



CAIROCOMMUNICATION

Interim Management Statement at 31 March 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 and therefore until the Shareholders' Meeting called to approve the 2022 financial statements

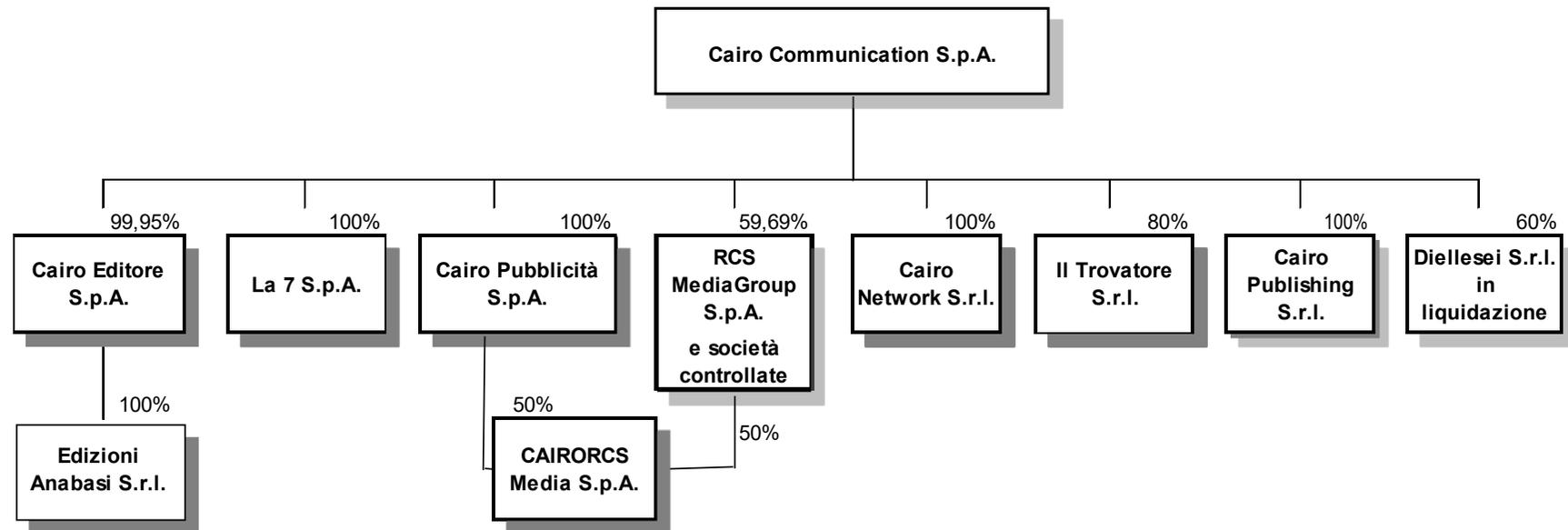
(**) Ordinary and extraordinary executive powers exercised with single signatory, as limited by the Board of Directors

(***) 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 and 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.



The Group at 31 March 2021





1. Valuation principles and criteria adopted in preparing the Interim Management Statement at 31 March 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 31 March 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 income statement figures in first quarter 2021 are shown versus first quarter 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 31 March 2021, as for those at 31 March 2020, have been prepared net of tax and tax effects.

In first quarter 2021, there were no changes to the scope of consolidation from the consolidated financial statements for the year ended 31 December 2020, except for:

- the acquisition of the control of m-dis. At the beginning of 2021 in fact, the acquisition of 45% of m-dis Distribuzione Media S.p.A. came to conclusion, bringing RCS's stake to 90%. The income statement and balance sheet amounts of m-dis Distribuzione Media S.p.A. (and its subsidiaries (MDM Milano Distribuzione, Pieroni Distribuzione, To-dis) are therefore fully consolidated from 2021 (the investment was previously consolidated at equity). Figures for m-dis are shown in the "RCS" operating segment;
- the sale (in February 2021) of the Spanish company Información Estadio Deportivo S.A.;
- the closure of the liquidation of Diellesei S.r.l. in liquidation.

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 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.

¹ Included following consolidation of RCS.



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 the financial liabilities from the leases recorded in the financial statements pursuant to IFRS 16, previously classified as operating leases.

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;
- 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 and the print, television and online titles of Cairo Editore and La7, as well as, for both businesses, certain third-party media, 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;
- network operator (Cairo Network).

At the beginning of 2021, the acquisition of 45% of m-Dis Distribuzione Media S.p.A. also came to conclusion, bringing RCS's stake to 90%. The income statement and balance sheet amounts of m-Dis will therefore be fully consolidated as from 2021.

In the first months of 2020, the national and international landscape was 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 have had and are continuing to have a direct effect on the organization and timing of work and on the Group's activities.

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

Since August in Spain and October in Italy, the curve of infections has started to rise again, leading the public authorities of the two countries to reintroduce a series of restrictive measures.



Specifically, in Italy the measures led to reducing recreational and catering activities, as well as amateur sports, and to further encouraging smart working and the use of flexible and/or remote forms for the organization of teaching. Tougher measures were adopted, which differ by risk zone (red, dark orange, orange, yellow, white), designated by a series of indicators that classify the various regions. For red zones, the measures include severe restrictions on travel, except for proven needs, and the shutdown of bars, restaurants and numerous retail categories.

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

After the Christmas season, Spain saw a spike in the number of cases that triggered the so-called "third wave". Containment measures were therefore adopted mainly at a regional level and "in patches", generally less stringent (regarding for example schools, which were always open, restaurants and bars and retail activities) than in Italy. Starting from the second half of February, the situation began to continually improve.

