



**CAIROCOMMUNICATION**

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## **Interim Management Statement at 31 March 2022**

**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**

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## Governance

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### Board of Directors (\*)

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

### Control, Risk and Sustainability Committee

<b>Massimo Ferrari</b>	Director
<b>Daniela Bartoli</b>	Director
<b>Paola Mignani</b>	Director

### Remuneration and Appointments Committee

<b>Paola Mignani</b>	Director
<b>Daniela Bartoli</b>	Director
<b>Giuseppe Brambilla di Civesio</b>	Director

### Board of Statutory Auditors (\*\*\*)

<b>Michele Paolillo</b>	Chairman
<b>Gloria Marino</b>	Standing Auditor
<b>Maria Pia Maspes</b>	Standing Auditor
<b>Emilio Fano</b>	Alternate Auditor
<b>Domenico Fava</b>	Alternate Auditor

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### 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

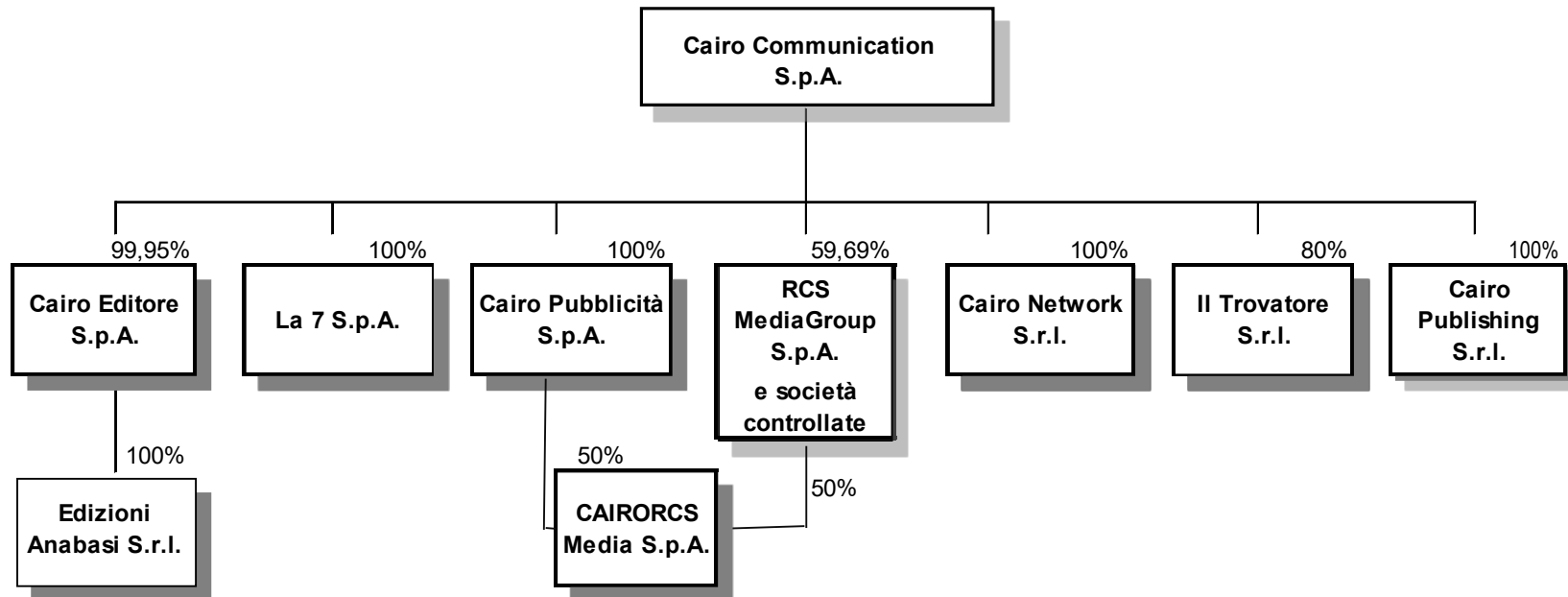
(\*\*) Ordinary and extraordinary executive powers exercised with single signatory, as limited by the Board of Directors

(\*\*\*) 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



The Group at 31 March 2022





## ***1. Valuation principles and criteria adopted in preparing the Interim Management Statement at 31 March 2022***

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 2022 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 2022 are shown versus first quarter 2021. 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 2021.

The quarterly financial statements at 31 March 2022, as for those at 31 March 2021, have been prepared net of tax and tax effects.

In first quarter 2022, there were no changes to the scope of consolidation from the consolidated financial statements for the year ended 31 December 2021.

## ***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 (loss)**

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks



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

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

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

The main differences between the two definitions of EBITDA lie in the provisions for risks and in the allowance for impairment, included in the EBITDA definition adopted by RCS, while they are excluded from the EBITDA definition adopted by Cairo Communication. Owing to the differences between EBITDA definitions adopted, in this 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.

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 first quarter 2022, the Group operated as a:

- publisher of magazines and books (Cairo Editore/Editoriale Giorgio Mondadori and Cairo Publishing);



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

The beginning of 2022 was yet again marked by the continuing health emergency, with the spread of the Omicron variant. Starting from early February, the situation began to improve in Italy and Spain, allowing both countries to speed up the phase of gradual and significant reduction in restrictions.

After the downtrend of 2020, the economic recovery that started in 2021 was marked by higher prices for transportation and a number of commodities, including printing paper and energy, and in some cases, supply difficulties. This situation is causing a general increase in production costs and difficulties in production processes for several industries, whose current production is struggling to keep pace with the trend in demand. Broadly speaking, after several years of virtual price stability, in 2021 the national consumer price index recorded a stronger year-on-year growth in both Italy and Spain than in the more recent past, and both countries in the early months of 2022 are experiencing high inflation rates.

