Interim Financial Report at 30 June 2020

This Interim Report has been translated from the original issued in italian into English language solely for the convenience of international readers.

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Share Capital EUR 614,238,333.28 fully paid-up
Tax Code, VAT number and Milan Companies
Register No.: 09032310154
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CORPORATE BOARDS

Board of Directors	**Chairman** Fedele Confalonieri **Deputy Chairman and** **Chief Executive Officer** Pier Silvio Berlusconi **Directors** Marina Berlusconi Marina Brogi Andrea Canepa Raffaele Cappiello Costanza Esclapon de Villeneuve Giulio Gallazzi Marco Giordani Francesca Mariotti Gina Nieri Danilo Pellegrino Niccolo' Querci Stefano Sala Carlo Secchi
Executive Committee	Fedele Confalonieri Pier Silvio Berlusconi Marco Giordani Gina Nieri Niccolo' Querci Stefano Sala
Risk, Control and Sustainability Committee	**Carlo Secchi (Chairman)** Marina Brogi Costanza Esclapon de Villeneuve
Compensation Committee	**Andrea Canepa (Chairman)** Marina Brogi Francesca Mariotti
Governance **and Appointments Committee**	**Raffaele Cappiello (Chairman)** Francesca Mariotti Carlo Secchi
Related Parties **Committee**	**Marina Brogi (Chairman)** Giulio Gallazzi Carlo Secchi
Board of Statutory Auditors	**Giovanni Fiori (Chairman)** Riccardo Perotta (Regular Auditor) Flavia Daunia Minutillo (Regular Auditor) Francesca di Donato (Alternate Auditor) Leonardo Quagliata (Alternate Auditor) Francesca Meneghel (Alternate Auditor)
Independent Auditors	**Deloitte & Touche S.p.A.**

FINANCIAL HIGHLIGHTS

MAIN INCOME STATEMENT DATA

FY 2019 mio €	%		1H 2020 mio €	%	1H 2019 mio €	%
2,925.7		**Total net Revenues**	**1,166.4**		**1,482.5**	
1,982.1	*67.7%*	Italy	791.3	*67.8%*	1,002.2	*67.6%*
946.2	*32.3%*	Spain	375.1	*32.2%*	482.5	*32.5%*
354.6		**Operating Result (EBIT)**	**31.7**		**191.6**	
91.3		Italy	(57.6)		39.3	
264.9		Spain	88.9		154.2	
381.7		**EBT**	**38.2**		**210.7**	
190.3		**Group Net Result** (1)	**(18.9)**		**102.7**	

MAIN BALANCE SHEET AND FINANCIAL DATA

31-Dec-19 mio €		30-Jun-2020 mio €	30-Jun-2019 mio €
4,238.7	**Net Invested Capital**	**4,078.6**	**4,052.5**
2,890.4	**Total Net Shareholders' Equity**	**2,881.0**	**2,857.8**
2,477.9	Net Group shareholders' Equity	2,439.3	2,467.7
412.5	Minority Shareholders' Equity	441.7	390.1
(1,348.3)	**Net Financial Position**	**(1,197.7)**	**(1,194.7)**
265.9	**Free Cash Flow**	**212.1**	**189.0**
600.1	**Investments**	**346.5**	**402.3**
	Dividends paid by the Parent Company		
46.6	**Dividends paid by Subsidiaries**	**-**	**46.6**

PERSONNEL (2)

FY 2019	%		1H 2020	%	1H 2019	%
4,984		**Mediaset Group Personnel (headcount)**	**4,934**		**5,128**	
3,433	*68.9%*	Italy	3,393	*68.8%*	3,569	*76.7%*
1,551	*31.1%*	Spain	1,541	*31.2%*	1,559	*23.3%*

MAIN INDICATORS

FY 2019		1H 2020	1H 2019
12.1%	**Operating Result (EBIT)/Net Revenues**	**2.7%**	**12.9%**
4.6%	Italy	*-7.3%*	*3.9%*
28.0%	Spain	*23.7%*	*32.0%*
13.0%	**EBT / Net Revenues**	**3.3%**	**14.2%**
6.5%	**Net Result/Net Revenues**	**-1.6%**	**6.9%**
0.17	**EPS (euro per share)**	(0.02)	0.09
0.17	**Diluted EPS (euro per share)**	(0.02)	0.09

(*) The figures for 1H 2019 have been restated to show the retrospective impact of the equity investments PPA procedures
(2) Include temporary and permanent workforce

INTRODUCTION

This Interim Financial Report, prepared pursuant to Art. 154-ter of Legislative Decree no. 58/1998, includes the Report on Operations, the interim condensed consolidated financial statements and the Certification pursuant to Article 154-bis of Legislative Decree no. 58/98.

The interim condensed consolidated financial statements are prepared on the basis of the International Accounting Standards (IAS/IFRS) applicable under the EC Regulation 1606/2002 of the European Parliament and of the Council dated 19 July 2002 and in particular IAS 34 - Interim Financial Reporting, as well as the regulations issued to implement Article. 9 of Legislative Decree no. N.38/2005.

The presentation of the reclassified consolidated financial statements and of the interim financial statements provided in the Interim Report on Operations corresponds to the presentation adopted for the annual financial statements.

The notes have been prepared in accordance with the content prescribed by IAS 34 - Interim Financial Reporting, also taking into account the provisions issued by Consob Communication No. 6064293 dated 28 July 2006. As such, the information disclosed in this report is not comparable to that of complete financial statements prepared in accordance with IAS 1.

MANAGEMENT INTERIM REPORT ON OPERATIONS AT 30 JUNE 2020

SIGNIFICANT EVENTS AND TRANSACTIONS IN THE FIRST HALF OF THE YEAR

COVID-19: Main impacts and mitigation actions

Since the end of January, the public health emergency connected with the COVID-19 epidemic progressively worsened, reaching an international scale and quickly causing harm to the global economy and financial markets. In the reporting period, unprecedented quarter-to-quarter reductions were recorded in all main macroeconomic indicators (in Italy and Spain, GDP fell by -5.3% and -5.2% in the first quarter and by -12.8% and -18.5% in the second quarter, respectively).

The Group reacted swiftly to the COVID-19 emergency by setting in motion a timely operational and mitigation plan, both in Italy and Spain, that was consistent with the government regulations that placed strong restrictions on the free movement of people on a national level and limited non-primary economic activities nationwide in order to contain the epidemic. These measures were passed during the first ten days of March and were subsequently extended until the beginning of May in Italy and until 21 June in Spain. These security measures are constantly updated by monitoring the development of the public health emergency in line with national and local authority regulations.

From the outbreak of the public health emergency, the Mediaset Group undertook a series of initiatives in particular, both in Italy and Spain, aimed at protecting the health and safety of internal and external employees by limiting the risk of the virus spreading as much as possible. Moreover, the Group put in place all measures necessary to ensure its operational and business continuity, to further strengthened its financial soundness and flexibility, and to contain the negative impacts on the advertising market so as to protect its profitability and cash flow generation.

The sanitary, hygiene and organisational measures which were adopted in line with the protocols subsequently issued by Government, companies and civil society organisations ensured that television, radio and online broadcasting could continue, as attendance at the Group's headquarters was restricted solely to staff engaged in critical tasks who were unable to work from home, with all other employees invited to use a smart-working scheme. In view of the restrictions imposed on the fulfilment of production and operational activities, Mediaset signed up to the Government's wage guarantee fund (*Fondo Integrativo Salariale* - F.I.S.) that was set up under Italian Legislative Decree of 17 March 2020 ("*Heal Italy*" decree) and enrolled 2,370 employees working at the Milan and Rome headquarters, who were able to continue receiving their full salary even if working reduced hours. As at 30 June, the Italian companies within the Mediaset Group had joined up to this government aid measure for 14 weeks, with savings on personnel expenses of EUR 1.8 million.

Beginning in March and during the subsequent months, the network television schedules were reviewed, with news and analysis programmes being bolstered and extended; original entertainment and reality TV productions, network-produced dramas and cancelled live events (mainly sporting events) were progressively mothballed or finished early, and replaced by repeats and a greater cinema offering. As described in greater detail below, audience shares confirmed, during the reporting period, the centrality and consolidation of the Mediaset multimedia system, , in spite of the backdrop of high fragmentation of the linear and non-linear content offering.

As a demonstration of the Group's ability to obtain new credit facilities, during the reporting period, Mediaset S.p.A. subscribed to EUR 650 million in committed credit facilities, of which: EUR 350 million from the early renewal of the committed credit facilities maturing in 2020, EUR 50 million from the renewal of the committed credit facilities maturing in 2021 and more than EUR 250 from newly agreed credit facilities, while Mediaset España renewed its maturing credit facilities also agreeing EUR 45 million in new credit facilities, bringing total unutilised credit facilities to EUR 300 million, of which EUR 210 million in *committed* credit facilities.

In summary, in addition to the financial liabilities related to the investment in ProsiebenSat1, at 30 June 2020 Mediaset S.p.A. has EUR 1,550 million in total committed credit facilities lines, of which EUR 650 million unutilised and readily available, and Mediaset España has EUR 210 million in unutilised and readily available committed credit facilities. As at the date of the approval of this interim report this situation has not changed: the committed credit lines available to Mediaset S.p.A. are unchanged compared to June 30, with no maturity dates due to fall within the next 12 months; Mediaset España's committed credit facilities are also unchanged at EUR 210 million, which are due to mature within the next 12 months.

These transactions have further enhanced and strengthened the financial soundness of the Group in terms of its debt structure and composition, its committed loan-to-value ratio, its availability to credit lines in respect of average utilisation, the extension of average maturity dates and low cost of the conditions applied. In accordance with the Liquidity Risk Policy adopted by Mediaset, average consolidated financial exposure must not exceed 80% of all agreed credit facilities, with at least 20% of credit facilities remaining available at all times. As at the reporting date, the Group has EUR 1.6 billion in available credit facilities, of which EUR 860 million in unutilised committed credit facilities. On average during the reporting period, 50.3% of the Group's total credit facilities were available and unutilised during the period.

As at the reporting date, the economic and financial ratios underlying the existing financial covenants in place for the main credit facilities entered into by the Group, which are monitored on a half-year basis, were markedly below the maximum allowable limits. Based on the evidence and elements currently available, it is reasonable to expect that these parameters, which are monitored on an half-year basis, will also be satisfied during the next 12 months.

The changing economic environment caused by the pandemic mainly impacted on the Group in terms of the performance of its main revenue stream: advertising revenues. After the first two months of a positive trend in advertising revenues (in Italy: +2.1% for the Group, compared to +0.8% for the market as a whole, essentially in line with Spain), the market trend suffered a sharp and sudden downturn during March, resulting in negative first-quarter advertising sales for the Group (-11.6% in Italy and -9.3% in Spain), which were in line with the declines recorded in each of its key markets (-10.3% in Italy and -9.8% in Spain). In the second quarter, as the lockdown period began and major live sporting events were suspended (UEFA Champions League), the downturn was -36.8% in Italy and -50.9% in Spain. During the lockdown period, the impact on advertising investment was highly differentiated for the various sectors of the advertisers. In Italy in particular, clients historically representing around 60-65% of the Group's advertising revenues, and which belong to businesses that were not significantly impacted by the pandemic - or, in many cases, were actually positively affected (pharmaceuticals, personal hygiene, cleaning, large food retailers, technology and OTT) - kept their advertising campaigns going at a rate higher than the market average. All other sectors performed worse than the market as a whole (such as finance, automotive, insurance - clients historically representing 20-25% of advertising revenues) and were forced to postpone or cancel (sectors such as cosmetics, travel and tourism, clothing) their scheduled campaigns (6-8% of the total). The advertising investments of these sectors slowly but steadily recovered as the lockdown measures were eased.

Even in a market environment characterised by the increasingly aggressive sales policies of competitors, the Group's concessionaires have continued to operate throughout the pandemic by aiming to protect profitability with a view to maximising the normalisation phase when it comes to demand for advertising space.

MFE Cross-Border Merger Project

In relation to the process for the cross-border merger of Mediaset S.p.A. (Mediaset) and Mediaset España Comunicación, S.A. (Mediaset España) into Mediaset Investment N.V. (the Merger), a Dutch company wholly owned by Mediaset, which, following the closing of the Merger, should have taken the name "MFE – MEDIAFOREUROPE N.V.", the main updates that took place during the reporting period are reported below. The terms and main events in 2019 regarding the completion of the Merger, including the judicial proceedings commenced in Italy, Spain and the Netherlands by petition of Vivendi S.A. (Vivendi) and Simon Fiduciaria S.p.A. (Simon Fiduciaria), are described in depth in the Directors' Report on Operations contained in the 2019 Annual Report under the section "Significant Events and Key Corporate Transaction for the Year".

The most significant event of the period relates to the acceptance, on **30 July 2020,** by the Court of Madrid of the application filed by Vivendi to suspend the effectiveness of the merger project resolution passed at the Shareholders' Meeting of Mediaset España on 4 September 2019. This decision actually makes it impossible the completion of the Merger according to the manner and within the time limits established.

It is worth noting in this respect that, on **2 April 2020**, the notice stating that the common merger plan and its annexes had been filed with the Dutch Business Register has been published on the Dutch national newspaper "Trouw" and the Dutch Official Journal (Staatscourant) fixing the term for the conclusion of the Merger within six months from that date.

On **30 July 2020**, the Court of Madrid rejected the urgent application brought by Mediaset España to remove the order to temporarily suspend the effectiveness of the resolution approving the Merger plan passed by the Extraordinary Shareholders' Meeting of Mediaset España on 4 September 2019.

On 5 August 2020, the Board of Directors of Mediaset S.p.A. examined the measure of 30 July issued by the Court of Madrid, and found that the term for appealing was incompatible with the time limit for the Merger execution under Dutch law (2 October 2020) and, therefore, realised that the Merger plan resolved on 7 June 2019 is not achievable. On the same date, the Board of Directors confirmed the validity MFE MEDIAFOREUROPE industrial plan and immediately began the analysis for the execution of the original plan in a different manner, while maintaining the same objectives.

On **1 September 2020** the Court of Amsterdam upheld Vivendi's appeal requesting the suspension of the Merger project, thus overturning the first instance judgment; however, this had no effect given the above-mentioned impossibility of completing the Merger.

On **3 July 2020**, Vivendi S.A. served Mediaset with notice of additional grounds in the proceedings relating to AGCOM's (the Italian Media Authority) decision concerning the defined infraction by Vivendi of Art. 43 of the Tusmar (Consolidated Law on audio-visual and broadcasting media services), which the latter had appealed on 16 June 2017 in the Lazio Regional Administrative Court (RG 5880/2017). With these new grounds, Vivendi petitioned for the Lazio Regional Administrative Court to cancel, after having ordered interim measures, AGCOM's communications of 2 April 2020 and 13 May 2020 in which the Authority ruled not to pursue the petition brought by Vivendi to "confirm the discontinuation of the compliance measures pursuant to Resolution No 178/17/CONS".

On **22 July 2020**, the Lazio Regional Administrative Court threw out the application in its order No. 05880/2017 REG.RIC.

In relation to these proceedings, on **3 September 2020** the EU Court of Justice issued its decision after the Regional Administrative Court referred the issue of biased interpretation raised by Vivendi in its administrative appeal against AGCOM's Resolution of 18 April 2017.

The Court held that, although the restriction on freedom of establishment complained of by Vivendi could, in principle, be justified by an overriding reason in the public interest (namely to safeguard pluralism of information and of the media), the disputed provision of Article 43 of TUSMAR cannot be considered to be appropriate for attaining the objective which it pursues, "in so far as it sets thresholds which bear no relation to the risk to media pluralism, since those thresholds do not make it possible to determine whether and to what extent an undertaking is actually in a position to influence the content of the media".

Following this ruling, on **4 September 2020** Vivendi filed an application with the Regional Administrative Court to promptly schedule a hearing to resume the court proceedings that had been suspended pending the EU ruling. The Regional Administrative Court issued a decree scheduling the hearing for 16 December 2020.

Additional proceedings of Mediaset - Vivendi - Simon Fiduciaria

With reference to the proceedings pending before the Court of Milan involving Mediaset S.p.A. and Reti Televisive Italiane S.p.A., on the one part, and Vivendi S.A., on the other, as well as those between Mediaset S.p.A, Vivendi and Simon Fiduciaria concerning, among other things, the dispute of certain resolutions of the Shareholders' Meeting of Mediaset, as already described in detail in the Directors' Report on Operations in the 2019 Annual Report, the dates scheduled for the upcoming hearings are as follows:

- In the proceedings before the Court of Milan – Companies Division B – Case No. 47205/2016, in which Mediaset S.p.A. and RTI S.p.A are seeking damages from Vivendi S.A. for a breach by Vivendi of the contract signed with RTI and Mediaset on 8 April 2016 for the sale of Mediaset Premium, the date of the pre-trial evidentiary hearing has been scheduled for 22 September 2020;

- In the proceedings initiated by Simon Fiduciaria on 26 October 2018, in which it had challenged certain resolutions passed by the Shareholders' General Meeting of Mediaset S.p.A. on 27 June 2018, and in which regards, on 25 January 2019, the Court of Milan dismissed the application for suspension filed by Simon Fiduciaria, the case is pending on the merits, with the pre-trial evidentiary hearing scheduled for 24 November 2020;
- The proceedings initiated by Vivendi and Simon Fiduciaria in July 2019, in which they challenged certain resolutions passed by the Shareholders' Meeting of Mediaset S.p.A. on 18 April 2019, are still ongoing in the first instance, with the first hearing scheduled for 17 November 2020;

Investments in Equity instruments

In March, the Group increased its stake in **ProSiebenSat.1 Media SE** from 15.11% at 31 December 2019 to 20.10% (20.71% of voting rights) with a financial outlay totalling EUR 72.9 million, of which EUR 11.7 million by Mediaset and 61.2 million by Mediaset España. As with the prior transactions concluded by Mediaset and Mediaset España in 2019, Mediaset España entered into a collar agreement with the financial intermediary of the deal (put options purchase and call options sale) to protect the value of its investment within a predefined variation corridor.

On **23 April**, Mediaset S.p.A. entered into a reverse collar agreement with the aim to acquire a further 4.1% stake in the share capital of ProSiebenSat.1 Media SE. Upon completion of the transaction, which is anticipated for the second half of the financial year, the Mediaset Group would hold up to 24.9% of shares in ProSiebenSat.1 Media SE (excluding treasury shares), compared to its 20.71% equity shareholding recognised in the Interim Consolidated Statement of Financial Position at 30 June.

Also as at 30 June the investment in ProsiebenSat.1 Media SE does not meet the conditions to qualify as an associate under IAS 28 (Investments in Associates and Joint Ventures), i.e. an entity in which the investor can exercise significant influence by participating in its financial and operating policy decisions. It therefore continues to be classified and accounted for as a financial asset under IFRS 9 (Financial Instruments) and, as a result, the investment and related hedging derivatives are recognised at fair value whose variations are recognised in the caption Valuation reserves within equity.

On 27 March, Publitalia'80 acquired 80% of the share capital of **Beintoo Srl,** a company specialising in the mobile data advertising sector, for a total value of approximately EUR 3.0 million.

GROUP PERFORMANCE AND HIGHLIGHTS

TELEVISION AUDIENCE

In **Italy**, total audience over the 24-hour period **averaged 11.903** million viewers in the first half of 2020, which is a 1.6 million increase on 2019 (+2.8%).