In Italy, the number of cases has risen since February, reaching a peak in the third decade of March, thus leading to the adoption of additional containment measures, including the suspension of school activities in red zones and further restrictions during the Easter holidays and the extension of those in place. The situation has started to improve since mid-April, and the restrictive measures are being gradually relaxed, with the reopening of restaurants, bars and other retail activities, albeit with well-defined opening time and service rules.

Both countries have launched and have now accelerated their vaccination campaign, which may lead to an improvement in the situation, as was and is the case in other countries that have been faster to vaccinate their population to date.

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.

According to ISTAT, in first quarter 2021 the GDP in Italy decreased by 0.4% versus fourth quarter 2020 and by 1.4% versus the same quarter of the prior year (*ISTAT*).

In Spain, the Institute of National Statistics (INE) estimates that GDP in first quarter 2021 fell by 0.5% versus fourth quarter 2020; on an annual basis, the decrease was 4.3% (*Preliminary figures from INE*).

In Italy, in first quarter 2021, the advertising market (*Nielsen*) was down by -1.4% versus 2020, with the magazine and newspaper advertising markets down by -32.2% and -6.7%, respectively. The TV



and online markets (net of search, social media and over the top) were up by 5.9% and 6.4% versus 2020.

In first quarter 2021, the Spanish advertising sales market fell by -9.9% versus 2020 (*i2p, Arce Media*). Specifically, the newspaper and magazine market fell by -24.2% and -41.6%, respectively. Conversely, advertising sales on the Internet (excluding social media) were up by 1.3%.

Economic uncertainty and the general scenario also hit daily newspaper and magazine sales figures. In terms of circulation, in Italy the adverse trend of the print products market also continued in first quarter 2021. Specifically, the main national generalist daily newspapers reported a -4.4% drop in circulation (including digital copies), while the main sports newspapers fell by -26% (including digital copies) versus 2020 (*ADS, January-March 2021*).

In Spain, in first quarter 2021 circulation figures show a decline for generalist newspapers (-24%), business newspapers (-33.4%) and sports newspapers (-37.8%) (*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.

In first quarter 2021, amid the uncertainty caused by the health emergency, with the core markets in decline, in particular advertising in Italy and Spain:

- thanks to the actions taken to support and develop revenue, as well as to contain costs, the **Group's** gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent in the quarter were on the rise versus the results achieved in the same period of 2020;
- **RCS** continued to generate positive cash flows, with financial debt down by Euro 10.7 million versus end 2020 and by Euro 59.2 million versus 31 March 2020, and achieved a gross operating profit of Euro 11.6 million². Amid the current health emergency phase, *Corriere della Sera*, thanks to its authority, confirmed its newsstand sales forecasts and, most of all, continued the growth of digital operations: at end March, its total active digital customer base (digital edition, membership and m-site) counted 328 thousand subscriptions;
- the **TV publishing segment La7** confirmed the high audience levels of the La7 channel (3.73% in the all-day share and 5.04% in prime time). In first quarter 2021, advertising sales on La7 and La7d channels totaled approximately Euro 36 million (Euro 34.3 million in 2020),

² 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 1.9 million in first quarter 2021, and in the pro-rata result of CAIRORCS Media amounting to Euro -0.2 million - EBITDA shown in the RCS Interim Management Statement at 31 March 2021, approved on 11 May 2021, amounted to Euro 9.5 million.



up versus the same period of the prior year by +5%. The positive trend progressed in April (up by approximately 24% versus the same month of 2020);

- 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 quarter 2021, consolidated gross revenue amounted to approximately Euro 246.8 million (comprising gross operating revenue of Euro 237.7 million and other revenue and income of Euro 9.1 million) versus Euro 241.1 million in 2020 (comprising gross operating revenue of Euro 236.7 million and other revenue and income of Euro 4.4 million). Revenue for the period, still affected by the health emergency, due in particular to the drop in circulation of sports newspapers, which was impacted by the closure of bars and the restrictions on the reading of newspapers there, and to the performance of the advertising market, benefited (Euro 12.5 million) from the full consolidation of the amounts of m-dis.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 13.7 million and Euro -5.5 million (Euro 2.1 million and Euro -16.6 million in 2020). In 2020, non-recurring expense, amounting to Euro -4.7 million, referred mainly to the allocation of provisions for personnel interventions.

During the quarter, 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 in the first three months of 2021 amounted to approximately Euro 5.9 million, of which Euro 3.6 million in Italy and Euro 2.3 million in Spain.

The net result attributable to the owners of the parent came to approximately Euro -3.9 million (Euro -7 million in first quarter 2020 when it was positively impacted by the capital gain of approximately Euro 5.8 million from the sale of RCS investments. Net of this benefit, the improvement in the profit attributable to the owners of the parent net result is approximately Euro 6.6 million).

Looking at the business segments, in first quarter 2021:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.5 million and Euro 1 million (Euro 0.9 million and Euro 0.4 million in 2020). Regarding weeklies, with approximately 1.2 million average copies sold



in the period January-March 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 1.3 million;

- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro -0.7 million, improving by Euro 1 million versus the same period of 2020 (Euro -1.7 million). Given the characteristics of La7’s programming schedule and distribution of advertising revenue over the year, the first quarter usually has a higher percentage of costs incurred for in-house productions on revenue, compared to the rest of the year. Operating profit (EBIT) was approximately Euro -4 million (Euro -4.7 million in 2020);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.4 million and Euro 0.7 million (Euro +0.7 million and Euro -0.1 million in 2020);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro -0.2 million and Euro -0.5 million (Euro 0.2 million and at breakeven 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 primarily includes the results of the new company, CAIRORCS Media. Starting from April, advertising sales began to show significant growth versus 2020, a period badly affected by the health emergency. Specifically, based on the most recent estimates, advertising on La7 and La7d channels and on RCS media in Italy in the two-month period April-May 2021 is expected to grow by approximately Euro 8 million (+35%) and Euro 14 million (+55%) versus revenue achieved in the same period of 2020, with the Group's online operations posting an expected growth of 30% versus the same period of 2019 (before the health emergency). Advertising revenue generated by La7 and La7d in the two-month period also recovered the figures of 2019;
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 11.6 million³ and Euro -2.7 million (Euro 2 million and Euro -12.2 million in 2020).