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

As from end February 2022, the conflict in Ukraine and its consequences, including in terms of economic sanctions against Russia and the impacts on the economy and trade, especially on energy, production and logistics supply chains, are creating an overall situation of great uncertainty. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

The current situation is escalating the mentioned cost dynamics, already underway since 2021. 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.

The first quarter 2022 show a 0.2% decrease in the Gross Domestic Product (GDP) in Italy versus fourth quarter 2021, and a 5.8% growth versus the same quarter of the prior year. After



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several years of virtual stability, starting from 2021, consumer prices began to rise again, recording in March 2022 a YoY increase of 6.4% (*ISTAT s*)

In Spain GDP in first quarter 2022 increased by 0.3% versus fourth quarter 2021 and by 6.4% YoY. YoY inflation at March 2022 rose by 9.8%, the highest rate since 1985 (INE).

In Italy, in the first three months of 2022, the advertising market (*Nielsen January-March 2022*) grew by 0.4% versus the same period of 2021, with online advertising market (excluding search, social media and over the top) up by 3.5% Television, newspapers and magazines fell by 2.6% 0.5% and 2% respectively.

In first quarter 2022, the Spanish advertising sales market grew by 5.2% versus the same period of 2021 (*i2p, Arce Media*). Specifically, the newspaper market grew by 7%, while the magazine market dropped by 1.6%. Internet sales (excluding social media, search, etc.) were up by 5.1%. Economic uncertainty and the general scenario also hit daily newspaper and magazine sales figures.

On the circulation front, in the first three months of 2022, circulation in Italy of generalist newspapers in print and digital format declined by 6.3% versus the same period of 2021, while the circulation of sports newspapers increased by 7.4 % (*ADS January-March 2022*).

In Spain, in first quarter 2022 circulation figures show a decline for generalist newspapers (-5.9%), business newspapers (-6.6%) and sports newspapers (-6%) (*OJD*).

In first quarter 2022, in a context still marked by uncertainty due to the conflict in Ukraine and the continuing health emergency:

- the **Group** achieved higher revenue and margins than in the same period of 2021 and continued to generate positive cash flows, with an improvement in the net financial position of Euro 33.7 million versus end 2021;
- **RCS** revenue and EBITDA increased versus first quarter 2021, and at the end of the quarter the net financial position stood at Euro 40.7 million, improving by Euro 24 million versus end 2021. *Corriere della Sera* achieved remarkable newsstand circulation results and continued the growth of digital operations: at end March, its total active digital customer base (digital edition, membership and m-site) counted 427 thousand subscriptions. At end March, the customer base for *Gazzetta's* pay products (*G ALL*, *G+*, *GPRO* and *Magic*) counted 83 thousand subscriptions. Digital subscriptions also grew in Spain, reaching 91 thousand subscriptions for *El Mundo* and 44 thousand subscriptions for *Expansion* at end March 2022;



- the **TV publishing (La7) and network operator segment**<sup>1</sup> confirmed the high audience levels of the La7 channel (3.61% in the all-day share and 4.68% in prime time). Specifically, in March La7 was the fourth national channel in terms of all-day audience (4.4% share) and fifth in prime time (5.3% share). In first quarter 2022, gross advertising sales on La7 and La7d channels amounted to approximately Euro 33.8 million (Euro 35.9 million in 2021);
- the **magazine publishing segment Cairo Editore** achieved results basically in line with 2021 and confirmed high circulation levels of the publications.

In first quarter 2022, consolidated gross revenue amounted to approximately Euro 253.6 million (comprising gross operating revenue of Euro 245.3 million and other revenue and income of Euro 8.3 million) versus Euro 246.8 million in the same period of 2021 (comprising gross operating revenue of Euro 237.7 million and other revenue and income of Euro 9.1 million), up by Euro 6.8 million.

EBITDA and EBIT came to Euro 14.6 million and Euro -3.8 million (Euro 13.8 million and Euro -5.4 million in first quarter 2021). Net non-recurring expense and income amounted to Euro -0.4 million, attributable to measures on personnel.

The net result attributable to the owners of the parent came to approximately Euro -2.9 million (Euro -3.9 million in the same period of 2021).

Looking at the business segments, in first quarter 2022:

- in the **magazine publishing segment (Cairo Editore)**, EBITDA and EBIT came to Euro 1.3 million and Euro 0.8 million (Euro 1.5 million and Euro 1 million in first quarter 2021). Regarding weeklies, with approximately 1 million average copies sold in the period January-March 2022 (*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 1.2 million;
- in the **TV publishing (La7) and network operator segment**, the Group achieved EBITDA of approximately Euro 0.2 million (Euro 0.8 million in the same period of 2021).

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<sup>1</sup> 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, as from third quarter 2021, 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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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. EBIT was approximately Euro -3.4 million (Euro -3.3 million in 2021);

- in the **advertising segment**, EBITDA amounted to Euro -0.3 million (basically in line with first quarter 2021), while EBIT came to Euro -0.7 million (Euro -0.5 million in 2021);
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, EBITDA and EBIT amounted to Euro 13.5 million<sup>2</sup> and Euro -0.4 million (Euro 11.6 million and Euro -2.7 million in the same period of 2021). 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 183.6 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 44 million and accounting for approximately 24% of total revenue. Total advertising sales from RCS online media amounted to Euro 29.7 million in first quarter 2022, making for 47.3% of total advertising revenue. Both Italian newspapers, *Corriere della Sera* and *La Gazzetta dello Sport*, and in Spain *Marca* and *Expansión*, retained their circulation leadership in their respective market segments in first quarter 2022 (*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 counted in the first three months of 2022 28.1 million and 19 million average monthly unique users and 3.9 million and 3.2 million average daily unique users respectively (*Audiweb*). With an aggregate figure of approximately 32 million average monthly unique users (net of duplications) in the first three months of 2022, RCS is once again the leading online publisher in Italy. In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansion.com* reached 55.2 million, 108.1 million and 12.6 million average monthly unique browsers respectively in first quarter 2022, comprising both domestic and foreign browsers and including apps (*Google Analytics*). According to GFK's new survey, which began in January 2022, Unidad Editorial is the leading online publisher in Spain in terms of average monthly unique users for the period January-March 2022.

