



CAIRO COMMUNICATION

Interim Management Statement at 31 March 2023

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

Cairo Communication S.p.A.

Head office: Via Angelo Rizzoli 8
Share capital Euro 6,989,663.10



Governance

Board of Directors (*)

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

Control and Risk Committee

Massimo Ferrari	Director
Daniela Bartoli	Director
Paola Mignani	Director

Remuneration and Appointments Committee

Paola Mignani	Director
Daniela Bartoli	Director
Valentina Manfredi	Director

Board of Statutory Auditors (***)

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

Independent Auditors (****)

Deloitte & Touche S.p.A.

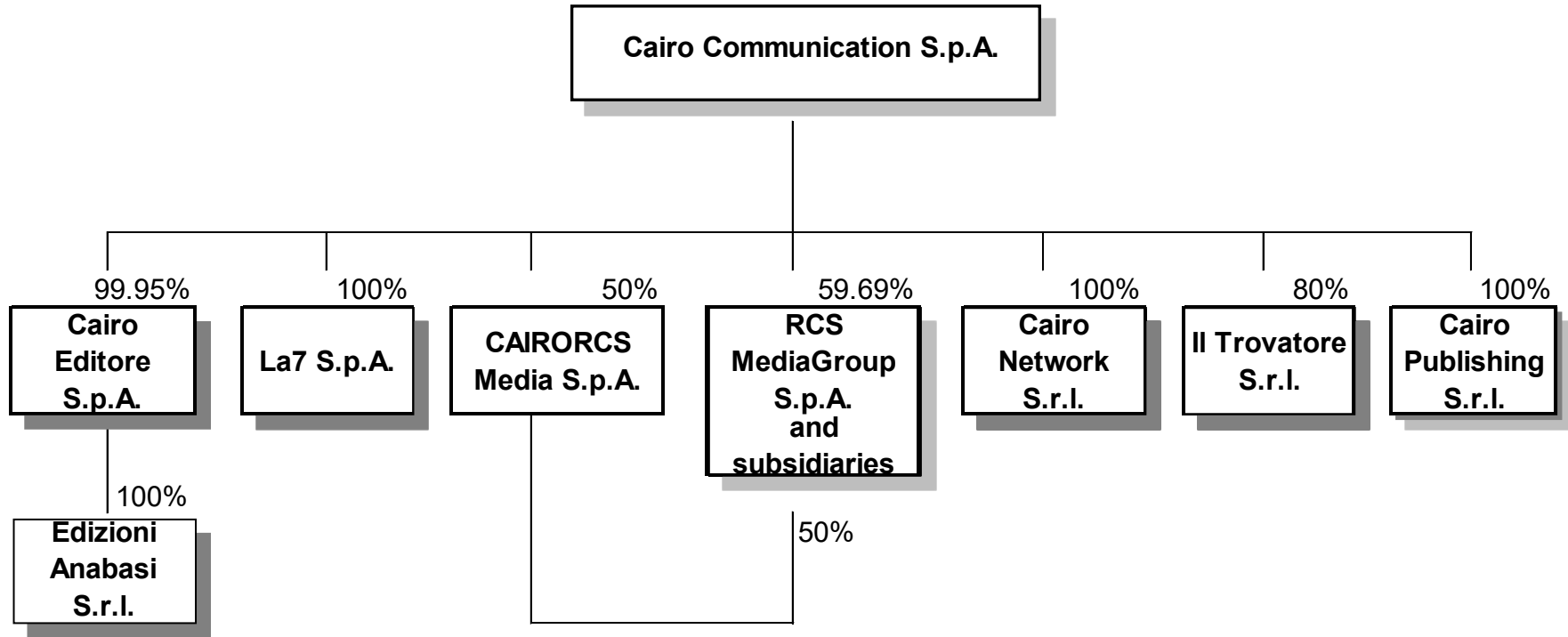
(*) The Board of Directors was appointed by resolution of the Shareholders' Meeting held on 8 May 2023. The Directors are in office for the years 2023-2024-2025, therefore until the Shareholders' Meeting called to approve the financial statements for the year ending 2025

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

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

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

The Group at 31 March 2023



1. VALUATION PRINCIPLES AND CRITERIA ADOPTED IN PREPARING THE INTERIM MANAGEMENT STATEMENT AT 31 MARCH 2023

The financial statements in this Interim Management Statement were 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 2023 was 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 2023 are shown versus first quarter 2022. 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 2022.

The quarterly financial statements at 31 March 2023, as for those at 31 March 2022, were prepared net of tax and tax effects.

In first quarter 2023, In Viaggio Doveclub S.r.l., RCS Innovation S.r.l. and Unidad Editorial USA Inc. were incorporated and fully consolidated.

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

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 was determined consistently with the definition adopted by the parent Cairo Communication.

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

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

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

3. GROUP PERFORMANCE

In first quarter 2023, the Group operated as a:

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

The beginning of 2023 was still marked by the continued conflict in Ukraine, with its consequences also in terms of impacts on the economy and trade. This has led to a state of great uncertainty and a slowdown in anticipated economic growth in relevant markets, exacerbating in 2022 the pre-existing

inflationary dynamics since 2021. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

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

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

In first quarter 2023, GDP in Italy increased by 1.8% versus the same quarter of the prior year (*ISTAT*). Additionally, the inflation rate decelerated, recording a +7.4% YoY increase, driven primarily by the trend of energy goods prices (*ISTAT - FOI index excluding tobacco*). In Spain, GDP grew in first quarter 2023 by 3.8% YoY (*Institute of National Statistics - INE*). YoY inflation stands at 3.3% (*Institute of National Statistics - INE*).

