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## MEDIAFOREUROPE

**INTERIM  
FINANCIAL REPORT  
AT 30 SEPTEMBER 2024**

**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

<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 2023			9M 2024		9M 2023	
EUR M	%		EUR M	%	EUR M	%
<b>2,810.4</b>	<b>100%</b>	<b>Consolidated Net Revenues</b>	<b>2,004.7</b>	<b>100%</b>	<b>1,862.2</b>	<b>100%</b>
1,978.3	70%	Italy	1,431.4	71%	1,307.2	72%
833.0	30%	Spain	573.8	29%	555.4	28%
<b>302.3</b>		<b>Operating Result (EBIT)</b>	<b>126.6</b>		<b>98.3</b>	
147.2		Italy	51.4		10.2	
154.8		Spain	75.1		87.9	
<b>209.2</b>		<b>Group Net Profit</b>	<b>96.2</b>		<b>71.0</b>	

## MAIN BALANCE SHEET AND FINANCIAL DATA

31-Dec-2023		30-Sep-24		30-Sep-23	
EUR M		EUR M		EUR M	
<b>3,776.8</b>	<b>Net Invested Capital</b>	<b>3,531.7</b>		<b>3,640.0</b>	
<b>2,874.0</b>	<b>Total Net Shareholders' Equity</b>	<b>2,813.1</b>		<b>2,762.6</b>	
2,869.1	Group Shareholders' Equity	2,810.0		2,759.7	
4.9	Non-Controlling Interests	3.0		2.8	
<b>902.8</b>	<b>Net Financial Position Debt/(Liquidity)</b>	<b>718.6</b>		<b>877.5</b>	
<b>279.6</b>	<b>Free Cash Flow</b>	<b>318.8</b>		<b>285.8</b>	
<b>466.4</b>	<b>Investments</b>	<b>313.0</b>		<b>332.7</b>	
<b>140.1</b>	<b>Dividends paid by the Parent Company</b>	<b>139.9</b>		<b>140.0</b>	
<b>2.0</b>	<b>Dividends paid by Subsidiaries</b>	<b>3.3</b>		<b>2.0</b>	

## PERSONNEL (\*)

31-Dec-2023			30-Sep-24		30-Sep-23	
	%			%		%
<b>4,971</b>	<b>100%</b>	<b>Workforce (headcount)</b>	<b>5,178</b>	<b>100%</b>	<b>4,929</b>	<b>100%</b>
3,346	67%	Italy	3,502	68%	3,346	68%
1,625	33%	Spain	1,676	32%	1,583	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 income statement and balance sheet 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 nine months of 2024 and 2023. The figures concerning financial position are as at 30 September 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.

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 and in the "Risks and uncertainties for the remainder of the year" section of the Interim Financial Report at 30 June 2024. These factors may not be exhaustive and should be read in conjunction with the other precautionary statements included in the Annual Report and the Interim Financial Report for the first six months. 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 THIRD QUARTER

### Equity investment in ProSiebenSat1 Media SE

During the third quarter, MFE further bolstered its stake in ProSiebenSat1 Media SE ("P7S1") to 29.998% of share capital (29.0% at 30 June), corresponding, excluding the investee's treasury shares, to 30.8% of voting rights.

In the first nine months P7S1 reported a 3% growth in consolidated revenues and a net profit attributable to the parent company's shareholders equal to EUR 25 million (in the same period in 2023, P7S1 reported a consolidated net loss attributable to the parent company's shareholders of EUR -66 million, which had been impacted by EUR 82 million in gross restructuring costs). The net profit attributable to the parent company's shareholders for the third quarter 2024 was 8 million euros positive compared to 15 million euros recorded in the same period of last year.

As a consequence of this profit, MFE's attributable share of the *Result from investments accounted for using the equity method*, as listed in its consolidated income statement for the first nine months, stood at a total income of EUR +7.5 million (26.3% in the first quarter, 29.8% in the second quarter, 30.8% in the third quarter). In the same period of 2023, financial income of EUR 3.1 million was recorded in connection with the Group's attributable share of the dividends resolved to be paid out by P7S1 in the first half of the year. During that period, the investment (28.70% of voting rights) held in P7S1 was still classified and measured as a financial investment under IFRS 9, since it did not meet the conditions to be treated otherwise. Additional financial income of EUR 3.9 million was recorded under the result from investments as the Group's pro-quota share of the investee's net profit based on its shareholding (26.28%); this investment was reclassified on 30 June 2023 as an investment in associates and has since then been measured using the equity method under IAS 28.

