



**INTERIM FINANCIAL REPORT
AS AT 31 MARCH 2023**

MEDIAFOREUROPE N.V.

Registered Office: Amsterdam, Netherlands

Headquarters and Tax Residence: Viale Europa 46, 20093 Cologno Monzese, Milan, Italy

Share Capital: EUR 813,569,533.02

Registered with the Dutch Chamber of Commerce (CCI number): 83956859

Italian Tax Code and VAT Number: IT 09032310154

Website: <https://www.mfediaforeurope.com/>

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CORPORATE BOARDS

Board of Directors

Chairman

Fedele Confalonieri

Chief Executive Officer

Pier Silvio Berlusconi

Directors

Marina Berlusconi

Stefania Bariatti

Marina Brogi

Raffaele Cappiello

Costanza Esclapon de Villeneuve

Giulio Gallazzi

Marco Giordani

Gina Nieri

Danilo Pellegrino

Alessandra Piccinino

Niccolò Querci

Stefano Sala

Carlo Secchi

Executive Committee

Pier Silvio Berlusconi

Marco Giordani

Gina Nieri

Niccolò Querci

Stefano Sala

Audit Committee

Alessandra Piccinino (Chair)

Raffaele Cappiello

Carlo Secchi

Nomination and Remuneration Committee

Stefania Bariatti (Chair)

Marina Brogi

Carlo Secchi

Environmental Social and Governance Committee

Marina Brogi (Chair)

Stefania Bariatti

Giulio Gallazzi

Related Parties Transactions Committee

Costanza Esclapon de Villeneuve (Chair)

Marina Brogi

Alessandra Piccinino

Independent Auditors

Deloitte Accountants B.V.

FINANCIAL HIGHLIGHTS

MAIN INCOME STATEMENT DATA

FY 2022			1st Quarter 2023		1st Quarter 2022	
EUR M	%		EUR M	%	EUR M	%
2,801.2	100%	Consolidated Net Revenues	646.6	100%	654.3	100%
1,937.7	69%	Italy	465.2	72%	466.3	72%
865.3	31%	Spain	181.5	28%	188.0	28%
280.1		Operating Result (EBIT)	19.3		15.3	
88.5		Italy	(9.6)		(14.7)	
192.4		Spain	28.8		29.9	
216.9		Group Net Profit	10.1		2.7	

MAIN BALANCE SHEET AND FINANCIAL DATA

31 st December 2022		31 st March 2023		31 st March 2022	
EUR M		EUR M		EUR M	
3,766.8	Net Invested Capital	3,673.4		3,845.5	
2,893.6	Total Net Shareholders' Equity	2,941.7		3,125.9	
2,667.9	Group Shareholders' Equity	2,728.1		2,577.2	
225.7	Non-Controlling Interests	213.6		548.7	
873.3	Net Financial Position Debt/(Liquidity)	731.7		719.6	
366.2	Free Cash Flow	158.9		222.4	
389.0	Investments	144.9		129.4	
133.0	Dividends paid by the Parent Company	-		1.1	
0.9	Dividends paid by Subsidiaries	0.7		-	

PERSONNEL ^(*)

31 st December 2022			31 st March 2023		31 st March 2022	
	%			%		%
4,858	100%	Workforce (headcount)	4,870	100%	4,919	100%
3,321	68%	Italy	3,328	68%	3,321	68%
1,537	32%	Spain	1,542	32%	1,598	32%

(*) Includes temporary and permanent workforce

INTRODUCTION

This Interim Financial Report, which has been drawn up voluntarily to provide continuous and regular information on the Group's quarterly consolidated economic and financial performance, has been prepared in accordance with international accounting standards (IAS/IFRS) and in line with the measurement and estimation criteria applied in preparing the Consolidated Financial Statements for the year ended 31 December 2022, to which readers are referred.

The information disclosed in this Report is not comparable to that of complete financial statements prepared in accordance with IAS 1. This Interim Financial Report has the structure and content deemed most appropriate – in terms of factors that contribute to investor decisions – to describe the economic performance and financial position of the Group as a whole and of its main business segments, and to describe the key events and transactions that have occurred during the reporting period.