In Italy, the advertising market in first quarter 2023 (*Nielsen January-March 2023*) was up by 3.1% versus the same period of 2022, with online (excluding search, social media and over the top), TV and newspapers up by 11.9%, 1.3% and 1.3%. Magazines dropped by 1.4%.

In Spain, the advertising sales market in first quarter 2023 grew by 3% versus the same period of 2022 (*i2p, Arce Media*). Specifically, the newspaper and magazine markets increased by 6.1% and 0.3%. Internet (excluding social media, search, etc.) and radio sales were up too by 6% and 14.9%.

Economic uncertainty and the general scenario also hit daily newspaper and magazine sales figures. On the circulation front, in first quarter 2023, generalist newspapers in Italy recorded a 5.2% decline in print and digital circulation, while sports newspapers recorded a 32% increase in print and digital circulation (*ADS January-March 2023*), thanks mainly to the performance of digital copies.

In Spain, in first quarter 2023, circulation figures show a decline for generalist newspapers (-11.1%), business newspapers (-2.1%) and sports newspapers (-13.9%) (*OJD*).

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

- **Group** gross revenue was in line with the same period of 2022, with the margins of current operations confirmed;
- **RCS** too basically confirmed gross revenue and margins from current operations. *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 526 thousand subscriptions (508 thousand at end 2022). At end March 2023, the

customer base for *Gazzetta's* pay products (*G ALL*, *G+*, *GPRO* and *Fantacampionato*) counted 213 thousand subscriptions (171 thousand at end 2022). Digital subscriptions grew in Spain too, reaching at end March 2023 115 thousand subscriptions for *El Mundo* (101 thousand at end 2022) and 56 thousand subscriptions for *Expansión* (51 thousand at end 2022) (Internal Source);

- the **TV publishing (La7) and network operator segment** achieved high audience levels of the La7 channel (3.32% in the all-day share and 4.49% in prime time). Specifically, in the quarter La7 was the sixth channel in prime time ratings, with an increasing trend in February (4.32%) and March (4.87%) when it was the fifth channel. Advertising sales on La7 and La7d channels totaled approximately Euro 35.4 million, up from Euro 33.8 million in first quarter 2022;

- the **Cairo Editore magazine publishing segment** confirmed the results of first quarter 2022, despite the increase in the cost of paper versus first quarter 2022.

In first quarter 2023, consolidated gross revenue amounted to approximately Euro 256.2 million (comprising gross operating revenue of Euro 243.4 million and other revenue and income of Euro 12.8 million), up by Euro 2.7 million versus Euro 253.5 million in first quarter 2022 (comprising gross operating revenue of Euro 245.3 million and other revenue and income of Euro 8.2 million).

EBITDA and EBIT came to Euro 13.6 million and to Euro -6.5 million (Euro 14.6 million and Euro -3.8 million in the same period of the prior year), and were still impacted by the increase in input costs, paper in particular, versus first quarter 2022 when the paper used had been purchased at 2021 prices. Net non-recurring expense amounted to Euro -0.4 million (Euro -0.4 million in first quarter 2022). The Group's seasonality factors generally impact on the results of the first and third quarters of the year.

The net result attributable to the owners of the parent came to approximately Euro -3 million (Euro -2.9 million in first quarter 2022).

Looking at the business segments, in first quarter 2023:

- in the **magazine publishing segment (Cairo Editore)**, EBITDA and EBIT came to Euro 1.2 million and Euro 0.8 million (Euro 1.3 million and Euro 0.8 million in first quarter 2022). Regarding weeklies, with approximately 1 million average copies sold in the period January-March 2023 (*ADS*), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 29% market share. Including the average sales of titles out of the *ADS* survey (comprising copies sold of "*Enigmistica Più*" and of "*Enigmistica Mia*"), average copies sold were approximately 1.1 million;

- in the **TV publishing (La7) and network operator segment**, EBITDA grew to reach approximately Euro 0.9 million (Euro 0.2 million in first quarter 2022). 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 -3.4 million in first quarter 2022);

- in the **advertising segment**, EBITDA amounted to Euro -0.3 million (Euro -0.3 million in first quarter 2022) and EBIT to Euro -0.9 million (Euro -0.7 million in first quarter 2022);

- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, EBITDA¹ and EBIT came to Euro 11.8 million and to Euro -3 million (Euro 13.5 million and Euro -0.4 million in the same period of the prior year), and were still impacted by the increase in input costs, paper in particular, versus first quarter 2022 when the paper used had been purchased at 2021 prices. 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 179.1 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 45.1 million and accounting for approximately 25.2% of total revenue. Total advertising sales from RCS online media amounted to Euro 28.7 million in first quarter 2023, making for 45% of total advertising revenue. Both Italian newspapers, *Corriere della Sera* and *La Gazzetta dello Sport*, and in Spain *Marca* and *Expansión*, retained their circulation leadership in their respective market segments (*ADS* for Italy and *OJD* for Spain). EGM's April 2023 "General Media Research" survey confirms Unidad Editorial as the leader in Spanish print media with more than 1.5 million daily readers of its three daily newspapers, up by 6% from the last survey in 2022. 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 period January-March 2023, 31.2 million and 19.6 million average monthly unique users and 4 million and 2.6 million average daily unique users (*Audicom*). RCS ranks as the top online publisher also in first quarter 2023 in Italy with an aggregate figure of 32 million average monthly unique users (net of duplications) (*Audicom*). The main social accounts of the *Corriere* publications at 31 March 2023 reached 11.5 million total followers (considering *Facebook*, *Instagram*, *Twitter*, *LinkedIn* and *TikTok* - Internal source) and those of *La Gazzetta dello Sport* 5.6 million (considering *Facebook*, *Instagram*, *Twitter* and *TikTok* - Internal source). In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansión.com* reached 44.4 million, 97.1 million and 10.6 million average monthly unique browsers in first quarter 2023, comprising both domestic and foreign browsers and including apps (*Google Analytics*). The social audience of Unidad Editorial Group titles (Internal Source) stands at 8.8 million followers for *El Mundo*, 16.2 million for *Marca* and 2.3 million for *Telva* (considering *Facebook*, *Instagram* and *Twitter*) and 1.4 million for *Expansión* (considering *Facebook*, *Instagram*, *Twitter* and *LinkedIn*).

