

Press Release: Meeting of the Board of Directors of RCS MediaGroup

Results at 30 June 2023 approved¹

In the first half, consolidated revenue amounted to € 439.2 million (€ 445.7 million in 1° half 2022), with advertising revenue up by 2.5%.

EBITDA and EBIT came to € 70.5 and € 44.9 million, up from 2022 (€ 60.6 and € 35.8 million in 1° half 2022).

Net profit amounted to € 30.3 million (€ 24.2 million in 1° half 2022).

At end June, the Group's newspapers reached an active digital customer base of 939 thousand subscriptions, 535 thousand for *Corriere della Sera*, Italy's leading newspaper on newsstands, 211 thousand for *Gazzetta*, 123 thousand for *El Mundo*, and 70 thousand for *Expansión*.

RCS retains its position as the leading online publisher in Italy, with an aggregate figure of 32.3 million average monthly unique users (*Audicom May 2023*).

Milan, 31 July 2023 - The Board of Directors of RCS MediaGroup S.p.A., which met today, reviewed and approved the Half-Year Report at 30 June 2023.

Income statement (€ millions)	30/06/2023	30/06/2022
Consolidated revenue	439.2	445.7
EBITDA before non-recurring expense/income	71.1	71.9
EBITDA	70.5	60.6
EBIT	44.9	35.8
Net result	30.3	24.2

Statement of financial position (€ millions)	30/06/2023	31/12/2022
Net financial debt ¹	69.4	31.6

Group performance

The beginning of 2023 was 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.

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

(1) For the definitions of *Group EBITDA*, *EBIT* and *Net Financial Position* or *Group net financial debt (liquidity)*, reference should be made to the section "Alternative Performance Measures" in this Press Release.



spend.

The Group's **consolidated net revenue** at 30 June 2023 amounted to € 439.2 million (€ 445.7 million in first half 2022). Digital revenue amounted to € 101 million and makes for approximately 23% of overall revenue.

Advertising revenue in first half 2023 amounted to € 179.4 million, up versus € 175.1 million in first half 2022 (€ +4.3 million). Total advertising sales on online media amounted to € 67.7 million in first half 2023, reaching approximately 38% of total advertising revenue.

Publishing and circulation revenue amounted to € 165.5 million (€ 178.5 million in first half 2022), dropping by € 13 million, attributable to a decline in revenue from add-ons (€ -6.5 million) and print circulation revenue, partly offset by growth in digital subscription revenue.

Both Italian newspapers retained their circulation leadership in their respective market segments at May 2023 (*ADS January-May 2023*). *La Gazzetta dello Sport*, with the Audipress 2023/I survey, retained its position as the most-read Italian newspaper with a readership of 1,978,000. At end June, the total active customer base for *Corriere della Sera* (*digital edition, membership and m-site*) reached 535 thousand subscriptions (508 thousand at end 2022). The customer base of *Gazzetta's* pay products (which includes *G ALL, G+, GPRO* and *Fantacampionato* products) closed at end June 2023 with 211 thousand subscriptions (171 thousand at end 2022). (Internal Source).

The main digital performance indicators confirm the top market position of RCS, with the *Corriere della Sera* and *La Gazzetta dello Sport* brands which, in the period January-May 2023, counted 31.1 million and 19.8 million average monthly unique users, and in the period January-June 2023, 3.9 million and 2.7 million average daily unique users (*Audicom*). In the first five months of 2023 too, RCS ranks as the top online publisher in Italy with an aggregate figure of 32.3 million average monthly unique users (net of duplications - *Audicom*)

The main social accounts of the *Corriere* publications at 30 June 2023 reached approximately 11.7 million total followers (considering *Facebook, Instagram, Twitter, LinkedIn* and *TikTok* - Internal source). The growth of social profiles also continues for *La Gazzetta dello Sport*, which has a solid presence also on *Twitch*, exceeding a total social audience of 5.7 million at end June (considering *Facebook, Instagram, Twitter* and *TikTok* - Internal Source).

