



CAIROCOMMUNICATION

**Interim Management Statement at
30 September 2021**

Cairo Communication S.p.A.
Head office: Corso Magenta 55, Milan
Share capital Euro 6,989,663.10

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



Governance

Board of Directors (*)

Urbano Cairo (**)	Chairman
Uberto Fornara	CEO
Daniela Bartoli	Director
Stefania Bedogni	Director
Giuseppe Brambilla di Civesio	Director
Laura Maria Cairo	Director
Roberto Cairo	Director
Massimo Ferrari	Director
Paola Mignani	Director
Marco Pompignoli	Director

Control, Risk and Sustainability Committee

Massimo Ferrari	Director
Daniela Bartoli	Director
Paola Mignani	Director

Remuneration and Appointments Committee

Paola Mignani	Director
Daniela Bartoli	Director
Giuseppe Brambilla di Civesio	Director

Board of Statutory Auditors (***)

Michele Paolillo	Chairman
Gloria Marino	Standing Auditor
Maria Pia Maspes	Standing Auditor
Emilio Fano	Alternate Auditor
Domenico Fava	Alternate Auditor

Independent Auditors (****)

Deloitte & Touche S.p.A.

(*) The Board of Directors was appointed by resolution of the Shareholders' Meeting held on 6 May 2020. The Directors are in office for the years 2020-2021-2022, therefore until the Shareholders' Meeting called to approve the 2022 financial statements

(**) 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 6 May 2020. The Statutory Auditors are in office for the years 2020-2021-2022, 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 2028 financial statements.



1. Valuation principles and criteria adopted in preparing the Interim Management Statement at 30 September 2021

The financial statements in this Interim Management Statement have been prepared following the reclassified statements usually adopted for the “Directors’ Report on Operations” and in accordance with international accounting standards. The provisions of the international accounting standard on interim financial reporting (IAS 34 “Interim Financial Reporting”) are not applied.

The Interim Management Statement at 30 September 2021 has been prepared in accordance with the requirements set out in Borsa Italiana Notice no. 7587 of 21 April 2016: “STAR Issuers: information on interim management statements”.

The consolidated and separate income statement figures in the first nine months of 2021 are shown versus the corresponding periods of 2020. Statement of financial position and equity figures appearing in the financial statements are compared with the figures of the consolidated financial statements at 31 December 2020.

The quarterly financial statements at 30 September 2021, as for those at 30 September 2020, have been prepared net of tax and tax effects.

In first nine months 2021, following the purchase of an additional 55% of the share capital of m-dis Distribuzione Media S.p.A. (now wholly owned), the following companies previously consolidated at equity are now fully consolidated: m-dis Distribuzione Media S.p.A., MDM Milano Distribuzione Media S.r.l., Pieroni Distribuzione S.r.l. and To-dis S.r.l..

At the date of preparation of this Interim Management Statement, the determination of the fair value of the identifiable assets and liabilities of m-Dis Distribuzione Media S.p.A. required in the application of the so-called “acquisition method” pursuant to IFRS 3 is still underway. The Group reserves the right to complete this process within the twelve months following the acquisition date.

Additionally, during the period, the Spanish subsidiaries Información Estadio Deportivo S.A. and Unidad Editorial Juegos S.A. were sold, and the liquidation of Feria Bebe S.L. came to completion.

As from 1 January 2021, the transaction whereby RCS and Cairo Pubblicità contributed their respective advertising sales businesses to the equally-owned CAIRORCS Media, came into effect. This transaction had no impact on Cairo Communication's consolidated financial statements. The results of the new company CAIRORCS Media are shown in the “Advertising” section.



2. Alternative performance measures

In this Interim Management Statement, in order to provide a clearer picture of the financial performance of the Cairo Communication Group, besides of the conventional financial measures required by IFRS, a number of alternative performance measures 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

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

+ Income (expense) from equity-accounted investees¹

EBITDA – Operating profit, 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, and also includes income and expense from equity-accounted investees. 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 Interim Management Statement, consolidated EBITDA has been 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

¹ Included following consolidation of RCS.



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).

3. Group performance

In 2021, 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. Specifically, from 1 January 2021, the contribution by RCS and Cairo Pubblicità to CAIRORCS Media (on an equal basis) of their respective advertising sales business units, relating to the print and online titles in Italy of RCS, became effective;
- 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;

In first nine months 2021, the acquisition of 55% of m-Dis Distribuzione Media S.p.A. also came to conclusion, bringing RCS's stake to 100%.



In the first months of 2020, the national and international landscape had been swept by the spread of the Coronavirus and the ensuing restrictions for its containment adopted by the governments of all the countries involved; these restrictions had had a direct effect on the organization and timing of work and on the Group's activities.

In the initial phase (so-called phase 1, or lockdown), the measures adopted by the public authorities had resulted in the closure of non-essential activities and severe restrictions on people movement (unless authorized for specific reasons).

The situation had been highly critical in first half 2020, when, as part of the activities relating to the organization of sporting events, the *Strade Bianche*, *Tirreno Adriatico*, *Milano Sanremo*, *Giro di Sicilia* and *Giro d'Italia* (the latter held in October), as well as the *Milano Marathon* and a number of mass events, scheduled for the first half, had been postponed. From end February 2020, the circulation of sports newspapers had been affected by the suspension of "played" sport, as well as the closure of bars and the restrictions on the reading of newspapers there. Advertising sales in the four months March - June 2020 had slowed down strongly both in Italy and Spain, but rebounded starting from June.

The curbing of infections, which had marked the end of the first half and part of third quarter 2020, had led to a gradual improvement in the situation.

As early as August 2020 in Spain and October in Italy, the curve of infections had started to rise again, leading the public authorities of the two countries to reintroduce a series of restrictive measures.

The beginning of 2021 continued to be marked by the health emergency and the containment measures implemented by the authorities, both in Italy and Spain.

Specifically, in Spain at the beginning of the year, and in Italy from the end of February, the number of cases has risen, leading to the adoption again of restrictive measures. Starting from the second half of February in Spain, and from mid-April in Italy, the situation has improved and the containment measures are being gradually lifted.

The great benefits brought by the vaccination campaign, in terms of cases, hospital and ICUs admission rates and deaths, have allowed both countries to speed up the reduction of restrictive measures, improving the situation. In Italy, measures such as the green pass and rules on access to workplaces, schools and public venues have also been adopted to encourage vaccination, prevention and/or monitoring.

At end October, the percentage of the population over twelve years of age that had completed the vaccination cycle was approximately 83% in Italy and 89% in Spain.



The Group is monitoring developments on a daily basis to minimize the impacts in terms of health and safety in the workplace and on the operating and financial front, by defining and implementing flexible and timely action plans.

In 2021, the international scenario was marked by an economic recovery. The latest figures published by the IMF in October 2021 (through *World Economic Outlook*) estimate an increase in GDP for Italy of 5.8% in 2021 and 4.2% in 2022, and for Spain an increase in GDP of 5.7% in 2021 and 6.4% in 2022.

In Italy, in the first 9 months of 2021, the advertising market (*Nielsen January-September 2021*) increased by 19.3% versus 2020, with the television, online (net of search, social media and over the top), newspaper and magazine advertising markets up by 23.9%, 24%, 6% and 4.2% respectively.

In first nine months 2021, the Spanish advertising sales market grew by 15% versus 2020 (*i2p, Arce Media*). Specifically, the newspaper and magazine market fell by -3.8% and -12.6%, respectively. Conversely, advertising sales on the Internet (excluding social media) were up by 25.7%.

Economic uncertainty and the general scenario also hit daily newspaper and magazine sales figures.

Looking at circulation in Italy, the print product market continued its downturn in the first nine months of 2021. Specifically, in the first nine months of 2021, generalist newspapers and sports newspapers in Italy recorded respectively a 5% and 1.7% drop in print and digital circulation versus the same period of 2020, (*ADS January - September 2021*).

