

MEDIAFOREUROPE

**INTERIM
FINANCIAL REPORT
AT 31 MARCH 2025**

MEDIAFOREUROPE N.V.

Registered Office: Amsterdam, Netherlands

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

Share Capital: EUR 161,676,622.14

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

Patrizia Arienti

Marina Berlusconi

Stefania Bariatti

Marina Brogi

Consuelo Crespo Bofill

Javier Diez de Polanco

Giulio Gallazzi

Marco Giordani

Gina Nieri

Danilo Pellegrino

Alessandra Piccinino

Niccolo' Querci

Stefano Sala

Executive Committee

Pier Silvio Berlusconi

Marco Giordani

Gina Nieri

Niccolo' Querci

Stefano Sala

Audit and Sustainability Committee

Alessandra Piccinino (Chair)

Patrizia Arienti

Marina Brogi

Javier Diez de Polanco

Nomination and Remuneration Committee

Stefania Bariatti (Chair)

Consuelo Crespo Bofill

Giulio Gallazzi

Independent Auditors

Deloitte Accountants B.V.

FINANCIAL HIGHLIGHTS

MAIN INCOME STATEMENT DATA

FY 2024			1st Quarter 2025		1st Quarter 2024	
EUR M	%		EUR M	%	EUR M	%
2,949.5	100%	Consolidated Net Revenues	671.8	100%	699.8	100%
2,124.9	72%	Italy	486.8	72%	501.9	72%
827.3	28%	Spain	185.5	28%	198.0	28%
355.8		Operating Result (EBIT)	6.3		23.5	
209.4		Italy	0.1		(4.8)	
146.3		Spain	6.2		28.3	
266.1		Group Net Result Adjusted ⁽¹⁾	6.8		16.3	
137.9		Group Net Result	51.4		16.8	

MAIN BALANCE SHEET AND FINANCIAL DATA

31 st December 2024		31 st March 2025		31 st March 2024	
EUR M		EUR M		EUR M	
3,564.2	Net Invested Capital	3,371.3		3,570.4	
2,872.7	Total Net Shareholders' Equity	2,910.3		2,893.6	
2,868.7	Group Shareholders' Equity	2,906.2		2,888.3	
3.9	Non-Controlling Interests	4.1		5.3	
691.5	Net Financial Position Debt/(Liquidity)	460.9		676.9	
343.3	Free Cash Flow	253.6		213.0	
374.5	Investments	189.6		180.5	
140.0	Dividends paid by the Parent Company	0.0		-	
3.3	Dividends paid by Subsidiaries	-		-	

PERSONNEL ⁽²⁾

31 st December 2024			31 st March 2025		31 st March 2024	
	%			%		%
5,194	100%	Workforce (headcount)	5,211	100%	5,188	100%
3,509	68%	Italy	3,548	68%	3,481	67%
1,685	32%	Spain	1,663	32%	1,707	33%

(1) For FY 2024, the Group net result excludes the impairment of the equity investment in ProSiebenSat.1; For Q1 2025 and Q1 2024, the Group net result excludes the pro-rated profit/(loss) from the investment in ProSiebenSat.1, in accordance with IAS 28 and impairment/reversal of the equity investment in ProSieben Sat.1

(2) 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 2024, 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 2025 and 2024. The figures concerning financial position are as at 31 March 2025 and 31 December 2024.

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 16% 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 2024. 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

On **24 February 2025**, the 6th Commercial Court of Madrid – deciding Case No 1181/10 brought by ITV against Mediaset España (now Grupo Audiovisual Mediaset España Comunicación, “GAM”) concerning the use of the Pasapalabra format – issued Order No 69/2025, requiring GAM to pay compensation of EUR 44.3 million to ITV. GAM will file an appeal against the first instance judgment with the Provincial Court of Madrid on the grounds of a discrepancy between the judgement of the court-appointed expert and the final judgement of the Court, as well as on the grounds of other serious defects found.

