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CAIROCOMMUNICATION

Press Release - Results at 31 March 2021 approved

- In first quarter 2021, the Group's gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent were on the rise versus the figures recorded in the same period of 2020, while consolidated net financial debt dropped by Euro 21.3 million versus end 2020 and 66.9 million versus 31 March 2020
- RCS continued to generate positive cash flows, with financial debt decreasing by Euro 10.7 million versus end 2020 and Euro 59.2 million versus 31 March 2020. Gross operating profit (EBITDA) in the consolidated financial statements of Cairo Communication amounted to Euro 11.6 million¹. Digital revenue accounts for approximately 23.5% of the total. Advertising sales on online media account for 49%. Online advertising on RCS media grew by 18% in Italy and by 15.9% in Spain in the quarter
- Corriere della Sera leading Italian daily newspaper on newsstands with a total active digital customer base of approximately 328 thousand subscriptions
- La7 confirmed the high audience levels (3.73% in the all-day share and 5.04% in prime time) and was the sixth national channel in the all-day share and the fifth in prime time in terms of ratings ahead of Italia 1 and Rete 4. In first quarter 2021, advertising sales on La7 and La7d channels grew by 5%
- In first quarter 2021, the Cairo Editore magazine publishing segment achieved gross operating profit (EBITDA) of Euro 1.5 million, up versus 2020 (Euro 0.9 million)
- In Italy, starting from April, strong growth in gross advertising sales versus 2020. Based on the most recent estimates, gross advertising revenue on La7 and La7d channels and on RCS media in the two-month period April-May 2021 is expected to grow by approximately Euro 8 million (+35%) and Euro 14 million (+55%) versus 2020 respectively, with online advertising showing an expected growth of 30% versus the same period of 2019 (before the health emergency)

Milan, 14 May 2021: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Statement at 31 March 2021.

Income statement and balance sheet figures (€ millions)	31/03/2021	31/03/2020
Consolidated gross revenue	246.8	241.1
EBITDA	13.7	2.1
EBIT	(5.5)	(16.6)
Profit (loss) attributable to the owners of the parent	(3.9)	(7.0)
	31/03/2021	31/12/2020
Net financial debt	42.0	63.2

The start of 2021 was still marked by the restrictive measures enforced by the authorities, both in Italy and Spain, to contain the health emergency which, in addition to the severe social impact, has had repercussions

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". Additionally, RCS recognizes under "Share of profits (losses) of equity-accounted investees" the Group's share of the results of CAIRORCS Media, fully consolidated by Cairo Communication. As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, totaling Euro 1.9 million in first quarter 2021, and in the pro-rata result of CAIRORCS Media amounting to negative Euro 0.2 million - EBITDA shown in the RCS Interim Management Statement at 31 March 2021, approved on 11 May 2021, amounted to Euro 9.5 million.

on the organization and timing of work, on the Group's activities and on economic performance, resulting in a general context of great uncertainty.