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 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 1.9 million in first



In 2020, non-recurring expense, amounting to Euro -4.7 million, referred mainly to the allocation of provisions for personnel interventions.

Moreover, RCS's seasonality factors generally impact on the results of the first and third quarters of the year. Net operating revenue amounted to Euro 174.4 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 41 million and accounting for 23.5% of total revenue. In first quarter 2021, both Italian newspapers retained their circulation leadership in their respective market segments (*ADS*). In Spain, *Marca* and *Expansión* retained their circulation leadership in their respective market segments in first quarter 2021 (*OJD*). As a result of the ongoing process of reviewing digital audience data collection for measuring the total audience of the publishing brands (print and digital), Audiweb to date has yet to publish the 2021 surveys, which is why the digital performance of the *Corriere della Sera* and *La Gazzetta dello Sport* brands is not shown in this statement. In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansion.com* reached 24 million, 20 million and 7 million average monthly unique users in March (*Comscore IP Spain*, which considers only traffic coming from Spain). Digital subscriptions grew significantly, reaching 64 thousand subscriptions for *El Mundo* and 28 thousand subscriptions for *Expansion* in March.

In first quarter 2021, La7's average all-day share was 3.73% and 5.04% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. La7d's share was 0.41% in all-day and 0.29% in prime time. The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 8% average share from Monday to Friday, *TgLa7 edizione delle 20* 6.1% from Monday to Friday, *diMartedì* 5.8%, *Piazzapulita* 5.6%, *Propaganda Live* 5.8%, *Non è l'Arena* 5.7%, *Omnibus La7* 4%, *Coffee Break* 4.8%, *L'Aria che tira* 6.5%, *Tagadà* 3.8%, *Atlantide* 2.9%, and *Eden un pianeta da salvare* 2.9%. In first quarter 2021, La7 was the sixth national channel in the all-day share ahead of Rete 4 and fifth in prime time ahead of Italia 1 too. In prime time in the quarter, the channel's share achieved its second-best result ever (and the best in the last 8 years). In the morning slots (7.00-12.00), La7 achieved a 4.27% share, confirming its position as the fourth most viewed channel.

The main **consolidated income statement figures** in first quarter 2021 can be compared as follows with those of first quarter 2020:

quarter 2021, and in the pro-rata result of CAIRORCS Media amounting to Euro -0.2 million - EBITDA shown in the RCS Interim Management Statement at 31 March 2021, approved on 11 May 2021, amounted to Euro 9.5 million.



(€ millions)	31/03/2021	31/03/2020
Gross operating revenue	237.7	236.7
Advertising agency discounts	(12.3)	(13.0)
Net operating revenue	225.4	223.6
Change in inventory	1.1	0.5
Other revenue and income	9.1	4.4
Total revenue	235.6	228.5
Production costs	(140.0)	(139.4)
Personnel expense	(81.9)	(81.8)
Income (expense) from equity-accounted investees	(0.1)	(0.5)
Non-recurring income and expense	-	(4.7)
Gross operating profit (EBITDA)	13.7	2.1
Amortization, depreciation, provisions and write-downs	(19.1)	(18.7)
Operating profit (EBIT)	(5.5)	(16.6)
Other gains (losses) from financial assets/liabilities	(0.5)	6.2
Net financial income	(2.4)	(3.3)
Profit (loss) before tax	(8.4)	(13.7)
Income tax	2.8	4.3
Non-controlling interests	1.6	2.5
Profit (loss) from continuing operations attributable to the owners of the parent	(3.9)	(7.0)
Profit (loss) from discontinued operations	-	-
Profit (loss) for the period attributable to the owners of the parent	(3.9)	(7.0)

In first quarter 2021, consolidated gross revenue amounted to approximately Euro 246.8 million (comprising gross operating revenue of Euro 237.7 million and other revenue and income of Euro 9.1 million) versus Euro 241.1 million in 2020 (comprising gross operating revenue of Euro 236.7 million and other revenue and income of Euro 4.4 million). Revenue for the period, still affected by the health emergency, due in particular to the drop in circulation of sports newspapers, which was impacted by the closure of bars and the restrictions on the reading of newspapers there, and to the performance of the advertising market, benefited (Euro 12.5 million) from the full consolidation of the amounts of m-dis.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 13.7 million and Euro -5.5 million versus Euro 2.1 million and Euro -16.6 million in 2020. In 2020, non-recurring expense referred mainly to the allocation of provisions for personnel interventions.

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.



In first quarter 2021, operating profit (EBIT) in the RCS segment was negatively affected, in the consolidated financial statements, by higher amortization of intangible assets for Euro 0.5 million (Euro 0.5 million in 2020), due to the valuations made in the purchase price allocation of the investment in RCS, specifically to the allocation of amounts to intangible assets (previously unrecognized), mainly attributable to Italian trademarks and magazine titles with finite useful life.

The net result attributable to the owners of the parent came to approximately Euro -3.9 million (Euro -7 million in first quarter 2020 when it was positively impacted by the capital gain of approximately Euro 5.8 million from the sale of RCS investments; net of this benefit, the improvement is approximately Euro 6.6 million).