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<sup>2</sup> 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". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, totaling Euro 1.1 million in first quarter 2022 - EBITDA shown in the RCS Interim Management Statement at 31 March 2022, approved on 11 May 2022, amounted to Euro 12.3 million. As from the Annual Report at 31 December 2021, the item "Net income (expense) from equity-accounted investees", previously under EBITDA, has been classified after Operating profit (loss) or EBIT, among financial items. Consistently, this item was also reclassified for 31 March 2021.



In first quarter 2022, La7's average all-day share was 3.61% and 4.68% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. Specifically, in March La7 was the fourth national channel in terms of all-day audience (4.4% share) and fifth in prime time (5.3% share). La7d's share in the quarter was 0.41% in all-day and 0.33% in prime time. The channel's news and discussion programmes in the quarter all continued to deliver remarkable results: *Otto e Mezzo* with 7.1% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.3% from Monday to Friday, *diMartedì* 6.1%, *Piazzapulita* 5.4%, *Propaganda Live* 5.3%, *Non è l'Arena* 4.9%, *Omnibus La7* 3.6%, *Coffee Break* 3.5%, *L'Aria che tira* 5.3%, and *Tagadà* 3.4%.

The main **consolidated income statement figures** in first quarter 2022 can be compared as follows with those of first quarter 2021:

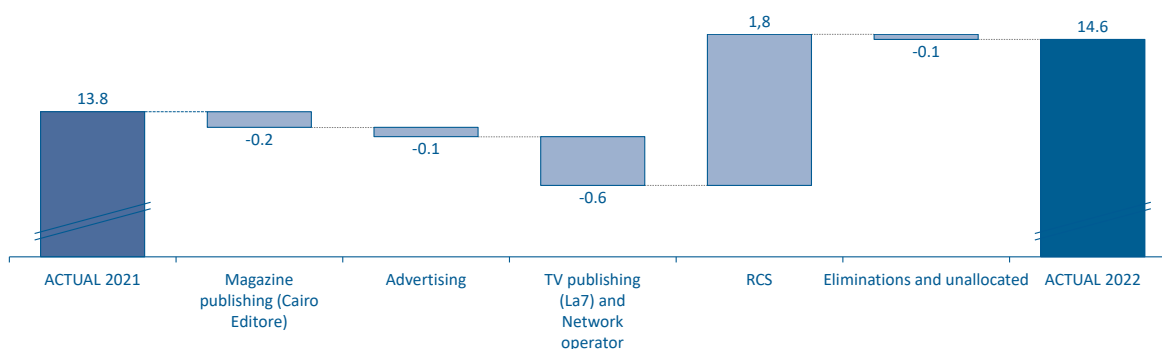
(€ millions)	31/03/2022	31/03/2021
Gross operating revenue	245.3	237.7
Advertising agency discounts	(12.7)	(12.3)
<b>Net operating revenue</b>	<b>232.6</b>	<b>225.4</b>
Change in inventory	2.1	1.1
Other revenue and income	8.2	9.1
<b>Total revenue</b>	<b>243.0</b>	<b>235.6</b>
Production costs	(148.2)	(140.0)
Personnel expense	(79.8)	(81.9)
Non-recurring income and expense	(0.4)	-
<b>EBITDA</b>	<b>14.6</b>	<b>13.8</b>
Amortization, depreciation, provisions and write-downs	(18.4)	(19.1)
<b>EBIT</b>	<b>(3.8)</b>	<b>(5.4)</b>
Other gains (losses) from financial assets/liabilities	(0.4)	(0.6)
Net financial income	(2.1)	(2.4)
<b>Profit (loss) before tax</b>	<b>(6.3)</b>	<b>(8.4)</b>
Income tax	3.0	2.8
Non-controlling interests	0.4	1.6
<b>Profit (loss) from continuing operations attributable to the owners of the parent</b>	<b>(2.9)</b>	<b>(3.9)</b>
Profit (loss) from discontinued operations	-	-
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>(2.9)</b>	<b>(3.9)</b>

In first quarter 2022, consolidated gross revenue amounted to approximately Euro 253.6 million (comprising gross operating revenue of Euro 245.3 million and other revenue and income of Euro 8.3 million) versus Euro 246.8 million in the same period of 2021 (comprising gross operating revenue of Euro 237.7 million and other revenue and income of Euro 9.1 million), up by Euro 6.8 million.



EBITDA and EBIT came to Euro 14.6 million and Euro -3.8 million versus Euro 13.8 million and Euro -5.4 million in first quarter 2021. Net non-recurring expense and income amounted to Euro -0.4 million, attributable to measures on personnel.

The **EBITDA** trend between first quarter 2021 and first quarter 2022 is shown below:



Mention should be made that the item "Net income (expense) from equity-accounted investees", previously classified under EBITDA, as of 2021 (Euro 37 million), was reclassified after EBIT under financial items; consistently, the item was also reclassified for the comparative year 2021, when net expense amounted to Euro -0.1 million.

The net result attributable to the owners of the parent came to approximately Euro -2.9 million (Euro -3.9 million in 2021).

