006.

The income statement effect of discontinued operations is shown in a single line of the income statement named “Profit/loss from discontinued operations”, under IFRS 5.

The **consolidated statement of comprehensive income** also reflects the “*changes arising from transactions with non-owners*”- separately showing the relevant tax effects, that is:

- profit and loss that could be directly recognized in equity (for instance actuarial gains and losses from the measurement of defined benefit plans);
- the effects of the measurements of derivative instruments hedging future cash flows;
- the effects of the measurements of available-for-sale financial assets;
- the effects arising from any change in accounting standards.

The consolidated statement of comprehensive income presents the items relating to the amounts of the components of other comprehensive income for the period by nature and grouped into those which, in accordance with the provisions of other IAS/IFRS:

- will not be subsequently reclassified to profit (loss) for the year;
- will be subsequently reclassified to profit (loss) for the year, when certain conditions are met.

The **consolidated statement of financial position** presents separately assets and liabilities divided in current and non-current. Specifically, an asset or a liability is classified as current when it satisfies one of the following criteria:

- it is expected to be realized or settled or it is expected to be sold or utilized in the normal operating cycle of the company;
- it is held principally to be traded;
- it is expected to be realized or settled within 12 months of the reporting date.

Otherwise, the asset or liability is classified as non-current.

The **consolidated statement of cash flows** was prepared applying the indirect method in which operating profit is adjusted to reflect transactions of a non-monetary nature, for whatever deferral or accrual of previous or future operating receipts or payments and for revenue or cost components connected to cash flows arising from investing or financing activities. Income and expense relating to medium or long-term financial operations and those relating to hedging instruments and dividends paid are included in financing activities.

The **consolidated statement of changes in equity** shows the changes in equity relating to:

- allocation of profit for the year;
- effects from transactions with owners (purchase and sale of treasury shares);



and separately income and expense defined as “*changes arising from transactions with non-owners*”, also shown in the consolidated statement of comprehensive income.

Lastly, the statements containing significant related party transactions and non-recurring items were presented in specific annexes, as required by CONSOB Resolution no. 15519 of 27 July 2006, in order not to affect the overall readability of the financial statements.

The condensed consolidated half-year financial statements were subject to a limited audit by Deloitte S.p.A., which was appointed by a resolution of the Shareholders' Meeting held on 27 April 2018.

Scope of consolidation

During the first half of 2023, the following companies were incorporated and fully consolidated

- In Viaggio Doveclub S.r.l.
- RCS Innovation S.r.l.
- Unidad Editorial USA Inc.

The condensed consolidated half-year financial statements at 30 June 2023 include the financial statements of the Parent Cairo Communication S.p.A. and the following direct or indirect subsidiaries and associates appearing in the annex “List of Group Investments at 30 June 2023”.

Significant events in the reporting period

Significant events of the first half of the year are described in the Interim Report on Operations.

Significant events after the reporting period

Significant events during the period between the end of the six-month period and the date of approval of this half-year report by the Board of Directors are described in the Interim Report on Operations.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

There follows an analysis of the main items of cost and revenue for the half year ended 30 June 2023. The comparative figures refer to the Half-Year Report at 30 June 2022.



1. Net Revenue

In order to provide a more detailed view, and in consideration of the specific features of the segment, gross operating revenue, advertising agency discounts and net operating revenue are analyzed below.

Description	2023	2022
Gross operating revenue	577.6	580.1
Advertising agency discounts	(29.6)	(30.1)
Net operating revenue	548.0	550.0

Revenue is generated mainly in Italy and in Spain. An analysis of revenue by business segment is provided in [Note 14](#).

The breakdown of gross operating revenue can be analyzed as follows:

Description	2023	2022
TV advertising	74.2	73.1
Advertising on print media, Internet and sporting events	208.9	203.4
Other TV revenue	2.4	2.0
Magazine over-the-counter sales and subscriptions	199.6	211.9
VAT relating to publications	(2.0)	(1.3)
Sundry revenue	94.5	90.9
Total gross operating revenue	577.6	580.1

Gross operating revenue, amounting to Euro 577.6 million, decreased by Euro 2.5 million.

In the first half of 2023:

- circulation revenue (including subscriptions) of Euro 199.6 million refers for Euro 33.6 million to Cairo Editore (Euro 33.6 million in the first half of 2022) and for Euro 166 million to the RCS Group (Euro 178.3 million in the first half of 2022);
- gross advertising sales from Group publications, Group websites and sporting events amounted to Euro 208.9 million, of which Euro 196.8 million was attributable to the RCS Group (Euro 192.3 million in the first half of 2022) and Euro 5.4 million to the Cairo Editore titles (Euro 5.7 million in the first half of 2022);
- gross advertising revenue on La7 and La7d channels amounted to Euro 74.6 million (Euro 73.4 million in 2022);
- sundry revenue amounted to Euro 94.5 million, with an increase of 3.6 million versus the same period of the prior year.



2. Other revenue and income

"Other revenue and income" amounted to Euro 22.2 million (Euro 19.5 million in 2022) and included revenue from pulp and paper sales, grants, capital gains, cost chargebacks, rental income, and other non-operating revenue items.

3. Change in inventory of finished goods

The item amounted to a positive Euro 0.9 million and arises from the use of the magazine sales during the ordinary course of business relating to Group companies.

4. Raw and ancillary materials and consumables

The details of costs for raw and ancillary materials and consumables are as follows:

Description	2023	2022
Paper	34.3	41.3
Finished products, equipment and sundry materials	21.3	21.5
Change in inventory of paper, equipment and sundry materials, TV programmes and the like	3.9	(8.4)
Total raw and ancillary materials and consumables	59.5	54.4

This item, amounting to Euro 59.5 million, refers mainly to the publishing activities of Cairo Editore, La7 and the RCS Group. The increase versus the prior amounted to Euro 5.1 million, attributable mainly to the dynamics of paper inventory, partly offset by lower procurement costs.

RCS Group's costs for raw and ancillary materials and consumables amounted to Euro 48.9 million.

5. Cost of Services

As shown in the following table, this item comprises mainly direct costs of advertising agencies, external processing, consultancies and collaborations mainly for bordereau, TV costs, promotion costs, organization costs and overheads. Costs of services are broken down as follows:



Description	2023	2022
Direct brokerage costs	19.9	19.9
Professional services, consulting and other administrative costs	20.8	19.6
Consultancy services and publishing collaborations	19.1	20.3
External processing	33.9	33.9
Transport costs	52.5	55.5
Sub-contracted TV programmes	11.7	13.2
Professional and artistic services and other TV consulting	4.8	5.0
Shooting, crew, editing, and outdoor TV activities	0.3	0.4
News and sport information services and TV news agency	0.7	0.7
TV broadcasting services	0.1	0.1
TV artwork	0.2	0.3
Outdoor TV links	0.5	0.7
Advertising and promotion	18.7	21.6
Organizational costs and overheads	58.1	60.8
Total services	241.3	251.9

The item decreased by Euro 10.6 million versus the same period of the prior year, also attributable to continuous cost containment and efficiency recovery actions.

6. Use of third-party assets

The item, amounting to Euro 15.9 million (Euro 14.9 million at 30 June 2022), includes lease payments, rental costs in the TV segment, rental fees for office equipment and royalties for copyrights.

Description	2023	2022
Lease payments for property	0.8	(0.4)
Rental of TV studios	-	-
Rental fees for TV studio equipment	0.3	0.4
TV programme rights	0.4	-
Sport rights	0.2	0.1
Journalistic rights	1.4	1.4
Copyrights (SIAE, IMAIE, SCF, AFI)	1.9	1.8
Royalty expense and sundry rights	5.7	7.3
Other costs for use of third-party assets	5.2	4.2
Total costs for use of third-party assets	15.9	14.9



7. Personnel expense

Personnel expense amounted to Euro 165.7 million (Euro 162.1 million at 30 June 2022), increased by Euro 3.6 million versus the same period of the prior year.

The item includes non-recurring expense related to the corporate reorganization process for Euro 1.2 million (Euro 0.7 million at 30 June 2022).

8. Amortization, depreciation, provisions and write-downs

This item can be analyzed as follows:

Description	2023	2022
Amortization of intangible assets	18.5	16.6
Depreciation of property, plant and equipment	5.3	4.8
Amortization/depreciation of rights of use on leased assets	12.8	13.4
Allocations to the allowance for impairment	2.6	0.6
Allocations to the provisions for risk and charges	(0.1)	2.3
Total amortization, depreciation, provisions and write-downs	39.1	37.6

It amounted to Euro 39.1 million, with amortization and depreciation of Euro 12.8 million deriving from the application of IFRS 16.

It should be noted that amortization attributable to the amounts allocated to intangible assets (previously unrecognized) with finite useful life under the "acquisition method" in the business combination of RCS, amounted, for the six months ended 30 June 2023, to Euro 1 million;

Goodwill and titles with indefinite useful life are not amortized, but are tested at least once a year to identify any impairment losses.

9. Other operating costs

The item, amounting to Euro 8.5 million (Euro 19.5 million at 30 June 2022), includes mainly tax expense, prior-year expense and other operating expense. The latter include membership fees, contributions, entertainment expense, donations and transaction costs.

In 2022, the item included Euro 10 million in expense attributable to the settlement of the dispute over the Via Solferino property complex.



10. Other gains (losses) from financial assets/liabilities

The balance of the item, as in first half 2022, is zero.

11. Net financial income (expense)

Net financial expense amounted to Euro 6.1 million (Euro 4.2 million in 2022). The item includes interest income on fixed-term deposits on current accounts and on treasury bank accounts used to employ liquidity.

“Net financial income (expense)” is broken down as follows:

Description	2023	2022
Interest income on bank accounts, loans and receivables	0.1	-
Other	1.3	1.7
Total financial income	1.4	1.7
Bank interest expense	-	-
Interest income on loans	(1.9)	(0.7)
Losses on derivatives	(0.1)	(0.2)
Interest on lease payables - IFRS 16	(1.5)	(1.6)
Other financial expense	(4.0)	(3.4)
Total financial expense	(7.5)	(5.9)
Net financial expense	(6.1)	(4.2)

Net financial expense referring to RCS and amounting to Euro 5.9 million, increased by a total of Euro 2.1 million versus the same period of 2022, due mainly to higher interest rates.