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

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

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

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

- thanks to the actions taken to support and develop revenue, as well as to contain costs, the **Group's** gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent in the quarter were on the rise versus the results achieved in the same period of 2020;
- **RCS** continued to generate positive cash flows, with financial debt down by Euro 10.7 million versus end 2020, and Euro 59.2 million versus 31 March 2020, and achieved a gross operating profit of Euro 11.6 million¹. Amid the current health emergency phase, *Corriere della Sera*, thanks to its authority, confirmed its newsstand sales forecasts and, most of all, continued the growth of digital operations: at end March, its total active digital customer base (digital edition, membership and m-site) counted 328 thousand subscriptions. 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 2021 (*ADS* for Italy and *OJD* for Spain). In Italy, as a result of the process currently underway to review digital audience data collection, Audiweb has not published the 2021 surveys yet. In Spain, as part of the online activities, *elmundo.es* was again the leader in online information in March with 24 million average monthly unique users (*Comscore IP Spain*, which considers traffic from Spain only) and 64 thousand digital subscriptions, up by more than 20% versus the figure at end 2020; *marca.com* and *expansion.com* stood at 20 million and 7 million average monthly unique users respectively in March 2021 (*Comscore*). *Expansion* reached 28 thousand subscriptions. The *Marca Claro* portal, active in Latin America, recorded a strong growth in average monthly unique users (+25% versus the same period of 2020). Against this backdrop, total digital revenue (Italy and Spain), which amounted to approximately Euro 41 million in the quarter, accounted for 23.5% of total revenue. Specifically, total advertising gross sales on online media reached 49% of total advertising revenue. RCS's online media in first quarter 2021 grew by approximately 18% in Italy and by approximately 15.9% in Spain;
- the **TV publishing segment La7** confirmed the high audience levels of the La7 channel (3.73% in the all-day share and 5.04% in prime time). In first quarter 2021, advertising sales on La7 and La7d channels amounted to a total of approximately Euro 36 million (Euro 34.3 million in 2020), up by +5% versus the same period of the prior year. The positive trend progressed in April (a growth of approximately 24% versus the same month of 2020). The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 8% average share from Monday to Friday, *TgLa7 edizione delle 20* 6.1% from Monday to Friday, *diMartedì* 5.8%, *Piazzapulita* 5.6%, *Propaganda Live* 5.8%, *Non è l'Arena* 5.7%, *Omnibus La7* 4%, *Coffee Break* 4.8%, *L'Aria che tira* 6.5%, *Tagadà* 3.8%, *Atlantide* 2.9%, and *Eden un pianeta da salvare* 2.9%. In first quarter 2021, La7 was the sixth national channel in the all-day share ahead of Rete 4 and fifth in prime time ahead of Italia 1 too. In prime time in the quarter, the channel's share achieved its second-best result ever (and the best in the last 8 years). In the morning slots (7.00-12.00), La7 achieved a 4.27% share, confirming its position as the fourth most viewed channel;
- the **magazine publishing segment Cairo Editore** achieved higher results than in 2020, confirmed high circulation levels of the publications, and continued to work on improving the levels of efficiency reached in containing own costs.

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

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

During the quarter, cost-cutting measures continued in order to promptly adapt the company's organization to the changed environment resulting from the health emergency. The benefits of these cost containment actions in the first three months of 2021 amounted to approximately Euro 5.9 million, of which Euro 3.6 million in Italy and Euro 2.3 million in Spain.

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

Looking at the business segments, in first quarter 2021:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.5 million and Euro 1 million (Euro 0.9 million and Euro 0.4 million in 2020). Regarding weeklies, with approximately 1.2 million average copies sold in the period January-March 2021 (ADS), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 29% market share. Including the average sales of titles out of the ADS survey (comprising copies sold of “*Enigmistica Più*” and of “*Enigmistica Mia*”), average copies sold were approximately 1.3 million;
- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro -0.7 million (Euro -1.7 million in 2020). Given the characteristics of La7's programming schedule and distribution of advertising revenue over the year, the first quarter usually has a higher percentage of costs incurred for in-house productions on revenue, compared to the rest of the year. Operating profit (EBIT) was approximately Euro -4 million (Euro -4.7 million in 2020);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.4 million and Euro 0.7 million (Euro +0.7 million and Euro -0.1 million in 2020);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro -0.2 million and Euro -0.5 million (Euro +0.2 million and at breakeven in 2020). The 2021 advertising segment figures are not immediately comparable to the 2020 figures as they did not include the results of the advertising sales business for RCS. Starting from April, gross advertising sales began to show significant growth versus 2020, when the effects of the health emergency had been particularly significant. Specifically, based on the most recent estimates, gross advertising sales on La7 and La7d channels and on RCS media in the two-month period April-May 2021 are expected to grow by approximately Euro 8 million (+35%) and Euro 14 million (+55%) respectively versus revenue achieved in the same period of 2020, with the Group's online sales showing a forecast growth of 30% versus the same period of 2019 (before the health emergency). Also advertising revenues of La7 and La7d regained the 2019 levels in such two-month period.
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 11.6 million² and Euro -2.7

² Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the above section “Alternative Performance Measures”. Additionally, RCS recognizes under “Share of profits (losses) of equity-accounted investees” the Group's share of the results of CAIRORCS Media, fully consolidated by Cairo Communication. As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, totaling Euro 1.9 million in first quarter 2021, and in the pro-rata result of CAIRORCS Media amounting to negative 0.2 million - EBITDA shown in the RCS Interim Management Statement at 31 March 2021, approved on 11 May 2021, amounted to Euro 9.5 million.

million (Euro 2 million and Euro -12.2 million in 2020). In 2020, non-recurring expense, amounting to Euro -4.7 million, referred mainly to the allocation of provisions for personnel interventions. Moreover, RCS's seasonality factors generally impact on the results of the first and third quarters of the year. Net operating revenue amounted to Euro 174.4 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 41 million and accounting for 23.5% of total revenue. The initiatives implemented to maintain and develop revenue continued. In Italy, regarding the main initiatives only, *La Gazzetta dello Sport* offered its readers two issues of *G Magazine*, one dedicated to Luna Rossa's adventure at the America's Cup at end January, and the other to the new cycling season opened by the *Milano Sanremo. Corriere della Sera* launched new podcasts: "*Incontri*", "*L'Ammazzacaffè*", and "*Radio Italians*". New newsletters were presented during the quarter: for the titles "*Cook*", "*Buone Notizie*", "*La 27esima ora*" and "*Corriere Torino*". Numerous events were organized and held on the *Digilive* platform, including *Yoga Academy* and the *Pianeta 2021* meetings on sustainability. In Spain, regarding the main initiatives only, since January 2021 the English-language site "*Marca Inglés*" has expanded its range of information, extending it to include European competitions in sports other than football and providing also non-sport content. February saw the launch of a new section of *elmundo.es*: "*Sostenibles*" focused on green transition, reaching 500 thousand unique users and 600 thousand page views. In March 2021, a new section of *Expansión, Economía Sostenible*, was also launched in the newspaper and on the website focused on corporate sustainability issues. In first quarter 2021, thanks to an increased presence of *Radio Marca*'s audio content on *marca.com* and other digital platforms, *Radio Marca* increased its digital audience.

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

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

The start of 2021 was still marked by the restrictive measures enforced by the authorities, both in Italy and Spain, to contain the health emergency which, in addition to the severe social impact, has had and is having repercussions on the organization and timing of work, on the Group's activities and on economic performance, resulting in a general context of great uncertainty.

In Spain, starting from the second half of February and in Italy from mid-April, the situation has begun to improve and the containment measures are being gradually relaxed.

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

During the course of 2021, the Group is meeting the public's strong need to stay informed through its information offering, ensuring a timely service to its viewers and readers and to all newsstands. The *La7* programmes, the daily editions of *Corriere della Sera* and *La Gazzetta dello Sport* in Italy, and of *El Mundo*, *Marca* and *Expansión* in Spain, the Group's magazines and web and social platforms are playing a pivotal role in informing and reporting on this difficult phase, focusing on their mission as a non-partisan, trustworthy public service, and establishing themselves as authoritative players in daily television, print and online information, with strong television ratings and digital traffic figures.

The developing situation and the potential effects on the business outlook, which will be constantly monitored also in the further course of the year, are unforeseeable at this time as they depend, inter alia, on how the health emergency plays out in the coming months, as well as on the effectiveness of the vaccination campaign and of the public measures, including the economic ones, implemented in the meantime and those to be implemented.

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

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

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

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

The Cairo Communication Group is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazines and expanding later into free, digital and pay TV and the Internet. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become the main player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, magazines, television, web and sporting events segments.