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

€ millions	31/03/2022	31/03/2021
<b>Profit (loss) for the period</b>	<b>(3.3)</b>	<b>(5.5)</b>
<i>Reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the translation of financial statements denominated in foreign currencies	0.0	-
Gains (losses) from cash flow hedges	0.5	0.1
Reclassification of gains (losses) from cash flow hedges	0.1	-
Tax effect	(0.1)	-
<i>Non-reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the fair value measurement of equity instruments	-	-
<b>Total comprehensive income (loss) for the period</b>	<b>(2.7)</b>	<b>(5.4)</b>
- Owners of the parent	(2.5)	(3.9)
- Non-controlling interests	(0.2)	(1.5)
	<b>(2.7)</b>	<b>(5.4)</b>



The Group's performance can be read better by analyzing the first quarter 2022 results by **main business segment** (magazine publishing Cairo Editore, advertising, TV publishing La7, network operator and RCS) versus those of first quarter 2021.

2022	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	17.9	79.2	26.1	190.8	(68.8)	245.3
Advertising agency discounts	-	(10.2)	-	(7.2)	4.7	(12.7)
<b>Net operating revenue</b>	<b>17.9</b>	<b>69.0</b>	<b>26.1</b>	<b>183.6</b>	<b>(64.1)</b>	<b>232.6</b>
Change in inventory	0.1	-	-	2.0	-	2.1
Other revenue and income	1.7	0.8	0.9	5.5	(0.8)	8.2
<b>Total revenue</b>	<b>19.7</b>	<b>69.8</b>	<b>27.1</b>	<b>191.2</b>	<b>(64.8)</b>	<b>243.0</b>
Production costs	(14.2)	(64.6)	(17.3)	(116.9)	64.8	(148.2)
Personnel expense	(4.2)	(5.4)	(9.6)	(60.5)	(0.0)	(79.8)
Non-recurring income (expense)	-	-	-	(0.4)	-	(0.4)
<b>EBITDA</b>	<b>1.3</b>	<b>(0.3)</b>	<b>0.2</b>	<b>13.5</b>	<b>(0.0)</b>	<b>14.6</b>
Amortization, depreciation, provisions and write-downs	(0.5)	(0.5)	(3.6)	(13.9)	(0.0)	(18.4)
<b>EBIT</b>	<b>0.8</b>	<b>(0.7)</b>	<b>(3.4)</b>	<b>(0.4)</b>	<b>(0.0)</b>	<b>(3.8)</b>
Other gains (losses) from financial assets/liabilities	-	-	-	(0.4)	-	(0.4)
Net financial income	(0.0)	(0.1)	0.0	(2.1)	(0.0)	(2.1)
<b>Profit (loss) before tax</b>	<b>0.8</b>	<b>(0.8)</b>	<b>(3.4)</b>	<b>(2.9)</b>	<b>(0.0)</b>	<b>(6.3)</b>
Income tax	(0.0)	0.2	1.0	1.9	-	3.0
Non-controlling interests	-	-	-	0.4	0.0	0.4
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>0.8</b>	<b>(0.6)</b>	<b>(2.4)</b>	<b>(0.6)</b>	<b>(0.0)</b>	<b>(2.9)</b>
<b>2021</b>	<b>Magazine publishing Cairo Editore</b>	<b>Advertising</b>	<b>TV publishing La7 and network operator</b>	<b>RCS</b>	<b>Eliminations and unallocated</b>	<b>Total</b>
(€ millions)						
Gross operating revenue	19.8	79.4	25.6	176.6	(63.8)	237.7
Advertising agency discounts	-	(10.2)	-	(2.2)	-	(12.3)
<b>Net operating revenue</b>	<b>19.8</b>	<b>69.2</b>	<b>25.6</b>	<b>174.4</b>	<b>(63.8)</b>	<b>225.4</b>
Change in inventory	0.0	-	-	1.1	-	1.1
Other revenue and income	1.3	0.2	1.4	6.8	(0.6)	9.1
<b>Total revenue</b>	<b>21.2</b>	<b>69.5</b>	<b>27.0</b>	<b>182.3</b>	<b>(64.3)</b>	<b>235.6</b>
Production costs	(15.3)	(64.1)	(16.6)	(108.3)	64.4	(140.0)
Personnel expense	(4.4)	(5.5)	(9.6)	(62.3)	(0.0)	(81.9)
Non-recurring income (expense)	-	-	-	-	-	-
<b>EBITDA</b>	<b>1.5</b>	<b>(0.2)</b>	<b>0.8</b>	<b>11.7</b>	<b>0.0</b>	<b>13.8</b>
Amortization, depreciation, provisions and write-downs	(0.4)	(0.4)	(4.1)	(14.3)	(0.0)	(19.1)
<b>EBIT</b>	<b>1.0</b>	<b>(0.5)</b>	<b>(3.3)</b>	<b>(2.6)</b>	<b>0.0</b>	<b>(5.4)</b>
Other gains (losses) from financial assets/liabilities	-	-	-	(0.6)	-	(0.6)
Net financial income	(0.0)	(0.1)	0.1	(2.3)	0.0	(2.4)
<b>Profit (loss) before tax</b>	<b>1.0</b>	<b>(0.6)</b>	<b>(3.3)</b>	<b>(5.5)</b>	<b>0.0</b>	<b>(8.4)</b>
Income tax	(0.1)	0.1	0.8	2.0	(0.0)	2.8
Non-controlling interests	-	-	-	1.6	(0.0)	1.6
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>0.9</b>	<b>(0.5)</b>	<b>(2.4)</b>	<b>(1.9)</b>	<b>0.0</b>	<b>(3.9)</b>