At 30 September 2024, the carrying amount of MFE's investment held in P7S1 was still higher than its stock market value. With this indicator present, the carrying amount was verified as being recoverable based on the most recent external records available up to the balance sheet date of the interim accounting period, in particular in relation to the consensus stock valuations.



## SUMMARY OF OPERATING PERFORMANCE AND KEY FINANCIAL RESULTS

During a third quarter of extreme international instability, MFE's gross consolidated advertising revenues remained decidedly positive, above expectations and substantially in line with the hugely positive performance recorded during the first six months of the year. This was despite the structural low seasonality of the market during this part of the year and despite the fact that international sporting events took place that the Group did not have rights to either in Italy or in Spain (the European Football Championships until mid-July and the Paris Olympics in late July and early August).

As a result of these developments, the growth in advertising revenues during the first nine months, which remained in line with that of the first quarter amid excellent content viewership figures, contributed to the positive 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.

As reported above, unlike during the same period of 2023, Mediamond (which was 50% owned and thus consolidated using the equity method up to 31 December 2023) is now consolidated on a line-by-line basis since 1 January 2024. Mediamond 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.

As a result, the revenues and operating costs since the start of the year were impacted by this change in the scope of consolidation (albeit the overall impact on EBIT is negligible). In particular:

- **Advertising revenues from Group-managed media in Italy** incorporated the total digital sales on the Group's websites and digital properties (in 2023, it included only the revenues attributable to the broadcaster for investee-managed sales) 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** included 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** included the direct costs related to sales on the Group's own media and media managed by the two concessionaires.

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

**Consolidated net revenues** were EUR 2,004.7 million, up considerably (+7.7%) on the EUR 1,862.2 million recorded for the same period of last year. The change on a like-for-like basis was +5.4%.

Specifically, **gross advertising revenues** on Group-managed media (free-to-air TV channels, radio stations, websites and DOOH) increased on a consolidated basis to **EUR 1,943.3 million**, up markedly (+6.5%) on the same period of last year. Meanwhile, **other revenues** grew to **EUR 295.8 million** from the 2023 figure of EUR 254.0 million; this change was mainly due to the additional revenues associated with the advertising sales from third-party websites and DOOH managed by Mediamond and – on a like-for-like basis – the increased revenues generated from third-party content resale activities in Spain.

The Group's strong advertising revenues both in Italy and Spain were underpinned by excellent viewership figures.

In Italy, according to the ratings figures from Auditel, Mediaset networks as a whole obtained an audience share of 36.6% over the 24-hour period, 36.7% in the Day Time slot and 35.5% in Prime Time during the period reported. Mediaset also maintained its leadership among the commercial target audience (15–64 years) during the first nine months of 2024 over the 24-hour period (39.1%), in the Day Time slot (39.3%) and in Prime Time (37.9%). Among this target audience, Canale 5 was again the number one national network over the 24-hour period and in the Day Time slot. In the autumn season (8 September to 28 September 2024), Mediaset maintained its leadership among the commercial target with higher ratings than competitors. Generalist networks in particular obtained a share of 28.1% the 24-hour period, 27.5% in the Day Time slot and 27.6% in Prime Time among this target audience.

In Spain, Grupo Audiovisual Mediaset España enjoyed a total audience share of 25.1% over the 24-hour period, and a 27.5% share among the commercial target. In the Prime Time slot, the Mediaset Group achieved a 24.5% share of the total audience and 26.3% of the commercial target, while its Day Time shares were 25.3% of the total audience and 28.0% of the commercial target.

**Total costs** (personnel expenses, purchases, services, other costs, amortisation of rights and depreciation of fixed assets) amounted to **EUR 1,878.1 million** (EUR 1,763.9 million in the same period of 2023); this change was mainly connected with the changes in the scope of consolidation and the process of renewing television and digital content which began in Spain last year.

**Group operating result (EBIT)** was **EUR 126.6 million**, up **+28.7%** on the EUR 98.3 million recorded for the same period in 2023.

**Group net profit** was **EUR 96.2 million**, up **+35.6%** on the EUR 71.0 million recorded in 2023. Excluding the contribution to the income statement of the investment held in P751 during both periods, the net income for the first nine months of 2024 would be equal to EUR 88.7 million, compared to EUR 64.0 million in the same period of 2023 (+ 38.7%). 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 (84.45% in the first quarter of 2023 and subsequently 100%) in Grupo Audiovisual Mediaset España ("GAM") following the completion of the squeeze-out merger early in the second quarter of 2023.