¹ Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the 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 1.2 million in first quarter 2023 - EBITDA shown in the RCS Interim Management Statement at 31 March 2023, approved on 12 May 2023, amounted to Euro 10.6 million.

In first quarter 2023, La7's average all-day share was 3.32% and 4.49% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. Specifically, in the quarter La7 was the sixth channel in prime time ratings, with an increasing trend in February (4.32%) and March (4.87%) when it was the fifth channel. In the morning slots too (7:00/12:00), La7 achieved a 3.42% share, claiming the fifth position in the national ranking, overtaking Italia 1 and Rete 4. La7's share in first quarter 2023 was 0.45% in all-day and 0.43% in prime time. The channel's news and discussion programmes in first quarter 2023 all continued to deliver remarkable results: *Otto e Mezzo* with 6.75% average share from Monday to Friday, *TgLa7* 8 p.m. edition with 5.57% from Monday to Friday, *diMartedì* with 6.13%, *Piazzapulita* with 5.07%, *Propaganda Live* with 5.55%, *Omnibus La7* with 3.55%, *Coffee Break* with 3.73%, *L'Aria che tira* with 4.67%, *Tagadà* with 3.45%, *Atlantide* with 3.41% and *In Onda* with 4.48%.

In first quarter 2023, La7 confirmed its leadership among generalist TV stations in terms of news hours (1,185 hours in the period) and is the second channel in terms of live hours (over 1000 in the first three months of the year).

On the digital front, in first quarter 2023 average monthly unique users were 6.6 million and daily unique users 473 thousand. *Stream views* were 19.6 million per month. At end March, followers of La7 and its active programmes on Facebook, Twitter, Instagram and TikTok total 6.6 million.

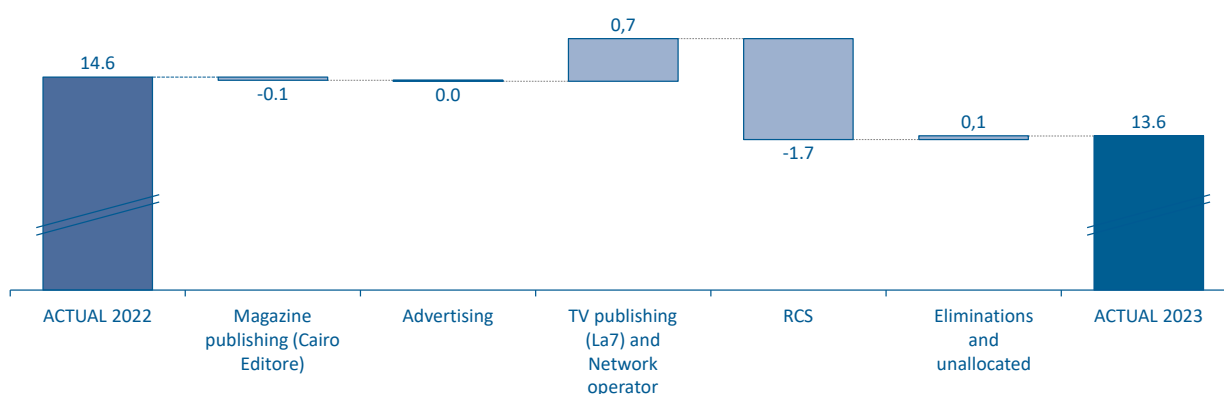
The main **consolidated income statement figures** in first quarter 2023 can be compared as follows with those of first quarter 2022:

(€ millions)	31/03/2023	31/03/2022
Gross operating revenue	243.4	245.3
Advertising agency discounts	(12.7)	(12.7)
Net operating revenue	230.7	232.6
Change in inventory	1.0	2.1
Other revenue and income	12.8	8.2
Total revenue	244.5	243.0
Production costs	(148.8)	(148.2)
Personnel expense	(81.7)	(79.8)
Non-recurring income and expense	(0.4)	(0.4)
EBITDA	13.6	14.6
Amortization, depreciation, provisions and write-downs	(20.1)	(18.4)
EBIT	(6.5)	(3.8)
Other gains (losses) from financial assets/liabilities	-	(0.4)
Net financial income (expense)	(3.0)	(2.1)
Profit (loss) before tax	(9.5)	(6.3)
Income tax	5.6	3.0
Non-controlling interests	0.8	0.4
Profit (loss) for the period attributable to the owners of the parent	(3.0)	(2.9)

In first quarter 2023, consolidated gross revenue amounted to approximately Euro 256.2 million (comprising gross operating revenue of Euro 243.4 million and other revenue and income of Euro 12.8 million), up by Euro 2.7 million versus Euro 253.5 million in first quarter 2022 (comprising gross operating revenue of Euro 245.3 million and other revenue and income of Euro 8.2 million).