In Spain, in first nine months 2021, circulation figures show a decline for generalist newspapers (-17.6%), business newspapers (-24%) and sports newspapers (-24.8%) (*OJD*). Mention should be made that, owing to the pandemic, no official circulation figure had been published for the period from 14 March 2020 to 30 June 2020, so the 2020 comparison figure expresses an average without considering such period.

In first nine months 2021 (in the first months of the year in particular), in a context still dominated by the uncertainty brought by the health emergency:

- the **Group's** revenue, gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent grew sharply versus the figures of the same period of 2020, a performance that stems also from the rescheduling in the first nine months of the year of the sporting events that had been postponed in 2020 to the fourth quarter or that could not be held;



- gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent in first nine months 2021 have already outstripped the amounts achieved in the full year 2020;
- **RCS** achieved a net positive result of Euro 46.6 million² and continued to generate positive cash flows. *Corriere della Sera* achieved remarkable newsstand circulation results and continued the growth of digital operations: at end June, its total active digital customer base (digital edition, membership and m-site) counted 346 thousand subscriptions. At end September, the customer base for *Gazzetta's* pay products (*G ALL*, *G+*, *GPRO* and *Magic*) counted 78 thousand subscriptions. Digital subscriptions grew significantly in Spain too, reaching 73 thousand subscriptions for *El Mundo* and 36 thousand subscriptions for *Expansión* at end September 2021;
- the **TV publishing (La7) and network operator segment**³ achieved a sharp rise in results and confirmed the high audience levels of the La7 channel (3.22% in the all-day share and 4.48% in prime time). In first nine months 2021, advertising sales on La7 and La7d totaled approximately Euro 106 million (Euro 94.6 million in 2020), up by +12% versus the same period of the prior year (when revenue had performed more than 7.5 percentage points better than the TV advertising market), outstripping the figures recorded in the same period of 2019;
- the **magazine publishing segment Cairo Editore** achieved higher results than in 2020, confirmed high circulation levels of the publications, and continued to work on improving the levels of efficiency reached in containing own costs.

In first nine months 2021, consolidated gross revenue amounted to approximately Euro 836 million (comprising gross operating revenue of Euro 810.8 million and other revenue and income of Euro 25.2 million) versus Euro 697.1 million in 2020 (comprising gross operating revenue of Euro 685.5 million and other revenue and income of Euro 11.6 million), up by Euro 138.9 million, a trend that stems also from the rescheduling in the first nine months of the year of the sporting events that had been postponed in 2020 to the fourth quarter or that

² RCS Interim Management Statement at 30 September 2021, approved on 10 November 2021.

³ As a result of the changes to the Group's organizational structure, also in terms of decision-making levels, resource allocation, performance monitoring and reporting, the business segments have been reviewed, with the aggregation into a single area named "TV Publishing (La7) and Network Operator" of the two previous "TV Publishing (La7)" and "Network Operator", both mutually synergistic and functional; their aggregation within the Group ensures an effective and efficient management.



could not be held. Revenue for the period (Euro 31.6 million) benefited from the full consolidation of the amounts of m-dis.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 108.7 million and Euro 54.4 million (Euro 36.2 million and Euro -18.1 million in 2020). Net non-recurring income and expense amounted to Euro -0.8 million (Euro -5.8 million in 2020, referring primarily to provisions related to personnel measures).

In first nine months 2021, cost-cutting measures continued in order to promptly adapt the company's organization to the changed environment resulting from the health emergency. The benefits of these cost containment actions at 30 September 2021 amounted to approximately Euro 10.4 million, of which Euro 6.4 million in Italy and Euro 4 million in Spain.

Profit attributable to the owners of the parent came to approximately Euro 28.8 million (Euro -11.4 million in the same period of 2020).

Looking at the business segments, in first nine months 2021:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 6.6 million and Euro 5.2 million (Euro 5.5 million and Euro 4.2 million in 2020). Regarding weeklies, with approximately 1.2 million average copies sold in the period January-September 2021 (*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 1.4 million;
- in the **TV publishing (La7) and network operator segment⁴**, the Group achieved gross operating profit (EBITDA) of approximately Euro 6.4 million, improving by Euro 6.5 million versus the same period of 2020 (Euro -0.1 million). Operating profit (EBIT) was approximately Euro -5.8 million (Euro -11.8 million in 2020). Mention should be made that the TV publishing segment's seasonality factors generally impact on the results of the third quarter of the year;

⁴ As a result of the changes to the Group's organizational structure, also in terms of decision-making levels, resource allocation, performance monitoring and reporting, the business segments have been reviewed, with the aggregation into a single area named "TV Publishing (La7) and Network Operator" of the two previous "TV Publishing (La7)" and "Network Operator", both mutually synergistic and functional; their aggregation within the Group ensures an effective and efficient management.



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- in the **advertising segment**, gross operating profit (EBITDA) basically broke even, while operating profit (EBIT) came to Euro -1.1 million (Euro 0.7 million and Euro -1.1 million in 2020). The 2021 advertising figures are not immediately comparable to the 2020 figures as they did not include the results of the advertising sales business for RCS. As mentioned earlier, the "Advertising" segment includes mainly the results of the new company, CAIRORCS Media.
 - in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 95.8 million⁵ and Euro 56 million (Euro 30.1 million and Euro -9.4 million in 2020). Mention should be made that RCS's seasonality factors generally impact on the results of the first and third quarters of the year. Net operating revenue amounted to Euro 610 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 139.9 million and accounting for approximately 23% of total revenue. Total advertising sales from RCS online media amounted to Euro 103.1 million in first nine months 2021, making for 44.3% of total advertising revenue. Online advertising on RCS media in first nine months 2021 grew by 31.5% in Italy and by 44.6% in Spain versus the same period of 2020.

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 in the first nine months of 2021 (*ADS* for Italy and *OJD* for Spain). 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-August 2021, counted 29.7 million and 19.4 million average monthly unique users and 4 million and 3 million average daily unique users respectively (*Audiweb 2.0*). With an aggregate figure of 32.9 million average monthly unique users (net of duplications) in the period January-August 2021 (over 33 million in August), RCS confirms its position as the top online publisher in Italy. In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansión.com* reached 52.6 million, 93.8 million and 11.4 million average monthly unique browsers respectively in the first nine months of 2021, comprising both domestic

⁵ 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 above section "Alternative Performance Measures". Additionally, RCS recognizes under "Share of profits (losses) of equity-accounted investees" the Group's share of the results of CAIRORCS Media, fully consolidated by Cairo Communication. As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, totaling Euro 3.2 million in first nine months 2021, and in the pro-rata result of CAIRORCS Media amounting to Euro -0.5 million - EBITDA shown in the RCS Interim Management Statement at 30 September 2021, approved on 10 November 2021, amounted to Euro 92.1 million.



and foreign browsers and including apps (*Google Analytics*). The international English-language version of *Marca* reached 12.1 million average monthly unique browsers versus 2 million in the same period of 2020 (*Google Analytics*).

In first nine months 2021, La7's average all-day share was 3.22% and 4.48% in prime time (from 20:30 to 22:30), confirming a high-quality target audience. La7d's share was 0.49% in all-day and 0.35% in prime time. The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 7.5% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.6% from Monday to Friday, *diMartedì* 5.6%, *Piazzapulita* 5.4%, *Propaganda Live* 5.5%, *Non è l'Arena* 6.0%, *Omnibus La7* 3.4%, *Coffee Break* 3.9%, *L'Aria che tira* 5.8%, and *Tagadà* 3.32%.

La7 retained its position as the second leading generalist TV channel in terms of hours of live broadcasting, both in terms of all-day coverage (2,652 hours in the first nine months, behind Rai1 only) and in terms of prime time (585 hours, behind Rete 4), and the top generalist TV channel in terms of hours of information (3,651 hours).

