INTERIM FINANCIAL REPORT AT 31 MARCH 2024

MEDIAFOREUROPE N.V.
Registered Office: Amsterdam, Netherlands
Headquarters and Tax Residence: Viale Europa 46, 20093 Cologno Monzese, Milan, Italy
Share Capital: EUR 161,649,413.76
Registered with the Dutch Chamber of Commerce (CCI number): 83956859
Italian Tax Code and VAT Number: IT 09032310154
Website: https://www.mfemediaforeurope.com/

SUMMARY

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 Niccolo' Querci Stefano Sala Carlo Secchi
Executive Committee	Pier Silvio Berlusconi Marco Giordani Gina Nieri Niccolo' 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 2023 EUR M	%		1st Quarter 2024 EUR M	%	1st Quarter 2023 EUR M	%
2,810.4	*100%*	**Consolidated Net Revenues**	**699.8**	*100%*	**646.6**	*100%*
1,978.3	*70%*	Italy	501.9	*72%*	465.2	*72%*
833.0	*30%*	Spain	198.0	*28%*	181.5	*28%*
302.3		**Operating Result (EBIT)**	**23.5**		**19.3**	
147.2		Italy	(4.8)		(9.6)	
154.8		Spain	28.3		28.8	
209.2		**Group Net Profit**	**16.8**		**10.1**	

MAIN BALANCE SHEET AND FINANCIAL DATA

31st December 2023 EUR M		31st March 2024 EUR M	31st March 2023 EUR M
3,776.8	**Net Invested Capital**	**3,570.4**	**3,673.4**
2,874.0	**Total Net Shareholders' Equity**	**2,893.6**	**2,941.7**
2,869.1	Group Shareholders' Equity	2,888.3	2,728.1
4.9	Non-Controlling Interests	5.3	213.6
902.8	**Net Financial Position** Debt/(Liquidity)	**676.9**	**731.7**
279.6	**Free Cash Flow**	**213.0**	**158.9**
466.4	**Investments**	**180.5**	**144.9**
140.1	**Dividends paid by the Parent Company**	**-**	**-**
2.0	**Dividends paid by Subsidiaries**	**-**	**0.7**

PERSONNEL (*)

31st December 2023	%		31st March 2024	%	31st March 2023	%
4,971	*100%*	**Workforce (headcount)**	**5,188**	*100%*	**4,870**	*100%*
3,346	*67%*	Italy	3,481	*67%*	3,328	*68%*
1,625	*33%*	Spain	1,707	*33%*	1,542	*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 2023, 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 2024 and 2023. The figures concerning financial position are as at 31 March 2024 and 31 December 2023.

Unless otherwise indicated, all figures in this report are expressed in millions of euro to one decimal place, whereas the original figures have been recorded and consolidated in thousands of euro. 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.

From 1 January 2024, the MFE Group (as a Multinational Group that has exceeded the revenue threshold of EUR 750 million for two of the previous four years) falls within the Pillar-Two income tax bracket provided for in Directive 2022/2523 and adopted in Italy by Legislative Decree 209/2023, which aims to ensure a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

The Group has applied the mandatory temporary exception provided for by the Amendment to IAS 12 "International Tax Reform-Pillar Two Model Rules", which provides that information on deferred tax assets and liabilities relating to Pillar-Two income taxes are not hereby recognised and disclosed.

Moreover, given the novelty and complexity involved in determining the level of effective taxation, Pillar-Two legislation provides the option (for the first periods in which they are in effect; i.e. the "transitional" rules valid for periods beginning before 31 December 2026 and ending no later than 30 June 2028) to apply simplified "safe harbour" rules (granting an exception from country-by-country reporting) based primarily on the accounting information available for each relevant jurisdiction which, if at least one of three tests is passed will decrease compliance costs and reduce Pillar-Two taxes to nil.

Based on known or reasonably estimable information for the Group, no jurisdictions with an ETR of less than 15% have been identified.

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 report.

The factors that could cause the 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 ended 31 December 2023. 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 report beyond its statutory disclosure requirements.