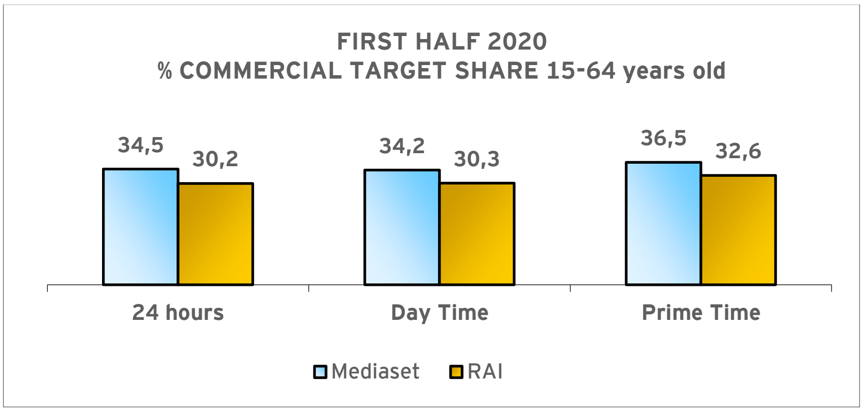
Auditel statistics show that, during the period reported, Mediaset networks as a whole obtained an audience share of 32.1% over the 24-hour period, 31.6% in the Day Time slot and 33.7% in Prime Time.

The table below shows the breakdown of audience share by network for the reporting period.

(Source: Auditel)

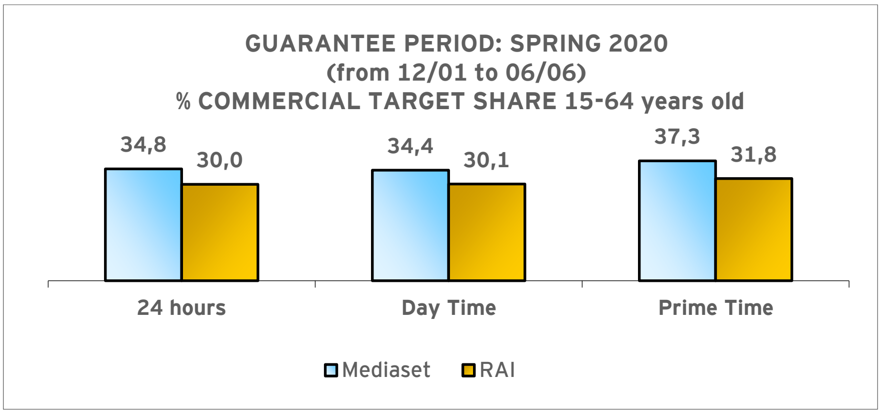
MEDIASET AUDIENCE SHARE 1H (from 29/12 to 27/06)	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Canale 5	15.1%	15.2%	15.3%	16.0%	17.2%	16.0%
Italia 1	4.8%	5.4%	4.6%	6.6%	7.1%	6.6%
Rete 4	3.9%	4.8%	3.7%	2.9%	3.5%	2.8%
TOTAL GENERALIST NETWORKS	**23.8%**	**25.4%**	**23.6%**	**25.5%**	**27.8%**	**25.4%**
TOTAL MULTI CHANNEL, PREMIUM CINEMA CHANNELS AND TV SERIES	**8.3%**	**8.3%**	**8.0%**	**9.0%**	**8.7%**	**8.8%**
MEDIASET	**32.1%**	**33.7%**	**31.6%**	**34.5%**	**36.5%**	**34.2%**

In the commercial target audience, the Group has maintained its leadership across all time slots. Notably, Canale 5 ranks in top spot and Italia 1 in third spot in all time slots with the 15-64 year-old viewer target. A considerable contribution also came from the thematic networks, which added approximately eight points of audience share in total.



Mediaset's generalist networks held an audience share in the spring season of 24.0% over the 24-hour period, 23.9% in the Day Time slot and 26.1% in Prime Time. Adding to the Group's other channels, total audience share over the 24-hour period came to 32.3% of all viewers, with a 31.9% share in the Day Time slot and 34.4% in Prime Time.

A positive contribution also came from the thematic networks, which added approximately eight points of audience share.



In **Spain**, Mediaset España Group's free-to-air networks at 30 June 2020 included Telecinco and Cuatro and the thematic channels Factoría de Ficción, Boing, Divinity, Energy and the HD channel Be Mad TV. In terms of audience figures, Mediaset España consolidated its leadership position in the period. In particular, Mediaset España Group's **average audience share** over the 24-hour period in the half-year under review was **28.6%** of all viewers and **29.6%** of the commercial target. Telecinco was also the audience leader with a 14.6% share of all viewers over the 24-hour period, and 14.3% of the commercial target.

Mediaset España consolidated its web leadership position (through the Telecinco and Mitele websites) also in the half-year under review, in terms of unique visitors and page views.

The audience share breakdown for the Mediaset España Group's generalist and thematic channels is shown below.

MEDIASET ESPAÑA AUDIENCE SHARE 1H	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time 7:00-2:00	24 ore	Prime Time	Day Time
	14.6%	14.3%	14.8%	14.3%	13.8%	14.5%
	5.7%	6.1%	5.5%	6.3%	6.9%	6.0%
TOTAL GENERALIST NETWORKS	**20.4%**	**20.4%**	**20.3%**	**20.6%**	**20.7%**	**20.5%**
TOTAL MULTI CHANNEL	**8.3%**	**7.4%**	**8.7%**	**9.0%**	**7.7%**	**9.6%**
MEDIASET españa.	**28.6%**	**27.9%**	**28.9%**	**29.6%**	**28.4%**	**30.0%**

Main financial results

After the first two months of the year, in which advertising revenues performed more strongly than in the same period of the previous year, the financial results were affected by the marked slowdown in the advertising market which began in March, both in Italy and Spain, following the adoption of harsh restrictions on freedom of movement and the effective halt to much of economic activity ordered nationwide by both governments to address the escalating public health crisis connected to the COVID-19 pandemic. These measures were gradually relaxed during the second half of May in Italy, and beginning 21 June in Spain. The impact on profits and cash flow generation for the period was nevertheless attenuated by the timely implementation of concurrent cost-containment measures to address the emergency.

The main financial results for the period are summarised below. It should be noted that the Group net result for the previous year has been restated (compared to the EUR 108.9 million reported) to show the retrospective impact since 1 October 2018 (-EUR 6.3 million) on Income/(expenses) from equity investments of the depreciation of the assets identified in accordance with IFRS 3, due to the definitive allocation of goodwill generated following the closing of 2i Towers Holding's takeover bid of EI Towers, launched in 2018.

- **Total consolidated net revenues** amounted to **EUR 1,166.4 million**, falling by -21.3% compared to the same period in 2019.
- **Operating Result (EBIT)** was positive, at **EUR 31.7 million**, compared to EUR 191.6 million for the same period in 2019. Operating profitability stood at **2.7%**, compared to the 12.9% recorded in 2019.
- The **Group net result** was negative at **EUR -18.9 million**, compared to the EUR 102.7 million net profit recorded for the same period in the previous year.
- Consolidated **net financial debt** at 30 June 2020, calculated in accordance with Consob Communication 6064293 of 28 July 2016, amounted to **EUR 1,197.7 million**, a reduction on the EUR 1,348.3 million recorded at the start of the period. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards and the financial payable for the equity investments in ProSiebenSat.1 Media SE, **Consolidated net financial debt** was **EUR 576.2 million** compared to EUR 768.8 million at 31 December 2019. **Free cash flow amounted to EUR 212.1 million**, an improvement on the EUR 189.0 million recorded for the first six months of 2019. The Group also made investments of EUR 72.9 during the first half of the year to increase its shareholding in ProSiebenSat.1 Media SE.

Breaking down income results by geographical area:

In **Italy**:

- In the first half of 2020, **Total consolidated net revenues** from the Group's Italian operations totalled **EUR 791.3 million**, showing a decrease of -21.0% compared to the corresponding period of the previous year.
- **Gross advertising revenues**, including revenues from free-to-air and pay television channels and revenue shares from websites and radio broadcasters owned by the Group and managed under concession by Mediamond amounted to **EUR 744.2 million** (-24.5% compared to the same period in 2019); following a positive performance during the first two months of the period in which advertising revenues grew by 2.1% year on year, the quarterly figure was affected by the impact of the COVID-19 emergency on the advertising market, as the majority of investors were forced to defer or reposition their planned advertising campaigns. Based on Nielsen data, in the first half of 2020 the overall advertising market contracted by 26.8%.
- **Other revenues** stood at **EUR 152.8 million**, compared to the EUR 156.3 million figure for the first half of 2019, which continued to reflect revenues from the Premium Cinema and Series offering, which was subsequently discontinued in June of that year. If we remove this component so as to compare on a like-for-like basis, Other revenues/Eliminations for the half-year are up +16%, mainly due to the movie distribution activities of Medusa, which in January 2020 released the blockbuster Tolo Tolo, directed by Checco Zalone and produced by Taodue, and due to increased revenues from sublicenses and third-party television broadcasters.
- **Total Operating costs** for operations in Italy during the half-year (personnel expenses, Purchases, services, other costs, TV rights amortisation and depreciation of fixed assets) amounted to **EUR 848.9 million**, down (-11.8%) on the same period in 2019. Compared to the same period of the previous year, and as already reported for the first quarter, operating costs were impacted by the greater costs of distributing films to movie theatres at the beginning of the year and the fact that the redefinition of Premium assets had been debited to expenditure in the previous year. If we remove these components, and mainly due to the TV schedules review carried out from March onwards to deal with the impact of the COVID-19 emergency, this leaves a significant reduction (-14.7%) in direct television broadcasting costs compared to the same period in 2019.
- **Operating Result (EBIT)** from all operations in Italy amounted to **EUR -57.6 million**, compared to EUR 39.3 million for the first half of 2019.

In **Spain**:

- **Total consolidated net revenues** for the Mediaset España Group at the end of the first half of 2020 were **EUR 375.1 million**, showing a -22.3% reduction on the same period of the previous year.
- **Gross television advertising revenues** stood at **EUR 325.1 million**, a decrease of 31.3% compared to the same period of the previous year, caused by the sharp 27.9% slowdown in the advertising market, together with the adoption of harsh social distancing measures and restrictions on economic activity ordered by government authorities to face up to the COVID-19 public health emergency. According to *Infoadex* statistics, television advertising investments fell by 31.8% during the first half of the year, while the television and digital media advertising market as a whole decreased by 28.5%. Mediaset España maintained its leadership in its television market with a share of 43.3% (an increase on the same period of the previous year), whereas its share of the television and digital media market stood at 30.9%.
- **Other revenues** increased by 103% to **EUR 61.1 million** from EUR 30.1 million for the same period of the previous year, due to the strong influence of content sales and sublicensing to third-party

broadcasters and the positive trend in subscriptions to the OTT Mitele Plus service - launched during 2019 - during the period.

- **Total costs** (personnel expenses, other operating costs, amortisation, depreciation and write-downs) stood at EUR **286.2 million**, a decrease of -12.8% on the same period of the previous year, mainly following the TV scheduling reviews carried out in March and thereafter to dampen the economic impacts on advertising revenues due to the COVID-19 emergency.
- As a result of the above performance **Operating Result (EBIT)** came to **EUR 88.9 million**, compared to EUR 154.2 million in the same period of 2019, corresponding to an operating profitability of **23.7%** compared to 32.0% in the first half of 2019.

PERFORMANCE BY GEOGRAPHICAL AREA AND BUSINESS SEGMENT

In this section we give a breakdown of the consolidated income statement, balance sheet and cash flow statement to show the contribution to Group performance of the two geographical areas of business, Italy and Spain, as well as details of the geographical breakdown of revenues.

The presentation of the income statement, balance sheet and cash flow figures shown below corresponds to the presentation adopted in the Report on Operations accompanying the annual Consolidated Financial Statements. As such the figures are restated with respect to the financial statements attached, in order to highlight the intermediate aggregates considered most significant for understanding the performance of the Group and of the individual business units. The criteria adopted in preparing the aggregates and notes referring the reader to the relevant statutory financial statement items have been disclosed in accordance with guidance provided by Consob Communication no. 6064293 of 28 July 2006, Consob Communication no. 0092543 of 3 December 2016 and ESMA Guidance 2015/1415 concerning alternative performance measures (or *non-GAAP measures*).

The performance figures provided refer to progressive totals at the end of the first half and second quarter of 2020 and 2019; balance sheet figures are stated at 30 June 2020 and at 31 December 2019.

It should be noted that the Group net result for the previous year has been restated (compared to the EUR 108.9 million reported) to show the retrospective impact since 1 October 2018 (-EUR 6.3 million in the half-year) on *Income/(expenses) from equity investments* of the depreciation of the assets identified in accordance with IFRS 3, due to the definitive allocation of goodwill generated following the closing of 2i Towers Holding's takeover bid of EI Towers, launched in 2018.

GROUP PERFORMANCE

The consolidated income statement reported below shows the intermediate aggregates making up *earnings before interest, taxes, depreciation and amortization (EBITDA)* and *earnings before interest and Taxes (EBIT)*.

EBITDA is calculated by taking the *Net result for the period*, adding *Income taxes*, then subtracting the *Income/(expenses) from equity investments* and *Financial income/(losses)* and, finally, adding *Amortisation and depreciation*.

Operating Result (EBIT) is calculated by taking the *Net result for the period*, adding *Income taxes*, then subtracting the *Income/(expenses) from equity investments* and *Financial income/(losses)*.

(values in EUR million)

MEDIASET GROUP Income Statement	**1H 2020**	**1H 2019**	**Q2 2020**	**Q2 2019**
Total consolidated net revenues	**1,166.4**	1,482.5	**484.3**	764.3
Personnel expenses	(228.0)	(245.6)	(111.5)	(121.4)
Purchases, services, other costs	(638.2)	(762.8)	(256.6)	(390.1)
Operating costs	**(866.2)**	**(1,008.4)**	**(368.1)**	**(511.5)**
EBITDA	**300.2**	**474.1**	**116.1**	**252.8**
TV and movie rights amortisation and write-downs	(216.7)	(234.2)	(100.0)	(114.7)
Other amortisation and depreciation	(51.8)	(48.2)	(26.1)	(24.9)
Amortisation and depreciation	**(268.5)**	**(282.4)**	**(126.0)**	**(139.6)**
EBIT	**31.7**	**191.6**	**(9.9)**	**113.1**
Financial income/(losses)	1.2	9.3	(1.2)	9.2
Income/(expenses) from equity investments	5.3	9.7	2.5	8.3
EBT	**38.2**	**210.7**	**(8.6)**	**130.6**
Income taxes	(26.3)	(48.8)	(15.9)	(30.3)
Minority interests in net profit	(30.8)	(59.3)	(9.1)	(34.3)
Net result from continuing operations	**(18.9)**	**102.7**	**(33.6)**	**66.0**
Net result from discontinued operations			-	-
Group net result	**(18.9)**	**102.7**	**(33.6)**	**66.0**

The following table shows the main Group income statement figures stated as a percentage of total consolidated net revenues.

MEDIASET GROUP	1H 2020	1H 2019	Q2 2020	Q2 2019
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	-74.3%	-68.0%	-76.0%	-66.9%
EBITDA	**25.7%**	**32.0%**	**24.0%**	**33.1%**
Amortisation and depreciation	-23.0%	-19.1%	-26.0%	-18.3%
EBIT	**2.7%**	**12.9%**	**-2.0%**	**14.8%**
EBT	**3.3%**	**14.2%**	**-1.8%**	**17.1%**
Group net result	**-1.6%**	**6.9%**	**-6.9%**	**8.6%**

Below we look at the breakdown of the income statement by geographical area to report the contribution to performance of the Group's Italian and Spanish operations.

BREAKDOWN BY GEOGRAPHICAL AREA: ITALY

The following is an abridged income statement of Mediaset Group's domestic business:

(values in EUR million)

ITALY Income Statement	**1H 2020**	**1H 2019**	**Q2 2020**	**Q2 2019**
Total consolidated net revenues	**791.3**	**1,002.2**	**339.0**	**510.1**
Personnel expenses	(171.5)	(186.8)	(85.0)	(92.2)
Purchases, services, other costs	(466.2)	(562.6)	(192.0)	(287.7)
Operating costs	**(637.8)**	**(749.4)**	**(277.0)**	**(379.8)**
EBITDA	**153.6**	**252.8**	**62.0**	**130.3**
TV and movie rights amortisation and write-downs	(170.0)	(174.0)	(78.2)	(82.9)
Other amortisation and depreciation	(41.1)	(39.5)	(20.9)	(19.9)
Amortisation and depreciation	**(211.1)**	**(213.5)**	**(99.2)**	**(102.8)**
EBIT	**(57.6)**	**39.3**	**(37.2)**	**27.5**
Financial income/(losses)	1.5	9.3	(1.0)	9.2
Income/(expenses) from equity investments	3.4	4.6	1.3	4.2
EBT	**(52.7)**	**53.3**	**(36.9)**	**40.8**
Income taxes	(6.9)	(18.1)	(9.5)	(13.7)
Minority interests in net profit	1.2	0.6	0.8	0.3
Net result from continuing operations	**(58.3)**	**35.8**	**(45.6)**	**27.4**
Net result from discontinued operations			-	-
Net result	**(58.3)**	**35.8**	**(45.6)**	**27.4**

The following table shows the main income statement figures stated as a percentage of total consolidated net revenues.

ITALY	1H 2020	1H 2019	Q2 2020	Q2 2019
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	-80.6%	-74.8%	-81.7%	-74.5%
EBITDA	**19.4%**	**25.2%**	**18.3%**	**25.5%**
Amortisation and depreciation	-26.7%	-21.3%	-29.3%	-20.2%
EBIT	**-7.3%**	**3.9%**	**-11.0%**	**5.4%**
EBT	**-6.7%**	**5.3%**	**-10.9%**	**8.0%**
Group net result	**-7.4%**	**3.6%**	**-13.4%**	**5.4%**

Below is a summary of the main types of revenue. The main performance traits of these revenue types has already been described in the Report.

ITALY Breakdown consolidated revenues	1H 2020	1H 2019	Q2 2020	Q2 2019
Gross advertising revenues	744.2	985.2	316.8	501.6
Agency discounts	(105.7)	(139.3)	(45.2)	(70.5)
Total net advertising revenues	**638.5**	**845.9**	**271.6**	**431.1**
Other revenues	152.8	156.3	67.4	79.0
Total Consolidated Revenues	**791.3**	**1,002.2**	**339.0**	**510.1**

Advertising revenues, including free and pay-TV channels managed by the Group's concessionaires and the Group's share of website revenues, and revenues from proprietary radio broadcasters managed under a sublicense from the investee Mediamond. From March, advertising revenues for the reporting period were affected by the strong contraction of economic activity during the lockdown period that was imposed by the government authorities to address and contain the spread of the COVID-19 pandemic, as reported in greater detail in the specific section describing the main impacts of the public health emergency and the main mitigation measures implemented by the Group.

The performance and composition of **Other revenues** is chiefly reflective of the process of digitally transforming Mediaset's pay model, which began in 2018, in terms of providing third-party operators with exclusive film and series content - as content and service providers – and unique assets held (transmission band rental), while also concentrating on and developing non-linear/OTT services. **Other revenues** in the first half of the year were stable at **EUR 152.8 million**, compared to EUR 156.3 million in the first half of 2019, with the latter figure still including revenues from the Premium Cinema and Series offering, which was discontinued in June 2019. If we remove this component so as to compare on a like-for-like basis, Other revenues/Eliminations for the half-year are up +16%, mainly due to the movie distribution activities of Medusa, which in January 2020 released the blockbuster Tolo Tolo, directed by Checco Zalone and produced by Taodue, and due to increased revenues from sublicenses and third-party television broadcasters.

Total Operating costs for operations in Italy during the half-year (personnel expenses, Purchases, services, other costs, TV rights amortisation and depreciation of fixed assets) amounted to **EUR 848.9 million**, down (-11.8%) on the same period in 2019. Compared to the same period of the previous year, and as already reported for the first quarter, operating costs were impacted by the greater costs of distributing films to movie theatres at the beginning of the year and the fact that the redefinition of Premium assets had been debited to expenditure in the previous year. If we remove these components, and mainly due to the TV schedules review carried out from March onwards to deal with the impact of the COVID-19 emergency, this leaves a significant reduction (-14.7%) in direct television broadcasting costs compared to the same period in 2019.

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BREAKDOWN BY GEOGRAPHICAL AREA: SPAIN

The following is an abridged income statement of the Group's Spanish business; figures are those of Mediaset España Group (consolidated figures).