12. Non-recurring income and expense

In accordance with CONSOB Resolution no. 15519, the main components of income (positive and/or negative) deriving from events or transactions, the occurrence of which is non-recurring, or deriving from transactions or events that are unlikely to occur frequently in the normal course of business, are shown below.

Description	Non-recurring expense	Non-recurring income	Total	Reported total	% of reported total
Personnel expense	(1.2)	-	(1.2)	(165.7)	0.7%
Cost of services	-	-	-	(241.3)	0.0%
Other operating costs	-	-	-	(8.5)	0.0%
Other revenue and income	-	0.6	0.6	22.2	2.7%
Total non-recurring income and expense	(1.2)	0.6	(0.6)		

In first half 2023, non-recurring expense amounted to Euro 0.6 million, attributable mainly to payroll costs.

In the same period of the prior year, net non-recurring expense had amounted to Euro 11.3 million, attributable mainly to the settlement of the dispute over the via Solferino property complex.

13. Income Tax for the period

This item can be analyzed as follows:

Description	2023	2022
IRES	4.5	4.2
IRAP	1.9	1.7
Deferred tax assets and liabilities	0.8	0.3
Total income tax	7.2	6.2

14. Segment reporting

For a clearer understanding of the Group's operating performance, the analysis is focused on the results achieved in the half-year period by each business segment, which has been identified, in compliance with IFRS 8 – *Operating segments*, based on internal reporting which is regularly reviewed by Management.

The Group is organized in business units, each in turn structured around specific products and services, and has six reportable business segments:



- **Magazine publishing Cairo Editore**, the Group operates as a publisher of magazines and books through its subsidiaries (i) Cairo Editore - which incorporated Editoriale Giorgio Mondadori in 2009 and publishes weeklies “Settimanale DIPIU” and “DIPIU’ TV”, supplements “Settimanale DIPIU’ e DIPIU’TV Cucina e Stellare”, “Diva e Donna” and the fortnightly “Diva e Donna Cucina”, “TV Mia”, “Nuovo”, “F”, “Settimanale Giallo”, “Nuovo TV”, “Nuovo e Nuovo TV Cucina” and “Enigmistica Più”, “Enigmistica Mia” and monthlies “For Men Magazine”, “Natural Style”, Bell’Italia”, “Bell’Europa”, “In Viaggio”, “Airone”, “Gardenia”, “Arte” and “Antiquariato” - and (ii) Cairo Publishing, publisher of books;
- **Advertising**, the segment includes the two companies Cairo Communication S.p.A. and CAIRORCS Media S.p.A., and operates in advertising sales on print media for RCS's print and online titles, for Cairo Editore's magazines, in TV advertising sales for La7 and La7d, for the sale of stadium signage and space at the Olimpico in Turin for Torino FC, and in advertising sales for a number of other third-party publishers;
- **TV publishing La7 and network operator**, the segment includes La7 S.p.A., which operates as a television publisher for La7 and La7d, and Cairo Network S.r.l. which, in 2014, took part in the procedure called by the Ministry of Economic Development, by being awarded the rights to use a lot of frequencies (“mux”). With the acquisition and realization of the mux, the Cairo Communication Group started operations as a network operator;
- **RCS**, the Group started operations in 2016 in the daily newspaper publishing segment with the acquisition of the control of RCS. RCS, both directly and indirectly through its subsidiaries, publishes and distributes - in Italy and Spain - daily newspapers and magazines (weeklies and monthlies), and is also involved in print media and online advertising sales in Spain, and in the distribution of editorial products at newsstands. In Italy, RCS has also minor operations on the pay TV market with the TV satellite channels *Caccia* and *Pesca*, and with the web TV channels of *Corriere della Sera* and of *La Gazzetta dello Sport*.
In Spain, it is active with the leading national sports radio *Radio Marca* and the web TV of *El Mundo*, and broadcasts the two digital TV channels *GOL Television* and *Discovery max* on the Veo multiplex.
RCS also organizes, through RCS Sport and RCS Sports & Events, major world sporting events (such as *Giro d’Italia*, the *UAE Tour*, and the *Milano City Marathon*), and is well-positioned as a partner in the creation and organization of events through RCS Live.
With *Solferino - i libri del Corriere della Sera*, RCS is active in book publishing and since March 2019 has operated *RCS Academy*, the new Business School of the RCS Group.



2023	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Intra and un allocated	Total
(€ millions)						
Net operating revenue	37.2	167.2	58.0	438.6	(153.6)	547.4
Change in inventory	(0.0)	-	-	0.9	-	0.9
Other income	4.7	2.7	0.4	17.1	(2.8)	22.2
Total revenue	41.9	169.9	58.4	456.6	(156.4)	570.5
Production costs	(31.9)	(156.7)	(33.7)	(259.3)	156.4	(325.1)
Personnel expense	(8.3)	(12.1)	(19.7)	(124.3)	(0.0)	(164.5)
Non-recurring income (expense)	-	-	-	(0.6)	-	(0.6)
EBITDA	1.7	1.1	5.0	72.3	0.0	80.2
Amortization, depreciation, provisions and write-downs	(0.9)	(1.2)	(8.8)	(28.3)	0.0	(39.1)
EBIT	0.8	(0.1)	(3.7)	44.1	0.0	41.1
Other gains (losses) from financial assets/liabilities	-	-	-	0.0	-	0.0
Net financial income	(0.0)	(0.2)	(0.0)	(5.9)	(0.0)	(6.1)
Profit (loss) before tax	0.8	(0.2)	(3.8)	38.3	0.0	35.1
Income tax	0.6	(0.3)	0.9	(8.4)	(0.0)	(7.2)
Profit (loss) for the period	1.4	(0.5)	(2.9)	29.9	0.0	27.9
Non-controlling interests	-	(0.1)	-	(12.0)	-	(12.0)
2022	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Intra and un allocated	Total
(€ millions)						
Net operating revenue	37.5	166.3	55.8	445.7	(155.4)	550.0
Change in inventory	0.0	-	-	2.3	-	2.4
Other income	3.4	3.1	1.4	13.1	(2.4)	18.5
Total revenue	40.8	169.5	57.2	461.1	(157.8)	570.9
Production costs	(30.5)	(155.4)	(35.0)	(266.1)	157.8	(329.3)
Personnel expense	(8.6)	(12.4)	(19.3)	(121.1)	(0.0)	(161.4)
Non-recurring income (expense)	-	-	-	(11.3)	-	(11.3)
EBITDA	1.8	1.6	2.9	62.7	(0.1)	69.0
Amortization, depreciation, provisions and write-downs	(1.0)	(1.0)	(7.8)	(27.8)	(0.0)	(37.6)
EBIT	0.7	0.6	(4.9)	35.0	(0.1)	31.3
Other gains (losses) from financial assets/liabilities	-	-	-	(0.0)	-	(0.0)
Net financial income	(0.0)	(0.1)	(0.2)	(3.8)	(0.0)	(4.2)
Profit (loss) before tax	0.7	0.4	(5.1)	31.1	(0.1)	27.1
Income tax	0.2	(0.5)	1.5	(7.4)	0.0	(6.2)
Profit (loss) for the period	0.9	(0.1)	(3.6)	23.7	(0.1)	20.8
Non-controlling interests	-	-	-	(9.6)	0.0	(9.5)

Management monitors the operating results of business units separately in order to decide on the allocation of resources and the evaluation of results. Transfer prices between business segments are established based on market conditions applicable in transactions with third parties.

Total assets for each reportable segment are not provided, as they are not usually reviewed periodically by the chief operating decision-maker.



15. Earnings per share

Earnings per share are calculated dividing the profit/loss attributable to the owners of the parent by the weighted average of outstanding shares, excluding the weighted average of treasury shares held. Specifically:

Description	2023	2022
€ millions		
Profit (loss) from continuing operations attributable to the owners of the parent	15.9	11.3
Profit (loss) for the period	15.9	11.3
Weighted average number of shares outstanding	134,416,598	134,416,598
Weighted average number of treasury shares	(779)	(779)
Weighted average number of shares to calculate earnings per share	134,415,819	134,415,819
Euro:		
Earnings per share attributable to continuing operations	0.118	0.084
Earnings per share - continuing and discontinued operations	0.118	0.084

NOTES TO THE STATEMENT OF FINANCIAL POSITION

Assets and liabilities by category are analyzed in the following notes.

16. Property, investment property, plant and equipment

The movements in PPE can be analyzed as follows:

Description	Land and property	Plant and equipment	Other assets	Fixed assets under development	Investment property	Total
Carrying amounts at 31/12/2022	78.7	18.3	6.5	0.5	6.9	110.9
Additions	-	0.1	1.0	0.9	-	2.0
Depreciation	(1.6)	(2.6)	(1.0)	-	(0.1)	(5.3)
Write-downs	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Carrying amounts at 30/06/2023	77.1	15.8	6.5	1.4	6.8	107.5

The item includes:

- land and property amounting to Euro 77.1 million, consisting of the building and land in Via Solferino in Milan, the historical headquarters of *Corriere della Sera*, acquired in 2022, the owned industrial buildings, and improvements to the Via Rizzoli and Via Solferino offices and to other third-party industrial buildings;
- plant and equipment amounting to Euro 15.8 million, comprised mainly of production facilities for the printing of newspapers and magazines;



- other assets amounting to Euro 6.5 million, comprised mainly of servers for data storage to support publishing and management systems, personal computers, various electronic devices, furniture and fittings;
- investment properties amounting to Euro 6.8 million, attributable mainly to currently vacant owned industrial buildings located in Madrid and Turin.

17. Rights of use on leased assets

This item includes rights of use on leased assets recognized in the financial statements following application of IFRS 16 as from 1 January 2019.