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

€ millions	31 March 2021	31 March 2020
Profit (loss) for the period	(5.5)	(9.5)
<i>Reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from cash flow hedges	-	(0.1)
Reclassification of gains (losses) from cash flow hedges	0.1	0.1
Tax effect	-	-
<i>Non-reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the fair value measurement of equity instruments	-	(0.1)
Total comprehensive income for the period	(5.4)	(9.6)
- Owners of the parent	(3.9)	(7.0)
- Non-controlling interests	(1.6)	(2.6)
	(5.4)	(9.6)

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



2021	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and unallocated	Total
(€ millions)								
Gross operating revenue	19.8	79.4	25.6	3.0	0.2	176.6	(66.9)	237.7
Advertising agency discounts	-	(10.2)	-	-	-	(2.2)	-	(12.3)
Net operating revenue	19.8	69.2	25.6	3.0	0.2	174.4	(66.9)	225.4
Change in inventory	0.0	-	-	-	-	1.1	-	1.1
Other revenue and income	1.3	0.2	0.6	0.8	0.0	6.8	(0.6)	9.1
Total revenue	21.2	69.5	26.2	3.8	0.2	182.3	(67.5)	235.6
Production costs	(15.3)	(64.1)	(17.3)	(2.3)	(0.2)	(108.3)	67.5	(140.0)
Personnel expense	(4.4)	(5.5)	(9.6)	(0.0)	(0.0)	(62.3)	-	(81.9)
Income (expense) from equity-accounted investees	-	-	-	-	-	(0.1)	-	(0.1)
Non-recurring income (expense)	-	-	-	-	-	-	-	-
Gross operating profit (EBITDA)	1.5	(0.2)	(0.7)	1.4	0.0	11.6	0.0	13.7
Amortization, depreciation, provisions and impairment losses	(0.4)	(0.4)	(3.3)	(0.8)	(0.0)	(14.3)	-	(19.1)
Operating profit (EBIT)	1.0	(0.5)	(4.0)	0.7	0.0	(2.7)	0.0	(5.5)
Other gains (losses) from financial assets/liabilities	-	-	-	-	-	(0.5)	-	(0.5)
Net financial income	(0.0)	(0.1)	0.1	(0.1)	0.0	(2.3)	-	(2.4)
Profit (loss) before tax	1.0	(0.6)	(3.9)	0.6	0.0	(5.5)	0.0	(8.4)
Income tax	(0.1)	0.1	1.0	(0.2)	(0.0)	2.0	-	2.8
Non-controlling interests	-	-	-	-	(0.0)	1.6	-	1.6
Profit (loss) from continuing operations	0.9	(0.5)	(2.9)	0.4	0.0	(1.9)	0.0	(3.9)
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the parent	0.9	(0.5)	(2.9)	0.4	0.0	(1.9)	0.0	(3.9)

2020	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and unallocated	Total
(€ millions)								
Gross operating revenue	22.1	38.9	24.7	3.0	0.2	178.9	(31.0)	236.7
Advertising agency discounts	-	(5.7)	-	-	-	(7.6)	0.2	(13.0)
Net operating revenue	22.1	33.2	24.7	3.0	0.2	171.3	(30.8)	223.6
Change in inventory	(0.0)	-	-	-	-	0.5	-	0.5
Other revenue and income	0.6	0.2	1.2	0.0	-	2.8	(0.4)	4.4
Total revenue	22.6	33.4	25.9	3.0	0.2	174.6	(31.1)	228.5
Production costs	(17.5)	(30.9)	(18.2)	(2.3)	(0.2)	(101.5)	31.1	(139.4)
Personnel expense	(4.3)	(2.3)	(9.3)	(0.0)	(0.0)	(65.8)	-	(81.8)
Income (expense) from equity-accounted investees	-	-	-	-	-	(0.5)	-	(0.5)
Non-recurring income (expense)	-	-	-	-	-	(4.7)	-	(4.7)
Gross operating profit (EBITDA)	0.9	0.2	(1.7)	0.7	(0.0)	2.0	0.0	2.1
Amortization, depreciation, provisions and impairment losses	(0.5)	(0.2)	(3.1)	(0.8)	(0.0)	(14.2)	-	(18.7)
Operating profit (EBIT)	0.4	0.0	(4.7)	(0.1)	(0.0)	(12.2)	0.0	(16.6)
Other gains (losses) from financial assets/liabilities	-	-	-	-	-	6.2	-	6.2
Net financial income	(0.0)	(0.1)	0.1	(0.1)	(0.0)	(3.2)	-	(3.3)
Profit (loss) before tax	0.4	(0.1)	(4.6)	(0.2)	(0.0)	(9.2)	0.0	(13.7)
Income tax	(0.0)	(0.0)	1.1	0.0	(0.0)	3.1	-	4.3
Non-controlling interests	-	-	-	-	0.0	2.5	-	2.5
Profit (loss) from continuing operations	0.4	(0.1)	(3.5)	(0.1)	(0.0)	(3.6)	0.0	(7.0)
Profit (loss) from discontinued operations	-	-	-	-	-	-	(0.0)	(0.0)
Profit (loss) for the period attributable to the owners of the parent	0.4	(0.1)	(3.5)	(0.1)	(0.0)	(3.6)	(0.0)	(7.0)



The main **consolidated statement of financial position figures** at 31 March 2021 can be analyzed versus the situation at 31 December 2020:

(€ millions)	31/03/2021	31/12/2020
Property, plant and equipment	69.6	70.9
Rights of use on leased assets	159.8	164.9
Intangible assets	984.8	982.3
Financial assets	37.9	39.5
Deferred tax assets	103.4	96.3
Net working capital	(82.4)	(58.6)
Total assets	1,273.1	1,295.4
Non-current liabilities and provisions	117.2	109.3
Deferred tax provision	164.3	164.2
(Financial position)/Net debt	42.0	63.2
Liabilities from lease contracts (pursuant to IFRS 16)	175.9	180.9
Equity attributable to the owners of the parent	464.2	468.4
Equity attributable to non-controlling interests	309.5	309.4
Total equity and liabilities	1,273.1	1,295.4

In 2021, as part of the share buy-back plans, no treasury shares were sold or purchased. At 31 March 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 will be approximately Euro 11.6 million at Group level.