Equity investment in ProSiebenSat1 Media SE

On **26 March 2025**, MFE-MEDIAFOREUROPE N.V. (“MFE”) announced its intention to launch a voluntary takeover offer (the “Offer”) that would see it increase its shareholding in ProSiebenSat.1 Media SE (“P7S1”). With this Offer, MFE aims to gain increased flexibility and discretion as it proceeds to consolidate its position as the largest shareholder of P7S1 and contributes more actively in developing its strategic direction going forward.

Shareholders of P7S1 who tender their shares during the offer period will be offered a price equal to the volume-weighted average of ProSieben’s share price over the past three months (as calculated by the German Federal Financial Supervisory Authority, “BaFin”) of EUR 5.74 per share; this is the statutory minimum offer price. On this basis, MFE will offer a price of EUR 4.48 in cash and 0.4 newly issued MFE “A” per share for each P7S1 share tendered by P7S1 shareholders.

As mentioned in the section *Events after 31 March 2025*, the initial Offer acceptance period commenced on 8 May 2025, following the granting of the relevant authorisations by BaFin.

P7S1 recorded in the quarter a net result attributable to the shareholders of the parent company of -60 million euros (compared to a net profit of 2 million euros in the same period of 2024) reflected in the MFE consolidated income statement in line with the result of investments valued using the equity method for -18.5 million euros (+0.5 million euros in the same period of 2024) on the basis of its share of economic interest (30.8% at 31 March 2025, 26.3% accounted pursuant to IAS 28 in the same period of 2024)

In preparing this interim financial report, the observation of the updated elements present in the reference valuation framework, led to the alignment of the book value of the associated stake in P7S1 held by MFE to the price (7.0 euros per share) of the recent Public Purchase Offer promoted by PPF, a shareholder of P7S1 with a stake close to 15% of the capital, in the form of a partial offer, having as its object the purchase in cash of P7S1 shares up to a stake of 29.99% of the capital. Based on the evidence available at the date of drafting this report, the value of the offer by PPF, reflected in the current stock market price of the P7S1 share and in the target price indicated by the consensus of analysts is to be considered representative pursuant to IAS 36 of the most up-to-date fair value configuration usable as the recoverable value of the stake. This alignment determined, in accordance to IAS 36, a partial reversal of the value of the notional goodwill incorporated in the carrying amount of the investment held by MFE measured to the date in accordance to IAS 28, reflected as income for 63.1 million euros in the income statement for the period on the line of the result of investments valued using the equity method.

SUMMARY OF OPERATING PERFORMANCE AND KEY FINANCIAL RESULTS

In a first quarter once again characterised by an extremely unstable international geopolitical and macroeconomic landscape, the Group's advertising sales remained substantially in line with those of the first quarter of 2024. While expected, this year-on-year performance was made difficult by the significant year-on-year growth already recorded for both geographic areas between 2023 and 2024.

In particular, gross advertising sales in Italy grew by 1% on the same period of last year (when growth of +5.7% was recorded compared to 2023). Meanwhile in Spain, where the Group is continuing to overhaul its television and digital broadcast offering, the advertising market got off to a slower start in the first quarter. Overall, the Group's advertising sales (which had recorded 8% growth between the first quarters of 2023 and 2024) remained in slightly negative territory, albeit recovering gradually as the quarter went on.

During the reporting period, the Group once again recorded a consolidated Operating Profit and Net Profit. The consolidated profit figures for the period, as compared to those recorded for the same period of last year, were mainly affected by a changing trend in Other Revenues, while total expenses remained below those recorded in the same period of 2024. Consolidated free cash flow was decidedly positive, leading to a significant reduction in consolidated net financial debt as compared to the situation at 31 December 2024.

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

- **Consolidated net revenues** were **EUR 671.8 million**, as compared to EUR 699.8 million for the same period of last year.

In particular:

- **Gross advertising revenue** on a consolidated basis amounted to **EUR 662.2 million** (EUR 580.6 million, net of agency discounts), signalling a -1.1% movement compared to the EUR 669.4 million recorded in the same period of last year, when overall growth was extremely strong (+6.3% compared to 2023).
- **Other revenues** amounted to **EUR 91.2 million** (compared to EUR 111.8 million in 2024), with some components (income from movie distribution and resale of sports TV rights and streaming content to OTT platforms) performing unevenly compared to the first half of 2024, although this trend should gradually revert to alignment during the year.