SIGNIFICANT EVENTS IN THE FIRST QUARTER

Change in the scope of consolidation

As a consequence of the acquisition by Publitalia'80 of the 50% stake in **Mediamond** held by Direct Channel S.p.A. (a subsidiary of Arnoldo Mondadori Editore S.p.A.), the company (jointly owned by Publitalia and Mondadori until 31 December 2023, up to which date it was accounted for in the consolidated financial statements using the equity method) and its wholly owned subsidiary Videowall S.r.l. are consolidated on a line-by-line basis commencing 1 January 2024.

Mediamond SpA is the sales house specialised in selling advertising on the Group's television sites and digital properties and on the websites of Mondadori Group agencies and third-party broadcasters. It also collects advertising revenue from digital out-of-home (DOOH) advertising spaces managed by subsidiary Videowall and third parties. The Group's acquisition of this controlling interest in Mediamond strengthens its unique portfolio of the own and third-party assets it manages in Italy in segments of the market with a high growth potential.

In Spain in early March, Grupo Audiovisual Mediaset España Comunicación, S.A.U. ("GAM"), acquired the controlling interest equal to a 70% stake in **La Fábrica de la Tele, S.L.** (company of which it previously held indirectly, through the wholly-owned subsidiary Producción y Distribución de Contenidos Audiovisuales Mediterráneo S.L.U., a 30% stake consolidated using the equity method). This company, which was fully consolidated from 1 March 2024, provides TV and web content production and advertising campaign creation services to third parties.

The consideration paid for the acquisition of controlling interests in these companies was equal to their net book value. The line-by-line consolidation of these companies did not have any significant impact on the Group's financial results during the period, albeit resulting in the consolidation of additional advertising revenues from own and third-party media and their related direct and operating costs, particularly with regard to Mediamond and Videowall. The Consolidated Net Financial Position for the period saw a net impact of EUR 7.3 million euros in net cash balances as a result of these changes (resulting from the outlays incurred for the acquisition of the controlling interests, less the outstanding cash and cash equivalents of the companies on the acquisition date).

Equity investment in ProSiebenSat1 Media SE

During the first quarter of the year, the Austrian antitrust authorities authorised MFE to exceed the de facto control thresholds provided for in EU and Austrian antitrust law. From an accounting point of view, since there has been no change in the conditions under which MFE ascertained that, since 30 June 2023, it had significant influence over the investee in accordance with IAS 28, the 26.3% share of economic and voting rights continued to be classed as an associated shareholding in the first quarter of 2024 and measured using the equity methods, in continuity with last year. Following the cash-settled unwinding of the outstanding hedging agreements over the 3.3% stake in the share capital of P7S1 entered into in the latter part of the accounting period, MFE's entire investment in P7S1 – currently standing at 29.0% of share capital, which net of treasury shares is equivalent to 29.8% share of economic interests and voting rights (thus also including the 3.3% stake, which until the unwinding date had been classified and accounted for as a financial investment under IFRS 9) – is classified as an investment in associates under IAS 28 from 31 March 2024 onwards.

P7S1 reported a net profit attributable to the parent company's shareholders of EUR 2 million for the quarter (in the same period in 2023, the Company reported a consolidated net loss attributable to the parent company's shareholders of EUR -28 million). This is reflected in the result of EUR +0.5 million recorded in MFE's Consolidated Income Statement, corresponding to its 26.3% share.

At 31 March 2024, the carrying amount of MFE's investment in P7S1 – which includes an implied goodwill of EUR 171.6 million (provisionally, in accordance with IFRS 3) – was higher than its stock market value. In the presence of this indicator, the recoverability of the investment's carrying value was confirmed on the basis of the most recent external evidence available by the reporting date, mainly attributable to consensus forecasts for the stock.

Third-party advertising sub-concession agreements

On **11 March 2024**, **Digitalia 08 and Dazn renewed their agreement** granting Digitalia '08 exclusive rights to advertising sales for Serie A Enilive for the three-year period 2024-2027. This strategic agreement between the sports live streaming platform and the MFE Group's advertising concessionaire was a major contributor to advertising sales during the first 2021-2024 rights cycle, generating greater revenue than any previous Serie A deal in history.

SUMMARY OF OPERATING PERFORMANCE AND KEY FINANCIAL RESULTS

In the first three months of this year, against an international backdrop of great instability, the Group significantly increased its advertising sales, reinforcing the extremely strong figures that had characterised the latter part of 2023 in Italy as well as showing signs of improvement in Spain, where the strong rebound in television and digital content which took hold last year continued. The growth in advertising revenues, which was bolstered by excellent feedback on the content side during the period, was more bullish than was initially forecast, contributing to consolidated profit margins (operating profit and net profit) for the period which were improved on those recorded in the same period of last year. Consolidated free cash flow was also decidedly positive, leading to a significant reduction in consolidated net financial debt as compared to the situation at 31 December 2023.