(values in EUR million)

SPAIN Income Statement	**1H 2020**	**1H 2019**	**Q2 2020**	**Q2 2019**
Total consolidated net revenues	**375.1**	482.5	**145.3**	256.4
Personnel expenses	**(56.5)**	(58.8)	**(26.5)**	(29.3)
Purchases, services, other costs	**(172.0)**	(200.3)	**(64.6)**	(102.5)
Operating costs	**(228.5)**	**(259.1)**	**(91.1)**	**(131.8)**
EBITDA	**146.6**	**223.4**	**54.2**	**124.6**
TV and movie rights amortisation and write-downs	**(47.1)**	(60.4)	**(21.9)**	(32.0)
Other amortisation and depreciation	**(10.7)**	(8.7)	**(5.2)**	(5.0)
Amortisation and depreciation	**(57.7)**	**(69.2)**	**(27.1)**	**(37.0)**
EBIT	**88.9**	**154.2**	**27.1**	**87.7**
Financial income/(losses)	**(0.3)**	0.0	**(0.2)**	(0.0)
Income/(expenses) from equity investments	**1.7**	5.0	**1.1**	4.1
EBT	**90.4**	**159.2**	**28.1**	**91.8**
Income taxes	**(19.4)**	(31.2)	**(6.4)**	(17.1)
Net profit from continuing operations	**71.0**	**128.0**	**21.6**	**74.7**
Net profit from discontinued operations			**-**	-
Minority interests in net profit	**1.0**	0.6	**0.5**	0.4
NET RESULT	**70.0**	**127.4**	**21.1**	**74.3**

The following table shows the main income statement figures stated as a percentage of total consolidated net revenues from Spanish operations.

SPAIN	**1H 2020**	**1H 2019**	**Q2 2020**	**Q2 2019**
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	-60.9%	-53.7%	-62.7%	-51.4%
EBITDA	**39.1%**	**46.3%**	**37.3%**	**48.6%**
Amortisation and depreciation	-15.4%	-14.3%	-18.6%	-14.4%
EBIT	**23.7%**	**32.0%**	**18.7%**	**34.2%**
EBT	**24.1%**	**33.0%**	**19.3%**	**35.8%**
Group net result	**18.7%**	**26.4%**	**14.5%**	**29.0%**

The following table shows details of the main types of revenue generated by the Mediaset España Group:

(values in EUR million)

SPAIN Consolidated Revenues	**1H 2020**	**1H 2019**	**Q2 2020**	**Q2 2019**
Gross advertising revenues	**325.1**	**472.9**	**122.3**	**249.1**
Agency discounts	(11.1)	(20.5)	(2.7)	(10.7)
Net advertising revenues	**314.0**	**452.4**	**119.5**	**238.4**
Other revenues	61.1	30.1	25.8	18.0
Total net consolidated revenues	**375.1**	**482.5**	**145.3**	**256.4**

Gross advertising revenues contracted by -31.3% in the half-year, caused by the sharp slowdown in the advertising market, together with the adoption of harsh social distancing measures and restrictions on economic activity ordered by government authorities to face up to the COVID-19 public health emergency.

Other revenues increased compared to the corresponding period of the previous year, particularly thanks to the strong influence of content sales and sublicensing to third-party broadcasters and the positive trend in subscriptions to the OTT Mitele Plus service.

Total costs (personnel expenses, other operating costs, amortisation and depreciation) of the Mediaset España Group during the first half of 2020 were down by EUR 42.0 million compared to the corresponding period of the previous year, mainly due to the TV scheduling reviews that were carried out from March onwards to dampen the economic impacts on advertising revenues due to the COVID-19 emergency.

At 30 June 2020, **Operating Result (EBIT)** from Spanish operations totalled **EUR 88.9 million**, down from EUR 154.2 million in the first half of 2019, with an operating profitability of **23.7%**.

Other income statement components for the Mediaset Group as a whole are shown below.

(values in EUR million)

	1H 2020	1H 2019	Q2 2020	Q2 2019
Financial income/(losses)	**1.2**	9.3	**(1.2)**	9.2

Financial income/(losses) for the first half of 2019 included losses of EUR 18.6 million for the costs associated with the collar agreement entered into to hedge the equity investments made in ProSiebenSat.1 Media SE and income of EUR 26.0 million in dividends to Mediaset from subsidiary ProSiebenSat.1 Media SE. If we remove these components, which have not been present in 2020, the financial income/(losses) were down by EUR 0.7 million compared to the same period of the previous year.

(values in EUR million)

	1H 2020	1H 2019	Q2 2020	Q2 2019
Result from equity investments	**5.3**	9.7	**2.5**	8.3

The *Result from equity investments* includes the Group net result **measured at equity**, as well as any write-downs of the goodwill incorporated within the purchase price of those investments and capital gains/losses generated through the disposal of those investments.

For the first half of 2019, this item included EUR 2.9 million in income from the price adjustment paid to Mediaset España by Telefonica during the half-year under the agreements for the sale of a 22% stake in Digital Plus-DTS of 4 July 2014, due to the achievement of pre-established DTS subscriber thresholds in the years after the transaction. If we remove this component, this income item is EUR 1.5 million lower due to the losses incurred by some equity investments whose advertising revenues decreased during the lockdown period.

(values in EUR million)

	1H 2020	1H 2019	Q2 2020	Q2 2019
EBT	**38.2**	**210.7**	**(8.6)**	**130.6**
Income taxes	**(26.3)**	**(48.8)**	**(15.9)**	**(30.3)**
Tax Rate (%)	69.0%	23.1%	-185.5%	24.4%
Minority interests in net result	**(30.8)**	**(59.3)**	**(9.1)**	**(34.3)**
Net result from continuing operations	**(18.9)**	**102.7**	**(33.6)**	**66.0**
Group Net Result	**(18.9)**	**102.7**	**(33.6)**	**66.0**

The Net result is stated net of income taxes, which were recognised based on the best estimate for the period in question. As a precaution, given the high uncertainty and limited outlook, the deferred tax assets for the period, relating to tax losses carried forward for an unlimited period for final IRES tax reporting purposes in the first quarter of 2020, have not been recognised.

Minority interests in net result refer to the share of the consolidated results attributable to Mediaset España (44.3% at 30 June 2020, 46.0% at 30 June 2019), Monradio S.r.l. (20%) and Beintoo S.r.l. (20%).

STATEMENT OF FINANCIAL POSITION

The Group's Balance sheet summary and its breakdown by geographical area are reported below in abridged form, restated to show the two main aggregates: **Net invested capital** and **Net financial position**, the latter determined based on the criteria set forth in Consob Communication 6064293 of 28 July 2016, consisting of *Total Financial Debt* less *Cash and Other Cash Equivalents* and *Other Current Financial Assets*. Details of the items making up the *Net financial position* are provided in Note 6.13.

The following tables therefore differ in their layout from the statutory balance sheet, which primarily distinguishes current from non-current assets and liabilities.

Equity investments and other financial assets include assets recognised in the *Consolidated Statement of Financial Position* as *Equity investments in associates and joint ventures* and *Other financial assets* (the latter item including only *equity investments* and *non-current financial receivables*, thus excluding *hedging derivative-related financial assets*, which are included in *Net working capital* and *other assets/liabilities*).

Net working capital and *other assets/liabilities* include *current assets* (apart from the *cash and cash equivalents* and *current financial assets* included in the *Statement of Financial Position*), *deferred tax assets and liabilities*, *non-current assets held for sale*, *provisions for risks and charges*, *trade payables* and *tax liabilities*.

(values in EUR million)

Mediaset Group - Balance Sheet Summary	**30/06/2020**	**31/12/2019**
TV and movie rights	1,099.8	974.7
Goodwill	799.4	796.7
Other tangible and intangible non current assets	921.1	968.8
Equity investments and other financial assets	1,021.0	1,026.6
Net working capital and other assets/liabilities	304.6	541.0
Post-employment benefit plans	(67.3)	(69.2)
Net invested capital	**4,078.6**	**4,238.7**
Group shareholders' equity	2,439.3	2,477.9
Minority interests	441.7	412.5
Total Shareholders' equity	**2,881.0**	**2,890.4**
Net Financial Position Debt/(Liquidity)	**1,197.7**	**1,348.3**

The breakdown of the balance sheet by geographical area (Italy and Spain) is shown below.

(values in EUR million)

Balance Sheet Summary (geographical breakdown)	Italy		Spain	
	30-Jun-20	**31-Dec-19**	**30-Jun-20**	**31-Dec-19**
TV and movie rights	932.5	828.6	169.7	148.9
Goodwill	145.4	142.8	290.8	290.8
Other tangible and intangible non current assets	671.7	709.1	249.4	259.7
Equity investments and other financial assets	1,637.9	1,705.6	260.3	198.2
Net working capital and other assets/liabilities	287.4	491.8	16.5	48.4
Post-employment benefit plans	(67.3)	(69.2)	-	-
Net invested capital	**3,607.5**	**3,808.6**	**986.7**	**946.0**
Group shareholders' equity	2,408.5	2,485.8	981.2	912.3
Minority interests	3.6	4.8	3.3	3.5
Total Shareholders' equity	**2,412.1**	**2,490.6**	**984.5**	**915.8**
Net Financial Position Debt/(Liquidity)	**1,195.4**	**1,318.0**	**2.2**	**30.2**

Please note that **Net financial debt**, calculated based in the covenants of certain lending agreements, does not include financial liabilities recognised in accordance with IFRS 16 and the payables contracted into as part of the equity investments in ProsiebenSat.1 Media SE, equalling EUR 576.2 million at 30 June (EUR 768.8 million at 31 December 2019). As at 30 June 2020, these financial parameters were satisfied in full. Based on current evidence, albeit in an environment characterised by high uncertainty in connection with the COVID-19 related public health emergency, there are no elements to suggest that these parameters will not be satisfied in the next 12 months.

In the table below, the Group's summary balance sheet at 30 June 2020 is broken down to show the effects of the line-by-line consolidation of Mediaset España.

(values in EUR million)

Balance Sheet Summary (geographical breakdown)	Italy	Spain	Eliminations/ Adjustments	Mediaset Group
TV and movie rights	932.5	169.7	(2.4)	1,099.8
Goodwill	145.4	290.8	363.2	799.4
Other tangible and intangible non current assets	671.7	249.4	-	921.1
Equity investments and other financial assets	1,637.9	260.3	(877.1)	1,021.0
Net working capital and other assets/liabilities	287.4	16.5	0.8	304.6
Post-employment benefit plans	(67.3)	-	-	(67.3)
Net invested capital	**3,607.5**	**986.7**	**(515.6)**	**4,078.6**
Group shareholders' equity	2,408.5	981.2	(950.3)	2,439.3
Minority interests	3.6	3.3	434.8	441.7
Total Shareholders' equity	**2,412.1**	**984.5**	**(515.6)**	**2,881.0**
Net Financial Position Debt/(Liquidity)	**1,195.4**	**2.2**	**-**	**1,197.7**

The tables below show a summary consolidated **cash flow statement**, broken down by geographical area, showing cash flows over the two periods. Items have been restated with respect to the standard IAS 7 layout, used to prepare the statutory cash flow statement, in order to show changes in *Net financial position*, considered the most significant indicator of the Group's ability to meet its financial obligations. The statement shows the cash flow generated from continuing operations (*free cash flow*) separately from the cash flow generated or used by M&A transactions (change in the consolidation area, acquisition and/or sale of equity investments or minority interests in subsidiaries, and other strategic/financial assets), the distribution and/or receipt of dividends, and share buybacks by the parent company or its subsidiaries, and from the net cash flows generated from operations classed as available for sale or discontinued under IFRS 5.

(values in EUR million)

Consolidated Cash Flow Statement Summary	**1H 2020**	**1H 2019**
Net Financial Position at the beginning of the year	**(1,348.3)**	**(877.0)**
Free Cash Flow	**212.1**	**189.0**
Cash Flow from operating activities (*)	291.7	436.8
Investments in fixed assets	(346.5)	(402.3)
Disposals of fixed assets	0.1	5.2
Changes in net working capital and other current assets/liabilities	266.8	149.4
Changes in the consolidation area	(3.2)	(19.7)
Own share's sale/(buyback) of the parent company and subsidiaries	-	(94.6)
Equity investments/Investments in other financial assets and change of stake in subsidiaries	(77.7)	(383.7)
Cashed-in dividends	19.4	37.8
Dividends paid	-	(46.6)
Financial Surplus/(Deficit) from continuing operations	**150.6**	**(317.8)**
Net Financial Position at the end of the period	**(1,197.7)**	**(1,194.7)**

(*): Net result for the period +/- Amortisation, Depreciation and Impairment +/- Net provisions +/- (Income)/Expenses from equity investments +/- Deferred tax effects

(values in EUR million)

Cash Flow Statement Summary by geographical area	**Italy** **1H 2020**	**1H 2019**	**Spain** **1H 2020**	**1H 2019**
Net Financial Position at the beginning of the year	**(1,318.0)**	**(1,042.5)**	**(30.2)**	**165.5**
Free Cash Flow	**125.2**	**67.7**	**86.9**	**121.4**
Cash Flow from operating activities (*)	154.8	227.9	136.9	210.4
Investments in fixed assets	(277.8)	(282.3)	(68.7)	(120.0)
Disposals of fixed assets	-	2.8	-	2.4
Changes in net working capital and other current assets/liabilities	248.2	119.3	18.6	28.5
Changes in the consolidation area	(3.2)	(13.4)	-	(6.3)
Own share's sale/(buyback) of the parent company and subsidiaries	-	-	-	(94.6)
Equity investments/Investments in other financial assets and change of stake in subsidiaries	(17.1)	(383.3)	(60.6)	(0.4)
Cashed-in dividends	17.7	89.5	1.7	1.7
Dividends paid	-	-	-	(100.0)
Financial Surplus/(Deficit) from continuing operations	**122.6**	**(239.6)**	**28.0**	**(78.2)**
Net Financial Position at the end of the period	**(1,195.4)**	**(1,282.0)**	**(2.2)**	**87.3**

(*): Net result for the period +/- Amortisation, Depreciation and Impairment +/- Net provisions +/- (Income)/Expenses from equity investments +/- Deferred tax effects

Free cash flow was EUR **212.1 million** in the first half of 2020, an improvement on the EUR 189.0 million recorded for the first six months of 2019.

The table below shows the **Increases in fixed assets** reported in the cash flow statement, broken down by geographical area.

(values in EUR million)

	Italy		Spain	
Increases in fixed assets	**1H 2020**	**1H 2019**	**1H 2020**	**1H 2019**
Investments in TV and movie rights	(274.5)	(242.5)	(67.9)	(105.1)
Changes in advances on TV rights	22.5	(20.3)	1.2	(10.1)
TV and movie rights: investments and advances	**(252.0)**	**(262.8)**	**(66.7)**	**(115.3)**
Investments in other fixed assets	(25.8)	(19.6)	(2.0)	(4.7)
Total investments in fixed assets	**(277.8)**	**(282.3)**	**(68.7)**	**(120.0)**

The cash flow under **Change in the consolidation area** was driven by the acquisition of an 80% shareholding in Beintoo in 2020, whereas for the first half of 2019 it included outflows for the acquisition of R2 Srl and expenses incurred in the M&A operations of Mediaset España (60% stake in **El Desmarque Portal Deportivo SL** and the acquisition of a majority interests in associates).

Own share's sale/(buyback) in the first half of 2019 relates to the disbursements incurred by the subsidiary Mediaset España.

Equity investments/Investments in other financial assets and change of stake in subsidiaries in 2020 included EUR 72.9 million in investments associated with the increase in the equity investment (4.99% stake) in ProsiebenSat.1 Media SE; for the same period in 2019, this related to the acquisition by Mediaset of the 9.61% equity investment in ProsiebenSat1Media and associated financial hedging instruments.

In the first half of 2020, **dividends from equity investments** stood at EUR 16 million and mainly referred to EI Towers; for the same period in 2019, EUR 14.0 million in dividends were cashed in from subsidiary EI Towers and EUR 20.0 million from ProsiebenSat.1 SE Media.

For 2019, **dividends paid** referred to the distribution of dividends to minority shareholders by Mediaset España.

GROUP HEADCOUNT

At 30 June 2020, the Mediaset Group headcount came to **4,934 employees** (5,128 at 30 June 2019 and 4,984 at 31 December 2019).

At 30 June 2020, the number of temporary employees in Italy amounted to 67 (148 employees at 30 June 2019 and 91 employees at 31 December 2019).

The following tables show the change in employee numbers for the reporting period, broken down by employment grade for the two geographical areas of operation.

Number of employees (including temporary staff) as at 30 June	**ITALY**		**SPAIN**	
	2020	**2019**	**2020**	**2019**
Managers	228	239	114	113
Journalists	336	349	314	314
Middle managers	715	743	99	97
Office workers	2,102	2,199	998	1,015
Industry workers	12	39	16	20
Total	**3,393**	**3,569**	**1,541**	**1,559**

Average workforce (including temporary staff) 1H	**ITALY**		**SPAIN**	
	2020	**2019**	**2020**	**2019**
Managers	230	239	114	115
Journalists	333	344	317	309
Middle managers	718	737	98	97
Office workers	2,117	2,216	1,002	1,017
Industry workers	11	50	16	20
Total	**3,408**	**3,586**	**1,547**	**1,558**

RELATED PARTY TRANSACTIONS

Transactions conducted with related parties do not qualify as "atypical" or "unusual", and are part of the normal course of business of the Group and its companies. Such transactions are conducted at arm's length, considering the nature of the goods and services provided. Detailed information on the impact on Group performance, financial position and cash flow of transactions conducted with parent companies, associates, joint ventures and affiliates is provided in Note 9, together with the disclosures required by the Consob Communication of 29 July 2006.

It should be noted that, on 27 February 2020, the deed was signed to transfer a business unit essentially comprising all business and some of the equity investments of Mediaset S.p.A (Mediaset), to Mediaset Italia S.p.A, an Italian law-governed wholly owned subsidiary of Mediaset (Mediaset Italia and the Transfer). As announced in a press release on 7 June 2019, the Transfer was taking place as part of the project for the cross-border merger takeover (the Merger) of Mediaset and Mediaset España Comunicación, S.A. (Mediaset España) by Mediaset Investment N.V. (the Merger), a Dutch law-governed wholly owned subsidiary of Mediaset, which would have taken the name "MFE – MEDIAFOREUROPE N.V." once the Merger came into effect. In particular, the Merger was conditional on the Transfer being closed.

The legal effects of the Transfer begin to run on 1 March 2020.

The Transfer derives a benefit from the exemption provided for in section 14 of the Regulations on Related-Party Transactions approved by Consob in Resolution No. 17221 of 12 March 2010, as amended and supplemented by section 7, paragraph d) of the "*Procedure for Related-Party Transactions*" adopted by Mediaset and published on Mediaset's website (www.mediaset.it). Mediaset was thus exempted from publishing the reporting document referred to in section 5 of the RPT Regulations.

RIGHT TO OPT-OUT OF THE OBLIGATION TO PUBLISH REPORTS IN THE EVENT OF SIGNIFICANT TRANSACTIONS

Pursuant to Article 3 of Consob Resolution No. 18079 of 20 January 2012, on 13 November 2012 the Board of Directors decided to apply the opt-out mechanism established in Article 70, paragraph 8 and Article 71, paragraph 1-bis of Consob Regulation No. 11971/99, as amended, thereby taking advantage of the right to opt-out of obligations to publish the reports required in the event of significant transactions such as mergers, spin-offs, capital increases through the transfer of assets in kind, acquisitions and disposals.

EVENTS AFTER 30 JUNE 2020

There were no significant events occurring after June 30, with the exception of those already reported in the section *Significant events and transactions in the first half of the year*, to which reference should be made; these mainly relate to developments in the court proceedings initiated by Vivendi concerning the MFE Project, in particular the order issued by the Court of Madrid on 30 July that determined the impossibility for Mediaset to complete the anticipated *MFE-MediaforEurope* Cross-Border Merger within the timescales and in the manners set forth in the Project which was resolved on 7 June 2019.