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 DOOH) amounted to **EUR 494.3 million**, up +1,0% on the figure from the same period of 2024 (which in turn had recorded +5.7% growth). According to Nielsen surveys, the advertising market grew by 0.9% overall in the first quarter of 2025.

According to ratings figures from Auditel (live/VOSDAL audience), during the period reported, Mediaset networks as a whole obtained an audience share of 36.9% over the 24-hour period, 37.2% in the Day Time slot and 34.9% in Prime Time. In the first three months of 2025, Mediaset also maintained its leadership among the commercial target audience (15–64 years); this was true over the 24-hour period (39.9%), in the Day Time slot (40.4%) and in Prime Time (37.7%). For this target audience, Canale 5 was again the number one national network both over the 24-hour period and in the Day time slot. With regard to the spring guarantee period (from 5 January to 29 March 2025), the share of Mediaset's generalist networks among the commercial target audience was 28.8% over the 24-hour period, 29.4% in Day Time and 28.1% in Prime Time.

In **Spain**, **gross advertising revenues** were **EUR 167.9 million**, as compared to **EUR 180.2 million** for the same period in 2024 (when, in turn, advertising revenues were up +8.0% on the same period in 2023).

In ratings terms, Mediaset España enjoyed a total audience share of 24.9% over the 24-hour period, and a 27.4% share among the commercial target. In the Prime Time slot, the Mediaset Group achieved a 23.7% share of the total audience and 25.9% of the commercial target, while its Day Time shares were 25.4% of the total audience and 28.2% of the commercial target.

- **Total costs** (personnel expenses, purchases, services and other costs, amortisation and depreciation of rights and other fixed assets) amounted to **EUR 665.4 million**, a decrease of 1.6% compared to 2024 (EUR 676.3 million).
- The Group made an **Operating Result (EBIT)** of **EUR 6.3 million** (EUR 23.5 million for the same period in 2024).
- Below EBIT, the **Result from investments accounted using the equity method** includes the positive impact of 63.1 million euros generated by the partial reversal of the notional goodwill included in the carrying value of the equity investment held in P751, the carrying value of which was aligned to the price of the partial Public Offering of up to 29.99% of the Company's capital promoted by PPF.
- **Group's net profit** for the quarter was positive and equal to **51.4 million** euros (16.8 million euros in the first quarter of 2024).
- **Group net profit adjusted**, excluding the contribution in the two periods generated by the stake held in P751, in relation to the share of the Group's economic interest in the net result of the investee and the accounting impacts deriving from impairment and/or reversals of value of the same stake, is positive for **6.8 million** euros (16.3 million euros in the same period of 2024).
- **Consolidated net financial debt** at 31 March 2025 stood at **EUR 460.9 million**, considerably down on the EUR 691.5 million of debt at 31 December 2024. This was largely due to the positive **free cash flow** of **EUR 253.6 million** for the period with an increase equal to +19.1% compared to EUR 213.0 million for the same period in 2024. Excluding the liabilities recognised under IFRS 16 from 2019 onwards, **adjusted net financial debt** at the end of the period was **EUR 340.7 million**.

EVENTS AFTER 31 MARCH 2025

On **2 April 2025**, in connection with **the Voluntary Takeover Offer** ("the Offer") announced by MFE on 26 March 2025 which would see MFE increase its shareholding in P7S1, BaFin informed MFE that the ProSieben's volume-weighted average share price over the past 3 months up to (and including) the reference date (25 March 2025) was EUR 5.74; consequently, this was the statutory minimum offer price. On this basis, MFE will offer a price of EUR 4.48 in cash and 0.4 newly issued MFE "A" per share for each P7S1 share tendered by P7S1 shareholders.