The consolidated **net financial debt** at 31 March 2021, versus the consolidated financial statement amounts at 31 December 2020, is summarized in the table below:



Net financial debt (€ millions)	31/03/2021	31/12/2020	Changes
Cash and cash equivalents	89.9	87.4	2.5
Other current financial assets and financial receivables	0.7	6.9	(6.2)
Current financial assets (liabilities) from derivative instruments	-	(0.1)	0.1
Current financial payables	(83.1)	(97.4)	14.3
Current net financial position (net financial debt)	7.5	(3.3)	10.9
Non-current financial payables	(49.1)	(58.9)	9.8
Non-current financial assets (liabilities) from derivative instruments	(0.4)	(1.0)	0.6
Non-current net financial position (net financial debt)	(49.5)	(59.9)	10.4
Net financial position (net financial debt)	(42.0)	(63.2)	21.3
Liabilities from lease contracts (pursuant to IFRS 16)	(175.9)	(180.9)	5.0
Total net financial position (net financial debt)	(217.8)	(244.1)	26.3

The consolidated **net financial debt** at 31 March 2021 amounted to approximately Euro 42 million (Euro 63.2 million at 31 December 2020), Euro 48.9 million of which referring to RCS (Euro 59.6 million at 31 December 2020), an improvement of Euro 21.3 million versus end 2020 and Euro 66.9 million versus March 2020. It should be noted that net financial debt was negatively impacted by the consolidation of m-dis (which carries a debt of Euro 13.6 million at 31 March 2021, due to the seasonal trend in working capital).

Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 175.9 million, amounted to Euro 217.8 million (Euro 244.1 million at 31 December 2020).

4. Revenue

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



2021	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
(€ millions)								
TV advertising	-	36.3	24.7	-	-	0.0	(25.0)	36.0
Advertising on print media, Internet and sporting events	1.6	42.8	0.5	-	-	59.6	(36.2)	68.3
Other TV revenue	-	-	0.3	-	-	0.7	(0.1)	0.9
Magazine over-the-counter sales and subscri	18.5	-	-	-	-	89.9	(0.6)	107.8
VAT relating to publications	(0.3)	-	-	-	-	(0.8)	-	(1.1)
Sundry revenue	-	0.4	0.1	3.0	0.2	27.2	(5.1)	25.7
Total gross operating revenue	19.8	79.4	25.6	3.0	0.2	176.6	(66.9)	237.7
Other revenue	1.3	0.2	0.6	0.8	0.0	6.8	(0.6)	9.1
Total gross revenue	21.0	79.6	26.2	3.8	0.2	183.4	(67.5)	246.8

2020	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
(€ millions)								
TV advertising	-	34.4	23.6	-	-	0.2	(23.9)	34.3
Advertising on print media, Internet and sporting events	2.5	4.3	0.6	-	-	70.3	(3.5)	74.2
Other TV revenue	-	-	0.4	-	-	1.7	(0.2)	1.9
Magazine over-the-counter sales and subscri	19.9	-	-	-	-	89.3	(0.1)	109.1
VAT relating to publications	(0.3)	-	-	-	-	(0.9)	-	(1.2)
Other revenue	-	0.2	0.1	3.0	0.2	18.3	(3.4)	18.3
Total gross operating revenue	22.1	38.9	24.7	3.0	0.2	178.9	(31.0)	236.7
Other revenue	0.6	0.2	1.2	0.0	-	2.8	(0.4)	4.4
Total gross revenue	22.5	39.0	25.9	3.0	0.2	181.7	(31.4)	241.1

As a result of the consolidation of m-dis (i) the item "sale of publications and subscriptions" includes Euro 7.8 million in circulation revenue from the distribution of products of third-party publishers and (ii) the item "sundry revenue" includes Euro 4.7 million in revenue from other services, for a total of Euro 12.5 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 quarter 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 1.5 million and approximately Euro 1 million (Euro 0.9 million and Euro 0.4 million in 2020).

The Group weeklies reported high circulation results, with an average ADS weekly circulation in the January-March three-month period of 2021 of 346,931 copies for “*Settimanale DIPIU*”, 176,231 copies for “*DIPIU’ TV*”, 62,468 copies for “*Settimanale DIPIU’ e DIPIU’TV Cucina*”, 113,363 copies for “*Diva e Donna*”, 160,690 copies for “*Settimanale Nuovo*”, 93,844 copies for “*F*”, 74,251 copies for “*TVMia*”, 58,755 copies for “*Settimanale Giallo*”, and 70,327 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 1.3 million.

In the following months of 2021, Cairo Editore’s strategy will continue to focus on the following elements: (i) the pivotal importance of the quality of its products, (ii) supporting the circulation levels of its own titles, and (iii) attention to costs in general, and production costs in particular, with a view to the continuous improvement of industrial, publishing and procurement conditions and processes.

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 contributions 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 will build a broader business proposition, concurrently covering all major areas of communication - from the web to magazines and television - and create a more effective offering promoted as it is jointly and with greater client penetration.



Specifically, the integration of the activities of the advertising agencies will allow 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 will enable 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 quarter 2021, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro -0.2 million and Euro -0.5 million (Euro 0.2 million and at breakeven in 2020).

In first quarter 2021:

- advertising sales on La7 and La7d channels totaled approximately Euro 36 million (Euro 34.3 million in 2020), up versus the same period of the prior year by +5%;
- advertising sales on Cairo Editore titles amounted to Euro 2 million (Euro 3.2 million in 2020);
- gross advertising revenue of the RCS titles, amounting to Euro 37.9 million, dropped overall by 5% versus the same period of 2020, with the online medium bucking the trend (+18%).