The consolidated income, financial position and cash flow statements set forth below are presented in a manner consistent with the Report on Operations accompanying the annual Consolidated Financial Statements. As such, figures have been summarised and restated to highlight the interim aggregates considered most significant to understand the performance of the Group and its main business sectors. The alternative performance measures used in these statements are briefly described in the section entitled "*Alternative Performance Indicators*" at the end of this Interim Financial Report.

The earnings and financial figures contained in this Report refer to the first three months of 2023 and 2022. The figures concerning financial position are as at 31 March 2023 and 31 December 2022.

Unless otherwise indicated, all figures in this report are expressed in millions of euros to one decimal place, whereas the original figures have been recorded and consolidated in thousands of euros. The same is true of all percentages relating to changes between two periods or percentages of net revenue or other indicators.

The language of this Interim Financial Report is English. Certain references to legislation and technical terms have been quoted in their original language so that they may be attributed their correct technical meaning under applicable law.

This Interim Financial Report has not been audited.

This Report contains forward-looking statements that reflect the management's current outlook of the Group's future development. These forward-looking statements should be evaluated with consideration to risks and uncertainties that are beyond the Group's control and require significant judgment. If the underlying assumptions materialise or prove to be incorrect, the actual risks or opportunities described and the results and developments could differ materially (negatively or positively) from those expressed in these statements. The outlook is based on the estimates made by the Group's management based on all information available at the time of completing this annual Report.

The factors that could cause actual results and developments to differ from those expressed or implied in the forward-looking statements are included in the "Disclosure of Main Risks and Uncertainties" section of the Consolidated Annual Report for the year ending 31 December 2022. These factors may not be exhaustive and should be read in conjunction with the other precautionary statements included in the Consolidated Annual Report. The MFE Group assumes no obligation or liability in connection with any inaccuracies in the forward-looking statements made in this Report or in connection with any use by third parties of those forward-looking statements. The MFE Group assumes no obligation to update the forward-looking statements contained in this Interim Financial Report beyond its statutory disclosure requirements.

SIGNIFICANT EVENTS IN THE FIRST QUARTER

Cross-border merger of MES into MFE

On **30 January 2023**, the boards of directors of MFE and of subsidiary Mediaset España Comunicación, S.A. ("MES") approved the **joint project for the cross-border merger by incorporation of MES (the mergee company) into MFE (the merger company) (the "Merger")**.

On **16 March 2023**, MFE executed the agreements entered into on 13 March by **acquiring shares representing approximately 1.53% of share capital in MES** from certain MES shareholders (including Vivendi SE and some private equity funds). These shareholders had previously informed MFE at MES's Shareholders' Meeting of 15 March that they did not oppose the Merger but intended to divest their stakes. The price of these acquisitions was EUR 3.2450 per share, with the total consideration standing at EUR 15.5 million. The acquisition price factored in a total discount of 4.04% per annum as compared to the settlement price of EUR 3.2687 per MES. This is because the acquisitions were transacted before payment was made to the MES shareholders exercising their withdrawal on account of not approving the Merger.

On **15 March 2023**, the **shareholders' meetings of MFE and MES** were held.

The Shareholders' Meeting of MFE resolved to approve the following:

- the proposal to, simultaneously with the Merger, cancel all 88,707,693 ordinary MFE A-class shares (representing 0.66% of nominal issued share capital and 5.81% of all MFE A-class shares issued to date) and to reduce the issued share capital accordingly. Undertake all activities and steps to cancel and simultaneously reduce MFE's issued share capital are to be completed before the effective date of the Merger;
- the proposal to effect the cross-border merger takeover of Mediaset España Comunicación, S.A. ("MES") (as the mergee company) into MFE (as the merger company) (the "Merger") in accordance with the terms and conditions set forth in the joint cross-border merger project prepared and signed on 30 January 2023 by the boards of directors of both companies participating in the Merger (the "Joint Cross-border Merger Project") and, therefore, to authorise the Board of Directors of MFE – in accordance with the terms and subject to the fulfilment of (or waiver of) the conditions precedent described in the Joint Cross-border Merger Project – to execute, or cause to be executed, the related Merger Project, including amendments to the Bylaws of MFE.