It is worth noting that, on 1 September 2020, the Court of Amsterdam upheld Vivendi's appeal requesting the suspension of the cross-border Merger project, thus overturning the first instance judgment; however, this had no effect given the above-mentioned impossibility to complete the Project. The Dutch court requested modifications to the merger plan which, in reality, was no longer feasible for Mediaset following the above-mentioned verdict of the Court of Madrid of 30 July 2020.

On 3 September, the EU Court of Justice issued its decision after the Regional Administrative Court referred the issue of biased interpretation raised by Vivendi in its administrative appeal against AGCOM's Resolution of 18 April 2017.

The Court held that, although the restriction on freedom of establishment complained of by Vivendi could, in principle, be justified by an overriding reason in the public interest (namely to safeguard pluralism of information and of the media), the disputed provision of Article 43 of TUSMAR cannot be considered to be appropriate for attaining the objective which it pursues, "*in so far as it sets thresholds which bear no relation to the risk to media pluralism, since those thresholds do not make it possible to determine whether and to what extent an undertaking is actually in a position to influence the content of the media*".

Following this ruling, on 4 September Vivendi filed an application with the Regional Administrative Court to promptly schedule a hearing to resume the court proceedings that had been suspended pending the EU ruling. The Regional Administrative Court issued a decree scheduling the hearing for 16 December 2020.

RISKS AND UNCERTAINTIES FOR THE REMAINDER OF THE YEAR

As reported in the Directors' Report on Operations in the 2019 Annual Report, to which reference should be made, the Group is structurally exposed to strategic risks relating to the sustainability of its business model and risks concerning its positioning among its competitors, which are both exogenous (trends in the content demand and usage, also with regard to trends in the demographic and social makeup of the population, fragmentation of the competitive environment and the risks of disintermediation by new operators operating globally, trends in domestic and international legislation) and internal (management of key market maturity, development of new supply/product models and international development, management and development of human and technological skills), as well as operational risks (relating to the management of the main operating processes aimed at safeguarding business continuity even in crisis and emergency conditions, and financial risk management), compliance risks and risks related to ESG factors.

This set of risk factors is constantly monitored as part of the Enterprise Risk Management (ERM) activities. During the reporting period, risk factors related to security and business continuity naturally arose as a result of the sudden and unpredictable public health emergency caused by COVID-19, which the Group swiftly addressed – as described above – by activating a crisis management committee and a constantly updated contingency plan, based on its own internal protocols, which were monitored in accordance with the regulations issued by public authorities. The main and market risk factors, and those related to financial stability, were also quickly addressed in terms of securing and containing the economic and financial impacts on the advertising market caused by the stoppage of economic activity, as imposed by public authorities to contain the spread of the virus.

Based on the information currently available, the current crisis is still in a transitional phase, which in most countries is characterised by a gradual and widespread easing of the restriction and containment measures adopted during the initial phase of the pandemic, and by huge medium-term support measures aimed at reactivating the economy, as implemented by the main central banks and national governments, particularly in the eurozone.

In this context, the start of the summer months began a constant but uneven decline in infection rates both in Italy and Spain (which, however, remained very high in the United States and in certain developing Latin American countries), whereas more recent data show that rates have risen again in places, thus requiring government and health authorities to keep a tighter watch on the situation.

The current crisis is of a particular and exceptional nature, it is global and systemic, with shock effects on both the supply and demand sides (by its impacts on social behaviour as a result of social distancing regulations, and the risk of higher unemployment and social inequality) and can likely only be overcome once a pharmacological cure or a vaccine has been identified, tested and distributed on a global scale (which, even in the most optimistic of scenarios, is unlikely to occur any time before late 2021). Therefore, it is currently extremely difficult to make reliable and unequivocal predictions of how the main macroeconomic variables and the Group's reference markets will develop in future, meaning that there is limited foreseeability when forecasting for 2021.

By their nature, the effects of the current crisis should be temporary rather than permanent. but comprehending its various dimensions (intensity, duration and force) remains extremely difficult and shrouded in uncertainty. Following the deep and widespread economic recession during the second quarter, the main forecasting variables currently being consolidated as regards the development of the economic scenario point to expectations of a progressive stabilisation the third quarter and the start of a slow recovery in the following months, as long as the dissemination of the virus can be kept under control, even where fresh waves of the pandemic and hotspots cannot be ruled out. The consensus forecast among leading observers is that there will be a deep recession during this year (the fall in GDP in Italy and Spain is expected to be around -10%) and that GDP will only partially recover in the main economic areas in 2021 (estimated at around 6% in both Italy and Spain). Therefore, this recovery will be rather slow, with each sector (some of which, including services, will have to cope with even weaker demand) and country recovering at its own pace.

Based on the latest forecast reported by Prometeia in July, pre-crisis levels are only expected to be resumed within a timescale of 5-7 years in Italy. Additional factors of uncertainty during this crucial phase are the further straining of trade relations between the USA and China, which have been further exacerbated following the pandemic, while the effects of economic policy interventions in countries such as Italy and Spain, which have high levels of public debt, will only become known in the medium future.

In this context, the outlook for the Group's advertising revenues remains limited. In June, despite the market environment remaining extremely fragile, a gradual normalisation has nevertheless begun to develop in terms of revenues, and this has been further consolidated during the months of July and August, with a better performance than in the preceding periods. Television advertising segment estimates for Italy and Spain in 2020 show greater declines than the GDP estimates, while based on historic trends following systemic economic shocks in the past, the market is expected to recover in 2021 at a greater rate of growth - based on the main sector outlooks currently available - than that anticipated for GDP.

In this environment, and while acknowledging the uncertainties relating to trends in its reference market, the Group will continue to operate with a strong market position and a robust financial footing, thus ensuring operational continuity and security as regards its own resources, its own business processes (operations, production and procurement) and the operational flexibility of its own editorial and commercial products necessary to constantly adapt its risk profile to the changing environment without having to compromise its cash generation capacities, while also continuing to pursue international expansion and development drives, which are indispensable now more than ever given the competitive nature of the sector. Therefore, there are no elements of risk or uncertainty to the Directors that could compromise business continuity.

FORECAST FOR THE YEAR

In the July-August period, the trend in the Group's advertising revenues continued to improve, reflecting the gradual normalisation of the market and the general economic situation after the lockdown.

In particular, in Italy, from July advertising revenues returned to positive territory compared with the same period of the previous year, also without considering the benefits in the month of August of the availability of some of the matches in the final stages of the UEFA Champions League. In Spain, in a period that continued to be conditioned by unpredictable trends in the level of infections, the trend in advertising revenues showed a net improvement compared with the fall recorded in the second quarter, with a result which, despite still being down on the first half of 2019, was nevertheless significantly contained.

In September, along with the launch of the new TV season, initial signals in Italy regarding advertising revenues are positive, even though the general market context remains extremely fragile and with very limited mid-term visibility.

Provided that the health emergency in the coming weeks does not demand further restrictive measures and the expected economic rebound in the overall economy proceeds, the Groups results in the second half of the year are expected to gradually improve compared with the first six months.

For the Board of Directors
The Chairman

MEDIASET GROUP

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MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

ASSETS	Notes	30/06/2020	31/12/2019
Non current assets			
Property, plant and equipment	6.1	352.0	356.5
Television and movie rights	6.2	1,099.8	974.7
Goodwill	6.2	799.4	796.7
Other intangible assets	6.2	569.1	612.4
Investments in associates and joint venture	6.4	479.5	494.5
Other financial assets	6.4	643.9	610.6
Deferred tax assets	6.5	475.8	476.2
TOTAL NON CURRENT ASSETS		**4,419.5**	**4,321.6**
Current Assets			
Inventories		37.4	44.7
Trade receivables	6.6	599.4	863.2
Tax receivables		48.8	54.3
Other receivables and current assets	6.7	206.2	182.7
Current financial assets	6.13	62.3	35.8
Cash and cash equivalents	6.13	344.9	245.1
TOTAL CURRENT ASSETS		**1,299.1**	**1,425.7**
Non current assets held for sale			
TOTAL		**5,718.6**	**5,747.3**

E-MARKET SDIR CERTIFIED

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30/06/2020	31/12/2019
Share capital and reserves			
Share capital		614.2	614.2
Share premium reserve		275.2	275.2
Treasury shares		(401.3)	(401.3)
Other reserves	6.8	521.0	525.5
Valuation reserve	6.9	(70.5)	(66.1)
Retained earnings		1,519.6	1,340.1
Net profit for the period		(18.9)	190.3
Group shareholders' Equity		**2,439.3**	**2,477.9**
Minority interests in net profit		30.8	97.5
Minority interests in share capital, reserves and retained earnings		410.9	314.9
Minority interests		**441.7**	**412.5**
TOTAL SHAREHOLDERS' EQUITY		**2,881.0**	**2,890.4**
Non current liabilities			
Post-employment benefit plans		67.3	69.2
Deferred tax liabilities	6.5	102.1	89.8
Financial liabilities and payables	6.13	1,408.5	1,031.0
Provisions for non current risks and charges	6.10	51.2	48.1
TOTAL NON CURRENT LIABILITIES		**1,629.1**	**1,238.1**
Current liabilities			
Due to banks	6.13	153.1	612.2
Trade and other payables	6.11	799.0	722.7
Provisions for current risks and charges	6.10	39.8	80.2
Current tax liabilities		11.3	3.5
Other financial liabilities	6.13	61.5	28.3
Other current liabilities	6.12	143.7	171.9
TOTAL CURRENT LIABILITIES		**1,208.5**	**1,618.8**
Liabilities related to non current assets held for sale			
TOTAL LIABILITIES		**2,837.6**	**2,857.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,718.6**	**5,747.3**

E-MARKET SDIR CERTIFIED

MEDIASET GROUP
INTERIM CONSOLIDATED INCOME STATEMENT
(values in EUR million)

STATEMENT OF INCOME	Notes	1H 2020	1H 2019
Revenues from sales of goods and services	7.1	1,155.9	1,467.6
Other revenues and income	7.1	10.5	14.9
TOTAL NET CONSOLIDATED REVENUES		**1,166.4**	**1,482.5**
Personnel expenses	7.1.	228.0	245.6
Purchases, services, other costs	7.1	638.2	762.8
Amortisation, depreciation and impairments	7.2	268.5	282.4
TOTAL COSTS		**1,134.7**	**1,290.8**
OPERATING RESULT		**31.7**	**191.6**
Financial income/(expenses)	7.3	1.2	9.3
Income/(expenses) from equity investments	7.4	5.3	9.7
EBT		**38.2**	**210.7**
Income taxes	7.5	(26.3)	(48.8)
NET RESULT FROM CONTINUING OPERATIONS		**11.8**	**162.0**
Net result from discontinued operations			
NET RESULT FOR THE PERIOD		**11.8**	**162.0**
Attributable to:			
- Equity shareholders of the parent company		(18.9)	102.7
- Minority interest		30.8	59.3
Earnings per share	7.6		
- Basic		(0.02)	0.09
- Diluted		(0.02)	0.09

MEDIASET GROUP
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(values in EUR million)

	Notes	1H 2020		1H 2019	
NET PROFIT FOR THE PERIOD			**11.8**		**162.0**
Other comprehensive income recycled to profit and loss			**(1.6)**		**2.9**
Effective portion of gains and losses on hedging instruments (cash flow hedge)	6.9	(1.3)		4.9	
Other Gains or Losses of associates valued by equity method	6.8	(0.6)		(0.8)	
Tax effects		0.3		(1.2)	
Other comprehensive income not recycled to profit and loss			**(17.1)**		**(17.1)**
Actuarial gains and losses on defined benefit plans	6.9	-		(4.1)	
Gains and losses on options valuation	6.9	47.0		12.1	
Other Gain or Losses of Investments at FVOCI	6.9	(64.9)		(26.0)	
Tax effects		0.8		0.8	
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX EFFECTS (B)			**(18.7)**		**(14.1)**
TOTAL COMPREHENSIVE INCOME (A)+(B)			**(6.9)**		**147.8**
attributable to: - Equity shareholders of the parent company			(36.9)		88.8
- Minority interests			30.0		59.0

E-MARKET SDIR CERTIFIED

MEDIASET GROUP
INTERIM CONSOLIDATED CASH FLOW STATEMENT

(values in EUR million)

	Notes	1H 2020	1H 2019
CASH FLOW FROM OPERATING			
Operating result		31.7	191.6
+ Depreciation and amortisation		268.3	282.4
+ Other provisions and non-cash movements		6.0	(5.9)
+ Change in trade receivables		263.9	141.4
+ Change in trade payables		(22.2)	(159.5)
+ Change in other assets and liabilities		(74.3)	(107.7)
- Interests (paid)/received		(0.5)	(0.9)
- Income tax paid		(9.4)	(11.6)
Net cash flow from operating activities [A]		**463.2**	**329.9**
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from the sale of fixed assets		0.1	6.1
Proceeds from the sale of equity investments		-	-
Investments in television rights		(342.4)	(345.5)
Changes in advances for television rights		23.7	(30.5)
Purchases of other fixed assets		(27.8)	(28.4)
Equity investments		(0.2)	(1.2)
Changes in payables for investing activities		98.6	249.5
Proceeds/(Payments) for hedging derivatives		13.0	(17.4)
Changes in other financial assets		(66.8)	(323.1)
Loans to other companies (granted)/repaid		-	2.9
Dividends received		19.4	37.2
Business Combinations net of cash acquired	8.1	(2.7)	(19.4)
Changes in controlling interest/consolidation area		-	
Net cash flow from investing activities [B]		**(285.2)**	**(469.7)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Parent company and subsidiaries changes in treasury shares	8.2	0.5	(94.6)
Changes in financial liabilities		(62.8)	738.3
Corporate bond		-	(375.0)
Dividends paid		-	(46.6)
Changes in other financial assets/liabilities		(11.4)	(9.4)
Interests (paid)/received		(4.5)	(40.6)
Net cash flow from financing activities [C]		**(78.2)**	**172.1**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**99.8**	**32.3**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**245.1**	**389.8**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**344.9**	**422.0**

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(values in EUR million)

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Valuation reserve	Retained earnings/ (accumulated losses)	Profit/(loss) for the period	Total Group shareholders' equity	Total shareholders' equity attributable to minority interests	TOTAL SHAREHOLDERS' EQUITY
Balance at 31/12/2018	**614.2**	**275.2**	**594.6**	**(408.6)**	**(32.6)**	**898.3**	**471.3**	**2,412.4**	**443.7**	**2,856.2**
Restatement 2018							(3.0)	(3.0)		(3.0)
Balance at 1/1/2019	**614.2**	**275.2**	**594.6**	**(408.6)**	**(32.6)**	**898.3**	**468.3**	**2,409.4**	**443.7**	**2,853.2**
Allocation of the parent company's 2018 net profit	-	-	-	-	-	468.3	(468.3)	**-**	-	**-**
Dividends paid by the parent company	-	-		-	-		-	**-**	(46.6)	**(46.6)**
Share based payment reserve evaluation	-	-	-	-	2.3	-	-	**2.3**	-	**2.3**
(Purchase)/sale of treasury shares	-	-	-		-	-	-	**-**	-	**-**
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-		-	**-**	-	**-**
Changes in controlling stake on subsidiaries	-	-		-	-	(29.7)	-	**(29.7)**	(64.8)	**(94.5)**
Business combinations	-	-	-	-		-	-	**-**	1.5	**1.5**
Other changes	-	-	(3.1)	-	0.3	(0.3)	-	**(3.1)**	(2.6)	**(5.7)**
Comprehensive income/(loss) from continuing operations		-	(0.8)	-	(13.1)		102.7	**88.8**	59.0	**147.8**
Balance at 30/06/2019	614.2	275.2	590.8	(408.6)	(43.1)	1,336.5	102.7	**2,467.7**	**390.1**	**2,857.8**
										-
Balance at 01/01/2020	**614.2**	**275.2**	**525.5**	**(401.3)**	**(66.1)**	**1,340.1**	**190.3**	**2,477.9**	**412.5**	**2,890.4**
Allocation of the parent company's 2019 net profit	-	-	-	-	-	190.3	(190.3)	-	-	-
Dividends paid by the parent company	-	-		-	-		-	-	-	-
Share based payment reserve evaluation	-	-	-	-	1.8	-	-	**1.8**		**1.8**
(Purchase)/sale of treasury shares	-	-	-	-	-	-	-	**-**		**-**
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-	-	-	**-**	-	**-**
Changes in controlling stake on subsidiaries	-	-	(3.9)	-		-	-	**(3.9)**	-	**(3.9)**
Business Combinations	-	-		-			-	**-**	0.1	**0.1**
Other changes	-	-	-	-	11.1	(10.8)	-	**0.3**	(0.9)	**(0.6)**
Comprehensive income/(loss) from continuing operations		-	(0.6)	-	(17.3)		(18.9)	**(36.9)**	30.0	**(6.9)**
Balance at 30/06/2020	**614.2**	**275.2**	**521.0**	**(401.3)**	**(70.5)**	**1,519.6**	**(18.9)**	**2,439.3**	**441.7**	**2,881.0**

EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2020

1. BASIS OF PREPARATION

These Interim Condensed Consolidated Financial Statements, prepared in accordance with IAS 34 - Interim Financial Reporting - are based on the same accounting standards and measurement criteria as those adopted in preparing the Consolidated Financial Statements at 31 December 2019, to which reference is made. These Interim Condensed Consolidated Financial Statements do not contain all information and disclosures required for the annual financial statements and should therefore be read in conjunction with the Consolidated Financial Statements at 31 December 2019.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date.

In particular, in preparing this interim report, it has been necessary to test – in accordance with IAS 36 – the recoverability of the carrying amount of the goodwill and other non-financial assets recognised considering the strong discontinuity in the general economic environment following to the ongoing COVID-19 public health emergency.

Considering this event occurred after the reporting period of 31 December 2019, this has been considered as "Subsequent Events" in the preparation of the Consolidated Financial Statements for the year ended 31 December 2019 and consequently not taken into account during the tests carried out in preparing the Consolidated Financial Statements for that period.

In the preparation of the Interim Condensed Consolidated Financial Statements, these circumstances have been considered as trigger event, which makes necessary to test the recoverability of the amounts recognised for certain CGUs. These valuations, carried out based on certain assumptions provided by external operators concerning the economic cycle and advertising sales in the main markets where the Group operates, have been submitted for the approval of Mediaset's Board of Directors of Mediaset on 28 July 2020. The impairment process has been supported by an independent expert, who issued a fairness opinion on the reasonableness and adequacy of the methodological choices made and the application methods followed. The tests and analyses carried out have confirmed that carrying amounts recognised at the reference date are recoverable.

Likewise, for the main financial assets tested under IFRS 9, the general creditworthiness of the counterparties was not seen to have deteriorated significantly enough as to significantly impact the Expected Credit Losses, which have also been updated based on the market parameters currently observable. Therefore, there were no significant impacts in terms of apply write-downs to recognised assets compared their value recognised in the 2019 Consolidated Financial Statements.

Income taxes for the period were recognised based on applicable tax regulations. Pending an improvement in visibility and the definition of an updated business plan, considering the aforementioned uncertainties, prudentially no deferred tax assets have been recorded in relation to the tax losses generated in the first half of 2020. With reference to deferred tax assets recognised in previous years on tax losses eligible for carry forward without limitation, no elements have been identified that could significantly change the recovery period estimated when closing the 2019 Consolidated Financial Statements.

This interim report also contains specific sections outlining the main areas of operational and economic impact linked to the COVID-19 crisis and the main actions carried out by the Group to mitigate the effects of this emergency. It also includes an update of the main risk and uncertainty factors connected to the new operating environment including the information required under IFRS 7 with regard to financial risks.

The values of the items in the Consolidated Financial Statements, in view of their size, are shown in millions of Euros.

These Interim Condensed Consolidated Financial Statements have been subject to limited audit.

2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FROM 1 JANUARY 2020

From 1 January 2020, the following accounting standards and/or amendments and interpretations of previous standards in force have become applicable.