Starting from April, advertising sales began to show significant growth versus 2020, a period badly affected by the health emergency. Specifically, based on the most recent estimates, advertising on La7 and La7d channels and on RCS media in the two-month period April-May 2021 is expected to grow by approximately Euro 8 million (+35%) and Euro 14 million (+55%) versus revenue achieved in the same period of 2020, with the Group's online operations posting an expected growth of 30% versus the same period of 2019 (before the health emergency). Advertising revenue generated by La7 and La7d in the two-month period also recovered the figures of 2019.

TV PUBLISHING (La7)

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 quarter 2021, the TV publishing segment (La7) achieved gross operating profit (EBITDA) of approximately Euro -0.7 million, an improvement of Euro 1 million versus the same period of 2020 (Euro -1.7 million), and operating profit (EBIT) of approximately Euro -4 million (Euro -4.7 million in 2020).

In first quarter 2021, La7's average all-day share was 3.73% and 5.04% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. La7d's share was 0.41% in all-day and 0.29% in prime time. The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 8% average share from Monday to Friday, *TgLa7 edizione delle 20* 6.1% from Monday to Friday, *diMartedì* 5.8%, *Piazzapulita* 5.6%, *Propaganda Live* 5.8%, *Non è l'Arena* 5.7%, *Omnibus La7* 4%, *Coffee Break* 4.8%, *L'Aria che tira* 6.5%, *Tagadà* 3.8%, *Atlantide* 2.9%, and *Eden un pianeta da salvare* 2.9%. In first quarter 2021, La7 was the sixth national channel in the all-day share ahead of Rete 4 and fifth in prime time ahead of Italia 1 too. In prime time in the quarter, the channel's share achieved its second-best result ever (and the best in the last 8 years). In the morning slots (7.00-12.00), La7 achieved a 4.27% share, confirming its position as the fourth most viewed channel.

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* and *YoDona*.

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*, the *Milano City Marathon* and the *Color Run*), 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*, 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,⁴ marking a return to positive territory by the RCS Group (the first time since 2010), and in 2017⁴, 2018⁴ 2019⁴ and 2020⁴ the net result had amounted to Euro 71.1 million, Euro 85.2 million, Euro 68.5 million and Euro 31.7 million.

In first quarter 2021, amid the uncertainty caused by the health emergency, with the main relevant markets in decline, RCS achieved - in the consolidated financial statements of Cairo Communication - gross operating profit (EBITDA) of approximately Euro 11.6 million⁵ and operating profit (EBIT) of Euro -2.7 million (respectively Euro 2 million and Euro -12.2 million in 2020). In 2020, non-recurring expense, amounting to Euro -4.7 million, referred mainly to the allocation of provisions for personnel interventions.

Mention should be made that the Group's seasonality factors generally impact on the results of the first and third quarters of the year.

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 the first three months of 2021 amounted to approximately Euro 4.3 million, of which Euro 2 million in Italy and Euro 2.3 million in Spain.

In first quarter 2021, consolidated net operating revenue generated by RCS amounted to approximately Euro 174.4 million, up by a total of Euro 3.1 million versus 2020. Revenue in the quarter still felt the brunt of the health emergency, due in particular to the decline in the circulation

⁴ RCS 2017, 2018, 2019 and 2020 Annual Report

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 1.9 million in first quarter 2021, and in the pro-rata result of CAIRORCS Media amounting to Euro -0.2 million - EBITDA shown in the RCS Interim Management Statement at 31 March 2021, approved on 11 May 2021, amounted to Euro 9.5 million.



of sports newspapers, affected by the closure of bars and the restrictions on the reading of newspapers there, and the performance of the advertising market in both Italy and Spain. As a result of the changed scope of consolidation, revenue in the quarter includes Euro 12.5 million from the full consolidation of the amounts of m-dis.

RCS total digital revenue (Italy and Spain), which amounted to approximately Euro 41 million, accounted for 23.5% of total revenue. Total advertising sales from RCS online media amounted to Euro 28.2 million in first quarter 2021, accounting for 49% of total advertising revenue, while RCS online media in Italy grew by approximately 18% in first quarter 2021. In Spain total gross advertising sales on online media in first quarter 2021 were up by approximately 15.9% versus the same period of 2020. Both Italian newspapers retained their circulation leadership in their respective market segments at March 2021 (ADS).

In Italy, in first quarter 2021, *Corriere della Sera* recorded an average of 261 thousand copies distributed, including average digital copies, while *La Gazzetta dello Sport* recorded an average of 84 thousand copies distributed, including average digital copies (ADS January-March 2021). The newsstand circulation of *La Gazzetta dello Sport* has been affected since March by the shuttering of bars and public venues, which play a significant role in circulation. *Corriere della Sera* in first quarter 2021, on the other hand, curbed the decline in newsstand circulation to -1.6% versus 2020 and versus an overall decline of the relevant market of -4% (ADS January-March 2021 - paid circulation Italy).

In this emergency phase, *Corriere della Sera*, leveraging on its recognized authority and solid editorial positioning, was able to confirm the expected newsstand circulation and, above all, to continue the growth in digital development. At end March, the total active digital customer base for *Corriere della Sera* (digital edition, membership and m-site) reached 328 thousand subscriptions.

As a result of the ongoing process of reviewing digital audience data collection for measuring the total audience of the publishing brands (print and digital), following the "merger" between Audipress (print audience) and Audiweb (digital audience), Audiweb to date has yet to publish the 2021 surveys, which is why the digital performance of the *Corriere della Sera* and *La Gazzetta dello Sport* brands is not shown in this statement.

The average daily circulation of *El Mundo* in first quarter 2021 was 60 thousand copies (including digital copies - Internal Source). Average daily circulation of sports daily *Marca* (including digital copies) in the period dropped to approximately 61 thousand (Internal Source), while in first quarter 2021 *Expansión* recorded an average daily circulation of approximately 25 thousand copies, including digital copies (Internal Source). The two newspapers retained their circulation leadership in their respective market segments in first quarter 2021 (OJD).