Description	Rights of use on property	Rights of use on plant	Rights of use on other assets	Rights of use on motor vehicles	Total
Carrying amounts at 31/12/2022	127.7	14.0	0.1	4.6	146.4
Net increases	2.1	-	-	2.2	4.3
Amortization/depreciation	(10.9)	(0.7)	-	(1.2)	(12.8)
Other changes	-	-	-	-	-
Carrying amounts at 30/06/2023	118.9	13.3	0.1	5.6	138.0

At 30 June 2023, rights of use amounted to Euro 138 million, decreased by Euro 8.4 million versus the prior year.

18. Intangible assets

The movements in intangible assets can be analyzed as follows:

Description	Television rights	Concessions, licenses, trademarks and publications	Goodwill	Other intangible fixed assets	Fixed assets under development	Total
Carrying amounts at 31/12/2022	15.2	775.5	195.5	0.3	3.7	990.2
Additions	4.9	4.6	-	0.2	5.1	14.8
Amortization and write-downs	(6.3)	(11.9)	-	(0.2)	-	(18.5)
Other changes	2.8	0.2	-	-	(3.0)	-
Carrying amounts at 30/06/2023	16.6	768.4	195.5	0.3	5.8	986.6

The breakdown of intangible fixed assets based on their useful life can be analyzed as follows:

Description	Television rights	Concessions, licenses, trademarks and publications	Goodwill	Other intangible fixed assets	Fixed assets under development	Total
Indefinite useful life	-	656.6	195.5	-	-	852.1
Finite useful life	16.6	111.8	-	0.3	5.8	134.5
Carrying amounts at 30/06/2023	16.6	768.4	195.5	0.3	5.8	986.6



Television rights

“Television rights” includes the investments made by La7 S.p.A. in registration rights (with a duration of over 12 months) for the broadcasting of films, series and soaps, as well as investments by the RCS Group in rights for audiovisual works and executive productions broadcast on the satellite channels *Caccia* and *Pesca*.

Concessions, licenses, trademarks and publications

“Concessions, licenses, trademarks and publications” at 30 June 2023 mainly included:

- the fair value of Euro 348.8 million attributed to Italian trademarks and daily newspaper titles with indefinite useful life, and the fair value of Euro 295.2 million attributed to Spanish daily newspaper titles with indefinite useful life. RCS publishes the newspapers *Corriere della Sera* and *La Gazzetta dello Sport* in Italy, and the newspapers *El Mundo*, *Marca* and *Expansion* in Spain;
- the fair value, net of accumulated amortization at 30 June 2023, of Euro 41.5 million attributed to Italian trademarks and magazine titles with finite useful life, and the fair value of Euro 10.2 million attributed to Spanish magazine titles with finite useful life;
- investments made for the acquisition of television licenses (Vevo Television) and radio licenses (Radio de Aragon) valued with indefinite useful life (Euro 12.6 million);
- the rights to use TV frequencies for digital terrestrial broadcasting systems (Euro 27.9 million) of Cairo Network;
- other intangible assets of Euro 32.2 million, consisting mainly of expense incurred for the development of websites and new web projects in Italy and Spain, including new RCS Group digital advertising projects and enhancement of Group infrastructures.

Trademarks and titles with indefinite useful life are not subject to amortization and are regularly tested for impairment, while trademarks and titles with finite useful life are subject to the amortization process based on the duration of their useful life (30 years) and, in the presence of impairment indicators, tested for impairment to measure any potential indication of impairment with respect to their recoverable value.

Goodwill

The item, amounting to Euro 188.4 million (Euro 188.4 million at 31 December 2022), consists of goodwill deriving from the business combination of the RCS Group, determined as the residual value of the difference between the cost of the transaction and equity acquired, after all the assets and liabilities under the transaction had been expressed at fair value and allocated to the RCS Group as a whole.

The item includes mainly goodwill amounting to Euro 7.1 million deriving from the cash generating units of the Cairo Editore publishing segment and of the Cairo Communication Group advertising segments.



Assets under development

“Assets under development” includes TV rights to be exploited in future years, and costs incurred for development of information technology projects, which are waiting to go into operation.

Impairment

For cash generating units with intangible fixed assets with indefinite useful life, an analysis was carried out at 30 June 2023 to identify any impairment indicators of the Group's intangible assets. Specifically, as explained in the previous section “*Key sources of estimation uncertainty*”, the trend of actual figures of the current year versus the forecasts used in the impairment test at 31 December 2022 were taken into consideration, while interest rate trends were reviewed to assess their impact on the estimated discount rate (WACC) to apply to expected cash flows. The resulting impairment indicators did not require any testing at 30 June 2023.

19. Investments and non-current financial assets

The movement in this item can be analyzed as follows:

Description	Net book value at 31/12/2022	Acquisitions, share capital increases and coverage of losses	Effect of measurement at equity	Effect of fair value measurement	Change in consolidation method and changes	Dividends paid	Net book value at 30/06/2023
Total investments in associates and joint ventures	25.9	-	-	-	-	-	25.9
Total other equity instruments	5.4	-	-	-	-	-	5.4
Total investments	31.3	-	-	-	-	-	31.3

Investments in associates and joint ventures, amounting to Euro 31.3 million, are unchanged from 31 December 2022.

The item includes the RCS Group investment in Corporación Bermont (Euro 24.5 million), a Spanish company that deals with the printing of newspapers, magazines and other publishing products.

Securities and investments that are not controlled, linked or traded, defined as "Other equity instruments" amounted to Euro 5.4 million.

Non-current financial receivables and assets amounted to Euro 0.7 million (Euro 1.2 million at 31 December 2022) and included long-term financial receivables from third parties (Euro 0.3 million) and assets from derivative instruments.

Other non-current assets, amounting to Euro 3.7 million, include mainly security deposits.



20. Deferred tax assets

Deferred tax assets of Euro 85.3 million at 30 June 2023 (Euro 86 million at 31 December 2022) refer to the recognition of deferred tax assets on the temporary differences between the carrying amounts of recognized assets and liabilities and the amounts recognized for tax purposes, as well as to tax loss carryforwards. This item refers mainly to RCS MediaGroup S.p.A..

Analyses were conducted to assess the recoverability of the deferred tax assets recorded. These analyses did not show any critical issues regarding the overall recoverability of the deferred tax assets recognized.

21. Working capital

Details on this item can be analyzed as follows:

Description	30/06/2023	31/12/2022	Change
Inventory	32.4	35.5	(3.1)
Trade receivables	276.3	264.3	12.0
Receivables from parents, associates and affiliates	2.4	2.6	(0.2)
Sundry receivables and other current assets	92.7	86.2	6.5
Payables to suppliers	(287.3)	(307.1)	19.8
Payables to parents, associates and affiliates	(11.5)	(11.8)	0.3
Tax payables	(26.3)	(23.7)	(2.6)
Sundry payables and other current liabilities	(102.1)	(103.4)	1.3
Total	(23.4)	(57.4)	34.0

Inventory of Euro 32.4 million includes Euro 22.7 million for paper inventory and the rest for work in progress on next editions, La7 inventory relating to television programmes produced, whose episodes had not yet been aired at 30 June 2023, and books and promotional products of the RCS Group.

Trade receivables amounted to Euro 276.3 million (Euro 264.3 million at 31 December 2022). Trade receivables are shown net of the allowance for impairment of Euro 37.9 million (Euro 37.9 million at 31 December 2022). The allowance for impairment was determined taking account of both specific collection risks and a general risk of non-collectability based on the ordinary trend of company operations, in compliance with IFRS 9.

Receivables from and payables to parents, associates and affiliates, amounting to Euro 2.4 million and Euro 11.5 million, refer mainly to:

- receivables from equity-accounted investees of m-Dis for Euro 1.9 million;
- receivables from the affiliate Torino Football Club S.p.A. (Euro 0.5 million);
- payables to a number of Bermont Group associates (Euro 8.9 million), active in the printing of newspapers, magazines and other publishing products in Spain;



- payables to equity-accounted investees of m-Dis for Euro 0.6 million;
- payables to the affiliate Torino Football Club S.p.A. (Euro 1.8 million) mainly for amounts accrued under the advertising concession contract signed with CairoRCS Media S.p.A..

Sundry receivables and other current assets, which include mainly tax receivables, inclusive of advance payments made and accrued income and prepaid expenses amount to Euro 92.7 million, with an increase of Euro 6.5 million versus 31 December 2022.

Trade payables amounted to Euro 287.3 million, decreased by Euro 19.8 million versus 31 December 2022, and refer entirely to the current year.

Sundry payables and other current liabilities, amounting to Euro 102.1 million at 30 June 2023, decreased by Euro 1.3 million versus 31 December 2022, include mainly payables to employees, payables to social security institutions, advance payments received from clients for subscriptions, and accrued expense and deferred income.

22. Other non-current liabilities

“Other non-current liabilities”, amounting to Euro 1.3 million, refers entirely to the RCS Group and includes the long-term portion of tax payables.

23. Post-employment benefits

This item reflects the accruals made for all employees at the reporting date on the basis of the projected unit credit method, using actuarial valuations.

The composition and movements of this item is broken down as follows:

Description	30/06/2023	31/12/2022	Change
Opening balance	44.3	49.8	(5.5)
Allocations	0.2	0.1	0.1
Interest expense	0.8	0.2	0.6
Profit (loss) from actuarial valuations	(0.2)	(3.4)	3.2
Utilizations/other changes	(1.1)	(2.4)	1.3
Closing balance	44.0	44.3	(0.3)



24. Provisions for non current risks and charges and deferred tax liabilities

Provisions for risks and charges

Movements in the period are shown below:

Description	31/12/2022	Net allocations	Utilizations	Other changes	30/06/2023
Provision for agents' termination benefits	3.1	0.2	(0.1)	-	3.3
Provision for legal disputes	11.9	(0.2)	(0.9)	-	10.8
Provisions for personnel	17.9	-	(0.3)	-	17.6
Other provisions for risks and charges	26.2	(0.3)	(1.6)	0.2	24.5
Grand total	59.1	(0.3)	(2.9)	0.2	56.2

"Provisions for risks and charges" amounted to Euro 56.2 million, Euro 25.9 million of which referring to the non-current portion.

The "Provision for agents' termination benefits" represents the amount to be paid to agents as prescribed by law and the applicable collective contracts, subject to actuarial valuations.