EBITDA and EBIT came to Euro 13.6 million and to Euro -6.5 million (Euro 14.6 million and Euro -3.8 million in the same period of the prior year) and, as commented above, were still impacted by the increase in input costs, paper in particular, versus first quarter 2022 when the paper used had been purchased at 2021 prices. Net non-recurring expense amounted to Euro -0.4 million (Euro -0.4 million in first quarter 2022). The Group's seasonality factors generally impact on the results of the first and third quarters of the year.

The **EBITDA** trend between first quarter 2022 and first quarter 2023 is shown below:



The net result attributable to the owners of the parent came to approximately Euro -3 million (Euro -2.9 million in first quarter 2022).

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

€ millions	31 March 2023	31 March 2022
Profit (loss) for the period	(3.9)	(3.3)
<i>Reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the translation of financial statements denominated in foreign currencies	0.0	0.0
Gains (losses) from cash flow hedges	(0.1)	0.5
Reclassification of gains (losses) from cash flow hedges	(0.1)	0.1
Tax effect	0.0	(0.1)
Total comprehensive income for the period	(4.0)	(2.7)
- Owners of the parent	(3.2)	(2.5)
- Non-controlling interests	(0.8)	(0.2)
	(4.0)	(2.7)

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

2023	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	18.0	81.3	28.1	185.8	(69.9)	243.4
Advertising agency discounts	-	(10.4)	-	(7.0)	4.8	(12.7)
Net operating revenue	18.0	70.9	28.1	178.8	(65.2)	230.7
Change in inventory	(0.0)	-	-	1.0	-	1.0
Other revenue and income	3.5	0.6	0.1	9.3	(0.6)	12.8
Total revenue	21.5	71.5	28.2	189.1	(65.8)	244.5
Production costs	(16.1)	(66.2)	(17.6)	(114.8)	65.8	(148.8)
Personnel expense	(4.2)	(5.6)	(9.7)	(62.2)	(0.0)	(81.7)
Non-recurring income (expense)	-	-	-	(0.4)	-	(0.4)
EBITDA	1.2	(0.3)	0.9	11.8	0.0	13.6
Amortization, depreciation, provisions and write-downs	(0.5)	(0.6)	(4.3)	(14.8)	0.0	(20.1)
EBIT	0.8	(0.9)	(3.4)	(3.0)	0.0	(6.5)
Other gains (losses) from financial assets/liabilities	-	-	-	0.0	-	0.0
Net financial income	(0.0)	(0.1)	0.1	(2.9)	(0.0)	(3.0)
Profit (loss) before tax	0.7	(0.9)	(3.3)	(5.9)	0.0	(9.5)
Income tax	0.4	0.2	0.8	4.2	(0.0)	5.6
Non-controlling interests	-	0.2	-	0.7	(0.0)	0.8
Profit (loss) for the period attributable to the owners of the parent	1.1	(0.6)	(2.5)	(1.1)	0.0	(3.0)
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)
Net operating revenue	17.9	69.0	26.1	183.6	(64.1)	232.6
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
Total revenue	19.7	69.8	27.1	191.2	(64.8)	243.0
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)
EBITDA	1.3	(0.3)	0.2	13.5	(0.0)	14.6
Amortization, depreciation, provisions and write-downs	(0.5)	(0.5)	(3.6)	(13.9)	(0.0)	(18.4)
EBIT	0.8	(0.7)	(3.4)	(0.4)	(0.0)	(3.8)
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)
Profit (loss) before tax	0.8	(0.8)	(3.4)	(2.9)	(0.0)	(6.3)
Income tax	(0.0)	0.2	1.0	1.9	-	3.0
Non-controlling interests	-	-	-	0.4	0.0	0.4
Profit (loss) for the period attributable to the owners of the parent	0.8	(0.6)	(2.4)	(0.6)	(0.0)	(2.9)

The main **consolidated statement of financial position figures** at 31 March 2023 can be analyzed versus the situation at 31 December 2022:

(€ millions)	31/03/2023	31/12/2022
Property, plant and equipment	109.0	110.9
Rights of use on leased assets	141.6	146.4
Intangible assets	987.5	990.2
Financial assets	36.1	36.8
Deferred tax assets	92.3	86.0
Net working capital	(65.6)	(57.8)
<u>Total assets</u>	1,300.9	1,312.5
Non-current liabilities and provisions	104.2	104.7
Deferred tax provision	163.7	163.4
(Financial position)/Net debt	13.0	15.2
Liabilities from lease contracts (pursuant to IFRS 16)	157.3	162.4
Equity attributable to the owners of the parent	521.8	525.0
Equity attributable to non-controlling interests	340.9	341.8
<u>Total equity and liabilities</u>	1,300.9	1,312.5

In 2023, as part of the share buy-back plans, no treasury shares were sold or purchased. At 31 March 2023, Cairo Communication held a total of no. 779 treasury shares, or 0.001% of the share capital, subject to Article 2357-ter of the Italian Civil Code.

It should be noted that:

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

The change in net financial debt at Group level as a result of the distribution of dividends will be approximately Euro 31.1 million.