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This press release is also available on the Company's website www.cairocommunication.it
in the section NOTICES AND DOCUMENTS / PRESS RELEASES

Summary of the main consolidated income statement figures at 31 March 2021

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

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

Unaudited reclassified statements

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

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

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 31 March 2021

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

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

Unaudited reclassified statements

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

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

Unaudited reclassified statements

Segment reporting at 31 March 2021

The Group's performance can be read better by analyzing the results by **main business segment**:

2021	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and unallocated	Total
(€ millions)								
Gross operating revenue	19.8	79.4	25.6	3.0	0.2	176.6	(66.9)	237.7
Advertising agency discounts	-	(10.2)	-	-	-	(2.2)	-	(12.3)
Net operating revenue	19.8	69.2	25.6	3.0	0.2	174.4	(66.9)	225.4
Change in inventory	0.0	-	-	-	-	1.1	-	1.1
Other revenue and income	1.3	0.2	0.6	0.8	0.0	6.8	(0.6)	9.1
Total revenue	21.2	69.5	26.2	3.8	0.2	182.3	(67.5)	235.6
Production costs	(15.3)	(64.1)	(17.3)	(2.3)	(0.2)	(108.3)	67.5	(140.0)
Personnel expense	(4.4)	(5.5)	(9.6)	(0.0)	(0.0)	(62.3)	-	(81.9)
Income (expense) from equity-accounted investees	-	-	-	-	-	(0.1)	-	(0.1)
Non-recurring income (expense)	-	-	-	-	-	-	-	-
Gross operating profit (EBITDA)	1.5	(0.2)	(0.7)	1.4	0.0	11.6	0.0	13.7
Amortization, depreciation, provisions and impairment losses	(0.4)	(0.4)	(3.3)	(0.8)	(0.0)	(14.3)	-	(19.1)
Operating profit (EBIT)	1.0	(0.5)	(4.0)	0.7	0.0	(2.7)	0.0	(5.5)
Other gains (losses) from financial assets/liabilities	-	-	-	-	-	(0.5)	-	(0.5)
Net financial income	(0.0)	(0.1)	0.1	(0.1)	0.0	(2.3)	-	(2.4)
Profit (loss) before tax	1.0	(0.6)	(3.9)	0.6	0.0	(5.5)	0.0	(8.4)
Income tax	(0.1)	0.1	1.0	(0.2)	(0.0)	2.0	-	2.8
Non-controlling interests	-	-	-	-	(0.0)	1.6	-	1.6
Profit (loss) from continuing operations	0.9	(0.5)	(2.9)	0.4	0.0	(1.9)	0.0	(3.9)
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the parent	0.9	(0.5)	(2.9)	0.4	0.0	(1.9)	0.0	(3.9)
<i>Unaudited reclassified statements</i>								
2020	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and unallocated	Total
(€ millions)								
Gross operating revenue	22.1	38.9	24.7	3.0	0.2	178.9	(31.0)	236.7
Advertising agency discounts	-	(5.7)	-	-	-	(7.6)	0.2	(13.0)
Net operating revenue	22.1	33.2	24.7	3.0	0.2	171.3	(30.8)	223.6
Change in inventory	(0.0)	-	-	-	-	0.5	-	0.5
Other revenue and income	0.6	0.2	1.2	0.0	-	2.8	(0.4)	4.4
Total revenue	22.6	33.4	25.9	3.0	0.2	174.6	(31.1)	228.5
Production costs	(17.5)	(30.9)	(18.2)	(2.3)	(0.2)	(101.5)	31.1	(139.4)
Personnel expense	(4.3)	(2.3)	(9.3)	(0.0)	(0.0)	(65.8)	-	(81.8)
Income (expense) from equity-accounted investees	-	-	-	-	-	(0.5)	-	(0.5)
Non-recurring income (expense)	-	-	-	-	-	(4.7)	-	(4.7)
Gross operating profit (EBITDA)	0.9	0.2	(1.7)	0.7	(0.0)	2.0	0.0	2.1
Amortization, depreciation, provisions and impairment losses	(0.5)	(0.2)	(3.1)	(0.8)	(0.0)	(14.2)	-	(18.7)
Operating profit (EBIT)	0.4	0.0	(4.7)	(0.1)	(0.0)	(12.2)	0.0	(16.6)
Other gains (losses) from financial assets/liabilities	-	-	-	-	-	6.2	-	6.2
Net financial income	(0.0)	(0.1)	0.1	(0.1)	(0.0)	(3.2)	-	(3.3)
Profit (loss) before tax	0.4	(0.1)	(4.6)	(0.2)	(0.0)	(9.2)	0.0	(13.7)
Income tax	(0.0)	(0.0)	1.1	0.0	(0.0)	3.1	-	4.3
Non-controlling interests	-	-	-	-	0.0	2.5	-	2.5
Profit (loss) from continuing operations	0.4	(0.1)	(3.5)	(0.1)	(0.0)	(3.6)	0.0	(7.0)
Profit (loss) from discontinued operations	-	-	-	-	-	-	(0.0)	(0.0)
Profit (loss) for the period attributable to the owners of the parent	0.4	(0.1)	(3.5)	(0.1)	(0.0)	(3.6)	(0.0)	(7.0)
<i>Unaudited reclassified statements</i>								