Compared to the same period in 2023, revenues and operating costs for the first quarter of 2024 factor in the effects of the changes in the scope of consolidation (albeit the overall impact on EBIT is negligible), primarily due to the line-by-line consolidation in Italy of Mediamond (which was 50% owned and thus consolidated using the equity method up to 31 December 2023), as a result of which:

- **Advertising revenues from Group-managed media in Italy** incorporate the total digital sales on the Group's websites and digital properties (in 2023, only the Group's share of the investee's revenues were accounted for) as well as revenues from the sale of advertising space at sites and stations for which subsidiary Videowall directly holds and manages "DOOH" commercial exploitation rights;
- **Total other revenues** include advertising sales from third-party websites and DOOH;
- **Personnel costs**, **costs for acquisitions and services and other costs**, **as well as other depreciation, amortisation and write-downs** include the direct costs related to sales on the Group's own media and media managed by the two sales houses.

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

- **Consolidated net revenues** were **EUR 699.8 million**, up considerably (+8.2%) on the EUR 646.6 million recorded for the same period of last year. The change on a like-for-like basis was +5.9%.
- In particular, **gross advertising revenues** on a consolidated basis amounted to **EUR 669.4 million**, up sharply (+6.3 percent) from the same period last year, while **other revenues** grew to **EUR 111.8 million**, compared to 93.4 million euros in 2023. This increase was largely influenced by the additional revenues from advertising sales on Mediamond-managed third-party websites and DOOH and, on a like-for-like basis, by the higher revenues generated by Medusa's film distribution and rights sales business in Italy and the resale of content to OTT platforms in Spain.

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

In **Italy**, **gross advertising revenues** from Group-managed media (revenues from free-to-air TV channels, Group-owned radio stations, websites and – from 2024 – DOOH) amounted to **EUR 489.2 million**, **+5.7%** on the same period of last year (+4.6% for the same media streams).

According to Nielsen surveys, the advertising market grew by 3.8% overall in the first quarter of 2024.

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 37.2% over the 24-hour period, 37.3% in the Day Time slot and 35.9% 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 (40.3%), in the Day Time slot (40.5%) and in Prime Time (38.9%). Among this target audience, Canale 5 was again the number one national network across all time slots. In the spring season (7 January to 30 March 2024), Mediaset maintained its leadership among the commercial target with higher ratings than competitors. Generalist networks in particular obtained a share of 29.2% the 24-hour period, 29.5% in the Day Time slot and 29.5% in Prime Time among this target audience.

In **Spain**, in a TV advertising market that showed strong signs of recovery, the Group achieved **gross advertising revenues** of **EUR 180.2 million**, +8.0% on the same period in 2023, when advertising revenues had decreased -4.7% compared to 2022.

In **ratings** terms, Mediaset España enjoyed a total audience share of 25.7% over the 24-hour period, and a 28.4% share among the commercial target. In the Prime Time slot, the Mediaset Group achieved a 25.1% share of the total audience and 27.6% of the commercial target, while its Day Time shares were 25.9% of the total audience and 28.8% of the commercial target.

- The Group's **operating profit (EBIT)** amounted to **EUR 23.5 million**, +21.8% compared to 19.3 million euros in the same period of 2023. **Total costs** (personnel costs, costs of purchases and services and other costs, TV rights and other assets amortisation, depreciation and impairments) amounted to **EUR 676.3 million** (EUR 627.3 million in the same period of 2023). Excluding the effects that mainly reflects the changes in the scope of consolidation and a different phasing compared to the first part of the previous year of some types of cost, in particular those directly related to the performance of the income generated from the sale of rights and content, on a like-for-like basis, the change in total costs over the period remain substantially stable with an increase which is under the inflation rate.
- The **Group net result** for the period was a profit of **EUR 16.8 million**, +66.5% on the EUR 10.1 million profit for 2023. This result was boosted by the improved results in the Group's financing activities, with a reduction in mean financial debt, as well as by the contribution (EUR +3.6 million) provided by the Group's larger shareholding (100% in the first quarter of 2024, 84.45% in the first quarter of 2023) in GAM following the completion of the squeeze-out merger early in the second quarter of 2023.
- **Consolidated net financial debt** at 31 March 2024 stood at **EUR 676.9 million**, considerably down on the EUR 902.8 million of debt at 31 December 2023. This was largely due to the positive **free cash flow** of **EUR 213.0 million** for the period, which in turn was up considerably on the EUR 158.9 million recorded in the same period of 2023. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards, **adjusted net financial debt** at the end of the period was **EUR 567.2 million**.