On 29 March 2018, the IASB published an amendment to the "*References to the Conceptual Framework in IFRS Standards*". The amendment applies for the financial year beginning 1 January 2020, and subsequent years, but early adoption is permitted. The Conceptual Framework sets out the basic concepts for financial reporting. The document helps ensure that standards are consistent from a conceptual perspective and that similar transactions are treated in the same way, aimed at providing useful information to investors, financiers and other creditors. The Conceptual Framework offers support to companies in terms of the accounting principles to be used when no IFRS standard is applicable to a given transaction and, more generally, helps relevant parties to understand and interpret standards.

On 22 October 2018, the IASB published the document "*Definition of a Business (Amendments to IFRS 3)*". The document provides some clarifications regarding the definition of a business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually produces outputs, the presence of outputs is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to be considered a business, an acquired set of activities/processes and assets must include, at a minimum, an input and a substantive process that together contribute to the ability to create outputs. For this purpose, the IASB replaced the term "ability to create outputs" with "ability to contribute to creating outputs" to clarify that a business may also exist without the presence of all inputs and processes necessary to create output. The amendment also introduces an optional concentration test, to determine whether an acquired set of activities/processes and assets is a business. If the test provides a positive outcome, the acquired set of activities/processes and assets does not constitute a business and the standard does not require additional controls. If the test provides a negative outcome, the entity must carry out additional analyses on the acquired activities/processes and assets to identify the presence of a business. To this end, the amendment includes numerous examples explaining IFRS 3, in order to aid understanding of the practical adoption of the new definition of business in specific cases. The adoption of this amendment has had no impact on the Group's consolidated financial statements.

On 31 October 2018, the IASB published the document "*Definition of Material (Amendments to IAS 1 and IAS 8)*". The document introduces an amendment to the definition of "material" contained in IAS 1 – "Presentation of Financial Statements" and IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors". The purpose of the amendment is to make the definition of "material" more specific and introduce the concept of "obscured information" alongside the concepts of omitted or misstated information already included in the two standards covered by the amendments. The amendment clarifies that information is obscured if it has been depicted in such a way as to produce an effect - for primary readers of financial statements - similar to that created if the information had been omitted or misstated. The adoption of this amendment has had no impact on the Group's consolidated financial statements.

On 26 September 2019, the IASB published its "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". These amendments apply to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement, and IFRS 7 - Financial Instruments: Disclosures. In particular, they modify hedge accounting requirements by bringing in temporary exemptions so as to mitigate the impact of the uncertainty surrounding the IBOR transition (currently underway) on future cash flows during the period prior to its completion. The amendment also requires companies to provide, in their financial statements, additional information on their hedge relationships which are directly affected by the transition's uncertainty and to which the above-mentioned exemptions apply. The introduction of this new amendment has had no impact on the Group's consolidated financial statements.

The amendments and standards already issued but not yet in force, for which the endorsement process required for their adoption has not been completed at the date of preparation of these half-yearly condensed consolidated financial statements, are listed below.

On 23 January 2020, the IASB issued an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*". The amendment aims to clarify how current and non-current payables and other liabilities are classified. Although the amendments entered force on 1 January 2022, the IASB issued an exposure draft to postpone its entry date until 1 January 2023; nevertheless, companies can choose to adopt them early.

On 14 March 2020, the IASB published the following amendments, which will enter force on 1 January 2022:

- *Amendments to IFRS 3 Business Combinations*: The amendments aim to update the outdated reference in IFRS 3 to the revised version of the Conceptual Framework, without significantly changing the requirements of IFRS 3.
- *Amendments to IAS 16 Property, Plant and Equipment*: The amendments aim to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*: The amendment clarifies that estimations of the possible cost of a contract must take into account all costs directly attributable to the contract. Consequently, evaluating the possible cost of a contract includes not only incremental costs (e.g. the cost of direct material used in processing), but also all costs that the Company cannot avoid due to having signed the contract (e.g. personnel expenses and the depreciation of machinery used to fulfil contractual obligations).
- *Annual Improvements 2018-2020*: Amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples of IFRS 16 Leases.

On 28 May 2020, the IASB published an amendment entitled "Covid -19 Related Rent Concessions (Amendment to IFRS 16)". The document allows lessees to recognise COVID-19-related rent concessions without having to analyse contracts to assess whether these concessions meet the definition of "lease modification" under IFRS 16. Therefore, lessees applying this option may recognise the effects of the rent concessions directly in the income statement, from the date on which the concessions takes effect.

Although this amendment is applicable to financial statements beginning 1 June 2020 – save for companies whose financial statements commence on 1 January 2020, which entitled to apply the amendment early – it is yet to be approved by the European Union and, therefore, was not applied as at 30 June 2020.

3. KEY INFORMATION RELATING TO THE SCOPE OF CONSOLIDATION AND TRANSACTIONS IN THE FIRST HALF OF THE YEAR

The main changes in the scope of consolidation during the period under review are summarised below. For significant transactions during the period, please refer to the Management Interim Statement.

Incorporation, acquisition of new companies, capital increases and sale of subsidiaries

- On **14 February 2020**, Blu Ocean S.r.l. was liquidated.
- On **27 February 2020**, Mediaset S.p.A. transferred to Mediaset Italia S.p.A. its business unit corresponding to senior management services and its equity investments held in Publitalia '80 S.p.A. and Reti Televisive Italiane (R.T.I.) S.p.A. This transfer took legal effect on 1 March 2020.
- On **27 March 2020**, Publitalia '80 acquired an 80% stake in Beintoo S.r.l., a company specialized in mobile data advertising. Since that date, the company has been consolidated on a line-by-line basis.

Incorporation, acquisition of new companies, capital increases and sale of associates

- During the first quarter of 2020, Produccion Y Distribucion de Contenidos Audiovisuales Mediterraneo S.L.U. acquired a 40% stake in **Fenix Media Audivisual, S.L.** This company has been evaluated using the equity method in the consolidated financial statements.

Incorporation, acquisition of new companies, capital increases and sale of minority interests

- On **16 December 2019**, R.T.I. S.p.A. transferred its entire shareholding in Class CNBC (10.9%) to Telesia S.p.A., in exchange for a 6.734% stake in the latter. The effects of this transfer began to run in February 2020.
- In March, Mediaset Group increased its stake in ProSiebenSat.1 Media SE from 15.11% at 31 December 2019 to 20.10% (20.71% of voting rights). Given that Mediaset has no appointed representatives on the Executive nor in the Supervisory Board of ProsiebenSat.1 Media SE and given the absence of all the other indicators that IAS 28 (Investments in Associates and Joint Ventures) indicates to identify when the significant influence exists, as at 30 June 2020 the mentioned investment does not qualify, despite representing a greater-than-20% share of voting rights, as an associate. In other words, Mediaset has not the power to exercise significant influence by participating in its financial and operating policy decisions. According to so, such investment continues to be recognised and treated as a financial asset under IFRS 9 (Financial Instruments) and, as a result, the accounting values of the equity investment and related hedging derivatives are recognised at fair value under the item Equity investment evaluation reserve, with no recycling to profit and loss. It should also be noted that the absence of any significant influence on the investee - also taking into account the specific corporate governance profiles that govern its operation - was also confirmed in a specific opinion drawn up by an independent expert.
- During the first quarter of 2020, the shareholdings held by R.T.I. S.p.A. in Prosiebensat.1 Digital Content LP and Prosiebensat.1 Digital Content GP LTD decreased from 5.52% to 5.27%.

- On **15 May 2020**, R.T.I. S.p.A. acquired a 1.04% stake in Satispay S.p.A., a company operating in the payments sector, as part of the "AD4ventures" business.
- On **19 May 2020**, R.T.I. S.p.A. subscribed to a 17.02% stake in Termostore S.r.l, a company that installs and maintains B2C/B2B heating and cooling systems, as part of the "AD4ventures" business.
- On **23 April 2020**, Mediaset S.p.A. entered into a reverse collar agreement in order to acquire a further 4.1% stake in the share capital of ProSiebenSat.1 Media SE. Upon completion of the transaction, the Mediaset Group would hold a 24.16% stake in ProSiebenSat.1 Media SE (with voting rights of up to 24.9%, excluding treasury shares).
- During the second quarter of 2020, R.T.I. S.p.A. sold a 1.72% stake in Westwing Group Gmbh, thus making a capital gain of EUR 1.2 million (this gain has not been recycled from the income statement in line with the method for classifying the investment under IFRS 9). At 30 June, R.T.I retained a 0.02% stake in the company.
- During the second quarter of 2020, Advertisement 4 Adventures SLU decreased its stake in the company Innovacion y Desarrollo De Nuevos Canales Comerciales SL from 7.84% to 7.36%, as part of the "AD4ventures" business.

4. PROJECT FOR THE MERGER OF MEDIASET S.P.A., MEDIASET ESPAÑA COMUNICACIÓN S.A. AND MEDIASET INVESTMENT N.V.

In relation to the process for the cross-border merger takeover of Mediaset S.p.A. (Mediaset) and Mediaset España Comunicación, S.A. (Mediaset España) by Mediaset Investment N.V. (the Merger), a Dutch law-governed wholly owned subsidiary of Mediaset, which would have taken the name "MFE – MEDIAFOREUROPE N.V." once the Merger came into effect, the main events that took place during the Interim Financial Report were as follows: The terms and main events in 2019 regarding the completion of the Merger, including the judicial proceedings commenced in Italy, Spain and the Netherlands by petition of Vivendi S.A. (Vivendi) and Simon Fiduciaria S.p.A. (Simon Fiduciaria), are described in depth in the Directors' Report on Operations contained in the 2019 Consolidated Financial Statements under the section entitled "Significant Events and Key Corporate Transaction for the Year".

In the most significant development during the period, on **30 July 2020** the Court of Madrid upheld the application filed by Vivendi to suspend the effectiveness of the merger project resolution passed at the Shareholders' Meeting of Mediaset España on 4 September 2019. This decision makes it impossible to complete the Merger in the manner and within the timescales anticipated.

It is worth noting in this respect that, on **2 April 2020**, the Dutch national newspaper "Trouw" and the Dutch Official Journal (Staatscourant) published the notice stating that the joint merger project and its annexes had been filed with the Dutch Business Register, and that the project must be concluded within six months of that date.

On **30 July 2020**, the Court of Madrid rejected the urgent application brought by Mediaset España to remove the order to temporarily suspend the effectiveness of the resolution approving the Merger Project passed by the Extraordinary Shareholders' Meeting of Mediaset España on 4 September 2019.

On 5 August 2020, the Board of Directors of Mediaset S.p.A. examined the measure of 30 July issued by the Court of Madrid, and found that the term for appealing it was incompatible with the deadline for the closing of the merger under Dutch law (2 October 2020) and, therefore, realised that the Merger Project resolved on 7 June 2019 was not achievable. On the same date, the Board of Directors confirmed that the MFE MEDIAFOREUROPE business plan remained valid and immediately began researching how to execute the original project in a different manner, while maintaining the same objectives.

In consideration of this intervening event that occurred after the reporting date of this interim report, the residual payable of EUR 30 million that had been due to Peninsula as a premium for the put options agreed with that party in 2019 for a portion of shares entitling Mediaset S.p.A and Mediaset España to exercise a right of withdrawal, will no longer by due. This payable, which was recognised at 31 December 2019 by directly deducting from shareholders' equity, continues to be recognised in the Consolidated Statement of Financial Position at 30 June 2020 and will be released during the second half of the year by directly increasing shareholders' equity.

On **1 September 2020** the Court of Amsterdam upheld Vivendi's appeal requesting the suspension of the Merger project, thus overturning the first instance judgment; however, this had no effect given the above-mentioned impossibility of completing the Merger.

On **3 July 2020**, Vivendi S.A. served Mediaset with notice of additional grounds in the proceedings relating to AGCOM's (the Italian Media Authority) decision concerning the infraction by Vivendi of Art. 43 of the Tusmar (Consolidated Law on audio-visual and broadcasting media services), which the latter had appealed on 16 June 2017 in the Lazio Regional Administrative Court (RG 5880/2017). With these new grounds, Vivendi petitioned for the Lazio Regional Administrative Court to annul, after having ordered interim measures, AGCOM's communications of 2 April 2020 and 13 May 2020 in which the Authority ruled not to pursue the petition brought by Vivendi to "confirm the discontinuation of the compliance measures pursuant to Resolution No 178/17/CONS".

On **22 July 2020**, the Lazio Regional Administrative Court threw out the application in its order No. 05880/2017 REG.RIC.

In relation to these proceedings, on **3 September 2020** the EU Court of Justice issued its decision after the Regional Administrative Court referred the issue of biased interpretation raised by Vivendi in its administrative appeal against AGCOM's Resolution of 18 April 2017.

The Court held that, although the restriction on freedom of establishment complained of by Vivendi could, in principle, be justified by an overriding reason in the public interest (namely to safeguard pluralism of information and of the media), the disputed provision of Article 43 of TUSMAR cannot be considered to be appropriate for attaining the objective which it pursues, "in so far as it sets thresholds which bear no relation to the risk to media pluralism, since those thresholds do not make it possible to determine whether and to what extent an undertaking is actually in a position to influence the content of the media".

Following this ruling, on **4 September 2020** Vivendi filed an application with the Regional Administrative Court to promptly schedule a hearing to resume the court proceedings that had been suspended pending the EU ruling. The Regional Administrative Court issued a decree scheduling the hearing for 16 December 2020.

5. BUSINESS COMBINATIONS

On **27 March 2020**, Publitalia'80 acquired an 80% stake in **Beintoo S.r.l.**, a company specialising in the mobile data advertising sector. The transaction constitutes a *business combination* and, in accordance with IFRS 3, the difference between the purchase price and the carrying amount of the net assets was provisionally allocated to goodwill at the reporting date of these half-yearly condensed consolidated financial statements. Within twelve months from the acquisition date, the purchase price paid will be analysed to assess the fair value of the net assets acquired. If at the end of the evaluation period, it is identified that the assets/liabilities of the subsidiary are lower/greater, an adjustment will be made to the provisional amounts recognised at the acquisition date, with retrospective effect as of the acquisition date. Reciprocal options were also negotiated within this transaction, which will allow Publitalia to acquire a further 20% stake in the company in the future. The fair value of these options, equal to EUR 3.9 million, is recognised in *Other current liabilities*.

The table below summarises the fair value of the assets acquired and the liabilities assumed at the acquisition date.

Net acquired asset	**Book values recorded in the acquired company at the acquisition date (provisional allocation)**
Tangible and intangible assets	0.6
Deferred tax assets/(liabilities)	0.9
Trade receivables/(payables)	(0.2)
Other assets/(liabilities)	(0.2)
Financial assets/(liabilities)	(0.8)
Cash and cash equivalents	0.2
Total net asset acquired (a)	**0.4**
Minority interest (b)	0.1
Own stake of net assets acquired (a) - (b)	**0.3**
Total acquisition cost	2.9
Goodwill	**2.6**

6. COMMENTS ON THE MAIN CHANGES IN ASSETS AND LIABILITIES

6.1 Property, plant and equipment

	Owned property, plant and equipment	Property, plant and equipment - Right of use	TOTAL
Balance at 31/12/2019	**225.6**	**130.9**	**356.5**
Changes in the consolidation area	0.1	-	0.1
Additions	24.2	2.0	26.1
Disposals	(0.0)	(0.0)	(0.0)
Amortisation, depreciation and write-downs	(18.8)	(9.7)	(28.5)
Other changes	(1.5)	(0.6)	(2.1)
Balance at 30/06/2020	**229.5**	**122.5**	**352.0**

The changes in owned **Property, plant and equipment** refer to increases of EUR 24.2 million, mainly consisting of EUR 3.5 million in technical investments in frequently used equipment, EUR 9.3 million for a new video headquarters and mobile unit, and EUR 9.2 million in intangible assets in progress and advances.

Property, plant and equipment - Right of use include lease agreements recognised under IFRS 16 for leaseholds on real estate and television studios and rentals of staff company cars. The increases relate to new contract accessions during the period in question. Right-of-use depreciation rates are calculated based on the established lease terms.

6.2 Intangible fixed assets, Television and movie rights

	Television and movie rights	Goodwill	Other intangible assets	TOTAL
Balance at 31/12/2019	**974.7**	**796.7**	**612.4**	**2,383.8**
Changes in the consolidation area	-	2.6	0.5	3.1
Additions	309.9	-	11.0	320.9
Disposals	0.0		-	0.0
Amortisation, depreciation and write-downs	(216.7)		(20.7)	(237.3)
Other changes	31.9		(34.1)	(2.2)
Balance at 30/06/2020	**1,099.8**	**799.4**	**569.1**	**2,468.4**

The main changes with respect to the figures shown in the consolidated financial statements as at 31 December 2019 are summarised below:

- Increases in **Television and movie rights** of EUR 342.3 million, of which EUR 309.9 million for purchases in the period and EUR 32.4 million for capitalisation of advances paid to suppliers (recognised as *Other intangible assets* at 31 December 2019).
- Increases in **Other intangible assets**, totalling EUR 11.5 million, mainly relate to increases in intangible assets in progress and advances, particularly advances paid to suppliers for the acquisition of broadcasting rights. As already commented for TV and movie rights, the item *Other changes* includes decreases of EUR 32.4 million relating to the reclassification of capitalisation under rights of advances paid to suppliers.
- EUR 2.6 million increase in **Goodwill**, referring to the acquisition of an 80% stake in **Beintoo S.r.l.**, as mentioned in the section entitled Business combinations.

6.3 Assessment of Recoverability of Goodwill and Other Intangible Assets (Impairment Test)

As already reported in the introductory notes to these Interim Condensed Consolidated Financial Statements, the strong impact and the high macroeconomic uncertainty following the global public health emergency caused by the COVID-19 pandemic, which took hold in Europe at the end of 1Q20 and is continuing, led to marked discontinuities and an overall decline in the Group's main external and internal indicators in the reporting period. This makes it necessary to re-evaluate the recoverability of the carrying amount of goodwill and other definite and indefinite-life tangible and intangible assets of the Group's CGUs at the reporting date of this Interim Financial Report.

Another impairment indicator observable at the reporting date are the stock market performances of Mediaset S.p.A. and the subsidiary Mediaset España during the first six months of 2020 and in particular following the beginning of the pandemic. Due to the sharp fall that has progressively reduced the stock markets since 20 February, particularly during the month of March, the stock market capitalisation of Mediaset S.p.A. and Mediaset España by the end of the observation period had fallen lower than their carrying amounts.

As mentioned above, from the economic-financial stand point, the Group has taken swift actions during the period to revise and adapt its own editorial offering in order to counteract, by reducing its costs, the unpredictable fall in advertising revenues which affected the lockdown period in particular, thus protecting the Group's cash flow and helping to strengthen its financial solidity.

Even in a context of significant uncertainty and a limited outlook, the conditions in the advertising market and the trend in advertising revenues within the Group's business area gradually began to improve from June onwards.

At 30 June 2020 the CGUs designation is identical to the one at 31 December 2019. CGUs are aligned with the operating segments set forth in IFRS 8 (*Mediaset España*) or with business lines that can be identified within the Italian segment (*Free-to-Air TV, Pay TV and Radio sector activities*).

Free TV Italy CGU includes goodwill and other depreciable assets (mainly consisting of television and movie broadcasting rights, and right to use television frequencies), Radio CGU includes depreciable assets, rights to use radio frequencies and trade marks, and Pay TV CGU includes series and movie Pay TV rights under past long-term contracts. Mediaset España CGU includes EUR 363.2 million of goodwill generated following the takeover of the company by Mediaset in 2003 and EUR 290.8 million of goodwill arose following business combinations conducted by Mediaset España. This CGU also includes EUR 85.2 million in other assets with an indefinite useful life (value of the Cuatro multiplex).

The testing carried out in the preparation of the Consolidated Financial Statements as at 31 December 2019 had shown – based on the value-in-use methodology and the sensitivity analysis – that the carrying amounts of the Mediaset España, Free TV Italy and Radio CGUs had a high recoverability coverage. With reference to Pay TV CGU, it was confirmed the recoverability of the residual carrying amount of pay/SVoD series and movie rights which, together with connected future purchase commitments, had been written down and provisioned by a total of EUR 162.7 million at 31 December 2018.