The main **consolidated income statement figures** in first nine months 2021 can be compared as follows with those of the same period of 2020:

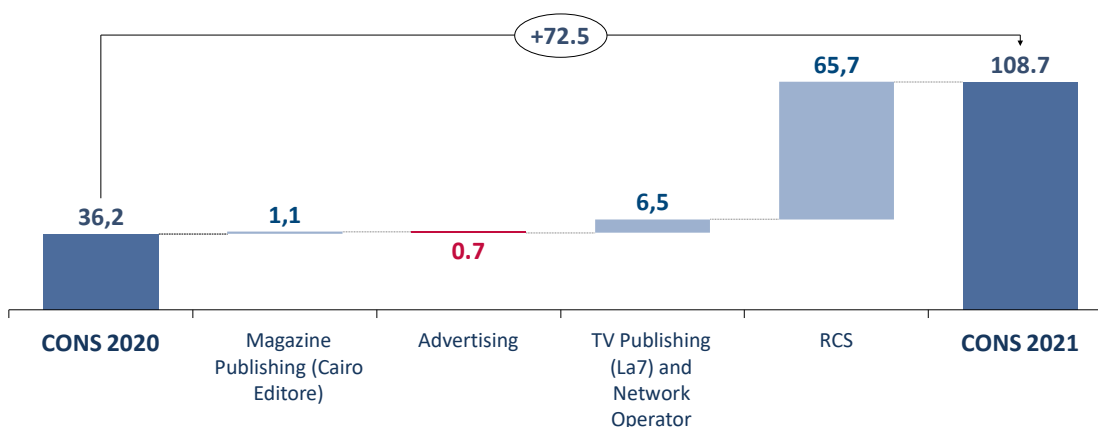


(€ millions)	30/09/2021	30/09/2020
Gross operating revenue	810.8	685.5
Advertising agency discounts	(43.7)	(38.2)
Net operating revenue	767.2	647.3
Change in inventory	1.1	(0.2)
Other revenue and income	25.2	11.6
Total revenue	793.4	658.7
Production costs	(441.9)	(389.5)
Personnel expense	(241.9)	(226.5)
Income (expense) from equity-accounted investees	(0.1)	(0.7)
Non-recurring income (expense)	(0.8)	(5.8)
Gross operating profit (EBITDA)	108.7	36.2
Amortization, depreciation, provisions and write-downs	(54.3)	(54.4)
Operating profit (EBIT)	54.4	(18.1)
Other gains (losses) from financial assets/liabilities	6.9	6.3
Net financial income	(7.3)	(9.4)
Profit (loss) before tax	54.0	(21.2)
Income tax	(6.7)	6.6
Non-controlling interests	(18.5)	3.3
Profit (loss) from continuing operations	28.8	(11.4)
Loss from discontinued operations	-	-
Profit (loss) attributable to the owners of the parent	28.8	(11.4)

In first nine months 2021, consolidated gross revenue amounted to approximately Euro 836 million (comprising gross operating revenue of Euro 810.8 million and other revenue and income of Euro 25.2 million) versus Euro 697.1 million in 2020 (comprising gross operating revenue of Euro 685.5 million and other revenue and income of Euro 11.6 million), up by Euro 138.9 million, a trend that stems also from the rescheduling in the first nine months of the year of the sporting events that had been postponed in 2020 to the fourth quarter or that could not be held. Revenue for the period (Euro 31.6 million) benefited from the full consolidation of the amounts of m-dis.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 108.7 million and Euro 54.4 million versus Euro 36.2 million and Euro -18.1 million in 2020. Net non-recurring income and expense amounted to Euro -0.8 million (Euro -5.8 million in 2020, referring primarily to provisions related to personnel measures).

The **EBITDA** reconciliation between 30 September 2020 and 30 September 2021 is shown below:



As already commented, the Group continued to pursue a series of actions to counter the impact of the health emergency both in terms of health and safety in the workplace and on the operating and financial front.

Profit attributable to the owners of the parent came to approximately Euro 28.8 million (Euro -11.4 million at 30 September 2020).

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

€ millions	30 September 2021	30 September 2020
Profit (loss) for the period	47.3	(14.7)
<i>Reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from cash flow hedges	0.1	(0.4)
Reclassification of gains (losses) from cash flow hedges	0.3	0.4
Tax effect	(0.1)	-
<i>Non-reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the fair value measurement of equity instruments	-	(0.1)
Actuarial gains (losses) from defined benefit plans	0.1	(0.4)
Tax effect	-	0.1
Total comprehensive income for the period	47.6	(14.7)
- Owners of the parent	29.1	(11.4)
- Non-controlling interests	18.5	(3.3)
	47.6	(14.7)

The Group's performance can be read better by analyzing the results of first nine months 2021 by **main business segment** (magazine publishing Cairo Editore, advertising, TV publishing La7 and network operator, and RCS) versus those of the same period of 2020.

As a result of the changes to the Group's organizational structure, also in terms of decision-making levels, resource allocation, performance monitoring and reporting, the business segments have been reviewed, with the aggregation into a single area named "TV Publishing



(La7) and Network Operator" of the two previous "TV Publishing (La7)" and "Network Operator", both mutually synergistic and functional; their aggregation within the Group ensures an effective and efficient management.

Given the material amounts versus the Group's other operating segments, the results of "Il Trovatore" are shown under "Eliminations and unallocated items".

Consistently, the corresponding analysis of 2020 segment results has also been restated.

2021	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	63.4	278.8	75.4	636.0	(242.7)	810.8
Advertising agency discounts	-	(35.9)	-	(26.0)	18.2	(43.7)
Net operating revenue	63.4	242.9	75.4	610.0	(224.5)	767.2
Change in inventory	(0.0)	-	-	1.1	-	1.1
Other revenue and income	2.5	2.2	2.3	21.4	(3.2)	25.2
Total revenue	65.9	245.1	77.7	632.5	(227.7)	793.4
Production costs	(46.4)	(226.7)	(43.3)	(353.3)	227.8	(441.9)
Personnel expense	(12.9)	(18.4)	(28.0)	(182.5)	(0.1)	(241.9)
Income (expense) from equity-accounted investees	-	-	-	(0.1)	-	(0.1)
Non-recurring income (expense)	-	-	-	(0.8)	-	(0.8)
Gross operating profit (EBITDA)	6.6	(0.0)	6.4	95.8	0.0	108.7
Amortization, depreciation, provisions and write-downs	(1.3)	(1.1)	(12.2)	(39.8)	(0.0)	(54.3)
Operating profit (EBIT)	5.2	(1.1)	(5.8)	56.0	0.0	54.4
Other gains (losses) from financial assets/liabilities	-	-	-	6.9	-	6.9
Net financial income	(0.0)	(0.3)	(0.0)	(6.9)	0.0	(7.3)
Profit (loss) before tax	5.2	(1.4)	(5.8)	56.0	0.0	54.0
Income tax	0.4	0.1	2.6	(9.9)	(0.0)	(6.7)
Non-controlling interests	-	-	-	(18.5)	(0.0)	(18.5)
Profit (loss) from continuing operations	5.6	(1.3)	(3.1)	27.6	0.0	28.8
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the parent	5.6	(1.3)	(3.1)	27.6	0.0	28.8