EVENTS AFTER 31 MARCH 2024

On **30 April 2024**, the **Annual General Meeting** (" AGM ") **of ProSiebenSat.1** ("P7S1" or the “Company”) was held. At the AGM, large majorities voted in favour of all motions proposed on 21 March by MFE-MEDIAFOREUROPE ("MFE") with the aim of strengthening the Company’s governance and internal control system, in the interest of all shareholders, by fostering and accelerating the management's performance of its stated strategy of concentrating on the core entertainment business and enhancing the value of non-strategic assets.

In particular, the AGM voted to appoint 3 new independent members to the Supervisory Board of P7S1 (which consists of 9 members) and to appoint a new Chairman of the Audit Committee from among the new members.

The AGM also passed a resolution to distribute a dividend of EUR 0.05 per share for the year 2023, to amend the Articles of Association of P7S1 by repealing the rule allowing the Executive Board to approve capital increases, with the exclusion of pre-emptive rights, and to introduce a requirement for the Supervisory Board to approve the M&A transactions proposed by the Executive Board above a predetermined amount.

BUSINESS OUTLOOK

In the first part of the second quarter, the Group's advertising sales exceeded expectations, maintaining a strong positive trend in both Italy and Spain, supported by excellent broadcasting results.

In particular, at the end of the first four months, the progressive growth in advertising revenues in Italy and Spain was +6.3% and +9.3%, respectively, compared to the same period of 2023, further improving on the already extremely positive figures of the first quarter. On the basis of these results, the Group's advertising performance grew by 7.1% yoy in the first 4 months of 2024. Early indications are that this trend is continuing, with slight variations, in the first five months of the year.

Based these results and its solid linear and digital broadcasting positioning, the Group confirms its objective for the current year of consolidating its market share, taking into account the still extremely unstable general context and the contingent elements of the television market expected for the remaining part of the year. The middle portion of the year – in any case seasonally less interesting for investors – is affected by major sport events (European Football Championships in June and July and the Olympics between July and August) that are not available to the Group, and the final few months of the year will be compared with an extremely strong trend in advertising revenues in Italy in 2023.

Based on current information and projections, the objective will be to maintain a decidedly positive consolidated EBIT, Net result and Free Cash Flow on an annual basis, the extent of which in relation to the results achieved in 2023 will mainly depend on the level of advertising sales on own managed resources in the second half of the year.

With regard to the investment in P7S1, as a long-term shareholder, MFE continues to focus on the continuous monitoring of its investment, supporting the company's management in the implementation of its strategy to focus on its core entertainment business and to increase the value of its non-strategic assets. Based on the signs of progressive improvement in the advertising environment in the DACH region (Germany, Austria and Switzerland) and the efficiency measures implemented in the second half of last year, MFE expects an improvement in economic results, cash generation and debt in the current year compared to 2023.