The following table shows the amounts and the allocation of goodwill to each CGU at 30 June 2020.

CGU	2020	2019
Mediaset España	654.0	654.0
Free TV Italy	145.4	142.8
Total Goodwill	**799.4**	**796.7**

It should be noted that the Pay TV CGU is the only CGU in which Trigger Events were not identified. Therefore, impairment testing was not updated for this CGU, whereas it has been updated for the other CGUs (Free TV Italia, Radio and Mediaset España). Pay TV CGU includes the residual value of intangible assets with a finite useful life (Series and Movie Pay/SvoD rights) which was equal to EUR 149.0 million at June 30, gross to a provision of EUR 18.9 million accrued in previous years as part of recoverability testing of TV rights and existing contractual commitments.

To determine whether Trigger Events occurred within this CGU, steps were taken to verify (i) CGU's actual cash flow for the period was in line the expectations made for impairment purposes at 31 December 2019 (mainly contractual cash flows relating to channel licenses with fixed fees); (ii) consistency between the carrying amounts and the valuations detected from the most recent transactions involving those rights.

Therefore, no Trigger Events were detected within Pay TV CGU and impairment testing will be renewed on occasion of the Financial Statements for the year ending 31 December 2020.

The recoverability of the goodwill and other assets of the Free-to-Air Italy and Radio CGUs have been tested based on the methodology, process and assumptions approved by the Board of Directors of Mediaset S.p.A. on 28 July 2020, which examined the main indicators and the external and internal evidence related to these valuation. Given the specific circumstances in which testing was carried out, given the nature of the crisis and the uncertainty as to its duration and intensity, and, as suggested by the ESMA guidelines in the Public Statement issued in May 2020, the recoverability testing, for each CGU, was performed using the value-in-use methodology with two different scenarios in relation to the forecasted advertising revenue performance and keeping prudentially aligned to Business plans used for impairment testing as at 31 December 2019 (drafted based on the guidelines approved by the Board of Directors of Mediaset S.p.A on 25 February 2020, before the impact of the COVID-19) other revenues, costs and the investments.

This process has been supported by fairness opinion issued by an independent expert, which assessed the fairness and adequacy of the methodological choices made and the application methods followed.

The performance of advertising revenues was forecasted primarily on the basis of available external evidence (estimates of macroeconomic and advertising market performance in Italy and Spain), which expectations suggest that in 2020 the advertising market would drop more sharply in percentage terms than the GDP, even though the advertising market is expected to emerge from the crisis at a quicker pace that GDP is forecast to recover. This trend is consistent with trends shown in the most recent economic crises that hit Italy. On these basis, for the Free TV Italia and Radio CGUs a base scenario has been prepared, that, in line with the available estimates of top international observers, forecast that domestic GDP will essentially reach pre-crisis levels approximately by the end of the long-term plan (2024). In addition, an alternative and more conservative scenario has been prepared, in the hypothesis that the increase in infection rates could lead to a fresh lockdown in the second half of the year, suggesting a longer recovery timescale. The recoverable amount of each CGU was therefore calculated by discounting the cash flow, weighted at 50% both scenario, given that, now, the probability of these scenarios can't be estimated in a different way.

For these valuations, a discount rate of 6.03% was used in line with that used for testing at 31 December 2019, where consistently with the past – the cost of equity included a 1% execution risk component to reflect difficulties in forecasting based on the historical comparison between actual and estimated cash flows. The growth rate used to extrapolate the financial flows beyond the explicit periods was 1.5%, in line with the long-term inflation target of the Italian economy. It should be noted that the Group firstly has made its estimate of the discount rate based on the parameters current at 30 June 2020, obtaining with the same methodology, a lower discount rate than the one estimated at 31 December 2019. Nevertheless, taking into account (i) that certain parameters did not perfectly reflect the economic environment (lower free risk rates at 31 December 2019), and (ii) that greater uncertainty was included in cash flows, as described above, it decided to continue to apply the discount rate used at 31 December 2019 without any reductions.

The recoverability of the carrying amounts of the Mediaset España CGU was tested by estimating the equity value of the Group's interest based on the value in use of those assets. The results of this measurement process were approved by the Board of Directors of Mediaset España on 2 September 2020 and examined by the Board of Directors of Mediaset S.p.A. on 8 September 2020. The value in use of the Mediaset España CGU was estimated through a 50% weighting of the two advertising revenue forecasts, based on the main available external factors and on the prudent assumption that there would be no changes in the other revenues, costs and investments planned in the business plan used for the impairment test carried out at 31 December 2019, except for certain significant variable-cost components or events that had already been rescheduled. The estimate is based on a discount rate of 8%

and a perpetual growth rate of 0.5%, in line with the parameters used in the impairment test at 31 December 2019.

Based on the testing performed, the recoverable values of the Free To Air, Radio and Mediaset España CGUs at 30 June – calculated based on their estimated value-in-use and with their cash flows weighted according to the forecast scenarios – remained significantly higher than the carrying amounts. Therefore, there was not need to impair the values of those assets. It should be noted anyway that the recoverable amounts were lower than those calculated in the impairment testing performed at 31 December 2019.

In relation to the cash flows forecasted in the described valuations, sensitivity analyses were also carried out by focusing on the key parameters (cash flows and discount rates) used to determine the recoverable value of the CGUs tested at 30 June 2020. With particular reference to the sensitivity analysis carried out on the Free TV CGU, a correspondence emerges between the recoverable value and the carrying amount is reached if i) gross tax cash flows would decrease by approximately 30 percent of the average of the two scenarios considered or ii) with a WACC of 7.9% (g-rate of 1.5%).

With reference to the sensitivity analysis carried out on the Radio CGU, a correspondence emerges between the recoverable value and the carrying amount is reached if i) gross tax cash flows would decrease by approximately 13% of the average of the two scenarios considered or ii) with a WACC of 6.5% (g-rate of 1.5%).

With reference to the sensitivity analysis carried out on the Mediaset España CGU, a correspondence emerges between the recoverable value and the carrying amount is reached if i) gross tax cash flows would decrease by 45% of the average of the two scenarios considered or ii) with a WACC of 11.2%.

Considering the significant gap between the key variables (cash flows and discount rates) used in the Impairment Test and the breakeven ones for the Group's main CGUs, as well as the prudent assumptions adopted for costs and investments, no potential impairments have been identified in the Interim Condensed Consolidated Financial Statements at 30 June 2020.

6.4 Equity Investments in associates and joint ventures and other financial assets

	Equity investments in associates and joint venture	Other equity investments	Receivables and other financial assets	Hedging derivatives	Total equity investments and other financial assets
Balance at 31/12/2019	**494.5**	**519.5**	**12.6**	**78.6**	**1,105.1**
Increases		75.7	2.5	-	78.2
Disposals		(1.2)	(1.3)	-	(2.5)
Write-ups/(Write-offs)/Fair Value Adjustments/Impairment	5.1	(66.2)	-	23.8	(37.2)
Other changes	(20.2)	0.5	(0.5)	-	(20.1)
Balance at 30/06/2020	**479.5**	**528.2**	**13.3**	**102.4**	**1,123.4**

With regard to *Equity Investments in associates and joint venture*, it should be noted that *Write-ups/(write-offs)* mainly refer to the measurement at equity of the EI Towers Group, whereas *Other changes* includes the EUR 16.0 million in dividends distributed by EI Towers and by the EUR 3.6 million distributed by associates and joint ventures.

The increases in *Other equity investments* for the period refer to the following: EUR 72.9 million for the acquisition of a 5.25% stake in Prosiebensat.1 Media SE, with Mediaset S.p.A. and Mediaset España S.A. acquiring a 0.75% and 4.5% stake, respectively; and EUR 2.8 million in equity investments as part of the "AD4ventures" business.

The amount of EUR -66.5 million under *Write-ups/(Write-offs)/Fair Value Adjustments/Impairment* refers to the fair value measurement of the equity of the investment held in Prosiebensat.1 Media SE. As a result of these adjustments, the fair value of the 20.1% stake held by the Group in ProsiebenSat1 Media SE was worth EUR 496.0 million at 30 June. The disposals refer to the sale of the equity investments held in the business called Ad4Venture.

The changes in *Hedging derivatives* mainly relate to the change in fair value of the put option hedging changes in the value of the equity investment held in Prosiebensat.1 Media SE, as well as the subscription and subsequent fair value measurement of a call option entered into as part of a reverse collar agreement in order to set a maximum price for the future purchase of a further 4.1% stake in ProSiebenSat.1 Media SE. At 30 June 2020, the value of the put options described was EUR 97.3 million. *Current financial assets* include EUR 49.3 million in options maturing within 12 months. Financial liabilities and payables and Other financial liabilities include EUR 64.7 million in options granted to the counterpart under collar agreements entered into.

6.5 Deferred Tax Assets and Liabilities

	30/06/2020	31/12/2019
Deferred tax assets	475.8	476.2
Deferred tax liabilities	(102.1)	(89.8)
Net position	**373.7**	**386.4**

The EUR -0.4 million change in *Deferred tax assets* relates to net utilizations generated by the temporary difference between the tax base and the carrying amount of assets and liabilities.

As at 30 June 2020, Mediaset Group's deferred and current taxes for the period were calculated based on the applicable tax regulations.

The value of the deferred tax assets recognised (EUR 218.4 million) in respect of the tax losses that can be carried forward for an unlimited period for IRES tax purposes, as generated in the Italian consolidated tax return in previous years – taking into consideration the general economic uncertainty characteristic of this critical moment in time – was measured in recoverability terms by applying particularly cautious scenarios (in line with those used for impairment testing as at 30 June 2020), without identifying any elements that would significantly change the 10-year utilisation timeframe estimated at 31 December 2019.

While waiting for an improvement in the visibility of the outlook and the definition of a new multi-year plan, considering the above-mentioned uncertainties, at 30 June the deferred tax assets relating to the IRES tax losses realised in the period, that can be carried forward without any time limit, have not prudentially been reognised and amount to EUR 19 million

The change in deferred tax liabilities mainly refers to the tax effect recognised by Mediaset España in relation to derivatives for the hedging of equity instruments.

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6.6 Trade receivables

	30/06/2020	31/12/2019
Receivables from customers	554.5	796.3
Receivables from related parties	44.9	66.9
Total	**599.4**	**863.2**

The change in Receivables from customers mainly refers to a lower turnover and the disappearance of any seasonality.

The breakdown of receivables from related parties is reported in Note 11 (*Related party transactions*).

6.7 Other receivables and current assets

	30/06/2020	31/12/2019
Other receivables	111.4	118.2
Prepayments and accrued income	94.8	64.5
Total	**206.2**	**182.7**

Other receivables mainly include:

- advances to suppliers, agents and professionals for television productions totalling EUR 14.2 million (EUR 15.6 million at 31 December 2019);
- receivables of EUR 53.3 million due from factoring companies (EUR 64.4 million at 31 December 2019).

The change in Prepayments and accrued income mainly relates to the deferral - in compliance with the principle of the accrual basis - of television production costs attributable to subsequent periods, costs payable to the Union of European Football Associations for the UEFA Nations League, costs payable to Sky Italia S.r.l. for UEFA Champions League matches, and costs payable to Formula E Operations Limited for the Formula E Championship.

6.8 Other reserves

	30/06/2020	31/12/2019
Legal reserve	122.8	122.8
Reserve from equity investments accounted for using the equity method	(7.9)	(7.3)
Consolidation reserve	(79.0)	(79.0)
Reserves for transactions with non controlling interests	200.9	204.8
Other reserves	284.2	284.2
Total	**521.0**	**525.5**

The change in *Reserves for transactions with non controlling interests* refers to the payable recognised in relation to the put option granted to the current minority shareholders of the subsidiary Beintoo S.r.l. for the sale of a further 20% stake to Publitalia '80 (Publitalia '80 can also exercise a call option for this stake).

The period change in the item *Reserve from equity investments accounted for using the equity method* refers to the components directly recognised equity by associates and joint ventures accounted for by using the equity method.

Other reserves includes an amount recognised in 2019 as an equity direct reduction and related to the premium agreed with Peninsula for put options over a portion of shares for which the shareholders of Mediaset S.p.A and Mediaset España were entitled to exercise a right of withdrawal in the context of the MFE – MEDIAFOREUROPE merger plan. In view of the events related to this merger project which took place after 30 June 2020, as reported in more detail in the section entitled "Merger Takeover Project involving Mediaset S.p.A., Mediaset España Comunicación S.A. and Mediaset Investment N.V.", the residual payable of EUR 30 million for this premium will no longer be due to the counterparty and will therefore be released during the second half of the year as a direct equity increase.

6.9 Valuation reserves

The table below shows the changes occurred during the period.

	Cash flow hedge reserve	Stock option and incentive plans reserve	Actuarial Gains/(Losses) reserve	FVTOCI equity investments reserve	Options time value reserve	Options intrinsic value reserve	Total valuation reserve
Balance at 31/12/2019	**1.2**	**8.1**	**(31.0)**	**(51.9)**	**7.4**	**-**	**(66.1)**
Increase/(decrease)	0.2	1.8	-		-		2.0
Through Profit and Loss account	(1.3)						(1.3)
Opening balance adjustment of the hedged item	(4.2)		-				(4.2)
Fair value adjustments	4.0		-	(65.6)	(9.2)	58.1	(12.7)
Deferred tax effects	0.3		-	(0.2)	0.7		0.8
Other changes	4.8	-	-	6.3	-		11.0
Balance at 30/06/2020	**5.0**	**9.9**	**(31.0)**	**(111.4)**	**(1.1)**	**58.1**	**(70.5)**

The **Cash flow hedge reserve** is connected with valuations of derivative instruments designated as hedges against the foreign exchange risk associated with the acquisition of television and movie broadcasting rights in foreign currencies, or as hedges against the interest rate risk associated with medium and long-term financial liabilities.

At 30 June 2020, the **Stock option and incentive plans reserve** consisted of the contra-entries for costs accrued, measured in accordance with IFRS 2, relating to medium-long term incentive plans adopted by Mediaset S.p.A. The EUR 1.8 million change for the period relates to increases in the costs accruing under incentive plans issued by the Mediaset Group in 2018 and 2019.

The **Actuarial gains/(losses) reserve** consists of components arising from the actuarial valuation of defined benefit plans, recognised directly through shareholders' equity.

The **FVTOCI equity investments reserve** consists of changes in the fair value measurement of equity investments posted to the item "*Other financial assets*" in non-current assets and registered as "FVTOCI financial assets", as provided for in IFRS 9. This valuation is entered with changes recognised in the other items of the comprehensive income statement without recycling to profit and loss.

The **Time value reserve** and **Options intrinsic value reserve** were created for measuring instruments hedging the fair value of equity derivatives; they provide - in line with the rules for the hedged item - that changes in other items of the comprehensive income statement should be recognised without reversal to the income statement.

The changes in the reserves described above are reported before tax - other than the Reserve for stock options and incentive plans - in the Statement of Comprehensive Income.

6.10 Risk provisions and contingent liabilities

Mediaset - Vivendi - Simon Fiduciaria Proceedings

With reference to the proceedings pending before the Court of Milan, involving Mediaset S.p.A. and Reti Televisive Italiane S.p.A., on the one part, and Vivendi S.A., on the other as well as those between Mediaset S.p.A, Vivendi and Simon Fiduciaria concerning, among other things, the dispute of certain resolutions of the Shareholders' Meeting of Mediaset, as already described in detail in the Directors' Report on Operations in the 2019 Annual Report, the dates scheduled for the upcoming hearings are as follows:

- In the proceedings before the Court of Milan – Companies Division B – Case No. 47205/2016, in which Mediaset S.p.A. and RTI S.p.A are seeking damages from Vivendi S.A. for a breach by Vivendi of the contract signed with RTI and Mediaset on 8 April 2016 for the sale of Mediaset Premium, the date of the pre-trial evidentiary hearing has been scheduled for 22 September 2020;
- In the proceedings initiated by Simon Fiduciaria on 26 October 2018, in which it had challenged certain resolutions passed by the Shareholders' General Meeting of Mediaset S.p.A. on 27 June 2018, and in which regards, on 25 January 2019, the Court of Milan dismissed the application for suspension filed by Simon Fiduciaria, the case is pending on the merits, with the pre-trial evidentiary hearing scheduled for 24 November 2020;
- In the proceedings brought by Vivendi and Simon Fiduciaria in July 2019 concerning the appeal of certain resolutions passed by the Shareholders' General Meeting of Mediaset S.p.A. on 18 April 2019, the proceedings are still pending in the first instance and the first hearing has been scheduled for 17 November 2020.

It should be noted that the Provincial Tax Commission of Rome, in judgment no. 3969/13/20 filed on 23 June 2020, rejected the grounds put forward by Reti Televisive Italiane S.p.A. against notice of assessment no. JB0E0300282/2017, which gave notice of a higher taxable profit of EUR 13 million for the 2012 fiscal year. For this notice of assessment, an application for the utilization of the tax loss has been filed on 16 February 2018 and granted by the Italian Revenue Agency on 18 April 2018; therefore, the penalties were erased. The company will appeal to the Regional Tax Commission of Rome in accordance with the law and, in believing that it has significant and valid grounds, considers as not probable that this Regional Commission will uphold the decision of the Provincial Commission. Consequently, no amounts have been accrued as provision and no deferred tax assets have been written down.

In the proceedings of which Mediaset España S.A. was served notice on 21 February 2018 by the "Comision Nacional de los Mercados y la Competencia" (CNMC) and the related resolution of 14 November 2019, as at the date of these Interim Condensed Consolidated Financial Statements there were no further developments compared with those stated in the Financial Statements at 31 December 2019, as well as there were no significant developments concerning the other main proceedings in progress and related contingent liabilities.

6.11 Trade and other payables

	30/06/2020	31/12/2019
Due to suppliers	753.5	643.1
Due to related parties	45.5	79.5
Total	**799.0**	**722.7**

The change in *Due to suppliers* mainly refers to the renegotiation of terms of payment, including for TV rights suppliers. This item also includes EUR 27.6 million in reverse factoring agreements.

Amounts due to related parties include payables to associates, affiliates and the parent company. Details of these payables are provided in Note 11 below (Related party transactions). The reduction is mainly due to the reduced costs of purchasing TV rights and productions during the period.

6.12 Other current liabilities

	30/06/2020	31/12/2019
Due to social security institutions	19.3	19.6
Withholdings on salaries	11.5	14.8
VAT payable	12.8	29.0
Other tax payables	9.8	10.0
Advances	10.2	5.4
Other payables	67.3	76.9
Accruals and deferred income	12.8	16.2
Total	**143.7**	**171.9**

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6.13 Net Financial Position

Below is a breakdown of the **consolidated net financial position** as required by Consob communication no. 6064293 dated 28 July 2006; the Group's current and non-current net financial debt is detailed separately in the table.

For a breakdown of changes in the Net Financial Position over the period, see the section on the Group's balance sheet and financial structure in the Management Interim Statement.

As previously stated in the consolidated financial statements for the year ended 31 December 2019, the adjusted ***Net Financial Position*** is also reported for use in some indices, based on the covenants set forth in the main financing agreements. The adjustments refer to the current and non-current portions of the financial liabilities recognised pursuant to IFRS 16 (lease) and payables relating to the loans contracted by Mediaset and Mediaset España with Credit Suisse for the acquisition of the equity interest in ProsiebenSat1.

	30/06/2020	**31/12/2019**
Cash in hand and cash equivalents	0.1	0.1
Bank and postal deposits	344.8	245.0
Liquidity	**344.9**	**245.1**
Current financial assets and receivables	**14.3**	**31.0**
Due to banks	(0.1)	(284.0)
Current portion of non current debt	(153.9)	(328.7)
Other current payables and financial liabilities	(49.5)	(24.0)
Current Net Financial Debt	**(203.5)**	**(636.7)**
Current Net Financial Position	**155.7**	**(360.7)**
Due to banks	(1,243.1)	(869.1)
Other non current payables and financial liabilities	(110.2)	(118.5)
Non Current Financial Debt	**(1,353.3)**	**(987.6)**
Net Financial Position	**(1,197.7)**	**(1,348.3)**
Current portion of non current debt	147.3	73.6
IFRS 16 lease financial liabilities (current portion)	18.3	18.9
Due to banks	349.3	373.9
IFRS 16 lease financial liabilities (non current portion)	106.5	113.1
Net financial position (excluding IFRS 16 liabilities and Prosieben acquisition debt)	**(576.2)**	**(768.8)**

Below is a breakdown of certain Net Financial Position items, reported in accordance with the Consob Communication, with comment where necessary on the main changes in the individual figures.