In Spain, *Marca* and *Expansión* confirmed their print circulation leadership in their respective market segments at June 2023 too (*OJD*). In June, the second survey of *Estudio General de Medios* confirms Unidad Editorial's leading position in Spanish daily news reaching approximately 1.6 million overall daily readers with the titles *El Mundo, Marca* and *Expansión*. Digital subscriptions continued to grow, amounting at June 2023 to approximately 123 thousand subscriptions (101 thousand at end 2022) for *El Mundo* and 70 thousand subscriptions for *Expansión* (51 thousand at end 2022) (Internal Source). As part of the online activities, *elmundo.es, marca.com* and *expansion.com* reached 44.4 million, 96.4 million and 9.7 million average monthly unique browsers in first six months 2023, comprising both domestic and foreign browsers and including apps (*Google Analytics*). The social audience of Unidad Editorial Group titles stands at 9 million followers for *El Mundo*, 16.3 million for *Marca* and 2.4 million for *Telva* (considering *Facebook, Instagram* and *Twitter*) and 1.4 million for *Expansión* (considering *Facebook, Instagram, Twitter* and *LinkedIn*) (Internal source).



Sundry revenue closed at € 94.3 million, increasing by € 2.2 million versus first six months 2022 (€ 92.1 million).

EBITDA in first half 2023 came to a positive € 70.5 million (€ 60.6 million in first half 2022). Net non-recurring expense and income came to € -0.6 million (€ -11.3 million at 30 June 2022, due mainly to the transaction over the via Solferino property complex). The performance in first half 2023 **was** still affected by the increase in paper costs (€ -3.7 million), versus first **half** 2022, when **the** paper used had been purchased at 2021 prices. **EBITDA before non-recurring expense** came to a positive € 71.1 million, broadly in line with the same result in first half 2022 (€ +71.9 million).

In 2023, initiatives continued on maintaining and developing revenue, boosting the publishing systems' range of products, developing the digital platforms and enhancing the vertical publishing systems.

In **Italy**, regarding the main initiatives only, for *Corriere della Sera*, new TikTok accounts were opened, video sections of local newspapers were updated and the Trento and Salerno editions opened, and exclusive events dedicated to digital subscribers were organized. Important events were also organized, including the second edition of *Obiettivo5* in association with La Sapienza University of Rome, "*Italia Genera Futuro*", the *Bilanci di Sostenibilità* award, *Civil Week*, *Tech Emotion*, *Cibo a Regola d'arte*, and the events of *Economia d'Italia*. For the *Milan Design Week*, the *Living* and *Abitare* titles with *Corriere della Sera* created a scenic multimedia installation, *Solferino 28 Elevators*, inside the courtyard of the historic headquarters, which was open to the public. *La Gazzetta dello Sport* continued the graphical enhancement of *G+* content, launched the new sections *Stile Gazzetta* and *Il Ciclista*, boosted the online games offer of *Gazzetta.it*, launched the *Gazzetta Motori* YouTube channel, and organized the first edition of *Milano Football Week*. *La Gazzetta*'s new *Twitch* channel (with over 2 million cumulative video views since its opening) has quickly established itself among the top channels in Italy.

In **Spain**, regarding the main initiatives only, in February the new online version of *El Mundo* was launched, while renewing the graphical design and organization of the print version, and in March the online *Cooking* platform was launched. Work also continued on organizing major events, including the *Classica di Jaén*, the participation of *El Mundo* and *La Lectura* in the International Contemporary Art Fair in Madrid, the *Marca Sport Weekend* in Malaga, the *Marca Family & Sports*, the fourth edition of "*El foro económico internacional Expansión*", the *Congreso Internacional de Telva*, a part (the Zaragoza and Valencia stops) of *Telva*'s series of meetings to celebrate its 60th anniversary.

The table below shows the trend of revenue and EBITDA in each business area.