The "Provision for legal disputes", amounting to Euro 10.8 million, was allocated for potential liabilities deriving from ongoing disputes with third parties, and refers to both civil proceedings and libel suits related to articles published in the Group's titles.

"Provisions for personnel", amounting to Euro 17.6 million, includes potential liabilities linked to personnel management and the termination of employment relationships and leased staff contracts, and relates to the RCS Group (Euro 13.9 million) and to La7 (Euro 3.7 million).

"Other provisions for risks and charges" refers mainly to potential liabilities attributable to the RCS Group (Euro 24.5 million).

Deferred tax liabilities

Deferred tax liabilities, amounting to Euro 163.7 million at 30 June 2023, increased by Euro 0.3 million versus 31 December 2022 and refer almost entirely to the business combination of the RCS Group.



25. Net financial position

The trend of the net financial debt of the Group can be analyzed as follows:

Net financial position (€ millions)	30/06/2023	31/12/2022	Changes
Cash and cash equivalents	62.0	54.3	7.7
Other current financial assets and financial receivables	1.0	1.0	-
Current financial assets (liabilities) from derivative instruments	0.5	0.9	(0.4)
Current financial payables	(52.5)	(31.8)	(20.7)
Current net financial position (net financial debt)	11.0	24.3	(13.4)
Non-current financial payables	(58.4)	(40.0)	(18.4)
Non-current financial assets (liabilities) from derivative instruments	0.4	0.4	(0.0)
Non-current net financial position (net financial debt)	(58.0)	(39.6)	(18.4)
Net financial position (net financial debt)	(47.0)	(15.2)	(31.8)
Liabilities from lease contracts (pursuant to IFRS 16)	(153.8)	(162.4)	8.6
Total net financial position (net financial debt)	(200.7)	(177.6)	(23.2)

Consolidated net financial debt at 30 June 2023 amounts to Euro 47 million (Euro 15.2 million at 31 December 2022). Cash flows from operations (including working capital trends) amounted to Euro 36.5 million. These effects were partly offset by dividend distribution of Euro 31.2 million (at the Group level), expenditure (Euro 18.2 million) and rental payments (Euro 13 million).

Below are details of the Total Net Financial Position as set out in the "Guidance on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 under document "ESMA32-382-1138" and taken up by CONSOB in communication 5/21 of 29 April 2021. This item includes financial liabilities relating to short-term and/or long-term leases and non-remunerated debt, which have a significant implicit or explicit financing component (e.g. trade payables with a maturity of more than 12 months), and any other non-interest-bearing loans.



Net financial debt (€ millions)	30/06/2023	31/12/2022	Changes
A Cash funds	62.0	54.3	7.7
B Cash and cash equivalents	-	-	-
C Other current financial assets	1.5	1.9	(0.4)
D Liquidity (A+B+C)	63.4	56.2	7.2
E Current financial debt	(50.6)	(35.9)	(14.7)
<i>of which current liabilities from lease contracts</i>	<i>(27.2)</i>	<i>(28.8)</i>	<i>1.6</i>
F Current portion of non-current financial debt	(22.4)	(24.7)	2.3
G Current financial debt (E+F)	(73.0)	(60.6)	(12.4)
H Net current financial debt (liquidity) (G - D)	(9.6)	(4.5)	(5.1)
I Non-current financial debt	(191.2)	(173.2)	(18.0)
<i>of which non-current liabilities from lease contracts</i>	<i>(126.6)</i>	<i>(133.6)</i>	<i>7.0</i>
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
L Non-current financial debt (I+J+K)	(191.2)	(173.2)	(18.0)
M Total financial debt (liquidity) (H+L)	(200.7)	(177.6)	(23.1)

RCS financial debt

No changes were made in 2023 to the Loan Agreement concluded by RCS in August 2017 and then renegotiated on 10 October 2018.

The main terms and conditions of the loan are, inter alia:

- maturity on 31 December 2023;
- the breakdown of the loan into an Amortizing Term Credit Line (with a residual amount at 30 June 2023 of Euro 12.5 million) and a Revolving Credit Line for an amount of Euro 60 million (Euro 10 million drawn down at 30 June 2023);
- an annual interest rate equal to the sum of the benchmark Euribor and a variable spread, depending on the leverage ratio;
- a single covenant based on a leverage ratio (i.e., debt/EBITDA). This covenant, as from 2019, must not exceed 3x at 31 December of each financial year;
- a repayment schedule for the amortizing term line, which sets out the repayment in six-month instalments of Euro 12.5 million.

The loan agreement envisages compulsory early repayment, statements, obligations, withdrawal and materiality threshold clauses. These clauses apply, for instance, to treasury agreements and intra-group loans and guarantees, acquisitions, joint ventures, investments and reorganization, financial debt assumption, transfers and share capital reduction.

In October 2022, RCS concluded a new amortizing loan agreement of Euro 30 million and a revolving credit line of Euro 20 million. The Euro 30 million line matures on 31 December 2027 and has a constant six-month payment schedule of Euro 4.3 million starting on 31 December 2024.



This loan carries an interest rate equal to the sum of the six-month Euribor and a variable margin depending on the leverage ratio (debt/EBITDA), which is assessed annually. The revolving line of credit for a maximum amount of Euro 20 million (Euro 15 million drawn down at 30 June 2023) matures on 12 October 2026 and carries an interest rate equal to the benchmark Euribor and a variable margin depending on the leverage ratio (debt/EBITDA), which is assessed annually.

These two lines have a single covenant, based on a maximum leverage ratio threshold (debt/EBITDA before IFRS 16 and before non-recurring expense/income) of 3.00x.

Additionally, on 26 July 2023, RCS concluded a new loan agreement with Banco BPM, maturing on 30 June 2028, for a total of Euro 50 million, consisting in an amortizing credit line of Euro 30 million and a revolving credit line of Euro 20 million. The amortizing line has a disbursement availability (also in several tranches) until 30 June 2024; at the time of the first draw down, a constant six-month payment schedule with pre-amortization is established. The first installment payment is scheduled to be made 12 months after the conclusion of the calendar semester in which the first disbursement takes place.

The loan, as a whole, is tied to the Euribor as the benchmark interest rate, with an additional margin. Moreover, there is a potential bonus/malus adjustment to the margin based on the achievement of ESG targets.

The new loan too envisages a single covenant, which is assessed yearly on 31 December. The covenant is determined by a maximum leverage ratio threshold (debt/EBITDA before IFRS 16 and before non-recurring expense/income, with a maximum limit of Euro 15 million) set at 3.00x.

Unicredit loans

On 3 August 2021, Cairo Communication S.p.A. took out an unsecured revolving loan with Unicredit for a total amount of Euro 10 million. At 30 June 2023, Euro 5 million had been drawn down.

The loan matures on 31 July 2023 and provides, inter alia, for:

- a) compulsory early repayment, statements, obligations, withdrawal and relating materiality threshold clauses,
- b) financial covenants in the Group's consolidated financial statements: debt cover (net financial position/EBITDA) of less than or equal to 2.5 and leverage (net financial position/equity) of less than or equal to 1,
- c) early repayment in the event of a change of control of Cairo Communication.

An interest rate cap of Euro 10 million was taken out to hedge debt exposure. Additional comments on the derivative are provided in Note 31 below.



On 3 August 2021, Cairo Editore S.p.A. concluded a loan agreement with Unicredit for a total amount of Euro 10 million backed by a guarantee issued by EIB (European Investment Bank). The loan matures on 31 August 2024 and provides, inter alia, for:

- a) compulsory early repayment, statements, obligations, withdrawal and relating materiality threshold clauses,
- b) financial covenants in the Group's consolidated financial statements: debt cover (net financial position/EBITDA) of less than or equal to 2.5 and leverage (net financial position/equity) of less than or equal to 1,
- c) a repayment plan in 3 installments of Euro 3.3 million after the 18-month amortization period.
- d) early repayment in the event of a change of control of Cairo Communication.

An interest rate cap of Euro 10 million was taken out to hedge debt exposure. Additional comments on the derivative are provided in [Note 31](#) below.

Credit Agricole loan

On 29 May 2023, Cairo Communication concluded a revolving loan agreement with Crédit Agricole for a total amount of Euro 20 million with a term of 36 months. At 30 June 2023, Euro 10 million of the loan line was drawn down.

The revolving credit line provides, inter alia, for:

- a) compulsory early repayment, statements, obligations, withdrawal and relating materiality threshold clauses;
- b) financial covenants at the level of the consolidated group financial statements to be recognized on a six-month basis. Specifically, a gearing ratio (debt/equity) no higher than 1.0x and a leverage ratio (debt/EBITDA) no higher than 3.0x;
- c) early repayment in the event of a change of control of Cairo Communication.

26. Net change in financial payables and other financial assets reported in the statement of cash flows

Changes in financial payables and other financial assets are shown below. The table reconciles the cash flows shown in the statement of cash flows with the total changes recorded, for the period under review, in the consolidated statement of financial position.



Description	31/12/2022	Cash flow	Non-monetary changes			30/06/2023
			Net increases leases	Fair value derivatives	Other changes	
Financial payables	71.8	31.2	-	-	(0.2)	102.8
Current financial receivables	(1.0)	-	-	-	-	(1.0)
Derivatives	(1.3)	-	-	0.4	-	(0.9)
Net change in financial payables and other (financial assets)	69.5	31.2	-	0.4	(0.2)	100.9
Cash funds	54.3	7.7	-	-	-	62.0
Current payables to banks	-	(8.1)	-	-	-	(8.1)
Cash and cash equivalents	54.3	(0.4)	-	-	-	53.9
Net financial debt (liquidity)	15.2	31.6	-	0.4	(0.2)	47.0
Liabilities from leased assets	162.4	(13.0)	4.4	-	-	153.8

As required by IFRS, current bank loans and overdrafts form part of the change in cash and cash equivalents.

27. Consolidated equity

At 30 June 2023, the consolidated net equity attributable to the owners of the parent stood at Euro 521.6 million, including the profit for the year (Euro 525 million at 31 December 2022).