The item **Liquidity** refers to the Mediaset España Group for EUR 205.0 million.

Current financial assets and receivables mainly include EUR 5.4 million (EUR 5.2 million at 31 December 2019) in government subsidies for movie productions made by Medusa Film and Taodue, which had been approved by the entities concerned, but not paid at the reporting date, EUR 6.7 million as the fair value of the derivatives hedging against foreign exchange risk exceeding the change in the foreign-currency payables hedged, and EUR 1.4 million in receivables due from Alea Media.

Due to banks (current portion) refer to short-term advances with a due date set formally at one year and are renewable. The change compared to 31 December 2019 refers to a lower usage of this type of financing by the Group.

The **Current portion of non current debt** consists of the current portion of medium-long term credit facilities for EUR 153.1 million (EUR 328.2 million as at 31 December 2019) and the current portion of the fair value of derivatives used to hedge interest rates for EUR 0.9 million (EUR 0.5 million as at 31 December 2019). The change compared to 31 December 2019 refers to the repayment of committed credit facilities maturing in 2020 and the reclassification of the current portion as non-current payables.

Other current payables and financial liabilities mainly include the current portion of lease payables under IFRS 16 totalling EUR 18.3 million, current accounts managed by the parent Mediaset S.p.A. on behalf of associates and joint ventures totalling EUR 24.1 million (EUR 3.9 million at 31 December 2019), amounts owed to factoring companies totalling EUR 3.0 million (EUR 0.6 million at 31 December 2019), and loans totalling EUR 0.5 million received to finance film development, distribution and production operations (EUR 0.6 million at 31 December 2019), and the payable recognised in the previous financial year for the current portion of the sale option granted to the current minority shareholders of subsidiary El Desmaque Portal Deportivo S.L to sell a 40% stake in the company (Mediaset España also holds a call option on this portion). The changes compared to 31 December 2019 mainly relate to the increase in current accounts operated on behalf of associates and joint ventures by the parent company of Mediaset S.p.A.

Due to banks (non current portion) refers to the portion of committed credit facilities maturing beyond 12 months. These payables are recognised in the financial statements using the amortised cost method.

A breakdown of the change of EUR 374.0 million for the half-year is provided below:

- EUR 74.0 million of the loan received as part of the equity investment in ProsiebenSat.1 Media SE was reclassified to the Current portion of non current debt;
- EUR 450 million in renewed and new credit facilities were recognised in the Financial Statements at their amortised cost of EUR 447.1 million (net of the current portion recognised in *Current portion of non current debt*)

Existing loans and credit facilities are subject to financial covenants which are assessed every six months on a consolidated basis. Any breach of financial covenants, both for the loans and credit facilities, could cause Mediaset S.p.A. to be required to repay all amounts drawn. As at 30 June 2020, these financial parameters were satisfied in full. Based on current evidence, albeit in an environment characterised by high uncertainty in connection with the COVID-19 related public health emergency, there are no elements to suggest that these parameters will not be satisfied in the next 12 months.

Other non current payables and financial liabilities consisted of the non-current portion of lease payables recognised under IFRS 16, totalling EUR 106.5 million (EUR 113.1 million at 31 December

2019), the fair value of derivatives held to hedge against interest rate risk totalling EUR 1.9 million, EUR 0.1 million in loans received for film development, distribution and production operations, and EUR 1.8 million as the non-current portion of the payable recognised in the previous financial year for the current portion of the sale option granted to the current minority shareholders of subsidiary El Desmaque Portal Deportivo S.L to sell a 40% stake in the company.

7. COMMENTS ON MAIN CHANGES IN COSTS AND REVENUES

7.1 Revenues and operating costs

Comments on the changes in revenues and operating costs are provided in the section of the Management Report commenting on the Group's performance.

7.2 Depreciation, amortisation and impairments

	1H 2020	1H 2019
Amortisation of TV and movie rights	216.7	234.2
Amortisation of other intangible assets	20.6	19.9
Amortisation of tangible assets	28.5	29.0
Impairments of receivables	2.7	(0.7)
Total amortisation, depreciation and impairments	**268.5**	**282.4**

7.3 Financial income and expenses

	1H 2020	1H 2019
Interests on financial assets	0.1	0.1
Interests on financial liabilities	(4.9)	(5.7)
Dividend from FVTOCI investments		26.0
Other financial income/(losses)	0.5	(19.5)
Foreign exchange gains/(losses)	5.6	8.4
Total financial income/(losses)	**1.2**	**9.3**

The change in *Other financial income/(losses)* compared to the first half of 2019 mainly refers to costs associated with the collar agreement entered into in the previous year as part of the transaction to hedge the equity investments made in ProSieben.

The interim figure for the item *Divided from FVTOCI investments* included in 2019 the dividend approved by investee ProSiebenSat.1 Media SE.

7.4 Result from investments accounted for using the equity method

This item includes the share of the net result of companies measured using the **equity method**, in addition to any capital gains/losses deriving from their sale.

	1H 2020	1H 2019
Result of equity investments accounted for using the equity method	5.2	6.8
Gain/(losses) from sale of equity investments	0.0	3.0
Total	**5.3**	**9.7**

The **Result of equity investments accounted for using the equity method** mainly includes expenses and income related to the pro-rata recording of the results of equity investments in associates and joint ventures. In particular:

- income of EUR 8.3 million for the equity investment in EI Towers;
- income of EUR 0.7 million for the equity investment in La Fábrica de la Tele;
- income of EUR 0.6 million for the equity investment in Fascino PGT S.r.l.
- expense of EUR 4.8 million for the equity investment in Boing S.p.A.;
- expense of EUR 1.3 million for the equity investment in Mediamond S.p.A.;

Gain/(losses) from sale of equity investments for the first half of 2019 includes income of EUR 2.9 million in income from the price adjustment paid to Mediaset España by Telefonica under the agreements for the sale of a 22% stake in Digital Plus-DTS of 4 July 2014, due to the achievement of pre-established DTS subscriber thresholds in the years after the transaction.

7.5 Taxes for the period

	1H 2020	1H 2019
IRES and IRAP tax expenses	1.2	4.9
Tax expenses (foreign companies)	10.3	18.7
Deferred tax effects	14.8	25.2
	26.3	**48.8**

IRES and IRAP tax expenses include costs for the IRAP tax base for the half year and taxes for the period levied against the Group's non-tax-consolidated Italian companies.

Tax expenses (foreign companies) primarily include charges for current taxes recognised by companies of the Mediaset España Group.

Deferred tax expense comprises the main financial movements for the period for the allocations and/or uses generated as a result of the changes in the temporary differences between the values for tax and accounting purposes. As noted in section *6.5 Deferred tax assets and liabilities*, on a precautionary basis, the deferred tax assets for the period, relating to tax losses carried forward for an unlimited period for final IRES tax reporting purposes, have not been recognised.

7.6 Earnings/(loss) per share

The calculation of basic and diluted earnings per share is reported below:

	1H 2020	1H 2019
Net result for the period attributable to owners of parent company (EUR million)	(18.9)	102.7
Weighted average number of ordinary shares (without own shares)	1,137,944,400	1,137,142,325
Basic EPS	**(0.02)**	**0.09**
Weighted average number of ordinary shares for the diluted EPS computation	1,139,191,905	1,137,927,495
Diluted EPS	**(0.02)**	**0.09**

EPS is calculated using the ratio of the Group's net profit/loss to the weighted average number of shares in circulation during the period, net of treasury shares. Diluted EPS is calculated using the number of shares in circulation and the potential diluting effect from the allocation of treasury shares to the beneficiaries of vested incentive plans.

8. CASH FLOW STATEMENT

8.1 Business combinations net of cash and cash equivalents acquired

This item shows the impact on cash and cash equivalents of the transaction to acquire an 80% stake in Beintoo S.r.l. whereas in the first half of the previous year it referred to the purchase of the equity investment in **R2 S.r.l.**, the acquisition of a 60% stake in **El Desmarque Portal Deportivo SL** and the acquisition of control by Mediaset España in **Megamedia**.

8.2 Change in treasury shares of the parent and subsidiaries

In the first half of 2019, this item related to the total period expenditure for share buyback programmes made by the subsidiary Mediaset España S.A. under its share buyback programme.

9. SEGMENT REPORTING

As required under IFRS 8, the following information relates to the operating segments identified on the basis of the Group's present organisational structure and internal reporting system.

The Group's main operating segments, already included in the analysis of results contained in the *Management Interim Statement*, are the same as the geographical areas (Italy and Spain) identified according to the location of operations.

The following paragraphs contain the information and reconciliations required under IFRS 8 in relation to profits, losses, assets and liabilities, based on this segmentation process. The information can be extrapolated from the two sub-consolidated financial statements prepared at that level.

Geographical sectors

The following tables report key financial information for the two geographical operational areas of Italy and Spain, at 30 June 2020 and 2019 respectively.

The tables have been prepared on the basis of specific sub-consolidated financial statements in which the carrying amounts of the equity investments held by companies belonging to a segment in companies belonging to another segment have been kept at their respective purchase cost and eliminated upon consolidation. Likewise, in the sector income statement, income and expenses (relating to any dividends received from these investments) have been included under *Income/(expenses) from other equity investments*.

In particular, the inter-segment assets figures relate to the elimination of equity investment recognised under the assets of the Italy geographic sector in Mediaset España.

Non-monetary expenses relate to the provisions for risks and charges and the costs of medium/long-term incentive plans.

June 2020		ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES					
Revenues from external customers		790.6	375.8		1,166.4
Inter-segment revenues		0.7	(0.7)	-	-
Consolidated net revenues		**791.3**	**375.1**	**-**	**1,166.4**
	%	68%	32%		100%
OPERATING RESULT		**(57.6)**	**88.9**	**0.4**	**31.7**
Financial income/(losses)		1.5	(0.3)	-	1.2
Income/(expenses) from equity investments valued with the equity method		3.4	1.7	0.1	5.2
Income/(expenses) from other equity investments		-	-	-	-
EBT		**(52.7)**	**90.4**	**0.5**	**38.2**
Income taxes		(6.9)	(19.4)	(0.1)	(26.3)
Net Result from continuing operations		**(59.5)**	**71.0**	**0.4**	**11.8**
Net Result from discontinued operations		**-**	**-**	**-**	**-**
NET RESULT FOR THE PERIOD		**(59.5)**	**71.0**	**0.4**	**11.8**
Attributable to: - Equity shareholders of the parent company		(58.3)	70.0	(30.6)	(18.9)
- Minority Interests		(1.2)	1.0	31.0	30.8
OTHER INFORMATION					
Assets		4,710.2	1,525.4	(517.0)	5,718.6
Liabilities		2,298.1	540.9	(1.4)	2,837.6
Investments in tangible and intangible non current assets (*)		277.8	68.7	-	346.5
Amortisation		211.1	57.7	(0.4)	268.5
Other non monetary expenses		3.4	1.3	-	4.7

(*) Includes the change in "Advances for television rights"

June 2019		ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES					
Revenues from external customers		1,001.1	481.4		1,482.5
Inter-segment revenues		1.1	1.1	(2.2)	-
Consolidated net revenues		**1,002.2**	**482.5**	**(2.2)**	**1,482.5**
	%	68%	33%		100%
OPERATING RESULT		**39.3**	**154.2**	**(1.9)**	**191.6**
Financial income/(losses)		9.3	-	-	9.3
Income/(expenses) from equity investments valued with the equity method		5.3	1.4	0.1	6.8
Income/(expenses) from other equity investments		52.7	3.6	(53.4)	3.0
EBT		**106.6**	**159.2**	**(55.1)**	**210.7**
Income taxes		(18.1)	(31.2)	0.5	(48.8)
Net Result from continuing operations		**88.5**	**128.0**	**(54.6)**	**162.0**
Net Result from discontinued operations		**-**	**-**	**-**	**-**
NET RESULT FOR THE PERIOD		**88.5**	**128.0**	**(54.6)**	**162.0**
Attributable to:					
- Equity shareholders of the parent company		89.1	127.4	(113.8)	102.7
- Minority Interests		(0.6)	0.6	59.2	59.3
OTHER INFORMATION					
Assets		5,148.7	1,145.4	(488.6)	5,805.5
Liabilities		2,639.7	312.0	(3.9)	2,947.7
Investments in tangible and intangible non current assets (*)		282.3	120.0	-	402.3
Amortisation		213.5	69.2	(0.2)	282.4
Other non monetary expenses		(7.5)	(0.6)	-	(8.1)

(*) Includes the change in "Advances for television rights"

10. DISCLOSURES ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

The tables below provide show the disclosures required by IFRS 7, for the purpose evaluating the significance of the financial instruments with reference to the balance sheet, cash flow and the income statement result of the Group.

Categories of financial assets and liabilities

Below is a breakdown of the book value of the financial assets and liabilities, as required by accounting standard IFRS 9.

FINANCIAL ASSETS at 30 JUNE 2020	IFRS 9 CATEGORIES			
	Derivative instruments	Amortised cost	FVTOCI	BOOK VALUE
OTHER FINANCIAL ASSETS:				
Equity investments			528.2	528.2
Hedging derivatives on equity instruments (non-current portion)	97.3			97.3
Hedge derivatives (non-current portion)	5.0			5.0
Other financial assets		6.0		6.0
Financial receivables (due in more than 12 months)		7.3		7.3
TRADE RECEIVABLES:				
From customers		554.5		554.5
From related parties		44.9		44.9
OTHER RECEIVABLES/CURRENT ASSETS:				
From factoring companies		52.8		52.8
CURRENT FINANCIAL ASSETS:				
Financial receivables (due within 12 months)		7.6		7.6
Hedging derivatives on equity instruments	49.3			49.3
Hedge derivatives	5.3			5.3
CASH AND CASH EQUIVALENTS:				
Bank and postal deposits		344.8		344.8
TOTAL FINANCIAL ASSETS	**157.0**	**1,017.9**	**528.2**	**1,703.2**

FINANCIAL LIABILITIES at 30 JUNE 2020	IFRS 9 CATEGORIES Derivative instruments	Liabilities at amortised cost	BOOK VALUE
PAYABLES AND FINANCIAL LIABILITIES (NON-CURRENT):			
Due to banks		1,243.1	1,243.1
Hedge derivatives (non-current portion)	1.8		1.8
Hedging derivatives on equity instruments (non-current portion)	55.2		55.2
Other financial liabilities	1.8	0.1	1.9
CURRENT LIABILITIES:			
Due to banks		153.1	153.1
Due to suppliers		753.5	753.5
Due to related parties		45.5	45.5
Other current liabilities	3.9		3.9
OTHER FINANCIAL LIABILITIES:			
Due to factoring companies		3.0	3.0
Other financial liabilities	3.4	0.7	4.1
Hedging derivatives on equity instruments	9.5		9.5
Hedge derivatives	2.5		2.5
Financial payables due to related parties		24.1	24.1
TOTAL FINANCIAL LIABILITIES	**78.1**	**2,223.1**	**2,301.2**

Fair value levels of financial assets and liabilities

The financial assets and liabilities valued at fair value are classified in the following table, based on the nature of financial parameters used in determining the fair value, on the basis of the fair value hierarchy envisaged by the standard:

- Level I: listed prices on active markets for identical instruments;
- Level II: variables other than listed prices in active markets that may be observed either directly (as in the case of prices) or indirectly (derived from the prices);
- Level III: variables that are not based on observable market values.

BALANCE SHEET ITEM at 30 JUNE 2020	BOOK VALUE	Level I	Level II	Level III	TOTAL FAIR VALUE
Equity investments	528.2	496.0	32.2		528.2
Other financial liabilities/other current liabilities	9.1			9.1	9.1
Hedge derivatives on equity instruments					
- Put	146.7		146.7		146.7
- Call	(64.7)		(64.7)		(64.7)
Cash flow hedge derivatives:					
- Forward	8.8		8.8		8.8
- IRS	(2.7)		(2.7)		(2.7)

Liquidity risk

Liquidity risk is related to the difficulty of finding funds to meet commitments.

This may be due to the unavailability of sufficient funds to satisfy financial commitments in accordance with the established terms and due dates in case upon sudden revocation of uncommitted credit lines or in the event that the Company has to settle its financial liabilities before their natural maturity.

Through a careful and prudent financial management, which is reflected in the policy adopted, and the constant monitoring of the relationship between granted credit lines and their use, as well as the balance between short-term debt and medium/long term debt, the Mediaset Group has put in place sufficient credit lines, both in terms of quantity and quality, to face the current crisis.

As already mentioned, the Group's treasury activities are centralised within Mediaset S.p.A. and Mediaset España Comunicaciòn SA, operating in their respective domestic markets as well as internationally, through the use of automatic cash pooling movements used by almost all the group companies.

The management of the liquidity risk involves:

- maintaining an essential balance between the committed and uncommitted credit lines to avoid a strain on liquidity if creditors request repayment;
- keeping the average financial exposure during the year to no more than 80% of the total value granted by the lenders;
- the availability of short-term readily negotiable assets to cover any cash requirement.

In order to optimise the management of liquidity, the Group concentrates the payment dates to almost all its suppliers at the same dates as those of the most significant cash inflows.

The table below shows the company's financial obligations, based on the contractual expiry date and considering the worst case scenario at undiscounted values. Depending on the type of finance, it shows the nearest date when the Group may be asked to make payment and explanatory notes are provided for each class.

The difference between the book values and the total of the financial flows is mainly due to the calculation of interest on the contractual duration of the amounts due to banks. In addition, with reference to loans valued using the amortised cost method, the interest calculation method involves the use of the nominal rate instead of the actual yield rate.

Lastly, *Due to banks (current portion)* includes the interest expense on term loans due within one year.

BALANCE SHEET ITEMS at 30 JUNE 2020	**BOOK VALUE**	**Time band**					**Total financial flows**
		from 0 to 3 months	**from 4 to 6 months**	**from 7 to 12 months**	**from 1 to 5 years**	**more than 5 years**	
FINANCIAL LIABILITIES:							
Due to banks (non-current portion)	1,243.1	-	-	-	1,263.2	-	**1,263.2**
Due to banks (current portion)	153.1	2.2	75.7	77.5	-	-	**155.5**
Financial payables due to related parties	24.1	24.1	-	-	-	-	**24.1**
Due to suppliers for rights	374.0	241.3	54.1	46.4	32.3	-	**374.0**
Due to other suppliers	379.5	379.4	0.1	-	-	-	**379.5**
Due to related parties	45.5	45.5	-	-	-	-	**45.5**
Due to factoring companies	3.0	3.0	-	-	-		**3.0**
Due to leasing companies	124.8	4.0	5.2	9.0	58.8	47.7	**124.8**
Other payables and financial liabilities	9.9	0.4	-	3.8	5.7	-	**9.9**
Total	**2,357.0**	**699.9**	**135.1**	**136.7**	**1,359.9**	**47.7**	**2,379.4**
DERIVATIVES:							
Hedging derivatives (foreign currency purchases)							
(measured at contract exchange rate)	(0.0)	236.6	-	45.5	41.2		**323.3**
Hedging derivatives (available foreign currency)							
(measured at year-end exchange rate)		(235.4)	-	(50.9)	(47.0)		**(333.3)**
Hedge derivatives (interest rate risk)	8.8	0.2	0.2	0.5	2.2		**3.1**
Total	**8.8**	**1.4**	**0.2**	**(5.0)**	**(3.6)**	**-**	**(7.0)**

The Group expects to meet these obligations through the realisation of its financial assets and, specifically, through the collection of receivables connected to its various commercial activities.