2020	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	68.5	109.9	68.0	516.4	(77.2)	685.5
Advertising agency discounts	-	(15.7)	-	(22.6)	0.2	(38.2)
Net operating revenue	68.5	94.1	68.0	493.7	(77.0)	647.3
Change in inventory	0.0	-	-	(0.2)	-	(0.2)
Other revenue and income	1.3	0.7	3.0	7.7	(1.1)	11.6
Total revenue	69.8	94.8	71.0	501.1	(78.1)	658.7
Production costs	(51.9)	(87.5)	(44.0)	(284.2)	78.1	(389.5)
Personnel expense	(12.4)	(6.5)	(27.2)	(180.3)	(0.1)	(226.5)
Income (expense) from equity-accounted investees	-	-	-	(0.7)	-	(0.7)
Non-recurring income (expense)	-	-	-	(5.8)	-	(5.8)
Gross operating profit (EBITDA)	5.5	0.7	(0.1)	30.1	(0.0)	36.2
Amortization, depreciation, provisions and write-downs	(1.3)	(1.9)	(11.7)	(39.5)	(0.0)	(54.4)
Operating profit (EBIT)	4.2	(1.1)	(11.8)	(9.4)	(0.0)	(18.1)
Other gains (losses) from financial assets/liabilities	-	-	-	6.3	-	6.3
Net financial income	0.0	(0.4)	(0.3)	(8.8)	(0.0)	(9.4)
Profit (loss) before tax	4.2	(1.5)	(12.1)	(11.8)	(0.0)	(21.2)
Income tax	(0.6)	0.4	3.2	3.6	(0.0)	6.6
Non-controlling interests	-	-	-	3.3	0.0	3.3
Profit (loss) from continuing operations	3.6	(1.2)	(8.8)	(4.9)	(0.0)	(11.4)
Loss from discontinued operations	-	-	-	-	(0.0)	(0.0)
Profit (loss) for the period attributable to the owners of the parent	3.6	(1.2)	(8.8)	(4.9)	(0.0)	(11.4)

The main consolidated **statement of financial position** figures at 30 September 2021 can be compared as follows with those at 31 December 2020:

(€ millions)	30/09/2021	31/12/2020
Property, plant and equipment	66.4	70.9
Rights of use on leased assets	147.9	164.9
Intangible assets	984.8	982.3
Financial assets	39.4	39.5
Deferred tax assets	95.1	96.3
Net working capital	(87.2)	(58.6)
Total assets	1,246.4	1,295.4
Non-current liabilities and provisions	108.8	109.3
Deferred tax provision	161.9	164.2
(Financial position)/Net debt	(1.6)	63.2
Liabilities from leases (pursuant to IFRS 16)	162.8	180.9
Equity attributable to the owners of the parent	492.0	468.4
Equity attributable to non-controlling interests	322.5	309.4
Total equity and liabilities	1,246.4	1,295.4



In 2021, as part of the share buy-back plans, no treasury shares were sold or purchased. At 30 September 2021, 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 of RCS on 29 April 2021 approved the distribution of a dividend of Euro 0.03 per share, gross of tax, with ex-dividend date on 17 May 2021, for a total of approximately Euro 15.5 million (Euro 9.3 million the share of Cairo Communication),
- the Shareholders' Meeting of Cairo Communication on 30 April 2021 approved the distribution of a dividend of Euro 0.04 per share, gross of tax, with ex-dividend date on 24 May 2021, for a total of Euro 5.4 million.

The change in net financial debt as a result of the distribution of dividends was approximately Euro 11.6 million at Group level.

The consolidated **net financial position** at 30 September 2021, versus the situation at 31 December 2020, can be summarized as follows:

Net financial position (€ millions)	30/09/2021	31/12/2020	Changes
Cash and cash equivalents	90.1	87.4	2.7
Other current financial assets and financial receivables	0.3	6.9	(6.6)
Current financial assets (liabilities) from derivative instruments	(0.3)	(0.1)	(0.2)
Current financial payables	(51.5)	(97.4)	45.9
Current net financial position (net financial debt)	38.6	(3.3)	41.9
Non-current financial payables	(36.9)	(58.9)	22.0
Non-current financial assets (liabilities) from derivative instruments	(0.1)	(1.0)	0.9
Non-current net financial position (net financial debt)	(37.0)	(59.9)	22.9
Net financial position (net financial debt)	1.6	(63.2)	64.8
Liabilities from lease contracts (pursuant to IFRS 16)	(162.8)	(180.9)	18.1
Total net financial position (net financial debt)	(161.2)	(244.1)	82.9



The consolidated **net financial position** at 30 September 2021 stood at approximately Euro 1.6 million, improving by Euro 64.8 million versus end 2020 (Group net financial debt of Euro 63.2 million at 31 December 2020) and by Euro 101.5 million versus September 2020 (net financial debt of Euro 99.9 million). At 30 September 2021, the net financial debt of RCS stood at Euro 14.8 million (Euro 59.6 million at 31 December 2020). The net financial position was negatively impacted mainly by the consolidation of m-dis (which carried a debt of Euro 12.2 million at 30 September 2021, due to the seasonal trend in working capital too), and the net effects of dividend payouts for Euro 11.6 million. Conversely, the positive effects of the net proceeds from the sale of investments and fixed assets, totaling Euro 6.3 million, refer mainly to the sale of Unidad Editorial Juegos.

Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 162.8 million, amounted to Euro 161.2 million (Euro 244.1 million at 31 December 2020).

4. Revenue

Gross operating revenue in first nine months 2021, split up by main business segment, can be analyzed as follows versus the amounts of the same period of 2020:

2021	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
TV advertising	-	107.0	71.8	0.2	(72.6)	106.4
Advertising on print media, Internet and sporting events	6.8	170.6	1.9	258.6	(162.0)	276.0
Other TV revenue	-	-	0.9	2.1	(0.3)	2.7
Magazine over-the-counter sales and subscriptions	57.3	-	-	282.5	(1.9)	337.8
VAT relating to publications	(0.7)	-	-	(2.0)	-	(2.7)
Other revenue	-	1.2	0.8	94.7	(6.0)	90.6
Total gross operating revenue	63.4	278.8	75.4	636.0	(242.7)	810.8
Other revenue	2.5	2.2	2.3	21.4	(3.2)	25.2
Total gross revenue	65.8	281.0	86.7	657.3	(254.9)	836.0
2020	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
TV advertising	-	96.0	65.1	0.4	(65.9)	95.5
Advertising on print media, Internet and sporting events	7.7	13.4	1.5	207.2	(9.9)	219.8
Other TV revenue	-	-	1.2	4.0	(0.5)	4.6
Magazine over-the-counter sales and subscriptions	61.6	-	-	258.8	(0.3)	320.1
VAT relating to publications	(0.8)	-	-	(2.3)	-	(3.1)
Other revenue	-	0.5	0.3	48.4	(0.6)	48.5
Total gross operating revenue	68.5	109.9	68.0	516.4	(77.2)	685.5
Other revenue	1.3	0.7	3.0	7.7	(1.1)	11.6
Total gross revenue	69.7	110.5	71.0	524.0	(78.3)	697.1



As a result of the consolidation of m-dis (i) the item "sale of publications and subscriptions" includes Euro 20.1 million in circulation revenue from the distribution of products of third-party publishers, and (ii) the item "sundry revenue" includes Euro 11.5 million in revenue from other services, for a total of Euro 31.6 million.

MAGAZINE PUBLISHING CAIRO EDITORE

Cairo Editore - Cairo Publishing

Cairo Editore operates in the magazine publishing field through (i) weeklies "*Settimanale DIPIU*", "*DIPIU' TV*", and bi-weekly supplements "*Settimanale DIPIU' e DIPIU'TV Cucina*" and "*Settimanale DIPIU' e DIPIU'TV Stellare*", "*Diva e Donna*" and the fortnightly "*Diva e Donna Cucina*", "*TV Mia*", "*Settimanale Nuovo*", "*F*", "*Settimanale Giallo*" and "*NuovoTV*", "*Nuovo e Nuovo TV Cucina*", "*Enigmistica Più*" and "*Enigmistica Mia*", (ii) monthlies "*For Men Magazine*" and "*Natural Style*" and (iii) through its Editoriale Giorgio Mondadori division with monthlies "*Bell'Italia*", "*Bell'Europa*", "*In Viaggio*", "*Airone*", "*Gardenia*", "*Arte*" and "*Antiquariato*".