The share capital of Cairo Communication S.p.A., equal to Euro 7 million at 30 June 2023, consists of no. 134,416,598 ordinary shares.

Equity attributable to the owners of the parent decreased by Euro 3.4 million versus 31 December 2022, due mainly to the Group's share of the total net result for the period (a profit of Euro 15.9 million) and the distribution of dividends (Euro -18.8 million)

As was also the case at 31 December 2022, at 30 June 2023, Cairo Communication's market capitalization was lower than the value of the Group's consolidated equity.

The Shareholders' Meeting held by Cairo Communication on 8 May 2023 approved the distribution of a dividend of Euro 0.14 per share, gross of tax, with ex-dividend date on 29 May 2023, for a total of approximately Euro 18.8 million.

In 2023, as part of the share buy-back plans, no treasury shares were sold or purchased. At 30 June 2023, Cairo Communication held a total of no. 779 treasury shares, or 0.001% of the share capital, subject to Article 2357-ter of the Italian Civil Code.

Capital and reserves attributable to non-controlling interests at 30 June 2023 amounted to Euro 341.7 million, decreased by Euro 0.1 million versus 31 December 2022, mainly due to the result for the period attributable to non-controlling interests, offset by the distribution of dividends to third parties shareholders.

28. Other information

In 2014, the subsidiary Cairo Network took part in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial



broadcasting systems, submitting its binding bid and winning the rights to use of a batch of frequencies (“mux”) for a period of 20 years.

In January 2015, Cairo Network and EI Towers S.p.A. (“EIT”) therefore entered into the agreements for the realization and subsequent long-term technical management in full service mode (hospitality, service and maintenance, use of broadcasting infrastructure, etc.) of the mux. The agreements, as reviewed in March 2018, which contain better terms overall for Cairo Network, include, inter alia:

- a transitional phase, completed on 31 December 2017, witnessing the realization and start-up of the mux, and an operational phase of the mux lasting 17 years (from 2018 to 2034);
- the right to free withdrawal of Cairo Network starting from 1 January 2025;
- guaranteed coverage of at least 94% of the population, in line with national muxes with greater coverage;
- consideration to EIT:
 - during the implementation phase of the network (2015-2017), amounting to a total of Euro 11.5 million for the full three-year period;
 - at full performance (starting from 2018), amounting to Euro 16 million per year, these amounts include compensation for the availability of the transmitters;
- an annual consideration from EIT to Cairo Network, starting from 2018, ranging between Euro 0 up to Euro 6 million in the 2018-2022 period, reduced to Euro 5.5 million in the 2023-2027 period and to Euro 5 million from 2028 until expiry, in the event that the available bandwidth on the mux is not fully used by Cairo Network.

In the 2018 Budget Law (Law no. 205 of 2017, as subsequently supplemented and amended by Law no. 145 of 2019), Article 1, paragraph 1026 et seq. introduced specific provisions for terrestrial TV operators to release 694-790 MHz frequencies (“700 band” – corresponding to channels 49-60) to telephone operators and for the consequent reorganization of the user rights of existing television operators over the remaining television spectrum (“refarming”).

In implementation of the above law, AGCOM and MISE adopted the consequent measures, as a result of which in 2019 Cairo Network was assigned a right of use with no frequency specification, equal to half of a mux.

Subsequently, at the end of the procedure for consideration called, the Ministry of Economic Development, through its decision dated 2 July 2021, announced that Cairo Network had been awarded a right of use with no frequency specification, equal to half of a newly-planned national multiplex. Cairo Network paid half of the amount offered in the tender (subject to a reservation) and asked for the residual amount to be paid in installments (in three annual installments). On 6 August 2021, MISE, as a result of the combination of the two rights of use with no frequency specification, then announced the provision for the assignment of the right of use of the frequencies for the purposes of operating the national network of



the PNAF called "National network no. 10" until 2032 (two years less than the duration of the right originally acquired in 2014).

Cairo Network was heard in the context of the various proceedings, and took part in the relating public consultations, pointing out the legal and technical arguments for the exclusion of the Company from the application of the Budget Law (and, specifically, from the procedure for the conversion of the original right of use and the assignment of newly-planned rights of use), also attaching supporting documentation. Cairo Network then also challenged the resolutions and provisions of AGCOM and MISE, implementing the Budget Law, filing appeals with the Latium Regional Administrative Court, Rome, and subsequent additional grounds (g.r. no. 6740/2018, no. 7017/18, no. 440/2021 and no. 6040/2021), in which the same arguments raised with the public authorities and further illegalities of the contested measures were also raised with the administrative judge.

The Latium Regional Administrative Court, with judgments issued on 28 January 2021 in the above trials g.r. no. 6740/2018 and no. 7017/2018, rejected the claims for annulment, while not fully addressing the merits of the issues raised by Cairo Network, and the above judgments are subject to an appeal before the Council of State (g.r. no. 4335/2021 and no. 4334/2021, with hearings set for 28 September 2023).

On 8 February 2022, the MISE then published the decree on compensatory measures to network operators for the costs incurred in the preparation of transmission facilities to guarantee the T2 transmission standard, which Cairo Network has challenged in an appeal before the Regional Administrative Court, which is pending (g.r. no. 4515/2022).

Lastly, with decree dated 17 April 2023 (published on 10 July 2023), the Ministry of Business and Made in Italy (Mimit) established the fees for digital frequency usage rights for the years 2022-2023. According to the decree, network operators are required to pay an annual amount of Euro 3.8 million for each network. Cairo Network should be exempted from the provisions of the above decree, and, specifically, from paying the fees for the years 2022 and 2023, since the acts of the bidding procedure called in 2014 and concluded with the assignment to Cairo Network of the right of use for a 20-year period, established that: i) upon completion of the refarming of frequencies, Cairo would receive a frequency with similar coverage and duration as the one assigned; ii) payment of the amount of Cairo's bid was also made as a fee for the granting of rights of use of radio frequencies, thus fulfilling its obligation to pay. In any case, Cairo Network will challenge the 17 April 2023 decree before the Latium Regional Administrative Court.

Additionally, Cairo Network is about to initiate actions, also of a judicial nature (in addition to disputes already filed), in order to obtain compensation for the damages and harm suffered i) for payment requested to regain ownership of a right of use of frequencies that Cairo had already paid for as a result of the 2014 tender procedure, ii) for the different duration of the new right of use, iii) for the loss of business opportunities suffered in recent years as a result of the uncertainty generated by the refarming procedure, and iv) for being discriminated (virtually the only network operator to be so) by the compensatory measures envisaged in the MISE decree of 17 November 2021 and published on 8 February 2022.



To date, the effect of the outcome of the appeals brought before the Regional Administrative Court and the Council of State, or of those that may be brought in the future, cannot be predicted with certainty yet.

With regard to the contract for the purchase of RCS Libri S.p.A., commented on in the 2016-2022 annual reports of RCS, and to the earn-out established therein, it should be noted that the required procedures for verifying the existence (or less) of the conditions for payment of the earn-out and, in such case, for its determination, have been put in place and are still in progress, as set out in the sale contract.

The main guarantees given by the Group are listed below:

- guarantees and endorsements given total Euro 27.2 million and include guarantees issued by m-Dis to phone service providers as a guarantee for the correct fulfillment of distribution agreements. The item also includes the guarantees given to the Public Administration and other public bodies for prize contests, concessions and disputes;
- other guarantees amounted to Euro 21.1 million, up by Euro 4.9 million, following new guarantees issued to the Revenue Agency for VAT receivables;
- commitments amounted to Euro 1 million, decreasing by Euro 0.3 million versus 31 December 2022. Euro 0.5 million are commitments entered into with related parties.

It should also be noted that, as part of the transfers or contributions of investments or business units carried out by the RCS Group, the RCS Group granted guarantees, predominantly of a tax, social security and labour nature, which are still active. Such guarantees were issued according to market practices and conditions.

The main operating leases held by the Group refer to property leases, company cars, plant and equipment, electronic devices and publications.

Additionally, the condensed consolidated half-year financial statements at 30 June 2023 do not include any receivables or payables with a residual term exceeding five years.

29. Related party transactions

The following are identified as related parties:

- the direct and indirect parent entities of Cairo Communication S.p.A., their subsidiaries and associates, the direct and indirect controlled entities of Cairo Communication (whose transactions are derecognized in the consolidation process), the associates and affiliates of the Group. The Ultimate Parent of the Group is U.T. Communications S.p.A.;



- directors, statutory auditors and key management personnel and their close family members, and any companies directly or indirectly controlled by them or subject to joint control or significant influence.

Details are provided in the following tables, broken down by balance sheet heading.

Receivables and financial assets (€ millions)	Trade receivables	Receivables from tax consolidation	Other current financial assets
Parents	-	-	-
Associates	1.9	-	-
Other affiliates	0.5	-	-
Other related parties	0.4	-	-
Total	2.8	-	-
Payables and financial liabilities (€ millions)	Trade and other payables	Other current financial liabilities	Other non-current financial liabilities
Parents	-	-	-
Associates	9.7	-	-
Other affiliates	1.8	-	-
Other related parties	-	-	-
Total	11.5	-	-
Revenue and costs (€ millions)	Operating revenue	Operating costs	Financial income (expense)
Parents	-	-	-
Associates	0.2	(10.2)	-
Other affiliates	0.1	(1.2)	-
Other related parties	0.4	(0.2)	-
Total	0.7	(11.6)	-

Transactions with associates refer mainly to:

- the associates in the Bermont Group, in respect of which the Group companies that operate in Spain in the printing of newspapers, magazines and other publishing products (Unidad Editorial Group) incurred costs of Euro 9.4 million in first half 2023, and hold trade payables of Euro 8.9 million.

Transactions with affiliates refer mainly to:

- the concession contract between CAIRORCS Media S.p.A. and Torino FC S.p.A. (a subsidiary of U.T. Communications) for the sale of advertising space at the Olimpico football pitch and promotional sponsorship packages. This contract resulted in the payment in first half 2023 of Euro



2.4 million to the concession holder against revenue of Euro 2.9 million net of agency discounts. CairoRCS Media earned further commissions of Euro 69 thousand;

- the agreement between Cairo Communication S.p.A. and Torino F.C. for the provision of administrative services such as bookkeeping, which provides for an annual consideration of Euro 100 thousand.