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

Net financial position (€ millions)	31/03/2023	31/12/2022	Changes
Cash and cash equivalents	55.1	54.3	0.9
Other current financial assets and financial receivables	1.0	1.0	-
Current financial assets (liabilities) from derivative instruments	0.7	0.9	(0.3)
Current financial payables	(29.9)	(31.8)	1.9
Current net financial position (net financial debt)	26.9	24.3	2.5
Non-current financial payables	(40.3)	(40.0)	(0.3)
Non-current financial assets (liabilities) from derivative instruments	0.4	0.4	-
Non-current net financial position (net financial debt)	(39.9)	(39.6)	(0.3)
Net financial position (net financial debt)	(13.0)	(15.2)	2.2
Liabilities from lease contracts (pursuant to IFRS 16)	(157.3)	(162.4)	5.0
Total net financial position (net financial debt)	(170.3)	(177.6)	7.3

Consolidated **net financial debt** at 31 March 2023 stood at approximately Euro 13 million (Euro 15.2 million at end 2022). At end March, the net financial debt of RCS stood at Euro 28.5 million (Euro 31.6 million at end 2022).

Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 157.3 million, amounted to Euro 170.3 million (Euro 177.6 million at 31 December 2022).

4. REVENUE

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

2023 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
TV advertising	-	35.4	24.6	0.0	(24.9)	35.2
Advertising on print media, Internet and sporting events	1.4	45.5	0.6	71.1	(42.5)	76.1
Other TV revenue	-	-	0.4	0.7	(0.1)	1.0
Magazine over-the-counter sales and subscriptions	16.9	-	-	83.8	(0.5)	100.2
VAT relating to publications	(0.2)	-	-	(0.8)	-	(1.0)
Sundry revenue	-	0.4	2.5	31.0	(2.0)	31.8
Total gross operating revenue	18.0	81.3	28.1	185.8	(69.9)	243.4
Other revenue	3.5	0.6	0.1	9.3	(0.6)	12.8
Total gross revenue	21.5	81.9	28.2	195.1	(70.6)	256.2

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
Total gross operating revenue	17.9	79.2	26.1	190.8	(68.8)	245.3
Other revenue	1.7	0.8	0.9	5.5	(0.8)	8.2
Total gross revenue	19.7	80.0	27.1	196.3	(69.5)	253.5

MAGAZINE PUBLISHING CAIRO EDITORE

Cairo Editore - Cairo Publishing

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

In first quarter 2023, against a backdrop still dominated by the uncertainty caused by the war in Ukraine, Cairo Editore confirmed the results of first quarter 2022, despite an increase in the cost of paper versus the 2022 quarter, when paper used had been purchased at 2021 prices.

EBITDA and EBIT came to approximately Euro 1.2 million and approximately Euro 0.8 million (Euro 1.3 million and Euro 0.8 million in first quarter 2022).

The Group weeklies reported high circulation results, with an average ADS weekly circulation in the January-March period of 2023 of 283,803 copies for “*Settimanale DIPIU’*”, 138,187 copies for “*DIPIU’ TV*”, 41,528 copies for “*Settimanale DIPIU’ e DIPIU’TV Cucina*”, 92,660 copies for “*Diva e Donna*”, 146,046 copies for “*Settimanale Nuovo*”, 67,376 copies for “*F*”, 60,922 copies for “*TV Mia*”, 47,390 copies for “*Settimanale Giallo*”, and 68,757 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 1.1 million.

ADVERTISING

With regard to the advertising segment, at end 2020 Cairo Communication and RCS transferred in a newly-established investee held on an equal basis - CAIRORCS Media S.p.A. - the advertising sales

business units for RCS's print and online titles in Italy and the print, television and online titles of Cairo Editore and La7, as well as certain third-party media.

In first quarter 2023, EBITDA stood at Euro -0.3 million and EBIT at Euro -0.9 million (Euro -0.3 million and Euro -0.7 million in first quarter 2022).

In first quarter 2023:

- advertising sales on La7 and La7d channels amounted to approximately Euro 35.4 million (Euro 33.8 million in first quarter 2022),
- advertising sales on Cairo Editore titles amounted to Euro 1.7 million (Euro 1.8 million in first quarter 2022),
- gross advertising revenue of RCS titles in Italy amounted to Euro 39.8 million (Euro 40.2 million in first quarter 2022).

TV PUBLISHING (La7) AND NETWORK OPERATOR

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

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

With regard to 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*, and in December 2021 with Elda Srl for the broadcasting of some of its "Italia" and "Arte" channels starting from January 2022. In August 2022, an agreement was then signed with GMH for the broadcasting of some of its channels starting from August 2022.

In first quarter 2023, the TV publishing (La7) and network operator segment's EBITDA grew to reach approximately Euro 0.9 million (Euro 0.2 million in first quarter 2022), while EBIT came to approximately Euro -3.4 million (Euro -3.4 million in first quarter 2022). 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 2023, La7's average all-day share was 3.32% and 4.49% in prime time (from 8:30 PM to 10:30 PM), confirming a high-quality target audience. Specifically, in the quarter La7 was the sixth channel in prime time ratings, with an increasing trend in February (4.32%) and March (4.87%) when it was the fifth channel. In the morning slots too (7:00/12:00), La7 achieved a 3.42% share, claiming the fifth position in the national ranking, overtaking Italia 1 and Rete 4.