The main **consolidated statement of financial position figures** at 31 March 2022 can be analyzed versus the situation at 31 December 2021:

(€ millions)	31/03/2022	31/12/2021
Property, plant and equipment	54.7	57.0
Rights of use on leased assets	163.4	168.5
Intangible assets	984.2	985.1
Financial assets	38.7	37.2
Deferred tax assets	90.4	86.8
Net working capital	(104.8)	(64.1)
<b>Total assets</b>	<b>1,226.6</b>	<b>1,270.5</b>
Non-current liabilities and provisions	110.4	112.9
Deferred tax provision	162.5	162.1
(Financial position)/Net debt	(70.7)	(37.0)
Liabilities from leases (pursuant to IFRS 16)	179.5	184.8
Equity attributable to the owners of the parent	511.9	514.4
Equity attributable to non-controlling interests	333.0	333.3
<b>Total equity and liabilities</b>	<b>1,226.6</b>	<b>1,270.5</b>

In first quarter 2022, as part of the share buy-back plans, no treasury shares were sold or purchased. At 31 March 2022, Cairo Communication held a total of no. 779 treasury shares, or 0.001% of the share capital, subject to Article 2357-ter of the Italian Civil Code.

It should be noted that:

- the Shareholders' Meeting held by RCS on 3 May 2022 approved the distribution of a dividend of Euro 0.06 per share, gross of tax, with ex-dividend date on 18 May 2022, for a total of approximately Euro 31 million (Euro 18.7 million the share of Cairo Communication),
- the Shareholders' Meeting held by Cairo Communication on 3 May 2022 approved the distribution of a dividend of Euro 0.18 per share, gross of tax, with ex-dividend date on 23 May 2021, for a total of approximately Euro 24.2 million.

The change in net financial debt at Group level as a result of the distribution of dividends will be approximately Euro 36.6 million.

The consolidated **net financial position** at 31 March 2022, versus the situation at 31 December 2021, is summarized as follows:



<b>Net financial position</b> (€ millions)	<b>31/03/2022</b>	<b>31/12/2021</b>	<b>Changes</b>
Cash and cash equivalents	136.9	113.0	23.9
Other current financial assets and financial receivables	1.2	0.2	1.0
Current financial assets (liabilities) from derivative instruments	0.5	(0.3)	0.8
Current financial payables	(33.1)	(36.4)	3.3
<b>Current net financial position (net financial debt)</b>	<b>105.5</b>	<b>76.5</b>	<b>29.0</b>
Non-current financial payables	(34.7)	(39.6)	4.9
Non-current financial assets (liabilities) from derivative instruments	(0.1)	0.1	(0.2)
<b>Non-current net financial position (net financial debt)</b>	<b>(34.8)</b>	<b>(39.5)</b>	<b>4.7</b>
<b>Net financial position (net financial debt)</b>	<b>70.7</b>	<b>37.0</b>	<b>33.7</b>
Liabilities from leases (pursuant to IFRS 16)	(179.5)	(184.8)	5.2
<b>Total net financial position (net financial debt)</b>	<b>(108.8)</b>	<b>(147.8)</b>	<b>39.0</b>

The consolidated **net financial position** at 31 March 2022 stood at approximately Euro 70.7 million, improving by Euro 33.7 million versus end 2021, thanks to the strong push from normal operations. At 31 March 2022, the net financial position of RCS stood at Euro 40.7 million (Euro 16.7 million at 31 December 2021).

**Total net financial debt**, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 179.5 million, amounted to Euro 108.8 million (Euro 147.8 million at 31 December 2021).

#### **4. Revenue**

The breakdown of **gross operating revenue** in first quarter 2022, split up by main business segment, can be analyzed as follows versus the amounts of the same period of 2021:



2022	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
TV advertising	-	34.0	23.4	0.0	(23.5)	33.9
Advertising on print media, Internet and sporting events	1.4	44.9	0.5	70.0	(42.6)	74.1
Other TV revenue	-	-	0.3	0.7	(0.1)	0.9
Magazine over-the-counter sales and subscriptions	16.7	-	-	90.7	(0.6)	106.8
VAT relating to publications	(0.2)	-	-	0.1	-	(0.2)
Sundry revenue	-	0.3	2.0	29.4	(2.0)	29.7
<b>Total gross operating revenue</b>	<b>17.9</b>	<b>79.2</b>	<b>26.1</b>	<b>190.8</b>	<b>(68.8)</b>	<b>245.3</b>
Other revenue	1.7	0.8	0.9	5.5	(0.8)	8.2
<b>Total gross revenue</b>	<b>19.7</b>	<b>80.0</b>	<b>27.1</b>	<b>196.3</b>	<b>(69.5)</b>	<b>253.6</b>

2021	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	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 subscriptions	18.5	-	-	89.9	(0.6)	107.8
VAT relating to publications	(0.3)	-	-	(0.8)	-	(1.1)
Sundry revenue	-	0.4	0.1	27.2	(1.9)	25.7
<b>Total gross operating revenue</b>	<b>19.8</b>	<b>79.4</b>	<b>25.6</b>	<b>176.6</b>	<b>(63.8)</b>	<b>237.7</b>
Other revenue	1.3	0.2	1.4	6.8	(0.6)	9.1
<b>Total gross revenue</b>	<b>21.0</b>	<b>79.6</b>	<b>27.0</b>	<b>183.4</b>	<b>(64.3)</b>	<b>246.8</b>

### 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 2022, in a context still marked by uncertainty brought by the war in Ukraine and the continuing health emergency, Cairo Editore achieved results basically in line with the same period of 2021.

EBITDA and EBIT came to approximately Euro 1.3 million and approximately Euro 0.8 million (Euro 1.5 million and Euro 1 million in first quarter 2021).