Transactions with "other related parties" refer mainly to commercial dealings with the Della Valle Group, in respect of which Group companies had revenues of Euro 0.4 million and hold trade receivables of Euro 0.4 million.

Transactions in the year with related parties, including with Group companies, were not considered to be atypical or unusual, and were part of the ordinary activities of Group companies. These transactions were carried out on market terms, taking account of the goods and services provided.

In the period from 1 January 2023 to 30 June 2023, for Cairo Communication and its subsidiaries other than those belonging to the RCS Group, the fees for Directors, Statutory Auditors, General Managers and Key Management Personnel amounted to Euro 1.7 million.

In the period from 1 January 2023 to 30 June 2023, RCS paid fees to Directors, Statutory Auditors, General Managers and Key Management Personnel amounting to Euro 3.4 million.

Commitments to key management personnel at 31 December 2022 are explained in the Remuneration Report of Cairo Communication published on the website www.cairocommunication.it and in the Remuneration Report of RCS published on the website www.rcsmediagroup.it, to which reference should be made.

30. Transactions deriving from atypical and/or unusual transactions

Pursuant to CONSOB Communication of 28 July 2006 no. DEM/6064296, it should be noted that, in first half 2023, the Cairo Communication Group did not engage in any atypical and/or unusual transactions as defined by the above Communication.

31. Risk management

Liquidity risk

Liquidity risk may arise from difficulties in obtaining loans to support operations in accordance with the proper timescales, and, if necessary, to repay loans falling due.

The Group resorts mainly to the banking system to raise funds for its financial resources.

At 30 June 2023, the Group has undrawn lines of credit that allow flexibility in managing operational requirements.

In October 2022, RCS concluded a new amortizing loan agreement of Euro 30 million and a revolving credit line of Euro 20 million. The line of Euro 30 million matures on 31 December 2027. At 30 June 2023, Euro 15 million of the line was drawn down.



Additionally, on 26 July 2023, RCS signed a new loan agreement with Banco BPM, maturing on 30 June 2028, for a total of Euro 50 million, split up into an amortizing credit line of Euro 30 million and a revolving credit line of Euro 20 million. The loan, also given the possibility of utilization (also in several tranches) until 30 June 2024 of the amortizing line, increases the Group's ability and flexibility in managing its financial requirements.

On 29 May 2023, Cairo Communication concluded a revolving loan agreement with Crédit Agricole for a total amount of Euro 20 million with a term of 36 months. At 30 June 2023, Euro 10 million of the loan line was drawn down.

Interest rate risk

Interest rate risk consists of potential and higher financial expense stemming from an unfavorable and unexpected change in interest rates. Specifically, the Group's exposure to such risk relates in particular to the floating rate net financial liabilities held by the RCS Group.

The RCS Group uses derivatives to manage its exposure to interest rate risk; the contracts currently in place are Interest Rate Swaps (IRSs). At 30 June 2023, financial payables (before IFRS 16) were fully transformed to fixed rate through Interest Rate Swaps (IRS).

By contrast, regarding Cairo Communication and its subsidiaries other than those belonging to the RCS Group, which presented a positive net financial position of Euro 22.4 million, the portion of payables contractually hedged by Interest Rate Caps is 100%.

Currency risk

Currency risk can be defined as the set of negative effects on balance sheet assets or liabilities arising from changes in exchange rates. Despite its international presence, the Group did not record significant exposure to currency risk, given that the Euro is the functional currency of the main Group business areas. Exposure to currency risk is limited to certain minor commercial and financial positions relating to RCS, RCS Sport and Events and La7.

Credit risk

Credit risk can be defined as the possibility of incurring a financial loss due to the counterparty's failure to fulfil its contractual obligations.



The Group is exposed to credit risk, in relation mainly to trade receivables and, specifically, to advertising sales. This risk is, however, mitigated by the fact that exposure is spread over a large number of customers and that monitoring and control procedures are in place to counter the risk.

The credit risk relating to the sale of copies of publishing products by m-dis Distribuzione Media S.p.A. and its subsidiaries refers mainly to credit positions with individual local distributors. The transactions carried out are generally settled within a short period of time and through collection of periodic advance payments; however, the decline in newsstand settlements and the virtual absence of market access barriers may lead to changes in the current distribution chain, with a concentration of players and greater credit risk.

Price risk

The Group is not exposed to significant price risks from financial instruments that fall within the scope of application of IAS 39.

Fair value of financial instruments

IFRS 7 requires financial instruments recognized in the statement of financial position at fair value to be classified on the basis of a three-level fair value hierarchy. The levels of the hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Inputs for the asset or liability which are not based on observable market data.

Assets and liabilities were classified according to the fair value hierarchy at 30 June 2023 and 31 December 2022 as follows:



Hierarchy of fair value measurement for categories of financial instruments at 30/06/2023	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Hedging derivatives		0.9		0.9
Financial assets at fair value through other comprehensive income				
Other equity instruments	0.2		4.2	4.4
TOTAL	0.2	0.9	4.2	5.3
FINANCIAL LIABILITIES				
Financial liabilities at fair value through other comprehensive income				
Hedging derivatives				
TOTAL				

Hierarchy of fair value measurement for categories of financial instruments at 31/12/2022	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Hedging derivatives		1.3		1.3
Financial assets at fair value through other comprehensive income				
Other equity instruments	0.3		5.1	5.4
TOTAL	0.3	1.3	5.1	6.7
FINANCIAL LIABILITIES				
Financial liabilities at fair value through other comprehensive income				
Hedging derivatives		0.4		0.4
TOTAL		0.4		0.4

For the Board of Directors
Chairman Urbano Cairo



List of Group investments at 30 June 2023

Companies consolidated on a line-by-line:

Company	Registered office	Share capital at 30/06/2023	Currency	Investing company	% Direct interest	% Consolid.	Business segment	Consolidation method
Cairo Communication S.p.A.	Milan	6,989,663	Euro				Advertising	Full
Cairo Editore S.p.A.	Milan	1,043,256	Euro	Cairo Communication S.p.A.	99.95	99.95	Publishing	Full
La7 S.p.A.	Rome	1,020,000	Euro	Cairo Communication S.p.A.	100.00	100.00	TV publishing	Full
CairoRCS Media S.p.A.	Milan	100,000	Euro	Cairo Communication S.p.A. RCS Mediagroup S.p.A.	51.00 49.00	80.25	Advertising	Full
Cairo Network S.r.l.	Milan	5,500,000	Euro	Cairo Communication S.p.A.	100.00	100.00	Network operator	Full
Cairo Publishing S.r.l.	Milan	10,000	Euro	Cairo Communication S.p.A.	100.00	100.00	Publishing	Full
Il Trovatore S.r.l.	Milan	25,000	Euro	Cairo Communication S.p.A.	80.00	80.00	Internet	Full
Edizioni Anabasi S.r.l.	Milan	10,200	Euro	Cairo Editore S.p.A.	100.00	99.95	Publishing	Full
RCS Mediagroup S.p.A.	Milan	270,000,000	Euro	Cairo Communication S.p.A.	59.69	59.69	Publishing	Full
MyBeautyBox S.r.l.	Milan	10,000	Euro	RCS Mediagroup S.p.A.	90.00	53.72	Multimedia	Full
Blei S.r.l. in liquidation	Milan	1,548,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Advertising	Full
RCS Produzioni S.p.A.	Rome	1,000,000	Euro	RCS MediaGroup S.p.A.	100.00	59.69	Production	Full
RCS Produzioni Milano S.p.A.	Milan	1,000,000	Euro	RCS MediaGroup S.p.A.	100.00	59.69	Production	Full
RCS Produzioni Padova S.p.A.	Milan	500,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Production	Full
Digital Factory S.r.l.	Milan	500,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Television	Full
Sfera Service S.r.l.	Milan	52,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Services	Full
Trovolavoro S.r.l.	Milan	674,410	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Advertising	Full
M-Dis Distribuzione Media S.p.A.	Milan	6,392,727	Euro	RCS MediaGroup S.p.A.	100.00	59.69	Distribution	Full
MDM Milano Distribuzione Media S.r.l.	Milan	611,765	Euro	M-Dis Distribuzione Media S.p.A.	56.00	33.43	Distribution	Full
Pieroni Distribuzione S.r.l.	Milan	750,000	Euro	M-Dis Distribuzione Media S.p.A.	51.00	30.44	Distribution	Full
TO-dis S.r.l.	Milan	510,000	Euro	M-Dis Distribuzione Media S.p.A.	100.00	59.69	Distribution	Full
Consorzio Milano Marathon S.r.l.	Milan	20,000	Euro	RCS Sport S.p.A.	100.00	59.69	Services	Full
RCS Sport S.p.A.	Milan	100,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Services	Full
RCS Sports & Events S.r.l.	Milan	10,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Advertising	Full
Società Sportiva Dilettantistica RCS Active Team a r.l.	Milan	10,000	Euro	RCS Sport S.p.A.	100.00	59.69	Services	Full