The Extraordinary Shareholders' Meeting of MES resolved, among other things, to approve the following:

- the Segregation (under Article 40 of Spanish Law 3/2009 and in accordance with the terms and conditions of the transfer project dated 30 January 2023) from MES in favour of its fully-owned subsidiary Audiovisual Mediaset España Comunicación S.A.U. through the carve-out en bloc and by universal succession all of its assets and liabilities, with the exception of the 100% shares in GA Mediaset, the shares representing 13.18% of its share capital in ProSiebenSat.1 Media SE, as well as the debt owed to Crédit Suisse associated with the acquisition of those shares under a loan provided by that credit institution to Mediaset España, the outstanding put and call options under the same agreement relating to 4,951,250 shares in ProSiebenSat.1 Media SE, and a cash amount representing the Mediaset España cash not necessary for the pursuit of the business forming the subject matter of the Carve-Out in the ordinary course of its activities;
- the Merger, according to the terms and conditions of the Joint Cross-border Merger Project.

Financial equity investment in ProSiebenSat1 Media SE

On **17 February 2023**, MFE entered into a binding purchase agreement with a primary financial counterpart to acquire a 3.86% stake in the share capital (approximately 4.0% of voting rights excluding treasury shares) of ProSiebenSat1 Media SE ("PS71"). MFE hedge the purchase price by entering into a hedging financial instrument "reverse collar cash settlement". The deal was subject to the authorisation by the European and Austrian antitrust authorities. On 3 March 2023, as a consequence of the entry into PS71's ownership structure of an investor who had acquired a stake of approximately 10% of the company's share capital (and voting rights) just weeks previously, the Directorate-General for Competition of the European Commission declared to MFE that the above mentioned share purchase agreement did not lead to the acquisition of de facto sole control of P7S1 and, therefore, that there was no obligation to notify the transaction under EU merger control rules. Subsequently, in a letter dated 17 March 2023, the Austrian Federal Competition Authority also declared that it had been duly informed about and took note of the European Commission's statement. As reported in the section *Events after 31 March 2023*, the purchase agreement was executed by MFE in May.

As at the closing date of this Interim Report for the period ending 31 March 2023, the Group's aggregate shareholding in PS71 was unchanged compared to 31 December 2022, at 25.01% of share capital (25.72% of voting rights). No events affected MFE's ability to participate in financial and operational decision-making during the first three months of the year. Therefore, after ascertaining that MFE that did not possess the de facto or potential elements required to exercise significant influence over this shareholding in according with IAS 28, this shareholding remained subject to the accounting treatment provided for by IFRS 9, which had already been adopted in previous years and at 31 December 2022.

Payment of compensation to network operators.

Under the Ministerial Decree of **21 March 2023** issued by the Ministry of Enterprise and Made in Italy, and following an application filed on 23 December 2022, Elettronica Industriale was reimbursed EUR 8.4 million (80% of eligible costs) as the second and final tranche of the compensation to which network operators were entitled for upgrade costs incurred after 8 February 2022 in connection with the refarming of frequencies and preparing for the transition of television broadcasting facilities.

Under this decree, Elettronica Industriale was also reimbursed an additional EUR 4.3 million on top of the EUR 29.8 million already paid out as the first tranche of compensation in accordance with the EUR 34.1 million award made in the Ministerial Decree of 27 June 2022 to cover 80% of the eligible expenses incurred between 1 December 2020 and 8 February 2022.

This latest tranche was for a total of EUR 12.7 million and was reimbursed to Elettronica Industriale in April.

SUMMARY OF OPERATING PERFORMANCE AND KEY FINANCIAL RESULTS

The international geopolitical situation remained precarious during the opening months of the year due to the continuing conflict in Ukraine and high inflationary pressures. Although energy prices slowly trended back towards normal, core inflation rates remained high and central banks showed a continued propensity for rate hikes, causing demand to remain weak in both Italy and Spain.