In Spain, too, the main digital performance indicators confirm the top market position of Unidad Editorial, with *elmundo.es*, *marca.com* and *expansión.com* reaching 24 million, 20 million and 7 million average monthly unique users in March 2021 (*Comscore IP Spain*, which considers only traffic coming from Spain).

In Spain, *elmundo.es* was once again the leader in online information in March, with over 64 thousand digital subscriptions.

The net financial debt of RCS MediaGroup S.p.A. stood at Euro 48.9 million at 31 March 2021, improving by approximately Euro 10.7 million versus 31 December 2020 and by Euro 59.2 million versus 31 March 2020. RCS's net financial debt was negatively impacted by (i) the consolidation of m-dis (which carries a debt of Euro 13.6 million at 31 March 2021, due to the seasonal trend in working capital) and by (ii) the financial effects of the contribution to CAIRORCS Media of Euro 3.9 million. (Internal Source).

The total net financial debt of RCS, which includes financial liabilities from leases recognized in accordance with IFRS 16, totaling Euro 150 million (mainly property leases), amounted to Euro 198.9 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:

- during the first quarter, *La Gazzetta dello Sport* offered its readers two issues of *G Magazine*, one dedicated to Luna Rossa's adventure at the America's Cup, and the other to the new cycling season opened by the *Milano Sanremo*;
- in the run up to the *Milano Marathon*, scheduled for 16 May *Gazzetta Active*, the active sports vertical section of *La Gazzetta dello Sport*, organized the *BeActive* digital training project;
- new podcasts were launched:
 - 12 February saw the debut of *Incontri*, a weekly twenty-minute conversation between an intellectual and a judge, on various topics regarding culture;
 - 20 February saw the start of Gramellini's *L'Ammazzacaffè*; held on Saturdays and added to the morning daily podcast, from Monday to Friday;
 - 7 March saw the presentation of "*Radio Italians*", a new podcast held on Sundays, linked to the "*Italians*" blog/forum, created on *Corriere.it* in 1998;
- in the first months of 2021, new *Newsletters* were launched to create a closer relationship with readers:



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- on 19 February for "*Cook*", a weekly analysis gathering insights, discussions, topics, advice and personalities;
 - on 23 February for "*Buone Notizie*", dealing with topical issues;
 - on 5 March for "*La 27esima ora*", celebrating 10 years since its debut;
 - on 15 March for "*Corriere Torino*", offering a rundown every morning at seven o'clock of the headlines from the Turin and Piedmont area;
 - the period also saw many events taking place on the *Digilive* platform, due to the health emergency, including, from 15 February to 5 March, the *Yoga Academy*, organized by the *Corriere della Sera* weekly *iO Donna*, and on 25 and 26 February the meetings of *Pianeta 2021* on sustainability;
 - 17-21 March saw the fourth edition of *Milano Digital Week*, an event that gathered over 650 events on the theme of "*Fair and sustainable city*";
 - *Corriere della Sera* and *La Gazzetta dello Sport* created various editorial initiatives to support circulation, including the series "*Anastatika di Diabolik*", the complete series of the manga *Naruto*, the series "*I miti dello Sport 2*", "*Yoga - Teoria e Pratica*", "*I signori della guerra*", "*Dante*" on the occasion of the seven hundredth anniversary of the death of Dante Alighieri and the celebrations of the first *Dantedì*, the series dedicated to the Middle Ages, the "*Guida allo Smart Working*" (the first of three guides produced by *L'Economia* of *Corriere della Sera*, to provide guidance in these hybrid times), the *Guide a Pensioni e Condominio*, the series of eight detective novels written by Alessia Gazzola, starring Alice Allevi, as well as the book "*Febbre*".

In 2021, the titles in the Magazines area continued to develop a wide range of editorial initiatives in print and digital media, as well as on social channels. One of the major events in this regard was the 25th anniversary of *iO Donna*: from Saturday 27 March until the celebratory issue out on newsstands on 15 May, *iO Donna* will run through the 25th anniversary of the magazine with initiatives in the newspaper, on the web and on social accounts with the direct engagement of readers.

RCS Academy, the Group's business school, continued in first quarter 2021 with its development plan, adapting to the relevant context and to the restrictions imposed by the COVID-19 pandemic. The quarter continued with the online delivery of master's courses launched at end 2020 and (for full-time master's courses) the start of the placement of students with large companies and partners. As for the Books segment, the first quarter continued the good performance seen in the final months last year, with an increase (albeit heightened by the fact that in March 2020 bookstores were closed due to the lockdown) in distributed sales versus the same period of the prior year,



greater than the change of the market. Growth was driven by the strong performance of the titles launched in the last quarter of the prior year and the promising start of the quarter's new releases.

In Spain, regarding the main initiatives only:

- in first quarter 2021, thanks to the agreement with Triton and an increased presence of *Radio Marca's* audio content on *marca.com* and other digital platforms such as iTunes, Spotify or Ivoox, *Radio Marca* increased its own digital audience. In the digital sphere, *Radio Marca* recorded an increase in average daily listeners from 55 thousand to 85 thousand from December 2020 to March 2021. In March 2021, 1.6 million listeners tuned in to *Radio Marca* for at least one minute. In March, 423 thousand *Radio Marca* podcasts were downloaded versus 200 thousand average downloads/month in 2020;
- from January 2021, the English-language site for the North American market, "*Marca Inglés*", increased the range of its content by expanding its information on European competitions, extending its coverage to sports other than football and providing also non-sport content. The quarter saw a 130% increase in average traffic versus the prior year, with almost three times as much revenue versus the prior year;
- February saw the launch of the new "*Sostenibles*" section of *elmundo.es*, focused on green transition. To date, the section counts 500 thousand unique users and 600 thousand page views;
- March 2021 witnessed the birth of *Expansión Economía Sostenible*, a new section of *Expansion* appearing every Wednesday in the newspaper and every day on the website, created to inform on the strategic plans on sustainability of companies and top management from the main industries including energy, infrastructure, automotive, tourism, air transport, banking, technology, food, textiles, distribution and research;
- March 2021 saw the launch of *Expansión Alimentación y Distribución*, a weekly newsletter on the food industry with news and insights on industry players, distribution chains, mergers and acquisitions, consumption trends, food research, raw material developments and legislative changes in Spain and the rest of Europe;
- in the area of audiovisual content production, first quarter 2021 saw 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*".