**Consolidated net financial debt** at 30 September 2024 stood at **EUR 718.6 million**, a marked reduction on the EUR 902.8 million of debt at 31 December 2023. This was largely due to the positive **free cash flow** of **EUR 318.8 million** for the period and the payout of EUR 139.9 million in dividends by MFE. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards, **adjusted net financial debt** at the end of the period was **EUR 613.1 million**.

## EVENTS AFTER 30 SEPTEMBER 2024

On **4 October 2024**, the Board of Directors of MFE-MEDIAFOREUROPE N.V. ("MFE") completed their assessment of the conditions set forth in the Medium/Long-Term Incentive and Loyalty Plan 2021-2023 (the "Plan"). Thereupon, in furtherance of the Plan and in exercise of the authorisation granted at the MFE Ordinary Shareholders' Meeting of 19 June 2024, the Board resolved to increase the share capital, against no consideration, by allocating the available reserves to the Plan beneficiaries in accordance with the Plan's regulations. Following this resolution, on **8 October 2024**, 452,650 new ordinary MFE A-class shares were issued for trading, each with a par value of EUR 0.06 and each granting 1 voting right, regular dividend entitlements and a type-2 dividend coupon.

## BUSINESS OUTLOOK

Based on current market visibility, the Group's overall advertising revenues in the fourth quarter will remain in positive territory, resulting in year-end growth of around 5%, significantly above expectations.

This result is mainly due to the strong revenue performance in Italy. With the fourth quarter expected to grow in excess of last year's record figures, MFE in Italy will reach growth of more than 6% at the end of 2024 compared to 2023, despite the lack of sporting events on its channels (Olympic Games and European Football Championships and the Champions League from September).

The Spanish market made a good start to the first part of 2024 but entered a slowdown after the summer. Here, the Group is continuing the process of strengthening its broadcasting offer and aims, in any case, to achieve advertising revenues in line with that of the previous year.

Based on these expectations and the excellent earnings results at the end of the nine months, MFE therefore confirms the objective of maintaining a consolidated annual EBIT and free cash flow showing significant progress compared to last year. Consolidated net profit in 2024 should be higher than that achieved in 2023, when it was €217.5 million, excluding in both periods the earnings from the stake in P7S1.



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



**MFE GROUP****Reclassified Income Statement**

EUR million

	<b>9M 2024</b>	<b>9M 2023</b>	<b>Change (EUR million)</b>	<b>Change (%)</b>
<b>Consolidated net revenues</b>	<b>2,004.7</b>	<b>1,862.2</b>	<b>142.5</b>	<b>7.7%</b>
Personnel expenses	(378.0)	(345.5)	(32.6)	9.4%
Purchases, services, other costs	(1,174.9)	(1,079.2)	(95.8)	8.9%
<b>Operating costs</b>	<b>(1,553.0)</b>	<b>(1,424.6)</b>	<b>(128.3)</b>	<b>9.0%</b>
<b>Gross Operating Result (EBITDA)</b>	<b>451.7</b>	<b>437.6</b>	<b>14.1</b>	<b>3.2%</b>
TV Rights amortisation	(261.2)	(278.4)	17.2	-6.2%
Other amortisation, depreciation and impairments	(64.0)	(60.9)	(3.1)	5.1%
<b>Amortisation, depreciation and impairments</b>	<b>(325.2)</b>	<b>(339.3)</b>	<b>14.1</b>	<b>-4.2%</b>
<b>Operating Result (EBIT)</b>	<b>126.6</b>	<b>98.3</b>	<b>28.2</b>	<b>28.7%</b>
Financial income/(losses)	(12.0)	(17.3)	5.3	-30.5%
Result from investments accounted for using the equity method	16.2	13.6	2.7	19.7%
<b>Profit Before Tax (EBT)</b>	<b>130.8</b>	<b>94.6</b>	<b>36.2</b>	<b>38.2%</b>
Income taxes	(33.1)	(18.3)	(14.9)	81.4%
Non-controlling interest in net profit	(1.4)	(5.4)	4.0	-73.5%
<b>Group Net Profit</b>	<b>96.2</b>	<b>71.0</b>	<b>25.3</b>	<b>35.6%</b>