(€ millions)	30/06/2023			30/06/2022		
	Revenue	EBITDA	% of revenue	Revenue	EBITDA	% of revenue
Newspapers Italy	178.4	16.2	9.1%	190.3	21.8	11.5%
Magazines Italy	32.2	(1.4)	(4.3)%	32.5	(1.7)	(5.2)%
Advertising and Sport	171.2	40.7	23.8%	169.7	40.2	23.7%
Unidad Editorial	110.3	16.0	14.5%	107.9	15.0	13.9%
Corporate and Other Activ	43.9	(1.0)	(2.3)%	42.0	(14.7)	(35.0)%
Other and eliminations	(96.8)	-	n.s.	(96.7)	-	n.s.
Consolidated	439.2	70.5	16.1%	445.7	60.6	13.6%



EBIT came to a positive € 44.9 million, improving by € 9.1 million versus first half 2022 (€ +35.8 million), reflecting the above phenomena commenting on EBITDA, in addition to higher amortization and depreciation attributable to expenditure in digital business development.

Group net profit at 30 June 2023 amounted to € 30.3 million (€ 24.2 million at 30 June 2022), up by € 6.1 million, reflecting, in addition to the above trends, the effects of higher interest rates on net financial expense, which increased by a total of € 2.1 million versus the same period of 2022.

At 30 June 2023, **net financial debt** stood at € 69.4 million (€ 31.6 million at 31 December 2022). The change is explained mostly by the outlays for dividend payout of approximately € 31 million and for technical expenditure, and by non-recurring expense of approximately € 13 million, partly offset by the positive contribution of ordinary operations for approximately € 6 million, affected by the current timing of collecting tax credits granted to the publishing industry (at 30 June 2023, the outstanding credit of approximately € 18.5 million refers also to 2021 and 2022), and by the dynamics of working capital also due to the seasonality of its performance.

Total net financial debt, which includes financial payables from leases pursuant to IFRS 16 (mainly property leases), totaling € 135 million at 30 June 2023 (€ 142.8 million in the same period of 2022), stood at € 204.4 million, up by € 30 million versus 31 December 2022 (€ 174.4 million).

Business outlook

The beginning of 2023 was 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, leading 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 backdrop 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 late 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 the opening months of 2023 too, the Group met the public's strong need to stay informed through its information offering, ensuring a timely service to its readers. 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 print and online information, with strong 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, with cash generation in the second half of the year, improving the net financial position at the end of the year compared to end 2022.

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

Under paragraph 2, Article 154-bis of the Consolidated Finance Law (TUF), Roberto Bonalumi, in his capacity as Financial Reporting Manager, attests that the financial information contained herein is consistent with the Company's document results, books and accounting records.

RCS MediaGroup is one of the leading multimedia publishing groups, operating primarily in Italy and Spain across all publishing areas, from newspapers to magazines, from digital to books, from TV to new media and training, as well as being one of the top players on the advertising sales market, organizing iconic events and renowned sporting formats such as the Giro d'Italia. The RCS Group publishes the daily newspapers *Corriere della Sera*, *La Gazzetta dello Sport*, *El Mundo*, *Marca* and *Expansión*, as well as numerous magazines, the most popular including *Oggi*, *Amica*, *iO Donna*, *7*, *Yo Dona* and *Telva*.

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RCS MediaGroup
Reclassified consolidated income statement
(Unaudited figures)