The Group weeklies reported high circulation results, with an average ADS weekly circulation in the January-March three-month period of 2022 of 315,895 copies for “*Settimanale DIPIU*”, 155,944 copies for “*DIPIU’ TV*”, 50,833 copies for “*Settimanale DIPIU’ e DIPIU’TV Cucina*”, 108,944 copies for “*Diva e Donna*”, 145,465 copies for “*Settimanale Nuovo*”, 78,948 copies for “*F*”, 66,110 copies for “*TVMia*”, 55,718 copies for “*Settimanale Giallo*”, and 63,224 copies for “*NuovoTV*”, reaching a total of approximately 1 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 1.2 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., of the advertising sales business units for RCS's print and online titles in Italy and the print, television and online titles of Cairo Editore and La7, as well as certain third-party media. The transfers became effective as from 1 January 2021.

In first quarter 2022, EBITDA came to Euro -0.3 million and EBIT to Euro -0.7 million (Euro -0.2 million and Euro -0.5 million in first quarter 2021).

In first quarter 2022:

- gross advertising sales on La7 and La7d channels amounted to approximately Euro 33.8 million (Euro 35.9 million in 2021),
- advertising sales on Cairo Editore titles amounted to Euro 1.8 million (Euro 2.0 million in 2021),
- gross advertising revenue of the RCS titles, amounting to Euro 40.2 million, increased by +5.8% overall versus 2021, with the online medium up by +5.9%.

#### TV PUBLISHING (La7) AND NETWORK OPERATOR

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





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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 EBITDA, strengthening in the years that followed the results of the cost rationalization measures implemented.

In first quarter 2022, the TV publishing (La7) and network operator segment achieved EBITDA of approximately Euro 0.2 million (Euro 0.8 million in first quarter 2021) and EBIT of approximately Euro -3.4 million (Euro -3.3 million in the same period of 2021). 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.

In first quarter 2022, La7's average all-day share was 3.61% and 4.68% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. Specifically, in March La7 was the fourth national channel in terms of all-day audience (4.4% share) and fifth in prime time (5.3% share). La7's share in the quarter was 0.41% in all-day and 0.33% in prime time. The channel's news and discussion programmes in the quarter all continued to deliver remarkable results: *Otto e Mezzo* with 7.1% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.3% from Monday to Friday, *diMartedì* 6%, *Piazzapulita* 5.4%, *Propaganda Live* 5.3%, *Non è l'Arena* 4.8%, *Omnibus La7* 3.5%, *Coffee Break* 3.5%, *L'Aria che tira* 5.3%, and *Tagadà* 3.4%.

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 2021, an agreement was reached with Dazn on the rental of digital terrestrial bandwidth for the broadcasting of the new *Dazn Channel*, which acts as a backup to the OTT service. In December 2021, an agreement was also reached with Elda Srl on the rental of digital



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terrestrial bandwidth for the broadcasting of some of its "Italia" and "Arte" channels starting from January 2022.

Note 39 to the 2021 consolidated financial statements contains a detailed description of the current developments in the legislative and regulatory framework regarding the rights to use television frequencies, following the provisions of the 2018 and 2020 Budget Laws, and of Cairo Network's distinctive position against this backdrop.

### 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*, whose content is produced by third parties.

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

With *Solferino - i libri del Corriere della Sera*, it is active in book publishing; 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,<sup>3</sup> marking a return to positive territory by the RCS Group (the first time since 2010), and in 2017<sup>3</sup>, 2018<sup>3</sup>

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<sup>3</sup> RCS 2017, 2018, 2019, 2020 and 2021 Annual Report



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2019<sup>3</sup> 2020<sup>3</sup> and 2021<sup>3</sup> the net result had amounted to Euro 71.1 million, Euro 85.2 million, Euro 68.5 million, Euro 31.7 million and Euro 72.4 million, respectively.

In first quarter 2022, amid the uncertainty brought by the conflict in Ukraine and the continuing health emergency, RCS achieved - in Cairo Communication's consolidated financial statements - EBITDA of approximately Euro 13.5 million<sup>4</sup> and EBIT of Euro -0.4 million (respectively Euro 11.6 million and Euro -2.7 million in first quarter 2021), up versus the prior year. Moreover, RCS's seasonality factors generally impact on the results of the first and third quarters of the year. In first quarter 2022, non-recurring expense, amounting to Euro 0.4 million, refers to personnel expense.

Mention should be made that "Net income (expense) from equity-accounted investees", previously classified under EBITDA, as of 2021, was reclassified after EBIT; consistently, the item was also reclassified for the comparative first quarter 2021, when net expense amounted to Euro 0.1 million.

In first quarter 2022, consolidated net operating revenue generated by RCS amounted to approximately Euro 183.6 million, up by a total of Euro 9.2 million versus the same period of 2021. RCS digital revenue (Italy and Spain), which amounted to approximately Euro 44 million, accounted for approximately 24% of total revenue. Total advertising sales from RCS online media amounted to Euro 29.7 million in first quarter 2022, making for 47.3% of total advertising revenue.

Both Italian newspapers retained their circulation leadership in their respective market segments at March 2022 (*ADS*).

In Italy, in the first three months of 2022, average daily copies circulated including digital copies of *Corriere della Sera* stood at 268 thousand, and those of *La Gazzetta dello Sport* at 100 thousand copies (*ADS January-March 2022*). *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 March 2022, the total active digital customer base for *Corriere della Sera* (digital edition, membership and m-site) reached 427 thousand subscriptions. Considering "paid circulation Italy" in the first three months, both *Corriere della Sera*, with a 2.8% increase

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<sup>4</sup> 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". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, totaling Euro 1.1 million in first quarter 2022 - EBITDA shown in the RCS Interim Management Statement at 31 March 2022, approved on 11 May 2022, amounted to Euro 12.3 million.