With regard to RCS's dispute on the Via Solferino property complex, since no new facts occurred in the period covered by this Interim Management Statement, reference is made to the section "*Other information*" in the Annual Report at 31 December 2020.

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NETWORK OPERATOR (CAIRO NETWORK)

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. The remaining capacity could be used to broadcast new channels if the Cairo Communication Group were to launch any, and to provide third parties with transmission capacity.

The section "*Main risks and uncertainties to which Cairo Communication S.p.A. and its Group are exposed*" in the 2020 Annual Report contains a detailed description of the current developments in the legislative and regulatory framework regarding the rights to use television frequencies, the provisions of the 2018 and 2020 Budget Laws, and of Cairo Network's distinctive position against this backdrop.

On 28 April 2021, MISE opened the procedure for consideration on the allocation of rights of use not resulting from the conversion of the current rights of use, in which Cairo Network will participate, reserving the right to appeal to the Regional Administrative Court against the acts of the procedure.

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IL TROVATORE

In first quarter 2021, Il Trovatore continued operations, mainly providing technological services to develop and maintain the online platforms of the Group's companies.

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	0.2	-	-
Other affiliates	0.6	-	-
Other related parties	0.3	-	-
Total	1.1	0.4	-

Payables and financial liabilities (€ millions)	Trade and other payables	Other current financial liabilities	Other non-current financial liabilities
Parents	-	-	-
Associates	7.7	-	-
Other affiliates	1.0	-	-
Other related parties	-	-	-
Total	8.7	-	-

Revenue and costs (€ millions)	Operating revenue	Operating costs	Financial income
Parents	-	-	-
Associates	-	(4.6)	-
Other affiliates	0.0	-	-
Other related parties	0.1	(0.1)	-
Total	0.1	(4.7)	-

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 4.4 million in first quarter 2021, and hold trade payables of Euro 7.4 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 the first quarter of Euro 553 thousand to the concession holder against revenue of Euro 715 thousand net of agency discounts. CAIRORCS Media earned further commissions of Euro 33 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 0.1 million. Trade receivables amounted to Euro 0.3 million.

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.

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 quarter 2021, the Group's results were still impacted by the spread of the Coronavirus. In a context still marked by great uncertainty, with the core markets in decline, advertising in Italy and Spain in particular:

- thanks to the actions taken to support and develop revenue, as well as to contain costs, the **Group’s** gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent in the quarter were on the rise versus the results achieved in the same period of 2020;
- **RCS** continued to generate positive cash flows, with financial debt down by Euro 10.7 million versus end 2020 and by Euro 59.2 million versus 31 March 2020, and achieved a gross operating profit of Euro 11.6 million⁶. Amid the current health emergency phase, *Corriere*

⁶ 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



della Sera, thanks to its authority, confirmed its newsstand sales forecasts and, most of all, continued the growth of digital operations: at end March, its total active digital customer base (digital edition, membership and m-site) counted 328 thousand subscriptions;

- the **TV publishing segment La7** confirmed the high audience levels of the La7 channel (3.73% in the all-day share and 5.04% in prime time). In first quarter 2021, advertising sales on La7 and La7d channels totaled approximately Euro 36 million (Euro 34.3 million in 2020), up versus the same period of the prior year by +5%. The positive trend progressed in April (up by approximately 24% versus the same month of 2020);
- 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 start of 2021 was still marked by the restrictive measures enforced by the authorities, both in Italy and Spain, to contain the health emergency which, in addition to the severe social impact, has had and is having repercussions on the organization and timing of work, on the Group's activities and on economic performance, resulting in a general context of great uncertainty.

After the Christmas season, Spain saw a spike in the number of cases that triggered the so-called "third wave". Containment measures were therefore adopted mainly at a regional level and "in patches", generally less stringent (regarding for example schools, which were always open, restaurants and bars and retail activities) than in Italy. From the second half of February, the situation has started to improve.

In Italy, the number of cases has risen since February, reaching a peak in the third decade of March, leading to the adoption of additional containment measures, including the suspension of school activities in red zones and further restrictions during the Easter holidays and the extension of those in place. The situation has started to improve since mid-April, and the containment measures are being gradually relaxed, with the reopening of restaurants, bars and other retail activities, albeit with well-defined opening time and service rules.

Both countries have launched and have now accelerated their vaccination campaign, which may lead to an improvement in the situation, as was and is the case in other countries that have been faster to implement this campaign to date.

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 1.9 million in first quarter 2021, and in the pro-rata result of CAIRORCS Media amounting to Euro -0.2 million - EBITDA shown in the RCS Interim Management Statement at 31 March 2021, approved on 11 May 2021, amounted to Euro 9.5 million.



During the course of 2021, 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 and to all newsstands. 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 consideration of the actions already implemented and those planned, in the absence of tighter measures to contain the pandemic, an extension of their duration, or a significant expansion of the regions classified in the highest risk bands, the Group believes it can confirm the goal of achieving margins (EBITDA) in 2021 that are higher than those achieved in 2020 and a resulting further significant reduction in financial debt.

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