(€ millions)	30 June 2023		30 June 2022		Difference	
	A	%	B	%	A-B	%
Net revenue	439.2	100.0	445.7	100.0	(6.5)	(1.5%)
<i>Publishing and circulation revenue</i>	165.5	37.7	178.5	40.0	(13.0)	(7.3%)
<i>Advertising revenue</i>	179.4	40.8	175.1	39.3	4.3	2.5%
<i>Sundry revenue (1)</i>	94.3	21.5	92.1	20.7	2.2	2.4%
Operating costs	(241.4)	(55.0)	(261.2)	(58.6)	19.8	7.6%
Payroll costs	(125.5)	(28.6)	(121.8)	(27.3)	(3.7)	(3.0%)
Provisions for risks	0.4	0.1	(1.9)	(0.4)	2.3	>100
(Write-down)/write-back of trade and sundry receivables	(2.2)	(0.5)	(0.2)	(0.0)	(2.0)	>(100)
EBITDA (2)	70.5	16.1	60.6	13.6	9.9	16.3%
Amortization of intangible fixed assets	(10.0)	(2.3)	(9.1)	(2.0)	(0.9)	
Depreciation of property, plant and equipment	(4.7)	(1.1)	(4.3)	(1.0)	(0.4)	
Amortization/depreciation of rights of use on leased assets	(10.8)	(2.5)	(11.3)	(2.5)	0.5	
Depreciation of investment property	(0.1)	(0.0)	(0.1)	(0.0)	0.0	
Other (write-downs)/write-backs of fixed assets	-	-	-	-	0.0	
Operating profit (loss) (2)	44.9	10.2	35.8	8.0	9.1	
Financial income (expense)	(5.9)	(1.3)	(3.8)	(0.9)	(2.1)	
Income (expense) from equity-accounted investees	(0.1)	(0.0)	(0.1)	(0.0)	0.0	
Other gains (losses) from financial assets and liabilities	-	-	-	-	-	
Profit (loss) before tax	38.9	8.9	31.9	7.2	7.0	
Income tax	(8.6)	(2.0)	(7.7)	(1.7)	(0.9)	
Profit (loss) from continuing operations	30.3	6.9	24.2	5.4	6.1	
Profit (loss) from assets held for sale and discontinued operat:	-	-	-	-	-	
Profit (loss) before non-controlling interests	30.3	6.9	24.2	5.4	6.1	
(Profit) loss attributable to non-controlling interests	-	-	-	-	-	
Profit (loss) for the period attributable to the owners of the parent	30.3	6.9	24.2	5.4	6.1	

- (1) Sundry revenue includes primarily revenue for television activities, the organization of events and exhibitions, sales of customer lists and boxed sets, and for distribution activities.
- (2) For the definitions of EBITDA and EBIT, reference should be made to the section "Alternative Performance Measures" in this Press Release.



RCS MediaGroup

Reclassified consolidated statement of financial position

(Unaudited figures)

(€ millions)	30 June 2023	%	31 December 2022	%
Intangible fixed assets	372.5	62.5	373.0	65.8
Property, plant and equipment	100.3	16.8	103.5	18.3
Rights of use on leased assets	120.7	20.3	128.3	22.6
Investment property	6.8	1.1	6.9	1.2
Financial fixed assets and other assets	117.2	19.7	118.6	20.9
Net fixed assets	717.5	120.4	730.3	128.8
Inventory	29.7	5.0	31.9	5.6
Trade receivables	220.5	37.0	198.2	35.0
Trade payables	(213.5)	(35.8)	(225.9)	(39.9)
Other assets/liabilities	(23.2)	(3.9)	(30.6)	(5.4)
Net working capital	13.5	2.3	(26.4)	(4.7)
Provisions for risks and charges	(49.0)	(8.2)	(51.5)	(9.1)
Deferred tax liabilities	(54.9)	(9.2)	(54.3)	(9.6)
Employee benefits	(31.3)	(5.3)	(31.3)	(5.5)
Net capital employed	595.8	100.0	566.8	100.0
Equity	391.4	65.7	392.4	69.2
Non-current financial payables	45.0	7.6	30.0	5.3
Current financial payables	40.6	6.8	26.8	4.7
Current financial liabilities from derivatives	-	-	-	-
Non-current financial liabilities from derivatives	-	-	-	-
Financial assets recognized for derivatives	(0.4)	(0.1)	(0.7)	(0.1)
Cash on hand and current financial receivables	(15.8)	(2.7)	(24.5)	(4.3)
Net financial debt (liquidity) (1)	69.4	11.6	31.6	5.6
Financial payables from leases pursuant to IFRS 16	135.0	22.7	142.8	25.2
Total financial sources	595.8	100.0	566.8	100.0

(1) For the definition of the Group's Net Financial Position or Net Financial Debt, reference should be made to the section "Alternative Performance Measures" in this Press Release.