Despite these external factors, the MFE Group's advertising revenues substantially held up during the period even when compared to last year's first quarter in which the conflict had yet to begin and, therefore, the growing advertising revenues were not yet affected. Furthermore, with total operating costs lower than in 2022, the Group recorded a higher consolidated operating profit (EBIT) and net profit for the period than in the same period in 2022. Consolidated free cash flow was also decidedly positive, leading to a reduction in consolidated net financial debt as compared to the situation at 31 December 2022.

The **financial highlights** and performance indicators at the close of the period are summarised below:

- ▣ **Consolidated net revenues** were **EUR 646.6 million**, down slightly (-1.2%) on the EUR 654.3 million recorded for the same period of last year.
- ▣ Specifically, **gross advertising revenues** stood at **EUR 629.5 million** on a consolidated basis, down slightly (-1.0%) on the same period of last year, which in turn was the only quarter of year-on-year growth (+2.1%) compared to 2021. **Other revenues** were largely unchanged from 2022 at **EUR 93.4 million**.

The results for **advertising revenues** were as follows:

In **Italy**, gross advertising revenues from Group-managed media (revenues from free-to-air TV channels and Group-owned radio stations and revenue shares from websites managed under concession by Mediamond) recorded a contained increase of **0.4%**, reaching **462.5 million euros**, an extremely positive result because it exceeds the level of advertising revenues achieved in the first quarter of 2022, the only quarter with growth of the entire year, when MFE bucking the trend to its main competitors, it had grown by 2.0% compared to 2021. According to Nielsen data, in the first quarter of 2023, seasonally more favorable to the public competitor, the advertising market grew by 3.1%, driven in particular by radio and digital media and by other minor sectors (out of home, cinema) that have yet to recover to pre-pandemic investment levels.

The Group's strong advertising revenues were underpinned by excellent **viewership figures**. According to ratings figures from Auditel, during the period reported, Mediaset networks as a whole obtained an audience share of 37.8% over the 24-hour period, 37.7% in the Day Time slot and 37.6% in Prime Time. Mediaset also maintained its leadership among the commercial target audience (15–64 years) during the first three months of 2023 over the 24-hour period (41.1%), in the Day Time slot (41.1%) and in Prime Time (41.0%). Among this target audience, Canale 5 was again the number one national network across all time slots. In the spring season (8 January to 1 April 2023), Mediaset maintained its leadership among the commercial target with higher ratings than competitors. Generalist networks in particular obtained a share of 29.7% the 24-hour period, 29.8% in the Day Time slot and 30.7% in Prime Time among this target audience.

In **Spain**, in an advertising market that proved challenging during the first two months of the year before picking up gradually in the third month, the Group achieved gross advertising revenues of **EUR 166.8 million** (EUR 175.1 million for the quarter ended 31 March 2022) for a decrease of -4.7%. In the same period of last year, advertising sales were up by 2.4% on 2021. In **ratings** terms, Mediaset España enjoyed a total audience share of

26.0% over the 24-hour period, and a 28.5% share among the commercial target. In the Prime Time slot, the Mediaset Group achieved a 24.5% share of the total audience and 26.8% of the commercial target, while its Day Time shares were 26.7% of the total audience and 29.4% of the commercial target.

- The Group made an **operating result (EBIT)** of **EUR 19.3 million**, compared to EUR 15.3 million for the same period in 2022.
- The Group made a **net profit** for the period of **EUR 10.1 million**, thus improving on its EUR 2.7 million in profits for the same period of 2022. This result was boosted by the Group's increased holding in subsidiary Mediaset España (55.69% in the first quarter of 2022; 84.45% in the first quarter of 2023) following the closing, at the beginning of the second half of 2022, of the Voluntary Public Purchase and Exchange Offer launched by MFE in March 2022. As outlined above, this figure was also influenced by the additional minority interests (totalling 1.5% of share capital) acquired during the first quarter of 2023 as part of the *squeeze-out merger*, which in turn was completed at the beginning of May.
- **Consolidated net financial debt** at 31 March 2023 stood at **EUR 731.7 million**, a reduction on the EUR 873.3 million of debt at 31 December 2022. This was largely due to the positive **free cash flow** of **EUR 158.9 million** for the period. During the first quarter, Mediaset paid EUR 15.5 million to acquire further minority interests (1.53%) in Mediaset España. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards and the residual financial payable for the equity investment in ProSiebenSat.1 Media SE, the **adjusted net financial debt** at the end of the period was **EUR 593.2 million**.