In first nine months 2021, against a persisting backdrop of uncertainty brought by the health emergency, Cairo Editore improved its results versus those of the same period of 2020, and continued to work on improving the levels of efficiency reached in containing production, publishing and distribution costs.

Gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 6.6 million and approximately Euro 5.2 million (Euro 5.5 million and Euro 4.2 million in the same period of 2020).

The Group weeklies reported high circulation results, with an average ADS weekly circulation in the January-August period of 2021 of 352,130 copies for "*Settimanale DIPIU*", 169,801 copies for "*DIPIU' TV*", 56,520 copies for "*Settimanale DIPIU' e DIPIU'TV Cucina*", 122,190 copies for "*Diva e Donna*", 167,619 copies for "*Settimanale Nuovo*", 98,969 copies for "*F*", 70,914 copies for "*TVMia*", 57,982 copies for "*Settimanale Giallo*", and 67,870 copies for "*NuovoTV*", reaching a total of approximately 1.2 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 1.4 million.



ADVERTISING

With regard to the advertising segment, at end 2020 Cairo Communication and RCS signed an agreement to regulate the terms and conditions of a corporate and business cooperation for the transfer, in a newly-established investee held on an equal basis, CAIRORCS Media S.p.A., by RCS and Cairo Pubblicità of their respective advertising sales business units for, respectively, RCS's print and online titles in Italy and the print, television and online titles of Cairo Editore and La7, as well as, for both businesses, certain third-party media. The transfers became effective as from 1 January 2021.

The purpose of the Transaction is to ensure the effective and unified management of the advertising agency business and sale of advertising space, maximizing synergies at group level.

The business segments of the Advertising division of RCS and Cairo Pubblicità are, in fact, highly complementary and the transfer of advertising sales activities to CAIRORCS builds a broader business proposition, concurrently covering all major areas of communication - from the web to magazines and television - and creates a more effective offering promoted as it is jointly and with greater client penetration.

Specifically, the integration of the activities of the advertising agencies allows RCS and Cairo Pubblicità to leverage on each other's strengths on the market, by increasing the market shares of clients currently shared by the two companies, and by partaking both exclusive and loyal clients.

Additionally, the Transaction enables the two companies to pool their wealth of experience and know-how, both in terms of knowledge of client acquisition models, and in identifying new models of market coverage, by implementing processes for sharing industrial and business best practices.

The 2021 advertising segment figures are, therefore, not immediately comparable to the 2020 figures as they did not include the results of the advertising sales business for RCS. In keeping with prior years, the advertising segment also includes the results of Cairo Communication S.p.A..

In first nine months 2021, gross operating profit (EBITDA) basically broke even, while operating profit (EBIT) came to Euro -1.1 million (Euro 0.7 million and Euro -1.1 million in the same period of 2020).

In first nine months 2021, starting from April, advertising sales began to show significant growth versus 2020, a period badly affected by the health emergency:



- advertising sales on La7 and La7d channels totaled approximately Euro 106 million (Euro 94.6 million in the same period of 2020), up by +12% versus the same period of the prior year;
- advertising sales on Cairo Editore titles amounted to Euro 8.7 million (Euro 10 million in the same period of 2020);
- gross advertising revenue of the RCS titles, amounting to Euro 151.8 million, increased by 20% overall versus the same period of 2020, with the online medium on a strong rise (approximately +31.5%).

TV PUBLISHING (La7) AND NETWORK OPERATOR

As already commented, as a result of the changes to the Group's organizational structure, also in terms of decision-making levels, resource allocation, performance monitoring and reporting, the business segments have been reviewed, with the aggregation into a single area named "TV Publishing (La7) and Network Operator" of the two previous "TV Publishing (La7)" and "Network Operator", both mutually synergistic and functional; their aggregation within the Group ensures an effective and efficient management.

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 to restructure the company, achieving, as early as the May-December eight-month period of 2013, a positive gross operating profit (EBITDA), strengthening in the years that followed the results of the cost rationalization measures implemented.

In first nine months 2021, the TV publishing (La7) and network operator segment achieved gross operating profit (EBITDA) of approximately Euro 6.4 million, an improvement of Euro 6.5 million versus the same period of 2020 (Euro -0.1 million), and operating profit (EBIT) of approximately Euro -5.8 million (Euro -11.8 million in the same period of 2020).

In first nine months 2021, La7's average all-day share was 3.22% and 4.48% in prime time (from 20:30 to 22:30), confirming a high-quality target audience. La7d's share was 0.49% in all-day and 0.35% in prime time. The channel's news and discussion programmes all



continued to deliver remarkable results: *Otto e Mezzo* with 7.5% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.6% from Monday to Friday, *diMartedì* 5.6%, *Piazzapulita* 5.4%, *Propaganda Live* 5.5%, *Non è l'Arena* 6.0%, *Omnibus La7* 3.4%, *Coffee Break* 3.9%, *L'Aria che tira* 5.8%, and *Tagadà* 3.32%.

La7 retained its position as the second leading generalist TV channel in terms of hours of live broadcasting, both in terms of all-day coverage (2,652 hours in the first 9 months, behind Rai1 only) and in terms of prime time (585 hours, behind Rete 4), and the top generalist TV channel in terms of hours of information (3,651 hours).

With regard to network operator activities, the Group company Cairo Network took part in 2014 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 to use a lot of frequencies ("mux") for a period of 20 years, and entering in January 2015 with EI Towers S.p.A. into an agreement for the realization and subsequent long-term technical management in full service mode (hospitality, service and maintenance, use of broadcasting infrastructure, etc.) of the electronic communications network for the broadcasting of audiovisual media services on frequencies allocated. 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.

In August, an agreement was reached with Dazn for the lease of digital terrestrial bandwidth via a new channel, *Dazn Channel*, which acts as a backup to the OTT service.

Note 28, "*Other information*", of the Notes to the consolidated financial statements of the 2021 half-year report contains a detailed description of the current developments in the legislative and regulatory framework regarding the rights of use of television frequencies, following the provisions of the 2018 and 2019 Budget Laws, and of Cairo Network's distinctive position against this backdrop.

After the end of the first half, following the outcome of the tender procedure launched by MISE

- with a ruling issued on 2 July 2021, the Ministry of Economic Development announced that Cairo Network had been awarded the right of use, without specifying the frequencies, corresponding to half of the newly-planned national multiplex, concurrently requesting payment of the amount offered in the tender and to express a choice for a national network of the PNAF (for the purposes of issuing specific rights of use among frequencies available);



- Cairo Network, concurrent to challenging the above ruling of 2 July, paid half the amount offered in the tender and requested payment of the remainder in three annual instalments;
- on 6 August 2021 the Ministry of Economic Development announced also the measure 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" operating on channels 21, 23, 25, 33 and 35.

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 various magazines such as *Telva* ..

RCS is also marginally active in the Pay TV market in Italy, through the satellite 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*.

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; March 2020, instead, saw the start of activities of *RCS Academy*, the new 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,⁶ marking a return to positive territory by the RCS Group (the first time since 2010), and in 2017⁶, 2018⁶ 2019⁶ and 2020⁶ the net result had amounted to Euro 71.1 million, Euro 85.2 million, Euro 68.5 million and Euro 31.7 million.

⁶ RCS 2017, 2018, 2019 and 2020 Annual Report



In first nine months 2021, amid the uncertainty caused by the health emergency, RCS achieved - in the consolidated financial statements of Cairo Communication - gross operating profit (EBITDA) of approximately Euro 95.8 million⁷ and operating profit (EBIT) of Euro 56 million (respectively Euro 30.1 million and Euro -9.4 million in 2020), up sharply versus the same period of the prior year, a trend that stems also from the relocation in the first nine months of the year of the sporting events that in 2020 had been postponed to the fourth quarter or could not be held. In 2020, non-recurring expense, amounting to Euro -5.8 million, referred mainly to the allocation of provisions for personnel interventions.