CONSOLIDATED FINANCIAL STATEMENTS (RECLASSIFIED) AND SECTOR INFORMATION

MFE GROUP
Reclassified Income Statement

EUR million	1° Quarter 2024	1° Quarter 2023	Change (EUR million)	Change (%)
Consolidated net revenues	**699.8**	**646.6**	**53.2**	**8.2%**
Personel expenses	(125.8)	(117.3)	(8.4)	7.2%
Purchases, services, other costs	(433.7)	(395.3)	(38.3)	9.7%
Operating costs	(559.4)	(512.7)	(46.8)	9.1%
Gross Operating Result (EBITDA)	**140.4**	**133.9**	**6.4**	**4.8%**
TV Rights amortisation	(95.5)	(94.1)	(1.4)	1.5%
Other amortisation, depreciation and impairments	(21.4)	(20.6)	(0.8)	3.9%
Amortisation, depreciation and impairments	(116.9)	(114.7)	(2.2)	1.9%
Operating Result (EBIT)	**23.5**	**19.3**	**4.2**	**21.8%**
Financial income/(losses)	(3.9)	(5.6)	1.8	-31.5%
Result from investments accounted for using the equity method	2.7	2.9	(0.2)	-6.5%
Profit Before Tax (EBT)	**22.3**	**16.5**	**5.8**	**35.1%**
Income taxes	(5.1)	(2.1)	(3.0)	142.1%
Non-controlling interest in net profit	(0.4)	(4.3)	3.9	-91.3%
Group Net Profit	**16.8**	**10.1**	**6.7**	**66.5%**

MFE GROUP
Consolidated Net Revenues

EUR million	1° Quarter 2024	1° Quarter 2023	Change (EUR million)	Change (%)
Gross advertising revenues	669.4	629.5	39.9	6.3%
Agency discounts	(81.4)	(76.3)	(5.1)	-6.7%
Net advertising revenues	588.0	553.2	34.8	6.3%
Other revenues	111.8	93.4	18.4	19.7%
Consolidated Net Revenues	**699.8**	**646.6**	**53.2**	**8.2%**

MFE Group
Reclassified Statement of Financial Position

EUR million	31/03/2024	31/12/2023
TV and movie rights	830.5	752.6
Goodwill	809.2	804.7
Other tangible and intangible non current assets	764.0	775.7
Equity investments and other financial assets	1,006.4	994.9
Net working capital and other assets/(liabilities)	211.0	498.2
Post-employment benefit plans	(50.7)	(49.3)
Net invested capital	**3,570.4**	**3,776.8**
Group shareholders' equity	2,888.3	2,869.1
Non controlling-interests	5.3	4.9
Total Shareholders' equity	**2,893.6**	**2,874.0**
Net financial position		
Debt/(Liquidity)	**676.9**	**902.8**

MFE Group
Reclassified Statement of Cash Flow

EUR milion	1° Quarter 2024	1° Quarter 2023
Net Financial Position at the beginning of the year	**(902.8)**	**(873.3)**
Free Cash Flow	**213.0**	**158.9**
Cash Flow from operating activities (*)	136.4	126.7
Investments in fixed assets	(180.5)	(144.9)
Disposals of fixed assets	0.9	0.7
Changes in net working capital and other current assets/liabilities	256.2	176.4
Change in the consolidation area	7.3	-
Treasury shares (sale)/buyback of the parent company and subsidiaries	-	-
Equity investments/Investments in other financial assets and change of interest held in subsidiaries other financial assets	5.7	(16.7)
Dividend received	-	-
Dividends paid	-	(0.7)
Financial Surplus/(Deficit)	**226.0**	**141.5**
Net Financial Position at the end of the period	**(676.9)**	**(731.7)**

(*): 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° Quarter 2024	1° Quarter 2023	Change (EUR million)	Change (%)
Gross advertising revenues	489.2	462.7	26.5	5.7%
Agency discounts	(73.2)	(68.1)	(5.1)	-7.4%
Net advertising revenues	416.0	394.6	21.4	5.4%
Other revenues	86.0	70.6	15.4	21.8%
Consolidated Net Revenues	**501.9**	**465.2**	**36.8**	**7.9%**
Gross Operating Result (EBITDA)	**79.4**	**75.6**	**3.8**	**5.0%**
Operating Result (EBIT)	**(4.8)**	**(9.6)**	**4.8**	**50.0%**

SPAIN
Main indicators

EUR million	1° Quarter 2024	1° Quarter 2023	Change (EUR million)	Change (%)
Gross advertising revenues	180.2	166.8	13.4	8.0%
Agency discounts	(8.2)	(8.2)	(0.0)	-0.2%
Net advertising revenues	172.0	158.6	13.4	8.4%
Other revenues	26.1	22.8	3.2	14.1%
Consolidated Net Revenues	**198.0**	**181.5**	**16.6**	**9.1%**
Gross Operating Result (EBITDA)	**61.2**	**58.4**	**2.8**	**4.8%**
Operating Result (EBIT)	**28.3**	**28.8**	**(0.5)**	**-1.6%**

ALTERNATIVE PERFORMANCE INDICATORS

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 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)