EVENTS AFTER 31 MARCH 2023

Closing of the Cross-Border Merger by Incorporation of Mediaset España Comunicación, S.A. into MFE MEDIAFOREUROPE N.V.

On **28 April 2023**, all preconditions were met and the preliminary steps were completed for the implementation of the cross-border merger by incorporation of Mediaset España Comunicación, S.A. ("MES") (the mergee company) into MFE-MEDIAFOREUROPE N.V. ("MFE") (the merger company) (the "Merger"), which had been approved by the boards of directors of MFE and MFE and 30 January 2023 and at the shareholders' meetings of both companies on 15 March 2023. In particular:

- ▣ **MES** and its wholly-owned subsidiary Grupo Audiovisual Mediaset España Comunicación, S.A. ("**GA Mediaset**") signed a public deed to complete **the transfer** all assets and liabilities of MES (with the exception of the cash amounts not necessary for the pursuit of the business forming the subject-matter of the carve-out, the shareholding in ProSiebenSat.1 Media SE and the financial assets and liabilities related to that shareholding) in favour of GA Mediaset.
- ▣ **MES** paid out a total settlement of EUR 56.1 million to shareholders exercising their **right of withdrawal**.

The Merger agreement was signed on 2 May 2023 **and came into force on 3 May 2023** (00:00). In accordance with the joint cross-border merger project, all shares in MES were cancelled and MFE increased its own share capital on the Merger date. MFE allocated 220,934,896 new MFE ordinary "A" class shares, each with a par value of EUR 0.06 and with one voting right attached, to MES shareholders (excluding MES shares held by MES itself or held by MFE immediately before the Merger came into effect) at the predetermined ratio of seven new MFE A-Class Shares per one MES share. As a consequence, the subscribed and paid-up share capital of MFE increased from EUR 800.3 million to EUR 813.6 million. As of the same date, the new MFE A-Class Shares became tradable on Euronext Milano, an Italian regulated market organised and managed by Borsa Italiana S.p.A.

On the same date, and in implementing the resolution passed at MFE's Shareholders' Meeting of 15 March 2023, **all 88,707,693 MFE A-Class treasury shares in MFE's portfolio were cancelled**, with MFE's issued share capital reduced accordingly.

As outlined in the joint cross-border merger project, MFE will apply to have all its A-class ordinary shares listed on the Spanish Stock Exchanges of Barcelona, Bilbao, Madrid and Valencia through the SIBE as soon as possible and no later than three months after the completion of the Merger.

Financial equity investment in ProSiebenSat1 Media SE

On **27 April 2023** ProSiebenSat1 Media SE ("PS71") communicated the **results of the 2022 consolidated financial statements** which recorded a reported net profit attributable to the shareholders of the parent company of 5 million euros compared to the net profit of 456 million euros recorded in the previous exercise. The approval of the 2022 Consolidated Financial Statements of PS71, a company over which MFE, while holding the relative majority of voting rights, does not currently have any representation in the Executive and the Supervisory Board and over which it does not exercise any type of significant influence, was postponed from its originally scheduled timeline of 1 March following proceedings started at the end of February by the German Federal Financial Supervisory Authority ("BaFin") regarding regulatory requirements of two subsidiaries operating in the sales sector of vouchers that should have operated in accordance with the German Payment Services Supervision Act. The company also communicated that in relation to the investigations initiated by the Munch Public Prosecutor's Office and still in progress, aimed at ascertaining any illegal actions in relation to the

activities of the two companies, the PS71 Group is exposed to potential liabilities that cannot be estimated at the date of approval of the financial statements 2022 but the extent of which could be significant.