La7's share in first quarter 2023 was 0.45% in all-day and 0.43% in prime time. The channel's news and discussion programmes in first quarter 2023 all continued to deliver remarkable results: *Otto e Mezzo* with 6.75% average share from Monday to Friday, *TgLa7* 8 p.m. edition with 5.57% from Monday to Friday, *diMartedì* with 6.13%, *Piazzapulita* with 5.07%, *Propaganda Live* with 5.55%, *Omnibus La7* with 3.55%, *Coffee Break* with 3.73%, *L'Aria che tira* with 4.67%, *Tagadà* with 3.45%, *Atlantide* with 3.41% and *In Onda* with 4.48%.

In first quarter 2023, La7 confirmed its leadership among generalist TV stations in terms of news hours (1,185 hours in the period) and is the second channel in terms of live hours (over 1000 in the first three months of the year).

On the digital front, in first quarter 2023 average monthly unique users were 6.6 million and daily unique users 473 thousand. Stream views were 19.6 million per month. At end March, followers of La7 and its active programmes on Facebook, Twitter, Instagram and TikTok total 6.6 million.

Explanatory Note 39 to the consolidated financial statements in the Annual Report at 31 December 2022 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 2019 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 several magazines such as *Telva*.

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

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

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

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

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

In first quarter 2023, against a backdrop still dominated by the uncertainty caused by the conflict in Ukraine, RCS achieved - in the consolidated financial statements of Cairo Communication - an EBITDA of approximately Euro 11.8 million³ and an EBIT of Euro -3 million (Euro 13.5 million and Euro -0.4 million in first quarter 2022), still impacted by the increase in input costs, paper in particular, versus the same period of the prior year, when the paper used had been purchased at 2021 prices. Moreover, RCS's seasonality factors generally impact on the results of the first and third quarters of the year. In first quarter 2023 net non-recurring income and expense came to Euro -0.4 million (expense of Euro 0.4 million in first quarter 2022).

In first quarter 2023, RCS's consolidated net operating revenue reached approximately Euro 179.1 million (Euro 186.6 million in first quarter 2022). RCS digital revenue (Italy and Spain), which amounted to approximately Euro 45.1 million, accounted for approximately 25.2% of total revenue. Total advertising sales from RCS online media amounted to Euro 28.7 million in first quarter 2023, making for 45% of total advertising revenue.

Both Italian newspapers retained their circulation leadership in their respective market segments at

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

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". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, totaling Euro 1.2 million in first quarter 2023 - EBITDA shown in the RCS Interim Management Statement at 31 March 2023, approved on 12 May 2023, amounted to Euro 10.6 million.

March 2023 (ADS). In Italy, in first quarter 2023, average daily copies circulated including digital copies of *Corriere della Sera* stood at 253 thousand, and those of *La Gazzetta dello Sport* at 158 thousand copies (ADS January-March 2023). *Corriere della Sera* was able to achieve the excellent newsstand circulation results and, most importantly, to continue the growth in digital development. Regarding the comparison with the market, the circulation performance of *Corriere della Sera* (-5.2%) is in line with the -5.2% of the generalist newspaper market. *Gazzetta dello Sport* increased by 57.2%, driven by the performance of digital copies versus the +32% increase in the sports newspaper market (ADS January-March 2023).

At end March 2023, the total active digital customer base for *Corriere della Sera* (digital edition, membership and m-site) reached 526 thousand subscriptions (508 thousand at end 2022). At end March 2023, the customer base for *Gazzetta's* pay products (which includes *G ALL*, *G+*, *GPRO* and *Fantacampionato*) counted 213 thousand subscriptions (171 thousand at end 2022).

The main digital performance indicators confirm the top market position of RCS. The *Corriere della Sera* and *La Gazzetta dello Sport* brands, in the period January-March 2023, reached 31.2 million and 19.6 million average monthly unique users and 4 million and 2.6 million average daily unique users (Audicom). RCS ranks as the top online publisher also in first quarter 2023 in Italy with an aggregate figure of 32 million average monthly unique users (net of duplications) (Audicom).

For both titles, the overall social audience increased too, to 11.5 million followers (Facebook, Instagram, Twitter, LinkedIn and TikTok) for *Corriere* (Internal Source) and 5.6 million followers (Instagram, Facebook, Twitter and TikTok) for *Gazzetta* (Internal Source).

Including digital copies, in first quarter 2023 the average daily circulation of *El Mundo*, *Marca* and *Expansión* stood at approximately 55 thousand copies, approximately 53 thousand copies and approximately 23 thousand copies (Internal Source). The latter two newspapers retained their circulation leadership in their respective market segments also at March 2023 (OJD). EGM's April 2023 "General Media Research" survey confirms Unidad Editorial as the leader in Spanish print media with more than 1.5 million daily readers of its three daily newspapers, up by 6% from the last survey in 2022.

In Spain as well, the main digital performance indicators confirm Unidad Editorial's top market position, with *elmundo.es*, *marca.com* and *expansion.com* reaching 44.4 million, 97.1 million and 10.6 million average monthly unique browsers in first quarter 2023, comprising both domestic and foreign browsers and including apps (Google Analytics). The social audience of Unidad Editorial Group titles (Internal Source) stands at 8.8 million followers for *El Mundo*, 16.2 million for *Marca* and 2.3 million for *Telva* (considering Facebook, Instagram and Twitter) and 1.4 million for *Expansión* (considering Facebook, Instagram, Twitter and LinkedIn).

In Spain, at end March 2023, digital subscriptions grew to approximately 115 thousand subscriptions for *elmundo.es* (101 thousand at end 2022) and approximately 56 thousand subscriptions for *expansion.com* (51 thousand at end 2022) (Internal Source).