With reference to the section relating to financial derivatives, in the scenario of settlement of gross flows, the contractual exchange rate means the forward exchange rate set at the date of entry into the contract, while the year-end rate means the spot rate at the reporting date.

Credit risk

The credit risk mainly originates from the advertising sales on the Mediaset Group's Italian and Spanish television networks.

The Group, based on a specific policy, manages the credit risk relative to the advertising sales through a comprehensive customer credit rating procedure, with an analysis of their economic and financial situations both at the time of setting the initial credit limit and through the ongoing and continuous monitoring of observance of payment terms, updating, when necessary, the previously assigned credit limit.

Based on the above-mentioned credit rating procedure and its subsequent updates, it is possible to break down customer exposure into the following three classes of risk, which represent the summary of a wider and more complex subdivision:

Low risk

Customers with a standard risk index and a financial position that adequately supports their assigned credit limit.

Medium risk

Customers who have not regularly fulfilled their contractual commitments or have current economic/financial situations that are critical compared to those relative to their original credit limit. Based on these specific credit positions, a write-down is calculated based on the percentage impact of historically observed losses.

High risk

Customers with whom there are ongoing default situations, or there is objective insolvency regarding their receivables, for which specific write-downs are made and, in some cases, recovery plans agreed, or extended payment terms which, in any case, do not exceed 12 months.

Below is a table summarising the net balances and the provision for write-downs divided into the above classes.

RISK CLASSES at 30 JUNE 2020	Gross receivables	Net maturity (days)				Total net maturity	Provision for bad debts	Net Receivables
		0-30	30-60	60-90	further			
ITALY ADVERTISING RECEIVABLES:								
Low	233.9	16.0	10.2	5.6	13.9	45.7	1.3	232.6
Medium	20.9	4.7	2.5	0.8	0.5	8.4	0.3	20.7
High	32.6	2.3	2.8	3.4	16.6	25.0	12.5	20.1
FOREIGN ADVERTISING RECEIVABLES:								
Low	138.1	4.3	4.5	2.1	1.0	11.9	-	138.1
Medium	18.7	0.5	0.1	0.5	0.7	1.7	1.5	17.2
High	8.3	0.2	0.4	0.5	7.1	8.2	6.1	2.3
OTHER RECEIVABLES:								
TELCO operators	75.1	0.2	2.5	0.7	8.1	11.6	2.8	72.3
Movie distribution area	30.8	10.7	0.9	0.7	17.2	29.5	7.7	23.0
Other customers	34.0	1.1	0.3	1.1	10.5	13.0	5.9	28.2
RECEIVABLES FROM RELATED PARTIES:								
Low	45.2	0.2	-	-	-	0.2	0.4	44.9
TOTAL TRADE RECEIVABLES	**637.7**	**40.2**	**24.1**	**15.3**	**75.5**	**155.1**	**38.3**	**599.4**

The item *TELCO operators* mainly comprises receivables from the sale of content activities.

11. RELATED PARTY TRANSACTIONS

The following summary table shows, for the main income statement and balance sheet groupings, the details of the companies that are the counterparts of these transactions (identified in accordance with IAS 24 and grouped by type of relation):

	Revenues	Operating costs	Financial income/ (charge)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITY						
Fininvest S.p.A.	0.0	2.5	-	0.0	0.0	0.0
AFFILIATED ENTITIES						
Alba Servizi Aerotrasporti S.p.A.	0.0	1.0	-	0.2	0.6	-
Arnoldo Mondadori Editore S.p.A.*	1.9	0.6	-	1.4	0.7	-
Mediobanca S.p.A.	-	-	(0.7)	0.0	-	(99.9)
Mediolanum S.p.A.*	2.6	-	-	1.2	-	-
Other affiliated entities	-	0.2	-	0.0	-	-
Total Affiliated Entities	**4.5**	**1.8**	**(0.7)**	**2.9**	**1.4**	**(99.9)**
JOINT CONTROLLED AND ASSOCIATES ENTITIES						
Alea Media	-	0.3	-	0.0	0.1	2.4
Auditel S.p.A.	-	4.5	-	-	0.1	-
Boing S.p.A.	5.0	8.9	0.0	4.5	4.7	(1.0)
Bulldog TV Spain, SL	-	16.5	-	-	5.3	-
EI Towers Group **	0.9	86.1	-	0.8	1.1	0.1
Fascino PGT S.r.l.	0.3	30.6	-	0.4	18.1	(21.3)
Fenix Media Audiovisual, SL	-	-	-	-	-	0.2
La Fabbrica De la Tele SL	-	13.9	-	-	6.2	0.6
Mediamond S.p.A.	37.0	0.2	-	36.1	1.1	(2.7)
Produciones Mandarina SL	-	1.5	-	-	1.9	-
Studio 71 Italia S.r.L.	-	0.1	-	-	-	-
SUPERGUIDATV S.r.l.	-	0.3	-	-	0.3	-
Titanus Elios S.p.A.	-	2.3	-	-	-	2.7
Tivù S.r.l.	0.2	0.7	-	0.1	0.4	-
Unicorn Content SL	0.0	9.5	-	0.0	4.8	0.5
Total Joint controlled and affiliate entities	**43.4**	**175.4**	**0.1**	**41.9**	**44.1**	**(18.6)**
KEY STRATEGIC MANAGERS* **	**-**	**1.7**	**-**	**-**	**-**	**(9.0)**
PENSION FUND (Mediafond)	**-**	**-**	**-**	**-**	**-**	**(0.7)**
OTHER RELATED PARTIES******	**-**	**0.1**	**-**	**0.0**	**-**	**-**
TOTAL RELATED PARTIES	**47.9**	**181.4**	**(0.6)**	**44.9**	**45.5**	**(128.1)**

* The figure includes the company and its subsidiaries, affiliates or jointly controlled companies.
** The figure includes the company and its subsidiaries.
*** the figure includes the directors of Mediaset S.p.A. and of Fininvest S.p.A., their close family members and companies in which these persons exercise control, joint control or significant influence or in which they hold, either directly or indirectly, a significant stake of no less than 20%, of the voting rights.
**** The figure includes transactions with several consortiums that mainly carry out activities connected with the television signal transmission operational management.

Revenues and *Trade receivables* due from *associated entities* mainly relate to the sales of television advertising space. *Operating costs* and the related *Trade payables* mainly refer to purchases of television productions and broadcasting rights and to the fees paid to associates for the sale of advertising space managed through exclusive concessions by Group companies, as well as the costs paid to associated entities for hospitality, assistance and maintenance services (full service).

The item *Other receivables/(payables)* mainly refers to payables for loans and credit facilities due to affiliate companies, intercompany current accounts and loans given to associates.

This item includes EUR 100.0 million relating to the drawdown of committed credit facilities agreed by Mediobanca and Mediaset S.p.A.

During the half-year, dividends were also received from associates and joint ventures for a total of EUR 19.4 million.

12. GUARANTEES AND COMMITMENTS

The overall amount of guarantees received, mainly bank guarantees, for receivables from third parties totalled EUR 45.6 million, of which EUR 7.0 million relate to the Mediaset España Group (EUR 46.0 million at 31 December 2019).

In addition, bank guarantees in favour of third-party companies were issued for a total amount of EUR 102.7 million (EUR 109.0 million at 31 December 2019). Of this amount, EUR 85.5 million were issued by the Mediaset España Group (EUR 106.9 million at 31 December 2019).

The main commitments of the Mediaset Group companies can be summarised as follows:

- commitments for the acquisition of television and movie broadcasting rights (free and pay), totalling EUR 536.6 million (EUR 778.4 million at 31 December 2019). These future commitments relate mainly to volume deal contracts of the Mediaset Group with some of the leading American TV producers.
- commitments related to the acquisition and rental of contents totalling EUR 13.8 million to associates (EUR 16.5 million at 31 December 2019).
- commitments for artistic projects, television productions and press agency contracts of approximately EUR 130.9 million (EUR 175.8 million at 31 December 2019), of which EUR 22.6 million due to Related Parties;
- commitments for digital broadcasting capacity services of EUR 66.0 million (EUR 76.9 million at 31 December 2019);
- contractual commitments for the use of satellite capacity of EUR 12.2 million (EUR 12.3 million at 31 December 2019);
- commitments to the EI Towers Group of approximately EUR 788.2 million (EUR 876.3 million at 31 December 2019) relating to the long-term contract for hospitality, support and maintenance services (full service), ending 30 June 2025.
- commitments for the purchase of new equipment, multi-year commitments for radio broadcasting towers, the supply of EDP services and commitments to trade associations for the use of intellectual property rights totalling EUR 98.4 million.

13. MOVEMENTS RESULTING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064296 of 28 July 2006 it is hereby stated that in the first half of 2020 no atypical and/or unusual transactions were carried out by the Group as defined by the above Communication.

14. EVENTS AFTER 30 JUNE 2020

For subsequent events, reference should be made to the section entitled *Events occurring after 30 June 2020* in the Management Interim Statement.

For the Board of Directors
The Chairman

LIST OF EQUITY INVESTMENTS INCLUDED IN THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

(values in EUR million)

Companies consolidated on a line-by-line basis	Registered office	Currency	Share capital	% held by the Group (*)
Mediaset S.p.A.	Milan	EUR	614.2	0.00%
Mediaset Investment N.V.	Amsterdam	EUR	0.0	100.00%
Mediaset Italia S.p.A.	Milan	EUR	0.1	100.00%
Publitalia '80 S.p.A.	Milan	EUR	52.0	100.00%
Beintoo S.p.A.	Milan	EUR	0.0	80.00%
Digitalia '08 S.r.l.	Milan	EUR	10.3	100.00%
Publieurope Ltd.	London	GBP	5.0	100.00%
Adtech Ventures S.p.A.	Milan	EUR	0.1	76.63%
R.T.I. S.p.A.	Rome	EUR	500.0	100.00%
Elettronica Industriale S.p.A.	Lissone (MB)	EUR	363.2	100.00%
Medusa Film S.p.A.	Rome	EUR	120.0	100.00%
Monradio S.r.l.	Milan	EUR	3.0	80.00%
Taodue S.r.l.	Rome	EUR	0.1	100.00%
Medset Film S.a.s.	Paris	EUR	0.1	100.00%
R2 S.r.l.	Milan	EUR	0.1	100.00%
Radio Mediaset S.p.A.	Milan	EUR	7.4	100.00%
Radio Studio 105 S.p.A.	Milan	EUR	0.8	100.00%
Radio Aut S.r.l.	Loc.Colle Bensi (PG)	EUR	0.0	100.00%
Radio Subasio S.r.l.	Assisi (PG)	EUR	0.3	100.00%
RMC Italia S.p.A.	Milan	EUR	1.1	100.00%
Virgin Radio Italy S.p.A.	Milan	EUR	10.1	99.99%
Mediaset España Comunicaciòn S.A.	Madrid	EUR	168.4	53.26%
Advertisement 4 Adventure, SLU	Madrid	EUR	0.0	53.26%
Publiespaña S.A.U	Madrid	EUR	0.6	53.26%
Publimedia Gestion S.A.U.	Madrid	EUR	0.1	53.26%
Netsonic S.L	Barcelona	EUR	0.0	53.26%
Netsonic S.A.C.	Lima (Peru)	PEN	0.0	53.21%
Netsonic SAS	Bogota (Colombia)	COP	0.0	53.21%
Netsonic Corporation	Miami (USA)	USD	0.0	53.26%
Netsonic S. de R.L. de C.V.	Colonia Granada (Mexico)	MXN	0.0	52.73%
Grupo Audiovisual Mediaset España Comunicaciòn S.A.U.	Madrid	EUR	0.6	53.26%
Grupo Editorial Tele 5 S.A.U.	Madrid	EUR	0.1	53.26%
Telecinco Cinema S.A.U.	Madrid	EUR	0.2	53.26%
Conecta 5 Telecinco S.A.U.	Madrid	EUR	0.1	53.26%
Mediacinco Cartera S.L.	Madrid	EUR	0.1	53.26%
Produccion y Distribucio de Contenidos Audiovisuales Mediterraneo SLU (formerly Sogecable Editorial S.L.U.)	Madrid	EUR	0.3	53.26%
El Demarque Portal Deportvo SL	Seville	EUR	0.0	31.96%
Megamedia Television S.L.	Madrid	EUR	0.1	34.62%
Supersport Television S.L.	Madrid	EUR	0.1	33.29%

(*) calculated not considering any own shares held by the investees

(values in EUR million)

Associates and joint ventures	**Registered office**	**Currency**	**Share capital**	**% held by the Group (*)**
Agrupación de Interés Económico Furia de Titanes II A.I.E.	Santa Cruz de Tenerife	EUR	0.0	18.11%
Alea Media SA	Madrid	EUR	0.1	21.31%
Auditel S.r.l.	Milan	EUR	0.3	26.67%
Aunia Publicitad Interactiva SLU	Madrid	EUR	0.0	26.63%
Boing S.p.A.	Milan	EUR	10.0	51.00%
Bulldog TV Spain SL	Madrid	EUR	0.0	15.98%
EI Towers S.p.A	Milan	EUR	0.1	40.00%
European Broadcaster Exchange (EBX) Limited	London	GBP	1.5	19.16%
Fascino Produzione Gestione Teatro S.r.l.	Rome	EUR	0.0	50.00%
Fenix Media Audiovisual SL	Madrid	EUR	0.0	21.31%
La Fabrica De La Tele S.L.	Madrid	EUR	0.0	15.98%
Mediamond S.p.A.	Milan	EUR	2.4	50.00%
Melodia Producciones SL (in liquidation)	Madrid	EUR	0.0	21.31%
Nessma S.A.	Luxembourg	EUR	11.3	34.12%
Nessma Broadcast S.a.r.l.	Tunis	TND	1.0	32.27%
Producciones Mandarina S.L.	Madrid	EUR	0.0	15.98%
Titanus Elios S.p.A.	Rome	EUR	5.0	30.00%
Tivù S.r.l.	Rome	EUR	1.0	48.16%
Studio 71 Italia S.r.l.	Cologno Monzese (MI)	EUR	0.1	57.27%
Superguidatv S.r.l.	Naples	EUR	1.4	49.00%
Unicorn Content SL	Madrid	EUR	0.0	15.98%

Other equity investments	**Registered office**	**Currency**	**Share capital**	**% held by the Group (*)**
21 Buttons App SL	Barcelona	EUR	0.0	4.35%
Aranova Freedom S.C.aR.L	Bologna	EUR	0.0	13.33%
Ares Film S.r.l.	Rome	EUR	0.1	5.00%
Audiradio S.r.l. (in liquidation)	Milan	EUR	0.0	9.50%
Blooming Experience SL	Valencia	EUR	0.0	3.99%
ByHours Travel S.L.	Madrid	EUR	0.0	2.83%
Check Bonus S.r.l.	Milan	EUR	0.8	4.20%
Club Dab Italia Società Consortile per Azioni	Milan	EUR	0.2	10.00%
Deporvillage S.L.	Barcelona	EUR	0.2	13.67%
Hundredrooms S.L.	Palma de Mallorca	EUR	0.6	4.97%
Innovación y desarrollo de Nuevos Canales Comerciales, SL	Madrid	EUR	0.0	3.92%
Kirch Media GmbH & Co.	Unterföhring (Germany)	EUR	55.3	2.28%
Letisan S.r.l.	Milan	EUR	0.0	8.70%
Player Editori Radio S.r.l.	Milan	EUR	0.0	11.72%
Playspace SL	Palma de Mallorca	EUR	0.0	4.84%
ProSiebenSat.1 Digital Content GP Ltd	London	GBP	0.0	16.06%
ProSiebenSat.1 Digital Content LP	London	GBP	0.0	16.22%
ProSiebenSat.1 MEDIA SE	Unterföhring (Germany)	EUR	226.1	15.54%
Radio e Reti S.r.l.	Milan	EUR	1.0	10.00%
Romaintv S.p.A. (in liquidation)	Rome	EUR	0.8	13.64%
Satispay S.p.A.	Milan	EUR	0.6	1.04%
Spotted GmbH	Mannheim (Germany)	EUR	0.1	16.67%
Springlane Gmbh	Dusseldorf	EUR	0.1	5.23%
StyleRemains GmbH	Hamburg	EUR	0.0	5.16%
Tavolo Editori Radio S.r.l.	Milan	EUR	0.0	16.04%
Telesia S.p.A.	Rome	EUR	0.3	6.70%
Termostore S.r.l.	Milan	EUR	0.3	17.02%
Videowall S.r.l.	Milan	EUR	0.0	15.00%
Westwing Group Gmbh (former Jade 1290 Gmbh)	Munich	EUR	0.1	0.24%

(*) calculated not considering any own shares held by the investees

MEDIASET GROUP

Certification of the Interim Condensed Financial Statements pursuant to article 154-bis of Legislative Decree no. 58/98

Statement concerning the Condensed Half-Year Financial Statements in Compliance with Art. 154-bis of Italian Law Decree 58/98

1. The undersigned, Mr. Fedele Confalonieri, Chairman of the Board of Directors, and Mr. Luca Marconcini, Senior Executive Manager, responsible for the drafting of the corporate accounting documentation, of the company Mediaset S.p.A., also in compliance with the provisions set out in Art. 154-bis, par. 3 and 4 of Italian Law Decree No.58 of 24 February 1998, hereby declare:

   • the adequacy in relation to the Group's characteristics and

   • the effective application

   of the administrative and accounting procedures for the drafting of a condensed financial statements for the first half of 2020.

2. The valuation of the adequacy of the administrative and accounting procedures for the drafting of the condensed financial statements as at 30 June 2020 was carried out based on the standards and criteria defined by Mediaset S.p.A. consistently with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which groups together a set of general principles of reference for internal control generally accepted at the international level.

3. We also hereby declare that:

3.1 the condensed half-year financial statements:

   a) have been drafted in compliance with the applicable international accounting principles acknowledged at the EU level pursuant to EC regulation No. 1606/2002 of the EU Parliament and Council of 19 July 2002 and, in particular, IAS 34 – *Interim Financial Reporting*, as well as the provisions set out for the implementation of Art. 9 of Italian Law Decree No. 38/2005;

   b) reflect the accounting books and entries;

   c) provide a true and fair description of the financial position and results of operations of the Company and the businesses included in the consolidation area;

3.2 the half-year report on operations includes references to relevant events that have occurred in the first half of the year, their impact on the condensed half year financial statements and a description of the main risks and uncertainties for the remaining six months of the fiscal year under investigation as well as information on the relevant operations with related parties.

Date: 8th September 2020

For the Board of Directors
The Chairman

(Fedele Confalonieri)

The Senior Executive Manager responsible
for the drafting of corporate accounting
documents
(Luca Marconcini)

MEDIASET GROUP

Auditors' Review Report on the Interim Condensed Consolidated Financial Statements

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REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Mediaset S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Mediaset S.p.A. and subsidiaries (the Mediaset Group), which comprise the interim consolidated statement of financial position as of June 30, 2020 and the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated cash flow statement and the interim consolidated statement of changes in shareholders' equity for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the interim financial statements under Resolution n° 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of the Mediaset Group as at June 30, 2020 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Emphasis of matter

We draw attention to the disclosure provided in note 4 of the interim condensed consolidated financial statements "Project for the merger of Mediaset S.p.A., Mediaset España Comunicaciòn S.A. and Mediaset Investment N.V.". It describes the main updates in relation to the plan for the cross-border merger of Mediaset S.p.A. ("Mediaset") and Mediaset España Comunicaciòn S.A. into Mediaset Investment N.V., a Dutch company wholly owned by Mediaset that, following the closing of the merger, would have taken the name "MFE – MEDIAFOREUROPE N.V." (the "Merger"). In particular, the Directors inform that the Merger plan, as resolved on June 7, 2019, is no longer feasible, as a result of certain judicial decisions rendered by different courts in the context of the related judicial proceedings: indeed, the deadlines to appeal such decisions are incompatible with the established time limits for the Merger execution.

Our conclusions are not modified in respect to this matter.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
September 9, 2020

This report has been translated into the English language solely for the convenience of international readers.