On the same date, the Executive Board and the Supervisory Board of PS71 also communicated the revision of the company's **dividend policy** starting from the current year. On the basis of these adjusted criteria and the general economic environment expected for the current year still conditioned by the ongoing Russian-Ukrainian conflict, these bodies resolved to submit a proposal to the Annual General Shareholders' Meeting to be held on 30 June 2023 to distribute in 2023 with reference to the results for the 2022 financial year, an ordinary dividend of EUR 0.05 per share (corresponding to a total distribution of around EUR 11 million), significantly reduced compared to that, equal to EUR 0.80 euro, paid out last year (which had generated financial income for the MFE Group in 2022 for a total amount of EUR 42.3 million).

On **19 May 2023** MFE completed the execution of the contractual agreements signed in the previous month of February with a primary financial counterparty, purchasing an **additional shares in PS71**, to round up its stake of held and secured shares to **28.87%** of the share capital (of which 26.58% through direct ownership and 2.29% secured through financial instruments). Excluding treasury shares as at 31 December 2022, this shareholding corresponds to **29.70% of the current voting rights** (of which 27.34% through direct ownership and 2.35% secured through financial instruments).

BUSINESS OUTLOOK

In Italy, advertising sales in the first part of the second quarter continued the positive trend of the first three months, supported by the excellent TV ratings performance.

In Spain, after a difficult start in the first two months of the year, April saw a consolidation of the recovery that had begun in March, in this case also supported by excellent broadcasting results.

Even though the economic environment remains weak and uncertain – including the possibility of further interest rate hikes by the ECB and the limited visibility on the evolution of the advertising market – the structural trends are in line with the expectations outlined at the beginning of the year. It should be borne in mind that in the second and subsequent quarters, advertising revenues in both of the Group's business areas will be compared to quarters which last year reported declines due to the onset of the conflict in Ukraine. In addition, the last quarter was partly affected by the World Cup in Qatar, for which the Group did not hold the broadcasting rights.

In the coming months, the Group will continue to focus on a careful balance between effectiveness, innovation, digitalisation and cost control of its local broadcasting offerings.

In addition, following the further consolidation of its stake in ProSiebenSat1 in May, MFE confirms its role as a long-term shareholder in this company.

Regarding this investment, following the revision of the dividend policy announced by ProSiebenSat1, the Shareholders' Meeting of 30 June will consider the proposal to pay a single dividend of €0.05 per share (compared to €0.80 per share paid in 2022), which would result in income for MFE of approximately €3 million in 2023, based on the current direct shareholding – much lower than the €42 million received in 2022.

Based on the information available, the expectation of achieving an annual consolidated EBIT, net profit and free cash flow is therefore confirmed.

Finally, the merger by incorporation of Mediaset España Comunicación SA into MFE became effective as of the second quarter. The Group's operations in Spain – now managed by Grupo Audiovisual Mediaset España Comunicación SA – will therefore be fully consolidated by MFE from the second quarter onwards.

**CONSOLIDATED FINANCIAL
STATEMENTS (CONDENSED) AND
SECTOR INFORMATION**

MFE					
Condensed Income Statement	EUR million	1st Quarter 2023	1st Quarter 2022	Change (EUR million)	Change (%)
Consolidated net revenues		646.6	654.3	(7.7)	-1.2%
Personal expenses		(117.3)	(115.7)	(1.6)	1.4%
Purchases, services, other costs		(395.3)	(402.7)	7.3	-1.8%
Operating costs		(512.7)	(518.4)	5.7	-1.1%
Gross Operating Result (EBITDA)		133.9	136.0	(2.0)	-1.5%
TV Rights amortisation		(94.1)	(98.4)	4.3	-4.4%
Other amortisation, depreciation and impairments		(20.6)	(22.3)	1.7	-7.6%
Amortisation, depreciation and impairments		(114.7)	(120.7)	6.0	-5.0%
Operating Result (EBIT)		19.3	15.3	4.0	26.0%
Financial income/(losses)		(5.6)	(4.0)	(1.7)	41.5%
Result from investments accounted for using the equity method		2.9	3.9	(1.0)	-26.4%
Profit Before Tax (EBT)		16.5	15.2	1.3	8.5%
Income taxes		(2.1)	(1.8)	(0.4)	20.1%
Non-controlling interest in net profit		(4.3)	(10.7)	6.5	-60.1%
Group Net Profit		10.1	2.7	7.4	274.4%