**MFE GROUP****Consolidated Net Revenues**

EUR million

	<b>9M 2024</b>	<b>9M 2023</b>	<b>Change (EUR million)</b>	<b>Change (%)</b>
Gross advertising revenues	1,943.3	1,824.8	118.5	6.5%
Agency discounts	(234.4)	(216.6)	(17.8)	8.2%
<b>Net advertising revenues</b>	<b>1,708.9</b>	<b>1,608.2</b>	<b>100.7</b>	<b>6.3%</b>
Other revenues	295.8	254.0	41.8	16.5%
<b>Consolidated Net Revenues</b>	<b>2,004.7</b>	<b>1,862.2</b>	<b>142.5</b>	<b>7.7%</b>

<b>MFE Group</b>		
<b>Reclassified Statement of Financial Position</b>		
EUR million	<b>30-sept-24</b>	<b>31-dec-23</b>
TV and movie rights	761.7	752.6
Goodwill	809.9	804.7
Other tangible and intangible non-current assets	751.4	775.7
Equity investments and other financial assets	1,013.4	994.9
Net working capital and other assets/(liabilities)	244.4	498.2
Post-employment benefit plans	(49.1)	(49.3)
<b>Net invested capital</b>	<b>3,531.7</b>	<b>3,776.8</b>
Group shareholders' equity	2,810.0	2,869.1
Non controlling-interests	3.0	4.9
<b>Total Shareholders' equity</b>	<b>2,813.1</b>	<b>2,874.0</b>
<b>Net financial position</b>		
<b>Debt/(Liquidity)</b>	<b>718.6</b>	<b>902.8</b>

<b>MFE Group</b>		
<b>Reclassified Statement of Cash Flow</b>		
EUR million	<b>9M</b>	<b>9M</b>
	<b>2024</b>	<b>2023</b>
<b>Net Financial Position at the beginning of the year</b>	<b>(902.8)</b>	<b>(873.3)</b>
<b>Free Cash Flow</b>	<b>318.8</b>	<b>285.8</b>
Cash Flow from operating activities (*)	427.5	413.7
Investments in fixed assets	(313.0)	(332.7)
Disposals of fixed assets	0.2	3.7
Changes in net working capital and other current assets/liabilities	204.1	201.0
Change in the consolidation area	6.8	0.2
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	(20.6)	(161.7)
Dividend received	22.4	13.5
Dividends paid	(143.2)	(142.0)
<b>Financial Surplus/(Deficit)</b>	<b>184.2</b>	<b>(4.2)</b>
<b>Net Financial Position at the end of the period</b>	<b>(718.6)</b>	<b>(877.5)</b>

(\*): 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

	<b>9M 2024</b>	<b>9M 2023</b>	<b>Change (EUR million)</b>	<b>Change (%)</b>
Gross advertising revenues	1,407.5	1,299.1	108.4	8.3%
Agency discounts	(210.6)	(190.9)	(19.7)	10.3%
<b>Net advertising revenues</b>	<b>1,196.9</b>	<b>1,108.2</b>	<b>88.7</b>	<b>8.0%</b>
Other revenues	234.5	199.0	35.5	17.9%
<b>Consolidated Net Revenues</b>	<b>1,431.4</b>	<b>1,307.2</b>	<b>124.2</b>	<b>9.5%</b>
<b>Gross Operating Result (EBITDA)</b>	<b>292.6</b>	<b>258.1</b>	<b>34.5</b>	<b>13.4%</b>
<b>Operating Result (EBIT)</b>	<b>51.4</b>	<b>10.2</b>	<b>41.2</b>	<b>n.s.</b>

**SPAIN****Main indicators**

EUR million

	<b>9M 2024</b>	<b>9M 2023</b>	<b>Change (EUR million)</b>	<b>Change (%)</b>
Gross advertising revenues	535.8	525.7	10.2	1.9%
Agency discounts	(23.8)	(25.7)	1.9	7.3%
<b>Net advertising revenues</b>	<b>512.0</b>	<b>500.0</b>	<b>12.0</b>	<b>2.4%</b>
Other revenues	61.8	55.4	6.5	11.7%
<b>Consolidated Net Revenues</b>	<b>573.8</b>	<b>555.4</b>	<b>18.5</b>	<b>3.3%</b>
<b>Gross Operating Result (EBITDA)</b>	<b>159.4</b>	<b>179.7</b>	<b>(20.3)</b>	<b>-11.3%</b>
<b>Operating Result (EBIT)</b>	<b>75.1</b>	<b>87.9</b>	<b>(12.8)</b>	<b>-14.6%</b>

## 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 period (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 period (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 (IFRS performance measure). Although the Net profit 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)*