The average closing price of MFE "A" shares on the Euronext Milan regulated market up to (and including) the reference date (25 March 2025) was EUR 3.18. Based on this average price, the equity component is valued at EUR 1.27 (EUR 3.18 multiplied by 0.4 MFE "A" shares).

On **15 April 2025**, MFE notified BaFin that its shareholding in P7S1 had increased from 29.99% on 31 December 2024 to 30.09% of share capital.

On **7 May**, the General Shareholders' Meeting of MFE authorised the Board of Directors of MFE to issue new "A"-class ordinary shares to service the takeover offer, which provides for cash and in-kind price components. This authorisation is exercisable by MFE's Board of Directors within the limits of the maximum authorised share capital (which is not subject to amendment by the Shareholders' Meeting) and only to the extent necessary to carry out a swap for the P7 shares tendered in acceptance of the Offer – it therefore precludes the preemptive right of MFE shareholders.

On **8 May**, following the BaFin's approval, the Offer Document, the Exemption Document pursuant to paragraphs (4)(f) and (5)(e) of Article 1 of Regulation (EU) 2017/1129 on the prospectus (relating to the offer and admission to trading of newly issued MFE Class-"A" ordinary shares) and other information relating to the Offer were published. The initial period for accepting the Offer commences on that date.

Immediately before the initial phase for accepting the Offer commenced, MFE's shareholding in P7S1 amounted to 30.14% of share capital (30.95% of voting rights and economic interests, excluding investee treasury shares)

On **12 May**, PPF IM LTD, an indirect subsidiary of PPF Group N.V. (collectively "PPF"), announced the launch of a partial public offer for the acquisition of a number of P7S1 shares up to 29.99% of the capital. At the time of the announcement of the offer, PPF held almost 15% of the capital of P7S1 through shares and financial instruments. On **16 May**, PPF notified BaFin that its shareholding in P7S1 had increased through shares and financial instruments to 15.44% of the share capital.

On **13 May**, the Board of Directors of MFE resolved to call an Extraordinary Shareholders' Meeting for June 24, 2025, with the amendment of the Company's Articles of Association to increase the authorized share capital on the agenda.

BUSINESS OUTLOOK

Despite the extremely unstable international macroeconomic environment, advertising revenues in Italy increased by over 2% in April and May compared to the same period last year. This further improves growth since the beginning of the year and exceeds initial expectations.

In Spain, where the advertising market got off to a slower start, the Group's advertising sales for the five months of the year still remain negative, also taking into account the unfavourable comparison with the same period last year, when growth was slightly below 8% over 2023.

Excluding the unpredictable global economic scenario, the trend for the coming months of the financial year should be more favourable for the Group's advertising sales in both Italy and Spain thanks to an improved comparison with the first part of the year. Additionally, in both Italy and Spain, the Group has secured the free-to-air TV rights for the most popular match during Peak Time hours for the inaugural Club World Cup, set to take place in North America in June and July. Last summer, competitors broadcast major international sporting events, such as the European football championships and the Olympics.

Based on these expectations, the Group confirms its target of maintaining a strongly positive Consolidated Operating Result, Net Result and Free Cash Flow on an annual basis. The extent to which this target is met will depend mainly on general economic performance in the second half of the year, which is expected to improve across Europe.

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

MFE GROUP**Reclassified Income Statement**

EUR million

	1° Quarter 2025	1° Quarter 2024	Change	Change %
Consolidated net revenues	671.8	699.8	(28.0)	-4.0%
Personel expenses	(133.0)	(125.8)	(7.2)	5.7%
Purchases, services, other costs	(424.0)	(433.7)	9.7	-2.2%
Operating costs	(556.9)	(559.4)	2.5	-0.4%
Gross Operating Result (EBITDA)	114.8	140.4	(25.5)	-18.2%
TV Rights amortisation	(87.2)	(95.5)	8.3	-8.7%
Other amortisation, depreciation and impairments	(21.2)	(21.4)	0.1	-0.5%
Amortisation, depreciation and impairments	(108.5)	(116.9)	8.4	-7.2%
Operating Result (EBIT)	6.3	23.5	(17.1)	-73.0%
Financial income/(losses)	(2.9)	(3.9)	1.0	-25.4%
Result from investments accounted for using the equity method	48.1	2.7	45.5	1697.8%
Profit Before Tax (EBT)	51.6	22.3	29.3	131.6%
Income taxes	0.0	(5.1)	5.1	-100.7%
Non-controlling interest in net profit	(0.2)	(0.4)	0.2	-50.5%
Group Net Profit	51.4	16.8	34.7	206.4%
Group Net Profit Adjusted	6.8	16.3	(9.5)	-58.3%