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versus the market's -6.3%, and *La Gazzetta dello Sport*, with an 18.4% increase versus the market's 6.6% increase, outperformed their market (*ADS January-March 2022*).

The main digital performance indicators confirm the strong market position of RCS, which is once again the top online publisher in the period January-March 2022 with an aggregate figure of approximately 32 million average monthly unique users (net of duplications) (*Audiweb*). The *Corriere della Sera* and *La Gazzetta dello Sport* brands, in the period January-March 2022, reached 28.1 million and 19 million average monthly unique users and 3.9 million and 3.2 million average daily unique users, respectively (*Audiweb*).

At end March 2022, the customer base for *Gazzetta's* pay products (which includes *G ALL*, *G+*, *GPRO* and *Magic* products) amounted to 83 thousand subscriptions.

Including digital copies, in three months 2022 the average daily circulation of *El Mundo*, *Marca* and *Expansión* stood at approximately 60 thousand copies, approximately 63 thousand copies and approximately 24 thousand copies, respectively (Internal Source). The two newspapers retained their circulation leadership in their respective market segments also in 2022 (*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 55.2 million, 108.1 million and 12.6 million average monthly unique browsers respectively in first quarter 2022, comprising both domestic and foreign browsers and including apps (*Google Analytics*). According to GFK's new survey, which began in January 2022, Unidad Editorial is the leading online publisher in Spain in terms of average monthly unique users for the period January-March 2022.

In Spain, digital subscriptions grew with approximately 91 thousand subscriptions for *elmundo.es* and approximately 44 thousand subscriptions for *expansion.com* at end March 2022.

At 31 March 2022, the net financial position stood at Euro 40.7 million, improving by Euro 24 million versus 31 December 2021 (Euro 16.7 million).

The total net financial debt of RCS, which includes financial liabilities from leases recognized in accordance with IFRS 16, totaling Euro 156.7 million (mainly property leases), amounted to Euro 116 million (Euro 144.9 million at 31 December 2021).

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.

Below are some of the main initiatives implemented in Italy in first three months 2022:



- on 28 February, *Corriere della Sera* presented *Login*, the editorial system dedicated to innovation, technology and the digital revolution, developed on paper and in digital editions with the monthly magazine; online with the website, newsletters and dedicated social profiles, live with events and in audio mode with podcast projects;
- on 9 and 24 March, *Corriere della Sera* published two special issues named "*Dentro la guerra*", an opportunity to understand the reasons, consequences and geopolitical effects of the war in Ukraine;
- from 5 to 8 March, *Corriere della Sera*, *IO Donna*, *La27esima ora*, *Le Contemporanee* and La Sapienza University of Rome organized the event *Obiettivo 5 – parità di genere*" (surveys, workshops and debates on the theme of gender equality);
- regarding digital initiatives and projects, the first quarter was marked in particular by:
  - the editorial coverage of the main events through podcasts and newsletters dedicated to the Russia-Ukraine conflict with *Corriere della Sera*'s big names and correspondents;
  - the continued production of the new *Corriere* podcasts, such as "*Nebbia - Le verità nascoste nella storia della Repubblica*", "*Le Figlie della Repubblica*" and "*Vive*";
  - the new format "*I talk de l'Economia*" with video-discussions on economic issues related to current affairs;
- *La Gazzetta dello Sport* produced a *Grande Gazzetta* dedicated to the Serie A match between Inter and Milan and an issue of *G Magazine* dedicated to cycling;
- *Sportweek*, the weekly of *La Gazzetta*, produced three special issues as well as dedicating its own dossier, on newsstands with four different covers, to women's sports and to some of its top athletes;
- on the series and add-ons front, on 18 January *Corriere della Sera* published the first volume of *Vite quotidiane*, a series with the most celebrated novels by Pier Paolo Pasolini, a series of authoritative essays written by leading international analysts, to decode the strategies of Governments and the fault lines separating peoples, cultures and civilizations, curated by Federico Rampini. *La Gazzetta dello Sport* enriched its issue schedule with numerous initiatives, including: the series "*Urania - 70 anni di futuro*", the complete series of the manga "*Haikyū*", and the unpublished series of historical essays "*Giorni che hanno fatto la storia*".

In the first few months of 2022, the magazines area developed numerous editorial initiatives, including:



- *OGGI*, headed from 1 February 2022 by Carlo Verdelli, starting from the issue released on Thursday 10 February, freshened its claim in: "*OGGI - il settimanale degli italiani*" adding many new exclusive contributions;
- 31 March saw the restyling of *Amica*. The website *Amica.it* and the Instagram page *@amicamagazine* were also revamped.

RCS Academy, the Group's business school, continued in 1° quarter 2022 to deliver the master's degrees launched in the last quarter of 2021, including the first MBA on Corporate Sustainability, the 3° edition of the *Full Time Master's in Fashion Management*, the 4° edition of the *Full Time Master's in Digital Marketing*, as well as numerous other full-time, part-time and online master's degrees.

During the quarter, two online business talks were also held, addressed to companies and professionals, in association with *corriere.it* and in partnership with a network of market leading companies, on the themes of the Economics of Sustainability and Hydrogen and Renewable Sources.

The Books segment in the first quarter was down overall versus the same period of 2021 (-1.6% in terms of value, -0.6% in terms of volume), especially in January and February, while March showed a recovery (+1.7% in terms of value, +1.8% in terms of volume) (*GFK*).