The activities on developing and enhancing the editorial offering were complemented by extraordinary actions taken on costs to promptly adjust the company organization to the changed environment. The benefits of these cost containment actions in first nine months 2021 amounted to approximately Euro 7.2 million, of which Euro 3.2 million in Italy and Euro 4 million in Spain.

In first nine months 2021, consolidated net operating revenue generated by RCS amounted to approximately Euro 610 million, up by a total of Euro 116.3 million versus 2020. Revenue for the period still felt the brunt of the health emergency, due in particular to the decline versus 2019 in the circulation of sports newspapers, still affected by the temporary closure of bars and the restrictions on the reading of newspapers there. As a result of the changed scope of consolidation, revenue at 30 September 2021 includes Euro 33.2 million from the full consolidation of the amounts of m-dis.

RCS total digital revenue (Italy and Spain), which amounted to approximately Euro 139.9 million, accounted for approximately 23% of total revenue. Total advertising sales from RCS online media amounted to Euro 103.1 million in first nine months 2021, making for 44.3% of total advertising revenue. Online advertising on RCS media in first nine months 2021 grew by 31.5% in Italy and by 44.6% in Spain versus the same period of 2020.

Both Italian newspapers retained their circulation leadership in their respective market segments at September 2021 (*ADS*).

In Italy, in the first nine months of 2021, *Corriere della Sera* recorded an average of 259 thousand copies distributed, including average digital copies, while *La Gazzetta dello Sport*

⁷ 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 above section “Alternative Performance Measures”. Additionally, RCS recognizes under “Share of profits (losses) of equity-accounted investees” the Group's share of the results of CAIRORCS Media, fully consolidated by Cairo Communication. As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, totaling Euro 3.2 million in first nine months 2021, and in the pro-rata result of CAIRORCS Media amounting to Euro -0.5 million - EBITDA shown in the RCS Interim Management Statement at 30 September 2021, approved on 10 November 2021, amounted to Euro 92.1 million.



recorded an average of 102 thousand copies distributed, including average digital copies (*ADS January-September 2021*). The newsstand circulation of *La Gazzetta dello Sport* has been affected in the period since March by the temporary shuttering of bars and public venues, which play a significant role in circulation. In this emergency phase, *Corriere della Sera*, leveraging on its recognized authority and solid editorial positioning, was able to achieve the excellent newsstand circulation results and, most importantly, to continue the growth in digital development. At end September, the total active digital customer base for *Corriere della Sera* (digital edition, membership and m-site) reached 346 thousand subscriptions. Considering total sales in Italy as measured by ADS as from 2021, *Corriere della Sera* outperformed the market, dropping by 1.7% versus the market's 4.4% (*ADS January-September 2021*).

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-August 2021, counted 29.7 million (29.1 million in the same period of 2020) and 19.4 million average monthly unique users (13.9 million in the same period of 2020) and 4 million and 3 million average daily unique users (4.5 million and 2.2 million in the same period of 2020) (*Audiweb 2.0*). With an aggregate figure of 32.9 million average monthly unique users (net of duplications) in the period January-August 2021 (over 33 million in August), RCS confirms its position as the top online publisher in Italy. At end September, the customer base for *Gazzetta's* pay products (which includes *G ALL*, *G+*, *GPRO* and *Magic* products) amounted to 77 thousand subscriptions.

The average daily circulation of *El Mundo* in first nine months 2021 was 61 thousand copies (including digital copies, Internal Source). Average daily circulation of sports daily *Marca* (including digital copies) in the period dropped to approximately 65 thousand (Internal Source), while in first nine months 2021 *Expansión* recorded an average daily circulation of approximately 24 thousand copies, including digital copies (Internal Source). The two newspapers retained their circulation leadership in their respective market segments also in first nine months 2021 (*OJD*).

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 52.6 million, 93.8 million and 11.4 million average monthly unique browsers respectively in the nine months, comprising both domestic and foreign browsers and including apps (*Google Analytics*). The international English-language version of *Brand* reached 12.1 million average monthly unique browsers versus 2 million in the same period of 2020.



In Spain, digital subscriptions grew in September with approximately 73 thousand subscriptions for *elmundo.es* and approximately 36 thousand subscriptions for *expansion.com* at the end of September.

At 30 September 2021, net financial debt stood at Euro 14.8 million, improving by Euro 44.8 million versus 31 December 2020. Net financial debt was negatively impacted, in addition to investments and non-recurring expense, also by (i) the distribution of dividends of Euro 15.6 million, (ii) the consolidation of m-dis, which at 30 September 2021 carries a debt of Euro 12.2 million, due also to the seasonal trend in working capital, and (iii) the financial effect, amounting to Euro 3.9 million at 1 January 2021 of the contribution to CAIRORCS Media (which has a positive net financial position of Euro 7.4 million at 30 September 2021). Conversely, the positive effects of the net proceeds from the sale of investments and fixed assets, totaling Euro 6.3 million, refer mainly to the sale of the Spanish subsidiary Unidad Editorial Juegos.

The total net financial debt of RCS, which includes financial liabilities from leases recognized in accordance with IFRS 16, totaling Euro 139.3 million (mainly property leases), amounted to Euro 154.1 million (Euro 214.5 million at 31 December 2020).

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

In Italy, regarding the main initiatives only:

- *La Gazzetta dello Sport* offered its readers five issues of *G Magazine* dedicated to Luna Rossa in the *America's Cup*, the new cycling season, tennis, the European Football Championship and the Tokyo Olympics;
- *Corriere della Sera* published a series of guides: *Le Guide del Corriere Economia*, *Le Guide di Corriere Salute*, and *Le Guide all'escursionismo* in association with the CAI (Italian Alpine Club);
- the newsletter schedule was further enhanced with those of "Cook", "Buone Notizie", "La 27esima ora", "Corriere Torino", "Corriere Veneto" and "Corriere Bologna";
- the digital offering was enhanced with content in podcast format: *Incontri*, *L'Amazzacaffè*, "Radio italians", "Mama non Mama" (9 May);
- starting from March, *Corriere della Sera* launched the "Artista day" project in association with Radio Italia;
- in the run up to the *Milano Marathon*, *Gazzetta Active* organized the *BeActive* digital training project;



- from 27 to 29 May, the *Digilive* platform held the "*Gazzetta Motori Days*" event, streamed live on *Gazzetta.it* and dedicated to the automotive world. The event was a huge success, garnering over five million video views;
- on 28 May, *Corriere della Sera*'s weekly magazine *7* hit the newsstands unveiling a new format and graphical design;
- on 27 June, *Corriere della Sera* celebrated the 500th issue of its supplement *La Lettura* with a special collectors' edition;
- July saw the release of the new digital edition of *Corriere della Sera*;
- for the European Football Championship, *Gazzetta dello Sport* created a series of initiatives: *Album dell'Europeo*, a collector's edition of *La Gazzetta dello Sport* on blue paper, and the "*Gazzetta Social Club*" project. To celebrate Italy's victory, *La Gazzetta dello Sport* published five DVDs and a book, while *Corriere della Sera* celebrated with a 24-page special;
- 14 July saw the fourth edition of "*Gran Galà della Neve e del Ghiaccio*", organized by *La Gazzetta dello Sport*, in association with Fisi, Fisg and Fondazione Cortina;
- *Gazzetta dello Sport* organized various initiatives to follow the Tokyo Olympics, including a *Grande Gazzetta* with an upside-down cover and coverage on the *gazzetta.it* website, live 24 hours a day from Tokyo. On 8 August, *Corriere della Sera* published a tribute insert on the great Olympic adventure and on 12 August, *Gazzetta dello Sport* sold the book "*Due ragazzi d'oro*";
- *Corriere della Sera* created and published on 24 August the book "*Ribelli*" to celebrate the stories of the most famous Italian Paralympic athletes;
- on 10 September, *Corriere della Sera* and *7* published a supplement in daily format to mark the 20th anniversary of the Twin Towers tragedy of 11 September 2001;
- as for series and add-ons, *Corriere della Sera* and *La Gazzetta dello Sport* enriched their range of publications with various initiatives, including the "*Anastatika di Diabolik*" series, the complete series of the *Naruto* manga, the facsimile reproduction of the "*Strisce di TEX*" series, the "*I miti dello Sport 2*" series, "*Yoga - Teoria e Pratica*", "*I signori della guerra*", "*Storia dei Grandi Segreti d'Italia*", "*Dante*", the series dedicated to the Middle Ages, the series of eight crime novels written by Alessia Gazzola, the "*Le frontiere della medicina*" series, the "*Master di Fotografia*", the "*Grandi Miti Greci*" series, as well as the "*Le Leggende DC*" series of comics and the biography of Steve Jobs 10 years after his death;