At 31 March 2023, net financial debt stood at Euro 28.5 million (Euro 31.6 million at 31 December 2022).

The total net financial debt of RCS, which includes financial liabilities from leases recognized in accordance with IFRS 16, totaling Euro 137.8 million (mainly property leases), amounted to Euro 166.3 million (Euro 174.4 million at 31 December 2022).

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

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

- on 21 February, *Corriere della Sera* published the special insert “*Un anno di Guerra*”;
- February saw the launch of the new *Stile Gazzetta* section on *Gazzetta.it* for content related to the world of fashion and design in sports;
- on 5 March, the first 2023 issue of *La Lettura per ragazze e ragazzi* hit newsstands;
- 9 and 10 March saw the second edition of *Obiettivo5*, the *Corriere della Sera* and *Io Donna* event in association with La Sapienza University of Rome dedicated to gender equality issues;
- on 31 March, “*Italia Genera Futuro*” was held at Palazzo Mezzanotte in Milan;
- on the series, one-shot books and add-ons front, *Corriere della Sera* published: *Tokyo tutto l'anno*, *Ultima fermata Auschwitz*, the series *La storia Italia Europa Mediterraneo*, *Biblioteca di astrologia*, *Margaret Atwood Camminare*, *La poesia è di tutti*, *Picasso*. *La Gazzetta dello Sport* published a number of initiatives dedicated to the Japanese world: the DVD series “*Naruto*”, the complete collection of the manga “*The Seven Deadly Sins*,” the work “*Giappone. Storia e cultura del Paese del Sol Levante*”, for the comics section the series “*Strip! I grandi classici del fumetto americano*” and finally on Formula1 “*La grande storia della Rossa*”;
- *Corriere della Sera*'s digital initiatives and projects in first quarter 2023 were marked in particular by digital subscription sales agreements with both Università Commerciale Luigi Bocconi and Università Cattolica del Sacro Cuore and the opening of three new TikTok accounts: *Corriere della Sera*, *Moda Corriere*, *7corriere*, which join the existing *Data Room* and *Cook.Corriere*;
- in the area of video offerings, video sections of local newspapers were updated, new columns were published, and numerous events were streamed;
- in the area of digital subscriptions, five exclusive live events dedicated to *Corriere* digital subscribers were organized and new digital communication campaigns were planned;
- *La Gazzetta dello Sport* and its supplements covered and delved into the various sporting events of first quarter 2023 with a *Grande Gazzetta* in honour of the Milanese derby, a dedicated G magazine coinciding with the start of major cycling classics, several special issues of *Sportweek* including one celebrating female champions across various sporting disciplines;
- *La Gazzetta dello Sport* also offered on newsstands five successful initiatives together with *Panini* with *L'album dei calciatori 2022/2023* in January, followed by four initiatives with exclusive sticker packs as gifts with *Sportweek*;

- in first quarter 2023, efforts continued in improving the graphics of *G+* content, the premium section of *Gazzetta.it*, through the launch of new interactive specials and in-depth features;
- *La Gazzetta dello Sport*'s new *Twitch* channel (with over 2 million cumulative video views since its opening) quickly established itself among the top channels in Italy;
- *Gazzetta.it*'s online game offerings were enriched in March with the "*Mr. Palleggio*" skill game;
- *Gazzetta Active* was a media partner of the 2023 *Milano Marathon*.

Titles in the magazines area also developed several editorial initiatives in the first three months of 2023, including an event organized in Padua by *Dove* and the launch in Italy for the *Childhood Magazines* of a new activity with the opening in Milan of a first store offering prenatal 5D imaging to parents-to-be.

RCS Academy, the Group's Business school, continued in first quarter 2023 the training activities of master's degree programs launched in autumn 2022. March 2023 saw the beginning of the placement of full-time master's degree programs nearing completion, offering young students tangible opportunities to enter the job world. At end March, over 130 students from the nearing completion master's degree programs had been successfully placed in companies. Additionally, the first two business talks of the year on the topics of *Business Economy and Sustainability* and *Alternative Energy Sources* were also held.

In first quarter 2023, the Books market was on a rising trend versus the same period of 2022 (+3% in terms of value, +0.8% in terms of volume - *GFK*). The start of the year for RCS titles was positive, with market shares basically steady.

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

- January saw the launch of a new *El Mundo* podcast by *Arcadi Espada*;
- 1 February saw the launch of the new online version of *El Mundo*, featuring major innovations, including technological advancements, to provide readers with an improved reading experience, thanks also to a new font;
- concurrently, the graphical layout and organization of the print version of *El Mundo* was revamped, including the inclusion of the *Primer Plano* section devoted to the most topical issues;
- 13 February saw the second edition of *Classica di Jaén*, organized by Unidad Editorial Sport, an important stage of the international cycling calendar that saw the victory of champion Tadej Pogacar;
- in February, *Diario Medico* received the recognition of "*Premios Semergen 50 Años Contigo*" in the "*Media*" category;
- at end February, *El Mundo* and *La Lettura* participated in the *International Contemporary Art Fair* with an exhibition dedicated to Spanish painter and photographer *Darío Villalba*;
- 22 March saw the launch of the online platform *Cooking*, a new section of *El Mundo* dedicated to gastronomy and the topics of nutrition, recipes and foods;
- at end March, Malaga held its annual *Marca Sport Weekend*, which featured countless international stars in more than 150 initiatives scattered throughout the city;

- on 30 March, *Telva* began its 60th anniversary celebration with the Zaragoza stop, with a series of meetings to bring readers closer to the world of fashion, art and the latest lifestyle trends.