RCS MediaGroup Statement of cash flows

(Unaudited figures)

(€ millions)	30 June 2023	30 June 2022
A) Cash flows from operations		
Profit (loss) before tax from continuing operations	38.9	31.9
Amortization, depreciation and write-downs	25.6	24.8
(Gains) losses and other non-monetary items	0.0	0.0
(Gains) losses of equity-accounted investees	0.1	0.1
Write-downs of financial fixed assets	-	-
Net financial income (expense)	5.9	3.8
Increase (decrease) in employee benefits and provisions for risks and charges	(2.5)	(4.3)
Changes in working capital	(47.8)	(3.2)
Income tax paid	(0.5)	-
Total	19.7	53.1
B) Cash flows from investing activities		
Acquisition of investments	-	(2.1)
Capital expenditure in property, plant and equipment and intangible fixed assets	(11.0)	(7.4)
Changes in other non-current assets	0.1	(0.1)
Proceeds from the sale of investments	0.5	0.5
Dividends from equity-accounted investees	-	-
Total	(10.4)	(9.1)
<i>Free cash flow (A+B)</i>	<i>9.3</i>	<i>44.0</i>
C) Cash flows from financing activities		
Net change in financial payables and other financial assets	20.9	(17.6)
Net financial interest received (paid)	(5.0)	(4.1)
Dividends paid by the Parent Company	(31.0)	(31.0)
Dividends paid to third parties by subsidiaries and other movements in equity	(0.1)	(0.1)
Liabilities from leased assets	(10.9)	(11.3)
Total	(26.1)	(64.1)
Net increase (decrease) in cash and cash equivalents (A+B+C)	(16.8)	(20.1)
Opening cash and cash equivalents	23.5	72.9
Closing cash and cash equivalents	6.7	52.8
Increase (decrease) for the period	(16.8)	(20.1)

ADDITIONAL DISCLOSURES OF THE STATEMENT OF CASH FLOWS

(€ millions)

Opening cash and cash equivalents consisting of	23.5	72.9
Cash and cash equivalents	23.5	72.9
Current payables to banks	-	-
Closing cash and cash equivalents	6.7	52.8
Cash and cash equivalents	14.8	52.9
Current payables to banks	(8.1)	(0.1)
Increase (decrease) for the period	(16.8)	(20.1)



Alternative performance measures

In order to provide a clearer picture of the financial performance of the RCS 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. In accordance with CESR/05178b recommendation published on 3 November 2005, the methods used for building the main alternative performance measures that Management considers useful for monitoring the Group's performance are shown below.

EBITDA: to be understood as earnings before interest, tax, amortization/depreciation and write-downs on non-current assets. The measure is used by the RCS Group 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 the operational performance of the RCS Group.

EBITDA before non-recurring expense/income: to be understood as EBITDA as specified above before components of income (positive and/or negative) deriving from events or transactions, the occurrence of which is non-recurring, or deriving from transactions or events that are unlikely to occur frequently in the normal course of business.

EBIT: to be understood as the Result before tax, gross of "Financial Income (Expense)", "Income (Expense) from equity-accounted investees", and "Other gains (losses) on financial assets/liabilities".

Group Net Financial Position or Group net financial debt (liquidity): this is a valid measure of the financial structure of the RCS Group. It is calculated as the result of current and non-current financial payables, net of cash and cash equivalents and current financial assets, as well as non-current financial assets from derivative instruments, excluding financial liabilities (current and non-current) from leases.

The Total Net Financial Position or total net financial debt (liquidity): to be understood as the Group's Net Financial Position as defined above, it includes financial liabilities from short and/or long-term lease agreements 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, and excludes financial receivables with a maturity of over 90 days (as defined by the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 with the document "ESMA32-382-1138" and taken up by CONSOB in communication 5/21 of 29 April 2021).