MFE					
Consolidated Net Revenues	EUR million	1st Quarter 2022	1st Quarter 2021	Change (EUR million)	Change (%)
Gross advertising revenues		629.5	635.9	-6.4	-1.0%
Agency discounts		(76.3)	(75.7)	(0.7)	-0.9%
Net advertising revenues		553.2	560.3	-7.1	-1.3%
Other revenues		93.4	94.1	-0.7	-0.7%
Consolidated Net Revenues		646.6	654.3	-7.7	-1.2%

MFE Group		
Condensed Statement of Financial Position		
EUR million	31/03/2023	31/12/2022
TV and movie rights	818,3	775,3
Goodwill	804,2	804,2
Other tangible and intangible non current assets	763,6	785,1
Equity investments and other financial assets	1.017,1	956,4
Net working capital and other assets/(liabilities)	320,0	496,4
Post-employment benefit plans	(49,8)	(50,5)
Net invested capital	3.673,4	3.766,8
Group shareholders' equity	2.728,1	2.667,9
Non controlling-interests	213,6	225,7
Total Shareholders' equity	2.941,7	2.893,6
Net financial position		
Debt/(Liquidity)	731,7	873,3

MFE Group		
Condensed Statement of Cash Flow		
EUR million	1° Quarter 2023	1° Quarter 2022
Net Financial Position at the beginning of the year	(873,3)	(869,2)
Free Cash Flow	158,9	222,4
Cash Flow from operating activities (*)	126,7	121,6
Investments in fixed assets	(144,9)	(129,4)
Disposals of fixed assets	0,7	0,5
Changes in net working capital and other current assets/liabilities	176,4	229,8
Change in the consolidation area	-	(0,1)
Treasury shares (sale)/buyback of the parent company and subsidiaries	-	-
Equity investments/Investments in other financial assets and change of interest held in subsidiaries	(16,7)	(71,6)
Dividend received	-	-
Dividends paid	(0,7)	(1,1)
Financial Surplus/(Deficit)	141,5	149,6
Net Financial Position at 31 March	(731,7)	(719,6)

(*): Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments accounting for by using the equity method - gains/losses on equity investments +/- deferred tax

ITALY**Main indicators**

	EUR million	1 st Quarter 2022	1 st Quarter 2021	Change (EUR million)	Change (%)
Gross advertising revenues		462.7	460.9	1.8	0.4%
Agency discounts		(68.1)	(67.8)	(0.3)	-0.4%
Net advertising revenues		394.6	393.0	1.5	0.4%
Other revenues		70.6	73.3	-2.7	-3.7%
Consolidated Net Revenues		465.2	466.3	-1.2	-0.3%
Gross Operating Result (EBITDA)		75.6	73.7	1.9	2.6%
Operating Result (EBIT)		(9.6)	(14.7)	5.1	-34.6%

SPAIN**Main indicators**

	EUR million	1 st Quarter 2022	1 st Quarter 2021	Change (EUR million)	Change (%)
Gross advertising revenues		166.8	175.1	-8.3	-4.7%
Agency discounts		(8.2)	(7.8)	(0.4)	-4.7%
Net advertising revenues		158.6	167.2	-8.6	-5.2%
Other revenues		22.8	20.8	2.1	9.9%
Consolidated Net Revenues		181.5	188.0	-6.6	-3.5%
Gross Operating Result (EBITDA)		58.4	62.3	(3.9)	-6.3%
Operating Result (EBIT)		28.8	29.9	(1.1)	-3.7%

ALTERNATIVE PERFORMANCE MEASURES

The consolidated income statement, balance sheet and cash flow statement included in this Interim Financial Report are presented in a manner consistent with the Report on Operations accompanying the annual Consolidated Financial Statements. As such, figures have been summarised and restated to highlight the intermediate aggregates considered most significant for understanding the performance of the Group and of the main sectors in which it operates. These figures are provided where so required by the guidance contained in Disclosure ESMA/2015/1415 issued by the European Securities and Markets Authority (ESMA). Alternative Performance Indicators supplement the information required by IFRS and help to better understand the Group's economic, financial and balance sheet position. Alternative Performance Measures can serve to facilitate comparisons with groups operating in the same industry. In some cases, however, the calculation method applied may differ from those applied by other companies. Therefore, these data should be considered complementary to, and not a substitute for, the GAAP measures to which they relate.