Company	Registered office	Share capital at 30/06/2023	Currency	Investing company	% Direct interest	% Consolid.	Business segment	Consolidation method
In Viaggio Doveclub S.r.l.	Milan	50,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Services	Full
Emozione S.r.l.	Milan	10,000	Euro	Ecomozione 5D S.L.	100.00	41.78	Services	Full
RCS Innovation S.r.l.	Milan	10,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Services	Full
Canal Mundo Radio Cataluna S.L.	Barcelona	3,010	Euro	Unidad Editorial S.A.	99.99	59.68	Radio	Full
Corporación Radiofónica Informacion y Deporte S.L.U.	Madrid	900,120	Euro	Unedisa Comunicaciones S.L.U.	100.00	59.68	Radio	Full
Ediciones Cónica S.A.	Madrid	432,720	Euro	Unidad Editorial S.A.	99.40	59.33	Publishing	Full
Ediservicios Madrid 2000 S.L.U.	Madrid	601,000	Euro	Unidad Editorial Revistas S.L.U.	100.00	59.68	Publishing	Full
Unidad Editorial Ediciones Locales, S.L.	Valencia	1,732,345	Euro	Unidad Editorial S.A. Unidad Editorial Informacion General S.L.U.	87.23 11.22	58.76	Publishing	Full
La Esfera de los Libros S.L.	Madrid	48,000	Euro	Unidad Editorial S.A.	75.00	44.76	Publishing	Full
Unidad Liberal Radio S.L.	Madrid	10,000	Euro	Unidad Editorial S.A.	55.00	32.83	Multimedia	Full
Unidad de Medios Digitales S.L.	Madrid	3,000	Euro	Unidad Editorial S.A.	50.00	29.84	Advertising	Full
Unedisa Comunicaciones S.L.U.	Madrid	610,000	Euro	Unidad Editorial S.A.	100.00	59.68	Multimedia	Full
Unedisa Telecomunicaciones S.L.U.	Madrid	1,100,000	Euro	Unidad Editorial S.A.	100.00	59.68	Multimedia	Full
Unedisa Telecomunicaciones de Levante S.L.	Valencia	3,010	Euro	Unedisa Telecomunicaciones S.L.U.	51.16	30.53	Multimedia	Full
Unidad Editorial S.A.	Madrid	125,896,898	Euro	RCS Mediagroup S.p.A.	99.99	59.68	Publishing	Full
Unidad Editorial Informacion Deportiva S.L.U.	Madrid	4,423,043	Euro	Unidad Editorial S.A.	100.00	59.68	Multimedia	Full
Unidad Editorial Informacion Economica S.L.U.	Madrid	102,120	Euro	Unidad Editorial S.A.	100.00	59.68	Publishing	Full
Unidad Editorial Formacion S.L.U.	Madrid	1,693,000	Euro	Unedisa Telecomunicaciones S.L.U.	100.00	59.68	Television	Full
Unidad Editorial Informacion General S.L.U.	Madrid	102,120	Euro	Unidad Editorial S.A.	100.00	59.68	Publishing	Full
Unidad Editorial Revistas S.L.U.	Madrid	1,195,920	Euro	Unidad Editorial S.A.	100.00	59.68	Publishing	Full
Unidad Editorial Sports&Events S.L.U.	Madrid	6,000	Euro	Unidad Editorial S.A.	100.00	59.68	Publishing	Full
Unidad Editorial USA Inc.	Miami	1,000	USD	Unidad Editorial S.A.	100.00	59.68	Publishing	Full
Veo Television S.A.	Madrid	769,824	Euro	Unidad Editorial S.A.	100.00	59.68	Television	Full
Sfera Editores Espana S.L.	Barcelona	174,000	Euro	RCS Mediagroup S.p.A.	100.00	59.69	Publishing	Full
Sfera Editores Mexico S.A.	Colonia Anzures	11,285,000	MXN	RCS Mediagroup S.p.A. Sfera Service S.r.l.	99.999 0.001	59.69	Publishing/Services	Full
Sfera France SAS	Paris	240,000	Euro	Sfera Editores Espana S.L.	66.70	39.81	Publishing	Full
Ecomozione 5D S.L.	Barcelona	100,000	Euro	Sfera Editores Espana S.L.	70.00	41.78	Publishing	Full
Hotelyo S.A.	Chiasso	100,000	CHF	RCS Mediagroup S.p.A.	100.00	59.69	Digital	Full
RCS Sports and Events DMCC	Dubai	20,077	Euro	RCS Sports & Events S.r.l.	100.00	59.69	Services	Full



Companies consolidated at equity:

Company	Registered office	Share capital at 30/06/2023	Currency	Investing company	% Direct interest	Business segment	Consolidation method
Quibee S.r.l.	Turin	15,873	Euro	RCS Mediagroup S.p.A.	37.00	Digital	Equity
Consorzio C.S.E.D.I.	Milan	103,291	Euro	M-Dis Distribuzione Media S.p.A.	20.00	Distribution	Equity
				Pieroni Distribuzione S.r.l.	10.00	Distribution	Equity
Liguria Press S.r.l.	Genoa	240,000	Euro	M-Dis Distribuzione Media S.p.A.	40.00	Distribution	Equity
GD Media Service S.r.l.	Milan	789,474	Euro	M-Dis Distribuzione Media S.p.A.	29.00	Distribution	Equity
Corporacion Bermont S.L.	Madrid	21,003,100	Euro	Unidad Editorial S.A.	37.00	Print media	Equity
Bermont Catalonia S.A.	Barcelona	60,101	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Bermont Impresion S.L.	Madrid	321,850	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Calprint S.L.	Valladolid	1,856,880	Euro	Corporacion Bermont S.L.	39.58	Print media	Equity
Escuela de Cocina Telva S.L.	Madrid	61,000	Euro	Ediciones Cónica S.A.	50.00	Training	Equity
Lagar S.A.	Madrid	150,253	Euro	Corporacion Bermont S.L.	60.00	Print media	Equity
				Bermont Impresion S.L.	40.00		
Madrid Deportes y Espectáculos S.A. (in liquidation)	Madrid	600,000	Euro	Unidad Editorial Información Deportiva S.L.U.	30.00	Multimedia	Equity
Newsprint Impresion Digital S.L.	Tenerife	93,000	Euro	TF Print S.A.	50.00	Print media	Equity
Distribuciones Aliadas S.A	Sevilla	60,200	Euro	Recoprint Dos Hermanas S.L.U.	100.00	Print media	Equity
Grafilandia S.L.	Madrid	6,010	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Omniprint S.A.	Santa Maria del Cami	2,790,000	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Radio Salud S.A.	Barcelona	200,782	Euro	Unedisa Comunicaciones S.L.U.	30.00	Radio	Equity
Recoprint Dos Hermanas S.L.U.	Madrid	2,052,330	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Recoprint Güimar S.L.U.	Madrid	1,365,140	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Recoprint Impresión S.L.U.	Madrid	3,010	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Recoprint Pinto S.L.U.	Madrid	3,652,240	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Recoprint Rábade S.L.U.	Madrid	1,550,010	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
Recoprint Sagunto S.L.U.	Madrid	2,281,920	Euro	Corporacion Bermont S.L.	100.00	Print media	Equity
TF Print S.A.	Santa Cruz de Tenerife	1,382,328	Euro	Corporacion Bermont S.L.	75.00	Print media	Equity
				Bermont Impresion S.L.	25.00		
Unidad Liberal Radio Madrid S.L.	Madrid	10,000	Euro	Unidad Editorial S.A.	45.00	Multimedia	Equity
				Libertad Digital S.A.	55.00		
Iniziativa Immobiliare Due S.r.l.	Milan	500,000	Euro	Inimm Due S.à.r.l.	100.00	Real estate	Equity
Inimm Due S.à.r.l.	Luxembourg	240,950	Euro	RCS MediaGroup S.p.A.	20.00	Real estate	Equity



Investments in other companies:

Company	Registered office	Share capital at 30/06/2023	Currency	Investing company	% Direct interest	Business segment	Consolidation method
Auditel S.r.l.	Milan	300,000	Euro	La7 S.p.A.	3.33	Television	Cost
Ansa Società Cooperativa	Rome	10,783,362	Euro	RCS Mediagroup S.p.A.	4.38	Publishing	Cost
Cefriel S.c.a r.l.	Milan	1,173,393	Euro	RCS Mediagroup S.p.A.	4.93	Research	Cost
Consorzio Edicola Italiana	Milan	60,000	Euro	RCS Mediagroup S.p.A.	16.67	Digital	Cost
Consuledit S.c.a r.l. in liquidation	Milan	20,000	Euro	RCS Mediagroup S.p.A.	19.55	Publishing	Cost
H-Farm S.p.A.	Roncade (TV)	12,867,231	Euro	RCS MediaGroup S.p.A.	0.52	Services	Cost
Immobiliare Editori Giornali S.r.l.	Rome	830,462	Euro	RCS MediaGroup S.p.A.	7.49	Publishing	Cost
ItaliaCamp S.r.l.	Rome	10,000	Euro	RCS MediaGroup S.p.A.	2.91	Services	Cost
Mach 2 Libri S.r.l. in liquidation	Milan	646,250	Euro	RCS MediaGroup S.p.A.	19.09	Publishing	Cost
Digital Magics S.p.A.	Milan	10,428,427	Euro	RCS Mediagroup S.p.A.	0.27	Multimedia	Cost
Mperience S.r.l.	Rome	31,856	Euro	RCS Mediagroup S.p.A.	1.68	Digital	Cost
Fantaking Interactive S.r.l.	Brescia	10,000	Euro	RCS Mediagroup S.p.A.	15.00	Digital	Cost
Premium Publisher Network (Consortium)	Milan	19,426	Euro	RCS Mediagroup S.p.A.	20.51	Advertising	Cost
Giorgio Giorgi S.r.l.	Calenzano (FI)	1,000,000	Euro	M-Dis Distribuzione Media S.p.A.	5.00	Distribution	Cost
Cronos Producciones Multimedia S.L.U.	Madrid	3,010	Euro	Libertad Digital Television S.A.	100.00	Publishing	Cost
Ábside Media S.L.	Madrid	19,414,992	Euro	Unidad Editorial S.A.	0.02	Multimedia	Cost
Digicat Sis S.L.	Barcelona	3,200	Euro	Radio Salud S.A.	25.00	Radio	Cost
Libertad Digital S.A.	Madrid	4,763,260	Euro	Unidad Editorial S.A.	1.16	Multimedia	Cost
Libertad Digital Publicidad y Marketing S.L.U	Madrid	3,010	Euro	Libertad Digital S.A.	100.00	Advertising	Cost
Libertad Digital Television S.A.	Madrid	775,800	Euro	Libertad Digital S.A.	99.66	Television	Cost
Medios de Azahar S.A.	Castellon	825,500	Euro	Unidad Editorial Ediciones Locales, S.L.	6.12	Services	Cost
Nuevo Marketplace S.L.	Madrid	5,252,445	Euro	Unidad Editorial S.A.	3.81	Multimedia	Cost
Palacio del Hielo S.A.	Madrid	185,742	Euro	Unidad Editorial S.A.	8.53	Multimedia	Cost
Buddyfit S.r.l.	Genoa	28,396	Euro	RCS Mediagroup S.p.A. Cairo Communication S.p.A.	5.00 2.00	Multimedia	Cost
Wouzee Media S:L	Madrid	14,075	Euro	Unidad Editorial S.A.	10.00	Multimedia	Cost
Yoodeal Ltd	Milton Keynes	150,000	GBP	RCS Mediagroup S.p.A.	2.00	Digital	Cost