Details of consolidated revenue at 31 March 2021

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

2021	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
(€ millions)								
TV advertising	-	36.3	24.7	-	-	0.0	(25.0)	36.0
Advertising on print media, Internet and sporting events	1.6	42.8	0.5	-	-	59.6	(36.2)	68.3
Other TV revenue	-	-	0.3	-	-	0.7	(0.1)	0.9
Magazine over-the-counter sales and subscri	18.5	-	-	-	-	89.9	(0.6)	107.8
VAT relating to publications	(0.3)	-	-	-	-	(0.8)	-	(1.1)
Sundry revenue	-	0.4	0.1	3.0	0.2	27.2	(5.1)	25.7
Total gross operating revenue	19.8	79.4	25.6	3.0	0.2	176.6	(66.9)	237.7
Other revenue	1.3	0.2	0.6	0.8	0.0	6.8	(0.6)	9.1
Total gross revenue	21.0	79.6	26.2	3.8	0.2	183.4	(67.5)	246.8
2020	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
(€ millions)								
TV advertising	-	34.4	23.6	-	-	0.2	(23.9)	34.3
Advertising on print media, Internet and sporting events	2.5	4.3	0.6	-	-	70.3	(3.5)	74.2
Other TV revenue	-	-	0.4	-	-	1.7	(0.2)	1.9
Magazine over-the-counter sales and subscri	19.9	-	-	-	-	89.3	(0.1)	109.1
VAT relating to publications	(0.3)	-	-	-	-	(0.9)	-	(1.2)
Other revenue	-	0.2	0.1	3.0	0.2	18.3	(3.4)	18.3
Total gross operating revenue	22.1	38.9	24.7	3.0	0.2	178.9	(31.0)	236.7
Other revenue	0.6	0.2	1.2	0.0	-	2.8	(0.4)	4.4
Total gross revenue	22.5	39.0	25.9	3.0	0.2	181.7	(31.4)	241.1

Alternative performance measures

In this press release, 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; until the presentation of the first consolidated financial statements for the year, which include the date of first-time application of IFRS 16, the statements may undergo thorough review in light of possible developments arising from the entry into force of IFRS 16.

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

+/- Share in associates

EBIT - Operating profit

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

+ Income (expense) from equity-accounted investees

EBITDA – Operating profit, before amortization, depreciation, provisions and write-downs.

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

RCS defines EBITDA as operating profit (EBIT) before depreciation, amortization and write-downs on fixed assets, and also includes income and expense from equity-accounted investees.

The main differences between the two definitions of EBITDA lie in the provisions for risks and in the allowance for impairment, included in the EBITDA definition adopted by RCS, while they are excluded from the EBITDA definition adopted by Cairo Communication. Owing to the differences between EBITDA definitions adopted, in the Interim Management Statement at 31 March 2021, consolidated EBITDA has been determined consistently with the definition adopted by 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 operating leases recognized in the financial statements pursuant to IFRS 16.

The **total net financial position (net financial debt)** also includes the financial liabilities from leases recorded in the financial statements pursuant to IFRS 16, previously classified as operating leases.

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