-
- in 2021, many initiatives aimed at consolidating the customer base of *Corriere della Sera's* digital subscribers, including webinars dedicated to health (COVID-19 vaccines) and the economy;
 - in third quarter 2021, work began on upgrading the digital offerings of the local editions of *Corriere della Sera*, with particular regard to the Milan, Turin, Rome, Florence and Bologna areas through graphical design, new editorial services (newsletters, weather, youth football), and the development of fun bases on the social profiles of each title;
 - in the nine-month period, the strong growth of *La Gazzetta dello Sport's* digital content continued, making it the leading news site in August with over 4.6 million daily unique users (*Audiweb*). Results achieved thanks to the broad editorial coverage, the technical and editorial work on the SEO source, the growth of the video area and the Podcast offering. Also worthy of note were the social media activities, Instagram in particular, to increase audience and user engagement;
 - *Gazzetta's* pay offer was enriched with strong content independent of the newspaper with new columns and daily newsletters;
 - the *Gazzanet* network underwent full graphical restyling, both desktop and mobile, of its portfolio of 24 sites, with the aim of improving user experience and speeding up the loading and browsing of pages;
 - in 2021, the schedule of *Corriere* events was confirmed and enriched thanks also to digital platforms and live streaming activities:
 - the *Economia* editorial system with the *Italia Genera Futuro* review awarded and celebrated the 1,000 Italian "champion" SMEs, the "Economie d'Italia" path cast a spotlight on regional excellence, expression of the local business fabric;
 - on 16 May - in conjunction with the 12th edition of "*Cibo a regola d'arte*" - the prize-giving ceremony of *Cook Awards 2020* was held, the awards established by the monthly magazine *Cook* and *Corriere della Sera*;
 - on 4 and 5 June, for the World Environment Day, a two-day online marathon was held with *Pianeta 2021*; *Corriere della Sera* turned green for the occasion in both its print and digital versions;
 - from 13 to 24 September - as last year, in the double online and physical version - the eighth edition of "*Il tempo delle donne*" was held, an event created by *La27esimaOra* named "*Un altro genere di forza – Lavoro, relazioni, diritti, sport e scienza*";
 - from 20 September to end October, the second edition of *Campbus* took place, the bus-workshop of the innovative educational project of *Corriere della Sera*;



- on 22 and 23 September, the *Women in food* event was held, organized by *Cook*. In October, the fourth edition of *Festival dello Sport* was held in Trento: four days of live events, talk shows, debates and camps around the city with a hundred events and over two hundred guests. It was a physical event, in compliance with all health regulations, with many appointments broadcast on the website *gazzetta.it*, to reach an even wider audience.

In 2021 too, the titles in the magazines area launched various editorial initiatives, including the 25th anniversary of *iO Donna*, the 30th anniversary of *Dove*, celebrated with a graphical restyling of the magazine, and the restyling of *Abitare*, relaunched for its 60th anniversary, and the publication of a photographic book dedicated to Raffaella Carrà.

RCS Academy, the Group's business school launched in 2019, pursued its development plan during 2021, continuing its activities in compliance with the COVID-19 restrictions. The opening months of the year saw the completion of the online delivery of the master's degrees started in late 2020. May saw the launch of the master's degree programs of the 2021-2022 schedule, with return to classroom and the concurrent possibility of remote attendance.

In the first nine months, a number of business conference initiatives were implemented, addressed to businesses and professionals, in on-line talk mode, in association with *corriere.it*, on the topics of fashion, retail, healthcare and energy, in partnership with major clients and leading market companies.

As for the Books segment, signs of a market recovery are confirmed not only versus 2020 (+26.4% in volume, +25.3% in value) but also versus 2019 (+17.8% in volume, +20.6% in value).

Against this backdrop, the path of growth of the Books area continued after 2020, a year dominated by the COVID difficulties. Revenue grew at a higher rate than the market both versus 2019 (+42% in volume, +52% in value) and 2020, with a good ranking (GFK new titles 1° 2021), particularly with the following titles: *Moglie di Dante* (Marazza), *Le Italiane* (Cazzullo), *Ho scelto la vita. La mia ultima testimonianza pubblica sulla Shoah* (Segre), *Il caso Moro e la Prima Repubblica* (Veltroni), *Nero come il sangue. Storia dell'omicidio dalla Rivoluzione francese ai giorni nostri* (Picozzi and Lucarelli), *Anima e Cacciavite* (Letta), *La fuga di Enea* (Scurati), *La scuola ci salverà* (Maraini), *Compiti delle Vacanze per Adulti* (Various Authors), *Dalla terra al pane* (Fulvio Marino), *Inter nos interismi 2021* (Severgnini).

In Spain, regarding the main initiatives only:

- in first nine months 2021, thanks also to a greater presence of its audio content on *marca.com* and other digital platforms such as iTunes, Spotify or Ivoox, *Radio Marca* increased its digital audience;



- February saw the launch of the new "*Sostenibles*" section of *elmundo.es*, focused on green transition;
- March 2021 witnessed the birth of *Expansión Economía Sostenible*, a new section of *Expansión* appearing every Wednesday in the newspaper and every day on the website;
- March 2021 saw the launch of *Expansión Alimentación y Distribución*, a weekly newsletter on the food industry;
- in the area of audiovisual content production mention should be made of the signing of various production agreements, including with Amazon for the production of *Cronica Marca* and *Rafa Nadal Academy*, and with the Madrid TV channel Telemadrid, for a new production entitled "*A un metro de ti*";
- on 29 April 2021, *El Mundo* distributed the cooking special "*Metrópoli España Gastro*";
- for the local elections in the Comunidad of Madrid on 4 May 2021, *El Mundo* organized a series of "digital meetings" with the candidates running for the presidency of the Comunidad;
- 6 May 2021 saw the organization of the meeting with *El Mundo "Green and Digital Europe, technology and sustainability, a road to the future"*, graced by the presence of Frans Timmermans, Vice-President of the European Commission and top representatives from the institutions and the economic world;
- June 2021 saw the launch of the new Daily Podcast: *El Mundo al dia*;
- in May 2021 *marca.com* launched its internal section "*Territorio Apuestas*";
- with the start of the European Football Championship, *Marca* launched a series of initiatives: an extra-large format special dedicated to the event, the "*Porra Marca de la Eurocopa*" initiative and the TV sports analysis programme "*Con la 10*";
- to celebrate its 35th anniversary, *Expansión* organized events and "specials" on: digitization, sustainability and the post-COVID-19 economy;
- on 8 and 9 June, the second edition of "*El Foro Económico Internacional Expansión*" was held, with the discussion focused on how to come out of the economic and social crisis caused by the pandemic and the title "*Building a sustainable world for future generations*". Globalization, digitization of the economy, and sustainability were the topics treated by distinguished guests. The event was organized in association with *The European House Ambrosetti*;



- on July 15, *marca.com* launched the "*signwall*" for premium content development to encourage qualified membership and "logged in" browsing in *marca.com* (web and app);
- on July 19, *marca.com* launched the *Tokyo Olympic Games Special* reaching 20.4 million users who generated 124.8 million page views, followed in August by the *Guide to the Liga 21/22*;
- 27 September saw the launch of a new editorial initiative of *El Mundo* named "*Gran Madrid*", covering news from the Spanish capital and its Autonomous Community;
- on 10 September, *Expansion* launched the sports industry newsletter *Deporte y Negocio*;
- *Marca Gaming*, section of *marca.com* dedicated to the world of video games also streamed live in August 2021 reached its record traffic with a total of 2.3 million unique users and 4.3 million page views (*Google Analytics*);
- on 29 September, *Telva* held the "*1st Congress on Energy and Happiness*".