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	1.2	-	-
Other affiliates	1.2	-	-
Other related parties	0.6	-	-
Total	3.0	0.4	-

Payables and financial liabilities (€ millions)	Trade and other payables	Other current financial liabilities	Other non-current financial liabilities
Parents	-	-	-
Associates	8.3	-	-
Other affiliates	1.9	-	-
Other related parties	-	-	-
Total	10.2	-	-

Revenue and costs (€ millions)	Operating revenue	Operating costs	Financial income (expense)	Financial expense
Parents	-	-	-	-
Associates	0.1	(5.0)	-	-
Other affiliates	0.1	(1.2)	-	-
Other related parties	0.2	(0.1)	-	-
Total	0.4	(6.3)	-	-

Transactions with associates refer mainly to:

- the associates in the Bermont Group, in respect of which the Group companies that operate in Spain (Unidad Editorial Group) incurred costs of Euro 4.6 million in first quarter 2023, and hold trade payables of Euro 7.6 million.

- the equity-accounted investees of the m-Dis Distribuzione Media Group, in respect of which the Group companies generated revenue of Euro 0.1 million and incurred costs of Euro 0.2 million in first quarter 2023, and hold trade receivables of Euro 1.2 million and trade payables of Euro 0.5 million.

Transactions with affiliates refer mainly to:

- the concession contract between CAIRORCS Media S.p.A. and Torino FC S.p.A. (a subsidiary of U.T. Communications) for the sale of advertising space at the Olimpico football pitch and promotional sponsorship packages. This contract resulted in the payment in first quarter 2023 of Euro 1.2 million to the concession holder against revenue of Euro 1.5 million net of agency discounts. CAIRORCS Media earned further commissions of Euro 34 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 0.2 million. Trade receivables amounted to Euro 0.6 million.

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

The procedures adopted by the Group for related party transactions, to ensure transparency and substantial and procedural fairness, implemented by the Group, are explained in the 2022 “Report on Corporate Governance and Ownership Structure”.

6. SIGNIFICANT EVENTS AFTER THE YEAR AND BUSINESS OUTLOOK

Following the end of the quarter, the Shareholders' Meeting of 8 May 2023 appointed for a three-year term, therefore expiring with the approval of the financial statements for the year ending 31 December 2025, based on the two lists submitted by U.T. Communications S.p.A. - holding a 44.59% interest in the ordinary share capital and 58.358% of the voting rights - and by a pool of shareholders formed of asset management companies and other investors⁴ - holding a total interest of 3.13% in the share capital of the Company,

- the Board of Directors of the Company, composed of:

(*)The shareholders are: Anima Sgr S.P.A. manager of the Anima Iniziativa Italia fund; Arca Fondi Sgr S.P.A. manager of the Arca Economia Reale Equity Italia fund; BancoPosta Fondi S.p.A. SGR manager of the Bancoposta Rinascimento fund; Fideuram Asset Management Ireland manager of the Fonditalia Equity Italy fund; Fideuram Intesa Sanpaolo Private Banking Asset Management Sgr S.P.A. fund manager: Fideuram Italia, Piano Azioni Italia; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi Sgr S.P.A. fund manager: Mediolanum Flessibile Futuro Italia and Mediolanum Flessibile Sviluppo Italia

- four executive directors: Urbano Cairo, Chairman, Uberto Fornara, Marco Pompignoli and Stefania Bedogni,
- two non-executive directors: Roberto Cairo and Laura Maria Cairo,
- four independent directors: Paola Mignani, Daniela Bartoli, Massimo Ferrari and Valentina Manfredi;
- the Board of Statutory Auditors, composed of three Standing Auditors: Michele Paolillo, Chairman, Gloria Francesca Marino and Maria Pia Maspes, and two Alternate Auditors: Emilio Fano and Francesco Brusco.

At its meeting of 8 May 2023, the Board of Directors of Cairo Communication S.p.A. also:

- granted:
 - Chairman Urbano Cairo the main executive and managerial powers (except for specific powers the Board has reserved itself, in addition to those that cannot be granted according to law),
 - CEO Uberto Fornara the powers for the management and development of advertising sales and of the relevant staff and sales network,
 - Marco Pompignoli the responsibility of overseeing and supervising the administration, finance and management control functions;
- confirmed Executive Director Marco Pompignoli as the director in charge of the internal control and risk management system;
- appointed Massimo Ferrari as lead independent director, pursuant to the relevant provisions of the Corporate Governance Code;
- approved the guidelines on the execution of significant transactions;
- appointed:
 - the members of the "Control, Risk and Sustainability Committee", composed of independent directors Massimo Ferrari (Chairman), Daniela Bartoli and Paola Mignani,
 - the members of the "Remuneration and Appointments Committee", composed of independent directors Paola Mignani (Chair), Daniela Bartoli and Valentina Manfredi;
- resolved to assign the tasks of the Related Party Committee to the Control, Risk and Sustainability Committee, except for remuneration issues for which the powers have been assigned to the Remuneration and Appointments Committee.

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

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

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

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

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

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

In consideration of the actions already implemented and those planned, in the absence of a deterioration of the consequences from the continued conflict in Ukraine and/or cost dynamics, the Group believes that it can confirm the goal of achieving strongly positive margins (EBITDA) in 2023, up from those achieved in 2022, and of continuing with further cash generation from operations.

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

For the Board of Directors
Chairman Urbano Cairo

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