Related party transactions

Parents (€ millions)	Trade receivables	Other receivables and current assets	Receivables from tax consolidation	Other current financial assets
U.T. Communication S.p.A.	-	-	-	-
Total	-	-	-	-

Associates (€ millions)	Trade receivables	Other receivables and current assets	Receivables from tax consolidation	Other current financial assets
GD Media Service S.r.l.	0.1	-	-	-
Liguria Press S.r.l.	1.8	-	-	-
Total	1.9	-	-	-

Associates Equity transactions (€ millions)	Trade payables	Other payables and current liabilities	Payables from tax consolidation	Other current financial liabilities	Other non-current financial liabilities
GD Media Service S.r.l.	0.4	-	-	-	-
Liguria Press S.r.l.	0.2	-	-	-	-
Bermont Impresion S.L. (Bermont Group)	3.5	-	-	-	-
Recoprint Dos Hermanas S.L.U. (Bermont Group)	1.9	-	-	-	-
Recoprint Sagunto S.L.U. (Bermont Group)	1.0	-	-	-	-
Omniprint S.A. (Bermont Group)	0.4	-	-	-	-
Bermont Catalonia S.A. (Bermont Group)	0.8	-	-	-	-
TF Print S.A. (Bermont Group)	0.5	-	-	-	-
Recoprint Rábade S.L.U. (Bermont Group)	0.8	-	-	-	-
Radio Salud S.A.	0.2	-	-	-	-
Total	9.7	-	-	-	-

Companies subject to the control of parents (€ millions)	Trade receivables	Other receivables and current assets	Receivables from tax consolidation	Other current financial assets
Torino FC S.p.A.	0.5	-	-	-
Total	0.5	-	-	-

Companies subject to the control of parents (€ millions)	Trade payables	Other payables and current liabilities	Payables from tax consolidation	Other current financial liabilities	Other non-current financial liabilities
Torino FC S.p.A.	1.8	-	-	-	-
Total	1.8	-	-	-	-

Other related parties (€ millions)	Trade receivables	Other receivables and current assets	Receivables from tax consolidation	Other current financial assets
Della Valle Group companies	0.4	-	-	-
Total	0.4	-	-	-



Associates (€ millions)	Operating revenue	Operating costs	Financial income	Financial expense
GD Media Service S.r.l.	0.1	(0.3)	-	-
Liguria Press S.r.l.	-	(0.2)	-	-
Consorzio C.S.E.D.I.	-	-	-	-
Bermont Impresion S.L. (Bermont Group)	-	(4.0)	-	-
Recoprint Dos Hermanas S.L.U. (Bermont Group)	-	(1.3)	-	-
Recoprint Sagunto S.L.U. (Bermont Group)	-	(1.0)	-	-
Omniprint S.A. (Bermont Group)	-	(0.5)	-	-
Bermont Catalonia S.A. (Bermont Group)	-	(1.0)	-	-
TF Print S.A. (Bermont Group)	-	(0.7)	-	-
Recoprint Ràbade S.L.U. (Bermont Group)	-	(0.9)	-	-
Radio Salud S.A.	0.1	(0.3)	-	-
Total	0.2	(10.2)	-	-

Companies subject to the control of parents (€ millions)	Operating revenue	Operating costs	Financial income	Financial expense
Torino FC S.p.A.	0.1	(1.2)	-	-
Total	0.1	(1.2)	-	-

Other related parties (€ millions)	Operating revenue	Operating costs	Financial income	Financial expense
Della Valle Group companies	0.4	-	-	-
Supplementary Pension Fund for Senior Managers (FIPDIR)	-	(0.2)	-	-
Total	0.4	(0.2)	-	-



**INCOME STATEMENT AND STATEMENT
OF FINANCIAL POSITION PURSUANT TO
CONSOB RESOLUTION NO. 15519 OF 27
JULY 2006**



CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION no. 15519 OF 27 JULY 2006

€ millions

	Half year ended 30/06/2023	of which related parties (*)	% of total	Half year ended 30/06/2022	of which related parties (*)	% of total
Net revenue	548.0	0.7	0.1%	550.0	0.4	0.1%
Other revenue and income	22.2	-	-	19.5	-	-
- of which non-recurring	0.6	-	-	1.0	-	-
Change in inventory of finished products	0.9	-	-	2.4	-	-
Raw and ancillary materials and consumables	(59.5)	-	-	(54.4)	-	-
Cost of services	(241.3)	(11.6)	4.8%	(251.9)	(11.4)	4.5%
- of which non-recurring	-	-	-	(1.0)	-	-
Use of third-party assets	(15.9)	-	-	(14.9)	-	-
Personnel expense	(165.7)	-	-	(162.1)	-	-
- of which non-recurring	(1.2)	-	-	(0.7)	-	-
Amortization, depreciation, provisions and write-downs	(39.1)	-	-	(37.6)	-	-
- of which non-recurring	-	-	-	(0.3)	-	-
Other operating costs	(8.5)	-	-	(19.5)	-	-
- of which non-recurring	-	-	-	(10.5)	-	-
EBIT	41.1			31.3		
Other gains (losses) from financial assets/liabilities (**)	0.0	-	-	(0.0)	-	-
- of which non-recurring	-	-	-	2.4	-	-
Net financial income (expense)	(6.1)	-	-	(4.2)	-	-
- of which non-recurring	-	-	-	2.4	-	-
Profit (loss) before tax	35.1			27.1		
Income tax for the period	(7.2)	-	-	(6.2)	-	-
- of which non-recurring	-	-	-	-	-	-
Profit (loss) from continuing operations	27.9			20.8		
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit (loss) for the period	27.9			20.8		

(*) Related party transactions are analyzed in Note 29



CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION no. 15519 OF 27 JULY 2006

€ millions						
Assets	30 June 2023	of which related parties (*)	% of total	31 December 2022	of which related parties (*)	% of total
Property, investment property, plant and equipment	107.5			110.9		
Rights of use on leased assets	138.0			146.4		
Intangible assets	986.6			990.2		
Investments	31.3			31.3		
Non-current financial receivables and financial assets recognized for derivatives	0.7			1.2		
Other non-current assets	3.7			4.3		
Deferred tax assets	85.3			86.0		
Total non-current assets	1,353.1			1,370.3		
Inventory	32.4			35.5		
Trade receivables	276.3	0.4	0.1%	264.3	0.6	0.2%
Receivables from parents, associates and affiliates	2.4	2.4	99.7%	2.6	2.6	99.7%
Sundry receivables and other current assets	92.7			86.2		
Other current financial assets	1.5			1.9		
Cash and cash equivalents	62.0			54.3		
Total current assets	467.3			444.8		
Total assets	1,820.4			1,815.1		
Equity and liabilities	30 June 2023	of which related parties (*)	% of total	31 December 2022	of which related parties (*)	% of total
Share capital	7.0			7.0		
Share premium reserve	224.2			224.2		
Prior-years' earnings (losses)	274.5			261.7		
Profit for the period	15.9			32.1		
Equity attributable to the owners of the parent	521.6			525.0		
Share capital and reserves attributable to non-controlling interests	341.7			341.8		
Total equity	863.3			866.8		
Payables and non-current financial liabilities	65.0			40.0		
Non-current liabilities from lease contracts	126.7			133.6		
Post-employment benefits	44.0			44.3		
Provisions for non-current risks and charges	25.9			27.1		
Deferred tax liabilities	163.7			163.4		
Other non-current liabilities	1.3			1.3		
Total non-current liabilities	426.6			409.7		
Payables and current financial liabilities	45.8			31.8		
Current liabilities from lease contracts	27.2			28.8		
Payables to suppliers	287.3			307.1		
Payables to parents, associates and affiliates	11.5	11.5	100.0%	11.8	11.8	100.0%
Tax payables	26.3			23.7		
Current portion of provisions for risks and charges	30.3			32.0		
Sundry payables and other current liabilities	102.1			103.4		
Total current liabilities	530.5			538.6		
Total liabilities	957.1			948.3		
Total equity and liabilities	1,820.4			1,815.1		

(*) Related party transactions are analyzed in Note 29



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

1. The undersigned Urbano Roberto Cairo, as Chairman of the Board of Directors, and Marco Pompignoli, as Financial Reporting Manager of Cairo Communication S.p.A., also in accordance with Article 154 bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, certify:

- the adequacy of the characteristics of the Company and
- the effective application of administrative and accounting procedures for the preparation of the condensed consolidated financial statements for the first half of 2023.

2. We also certify that:

2.1 the condensed consolidated half-year financial statements at 30 June 2023:

- a) were prepared in compliance with International Financial Reporting Standards endorsed by the European Union, pursuant to EEC Regulation no. 1606/2002 of the European Parliament and Council, of 19 July 2002;
- b) are consistent with the accounting records and books of the Company;
- c) give a true and fair view of the balance sheet, income statement and financial position of the Issuer and of the companies included in the scope of consolidation as a whole.

2.2 The Interim Report on Operations at 30 June 2023 contains a reliable analysis of all the significant events that have taken place in the first half of the year and their effect on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties expected in the second half of the year. The Interim Report on Operations at 30 June 2023 also contains a reliable analysis of information on the main transactions with related parties.

Milan, 3 August 2023

For the Board of Directors
Chairman

(Urbano Roberto Cairo)

Financial Reporting Manager

(Marco Pompignoli)

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Cairo Communication S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flow and the consolidated statement of changes in equity and the related notes of Cairo Communication S.p.A. and subsidiaries (the "Cairo Group") as of June 30, 2023. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Cairo Group as of June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giacomo Bellia
Partner

Milan, Italy
August 4, 2023

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