The Alternative Performance Measures (APMs) included in this Directors' Report on Operations are as follows:

Consolidated net revenues indicate the sum of Revenues from sales of goods and services and Other income in order to state the aggregate positive income components generated by core business and to provide a reference measure for calculating the main operating profitability and net profitability indicators.

EBITDA is calculated by taking the Net profit for the year (as provided for by the International Accounting Standards), adding Income taxes, then subtracting or adding Financial income/(losses) and Result from investments accounted for using the equity method and, finally, adding Amortisation, depreciation and impairment.

EBIT - Operating Result is calculated by taking the Net profit for the year (as provided for by the International Accounting Standards), adding Income taxes, then subtracting or adding Financial income/(losses) and Result from investments accounted for using the equity method. EBIT is also shown in the consolidated income statement.

EBITDA and EBIT are typical intermediate performance inputs for calculating the Net result for the year (IFRS performance measure). Although the Net profit for the year provides a comprehensive measure of the company's profitability, it does not provide an adequate overview of its operating profitability. EBITDA and EBIT show the Group's capacity to generate operating income without taking account financial management, the valuation of equity investments and any tax impact.

Net financial position is calculated by aggregating the IFRS items Non-current financial payables and liabilities, Payables to banks and Current financial liabilities and subtracting, Cash and cash equivalents and Current financial assets, with adjustments made to those items to exclude the following: i) the fair value of derivatives hedging foreign exchange risk, except for the part exceeding the change in the foreign-currency payables hedged. ii) the fair value of derivative instruments hedging equity instruments; and iii) loans granted to associates and financial liabilities on options on minority interests in subsidiaries.

Net financial position shows the extent to which financial debt exceeds cash and cash equivalents and financial assets, and is the summary indicator used by management to measure the Group's ability to meet its financial obligations.

Net invested capital is calculated by taking IFRS item Shareholders' equity and adding the Net financial position. Net Invested Capital is a summary measure of the net assets invested and provides an immediate overview of the Group's deployments, showing the activities in which the Group has used financing to invest in capital resources, such as Television and movie broadcasting rights. In relation to certain components of Net invested capital, please note that the items Equity investments and other financial assets include assets

recognised in the Consolidated Statement of Financial Position as Investments in associates and joint ventures and Other financial assets (the latter limited to Equity investments and Non-current financial receivables, thus excluding hedging derivatives, which are included as Net working capital and Other assets/liabilities). On the other hand, Net working capital and Other assets/liabilities include current assets (apart from cash and cash equivalents and current financial assets included in the Net financial position), deferred tax assets and liabilities, non-current assets held for sale, provisions for risks and charges, trade payables and tax liabilities.

Free cash flow is calculated by taking IAS/IFRS measure Net cash flow from operating activities (excluding the item "Net cash flows from discontinued operations"), then adding:

- "Net cash flow from/used in investing activities", comprising the items "Revenues from the sale of fixed assets", "Interest paid or received", "Investments in TV and movie broadcasting rights", "increases/(decreases) in advances for broadcasting rights" and "changes in payables for investments in broadcasting rights", "Investments in other fixed assets", excluding "Payments for investments in strategic assets" and "Increases in tangible assets (rights of use)", recognised pursuant to IFRS 16;
- "Interest received or paid", as contained in the item "Net cash flow from/used in financing activities".

Free cash flow is a summary measure that management uses to measure the net cash flow from operating activities. This is an indicator of the Group's organic financial performance and its ability to pay dividends to shareholders and support external growth and development operations.

For the Board of Directors
Marco Giordani
(Chief Financial Officer)