RCS opened the year in line with the market trend, with good starts for titles by Lidia Maksymowicz (*La bambina che non sapeva odiare*), Iginio Massari (*La mia scuola di pasticceria*), Peppe Di Stefano (*Milanello, la casa del diavolo*) and Marilù Oliva (*L'Eneide di Didone*), while the catalogue includes "*Adrenalina*" by Zlatan Ibrahimovic, "*La mia ultima testimonianza pubblica sulla Shoah*" by Liliana Segre and "*Invisibile meraviglia. Piccole lezioni sulla natura*" by Susanna Tamaro.

Below are some of the main initiatives implemented in Spain in first three months 2022:

- on 14 January, *El Mundo* launched *La Lectura*, a cultural magazine - modeled after the Italian counterpart of *Corriere della Sera*. - on the main trends in the world of literature, art, stage and cinema, as well as the hottest debates on history, science, geopolitics or social changes;
- on 20 January, *Marca.es*, in association with its partner *Socios.com*, launched a new section of editorial content on what's new in the blockchain world and its relationship with sport, with a focus on *Fan Tokens*;



- several initiatives were implemented to cover the war in Ukraine, *ElMundo.es* created a new daily newsletter and the special supplement "*Un mes de la invasión de Ucrania por Rusia*", in addition to the new newsletter of *Expansión.es Mercados en Guerra*;
- the month of March saw the first meeting of the cycle of events dedicated to the 30th anniversary of the magazine *Diario Medico*;
- also in March, *Expansión.es* launched the newsletter *Vivienda*, offering an overall coverage of the real-estate market, and the newsletter *Criptomonedas*, with the most practical information on how to invest in cryptocurrencies and keep track of the hottest news on bitcoin, ethereum and other virtual currencies;
- from 21 to 25 March, *Telva Beauty Week 2022* was held; five days of events, workshops, engagement on social networks and the web through video tutorials, interviews and podcasts, finishing off with the presentation of the *Telva Beauty Awards*;
- 26 March saw the return on newsstands of the women's magazine *YoDona*, with a new graphical design and a new approach to content, accompanied by the revamped digital rendition.

With regard to RCS's dispute on the Via Solferino property complex, reference is made to Note 39 to the consolidated financial statements in the Annual Report at 31 December 2021.

### **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.



<b>Receivables and financial assets</b> (€ millions)	<b>Trade receivables</b>	<b>Receivables from tax consolidation</b>	<b>Other current financial assets</b>	
Parents	-	0.4	-	-
Associates	2.7	-	-	-
Other affiliates	0.6	-	-	-
Other related parties	0.3	-	-	-
<b>Total</b>	<b>3.6</b>	<b>0.4</b>	-	-

<b>Payables and financial liabilities</b> (€ millions)	<b>Trade and other payables</b>	<b>Other current financial liabilities</b>	<b>Other non-current financial liabilities</b>	
Parents	-	-	-	-
Associates	5.9	-	-	-
Other affiliates	1.0	-	-	-
Other related parties	-	-	-	-
<b>Total</b>	<b>6.9</b>	-	-	-

<b>Revenue and costs</b> (€ millions)	<b>Operating revenue</b>	<b>Operating costs</b>	<b>Financial income</b>	<b>Financial expense</b>
Parents	-	-	-	-
Associates	0.4	(4.4)	-	-
Other affiliates	0.0	(0.7)	-	-
Other related parties	0.1	(0.1)	-	-
<b>Total</b>	<b>0.5</b>	<b>(5.2)</b>	-	-

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 4.1 million in first quarter 2022, and hold trade payables of Euro 5.4 million.
- There are also transactions with the equity-accounted investees of the m-Dis Distribuzione Media Group, in respect of which the Group companies generated revenue of Euro 0.4 million and incurred costs of Euro 0.2 million in 2022, and hold trade receivables of Euro 2.5 million and trade payables of Euro 0.4 million.





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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 quarter 2022 of Euro 0.6 thousand to the concession holder against revenue of Euro 0.7 thousand net of agency discounts. CAIRORCS Media earned further commissions of Euro 25 thousand;
- the agreement between Cairo Communication S.p.A. and Torino F.C. for the provision of administrative services such as bookkeeping, which provides for an annual consideration of Euro 100 thousand.

Transactions with “other related parties” refer mainly to 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 2021 “*Report on Corporate Governance and Ownership Structure*”.



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## **6. Events occurring after the quarter and business outlook**

The beginning of 2022 was yet again marked by the continuing health emergency, with the spread of the Omicron variant. Starting from early February, the situation began to improve in Italy and Spain, allowing both countries to speed up the phase of gradual and significant reduction in restrictions.

As from end February 2022, the conflict in Ukraine and its consequences, including in terms of economic sanctions against Russia and the impacts on the economy and trade, especially on energy, production and logistics supply chains, are creating an overall situation of great uncertainty and a possible slowdown in the economic growth expected in the relevant markets. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

The current situation is fueling the inflationary pressure and the growing trend in the costs of various production factors already underway since 2021 and, in some cases, also difficulties in supply, therefore in the production processes for several industries.

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

In first quarter 2022 too, the Group met the public's strong need to stay informed through its information offering, ensuring a timely service to its viewers and readers. The *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 have played 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.

As for both the health emergency and the ongoing conflict, 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 context plays out, on the developments and duration of the conflict in Ukraine and its geopolitical effects, and on the effectiveness of the public measures - including economic ones - which have been and will be implemented.

In consideration of the actions already implemented and those planned, in the absence of a deterioration of health conditions and/or the consequences of a continuing conflict in Ukraine and/or the trend in costs, the Group believes that it can set itself the target of confirming in 2022



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margins (EBITDA) in line with those achieved in 2021 and a resulting further improvement in the net financial position versus end 2021.

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

For the Board of Directors  
Chairman Urbano Cairo



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***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 II 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