MFE GROUP**Consolidated Net Revenues**

EUR million

	1° Quarter 2025	1° Quarter 2024	Change	Change %
Gross advertising revenues	662.2	669.4	(7.1)	-1.1%
Agency discounts	(81.7)	(81.4)	(0.2)	-0.3%
Net advertising revenues	580.6	588.0	(7.4)	-1.3%
Other revenues	91.2	111.8	(20.6)	-18.5%
Consolidated Net Revenues	671.8	699.8	(28.0)	-4.0%

MFE Group		
Reclassified Statement of Financial Position		
EUR million	31/03/2025	31/12/2024
TV and movie rights	798.3	716.8
Goodwill	809.6	809.6
Other tangible and intangible non current assets	733.4	733.2
Equity investments and other financial assets	949.6	904.5
Net working capital and other assets/(liabilities)	127.1	446.5
Post-employment benefit plans	(46.6)	(46.4)
Net invested capital	3,371.3	3,564.2
Group shareholders' equity	2,906.2	2,868.7
Non controlling-interests	4.1	3.9
Total Shareholders' equity	2,910.3	2,872.7
Net financial position		
Debt/(Liquidity)	460.9	691.5

MFE Group		
Reclassified Statement of Cash Flow		
EUR million	1° Quarter 2025	1° Quarter 2024
Net Financial Position at the beginning of the year	(691.5)	(902.8)
Free Cash Flow	253.6	213.0
Cash Flow from operating activities (*)	113.8	136.4
Investments in fixed assets	(189.6)	(180.5)
Disposals of fixed assets	0.8	0.9
Changes in net working capital and other current assets/liabilities	328.6	256.2
Change in the consolidation area	-	7.3
Equity investments/Investments in other financial assets and change of interest held in subsidiaries other financial assets	(23.0)	5.7
Dividends paid	(0.0)	-
Financial Surplus/(Deficit)	230.6	226.0
Net Financial Position at the end of the period	(460.9)	(676.9)

(*): 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 2025	1° Quarter 2024	Change	Change %
Gross advertising revenues	494.3	489.2	5.1	1.0%
Agency discounts	(73.7)	(73.2)	(0.5)	-0.7%
Net advertising revenues	420.6	416.0	4.6	1.1%
Other revenues	66.2	86.0	-19.7	-23.0%
Consolidated Net Revenues	486.8	501.9	(15.1)	-3.0%
Gross Operating Result (EBITDA)	79.9	79.4	0.5	0.6%
Operating Result (EBIT)	0.1	(4.8)	4.9	101.7%

SPAIN**Main indicators**

EUR million

	1° Quarter 2025	1° Quarter 2024	Change	Change %
Gross advertising revenues	167.9	180.2	(12.3)	-6.8%
Agency discounts	(7.9)	(8.2)	0.3	3.6%
Net advertising revenues	160.0	172.0	(12.0)	-7.0%
Other revenues	25.6	26.1	-0.5	-1.9%
Consolidated Net Revenues	185.6	198.0	(12.5)	-6.3%
Gross Operating Result (EBITDA)	34.9	61.2	(26.2)	-42.9%
Operating Result (EBIT)	6.2	28.3	(22.1)	-78.0%

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.

Group net Profit Adjusted is determined by excluding from the Group net profit the contribution (including any impairment/reversals of the carrying amount of the investment) generated by the investment held in P7S1 valued in the MFE consolidated financial statements using the equity method pursuant to the international accounting standard IAS 28.

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)