With regard to the dispute on the Via Solferino property complex, , reference is made to Note 28 "Other information" of the notes to the consolidated financial statements in the 2021 Half-Year Report and the additional information published by RCS on 12 August 2021. After 30 June 2021, with regard to the dispute pending before the Supreme Court of the State of New York, on 31 August 2021, RCS filed a motion to dismiss against the second amended complaint filed by the counterparties at end June 2021, which was followed by an exchange of defense briefs. With regard to the dispute challenging the arbitration awards filed by RCS and pending at the Milan Court of Appeal, on 4 October 2021 the counterparty filed its Court appearance with cross-appeal to the part relating to the ruling on costs and pursuant to Article 96 of the Code of Civil Procedure.

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5. Transactions with parents, subsidiaries and associates

The following are identified as related parties:

- the direct and indirect parent entities of Cairo Communication S.p.A., their subsidiaries, associates and affiliates of the Group. The Ultimate Parent of the Group is U.T. Communications S.p.A.;
- directors, statutory auditors, key management personnel and their close relations.



Details are provided in the following tables on related party transactions, broken down by balance sheet heading. Intercompany relations eliminated in the consolidation process are excluded.

Receivables and financial assets (€ millions)	Trade receivables	Receivables from tax consolidation	Other current financial assets
Parents	-	0,4	-
Associates	6,6	-	-
Other affiliates	0,1	-	-
Other related parties	0,2	-	-
Total	6,9	0,4	-

Payables and financial liabilities (€ millions)	Trade and other payables	Other current financial liabilities	Other non-current financial liabilities
Parents	-	-	-
Associates	11,2	-	-
Other affiliates	1,0	-	-
Other related parties	-	-	-
Total	12,2	-	-

Revenue and costs (€ millions)	Operating revenue	Operating costs	Income (expense) from investments
Parents	-	-	-
Associates	1.9	(14.6)	0.1
Other affiliates	0.1	(1.4)	-
Other related parties	0.4	(0.2)	-
Total	2.4	(16.2)	0.1

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 13.2 million in first nine months 2021, and hold trade payables of Euro 10.5 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 nine months 2021 of Euro 1.4 thousand to the concession holder against



revenue of Euro 1.7 thousand net of agency discounts. CAIRORCS Media earned further commissions of Euro 80 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 0.1 million.

Transactions with “other related parties” refer mainly to RCS commercial dealings with the Della Valle group, in respect of which Group companies generated revenue of Euro 0.4 million. Trade receivables amounted to Euro 0.2 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.

The procedures adopted by the Group for related party transactions, to ensure transparency and substantial and procedural fairness, implemented by the Group, are explained in the 2020 “*Report on Corporate Governance and Ownership Structure*”.

6. Events occurring after the quarter and business outlook

In first nine months 2021, in a backdrop still dominated, in particular in the first months of the year, by the uncertainty deriving from the health emergency:

- the **Group's** revenue, gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent grew sharply versus the figures of the same period of 2020, a performance that stems also from the rescheduling in the first nine months of the year of the sporting events that had been postponed in 2020 to the fourth quarter or that could not be held;
- gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent in first nine months 2021 have already outstripped the amounts achieved in the full year 2020;
- **RCS** achieved a net positive result of Euro 46.6 million⁸ and continued to generate positive cash flows. *Corriere della Sera* achieved remarkable newsstand circulation results and continued the growth of digital operations: at end June, its total active digital customer base (digital edition, membership and m-site) counted 346 thousand subscriptions. At end September, the customer base for *Gazzetta's* pay products (*G*

⁸ RCS Interim Management Statement at 30 September 2021, approved on 10 November 2021.



ALL, G+, GPRO and Magic) counted 77 thousand subscriptions. Digital subscriptions grew significantly in Spain too, reaching 73 thousand subscriptions for *El Mundo* and 36 thousand subscriptions for *Expansión* at end September 2021;

- the **TV publishing (La7) and network operator segment**⁹ achieved a sharp rise in results and confirmed the high audience levels of the La7 channel (3.22% in the all-day share and 4.48% in prime time). In first nine months 2021, advertising sales on La7 and La7d totaled approximately Euro 106 million (Euro 94.6 million in 2020), up by +12% versus the same period of the prior year (when revenue had performed more than 7.5 percentage points better than the TV advertising market), outstripping the figures recorded in the same period of 2019;
- the **magazine publishing segment Cairo Editore** achieved higher results than in 2020, confirmed high circulation levels of the publications, and continued to work on improving the levels of efficiency reached in containing own costs.

The beginning of 2021 continued to be marked by the health emergency and the containment measures implemented by the authorities, both in Italy and Spain.

Specifically, in Spain at the beginning of the year, and in Italy from the end of February, the number of infections has risen, leading to the re-adoption of restrictive measures. Starting from the second half of February in Spain, and from mid-April in Italy, the situation has improved and the containment measures are being gradually lifted.

The great benefits brought by the vaccination campaign, in terms of cases, hospital and ICUs admission rates and deaths, have allowed both countries to speed up the reduction of restrictive measures, improving the situation. In Italy, measures such as the green pass and rules on access to workplaces, schools and public venues have also been adopted to encourage vaccination, prevention and/or monitoring.

At end October, the percentage of the population over twelve years of age that had completed the vaccination cycle was approximately 83% in Italy and 89% in Spain.

The Group is monitoring developments on a daily basis to minimize the impacts in terms of health and safety in the workplace and on the operating and financial front, by defining and implementing flexible and timely action plans.

⁹ As a result of the changes to the Group's organizational structure, also in terms of decision-making levels, resource allocation, performance monitoring and reporting, the business segments have been reviewed, with the aggregation into a single area named "TV Publishing (La7) and Network Operator" of the two previous "TV Publishing (La7)" and "Network Operator", both mutually synergistic and functional; their aggregation within the Group ensures an effective and efficient management.



In 2021 too, the Group is meeting the public's strong need to stay informed through its information offering, ensuring a timely service to its viewers and readers. The *La7* programmes, 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 are playing a pivotal role in informing and reporting on this difficult phase, 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 how the health emergency plays out in the coming months, as well as on the effectiveness of the vaccination campaign and of the public measures, including the economic ones, implemented in the meantime and those to be implemented.

In any event, the Group believes it has adequate management levers to counter the impacts of the health emergency also in 2021 and thus confirm its medium-long term prospects.

In first nine months 2021, the Group's EBITDA already outstripped the figures achieved in the full year 2020. In view of these results and the actions already implemented and those planned, in the absence of a new rise in the infection curve and/or tighter containment measures, or of a significant return of the regions in the highest risk ranges, the Group believes it can further improve its margins (EBITDA) in 2021 versus those of 2020, and further improvement of the net financial position.

Developments in the health emergency, 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



Declaration, pursuant to Article 154-bis paragraph 2 of Legislative Decree no. 58 of 24 February 1998 (T.U.F.)

The Financial Reporting Manager of Cairo Communication S.p.A., Marco Pompignoli, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Law, that the accounting information contained herein is consistent with the underlying accounting documents, books and records.

Financial Reporting Manager
Marco Pompignoli