

ANEXO 6

**Cuentas anuales consolidadas e individuales a 31 de diciembre de 2021 de MFE-
MEDIAFOREUROPE N.V., junto con su traducción jurada al español.**



ANNUAL REPORT

2021

This copy of the annual report of MFE-MediaForeEurope N.V. for the year 2021 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package is available at https://www.mfemediaforeurope.com/binary/documentRepository/20/213800DIFN7NR7B97A50-2021-12-31_1787.zip

MFE-MEDIAFOREUROPE N.V.

Registered Office: Amsterdam, Netherlands

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

Share Capital: EUR 777,186,257.34

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

Italian Tax Code and VAT Number: IT 09032310154.,I

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

Table of Contents

MFE-MEDIAFOREUROPE GROUP - Annual Report 2021

Corporate Boards	1
Financial Highlights	2
Introduction	3
Directors' Report on Operations	5
Group Strategy and Business Model	7
Significant Events, Key Corporate Transactions and Developments in Television-Sector Legislation	9
Main Group Companies	23
Financial review: main economic and financial results by geographical area and business segment	63
Reclassified statement of income	63
Reclassified statement of Financial Position	70
Reclassified Statement of Cash Flows and breakdown of Investments in fixed assets	72
Reconciliation between Consolidated and Parent Company Net Profit and Shareholders' Equity	76
Business Outlook	77
Definition and reconciliation of alternative performance measures (APMs or non-GAAP measures)	78
Mediaset Shares	82
Disclosure of the Main Risks and Uncertainties to which the Group is Exposed	85
Consolidated Non-Financial Disclosure	99
The Values of the MFE Group	101
The MFE Group, its business context, and sustainability	102
Ethics and Integrity in business	110
People in the MFE Group	117
Effectiveness and Sustainability of the Broadcast and Commercial Offering	139
Community and Territory	146
The Environment	171
Additional information	181
Corporate governance report	185
Introduction	185
Board of Directors	186
Board Committees	197
Conflict of Interests	200
Remuneration	201
Disclosure pursuant to the decree implementing Article 10 of the EU Directive on Public Purchase Offers	201
Shareholders' Meeting	203
Code of Ethics	205
Compliance with the Dutch Corporate Governance Code	207
Conformity statement	209
Statement by the Board of Directors	211
Non-Executive Directors Report	214
Remuneration Policy	220
Introduction	220
Governance model	223
Scope and Principles of the Remuneration Policy	225
Composition of the Remuneration of the Chief Executive Officer and the other Executive Directors	227
Remuneration of Chairman and Non-Executive directors	239

Remuneration report.....	240
Report on the Remuneration paid.....	240
Comparison between the compensation of Directors, the results of the Group and the average compensation of employees.....	243
Consolidated Financial Statements and Explanatory Notes	245
Consolidated Statement of Income	246
Consolidated Statement of Comprehensive Income.....	247
Consolidated Statement of Financial Position	248
Consolidated Statement of Financial Position	249
Consolidated Statement of Cash Flows.....	250
Consolidated Statement of Changes in Shareholders' Equity	251
Explanatory notes	252
1. General information	252
2. Presentation Basis and Accounting Standards for the Preparation of the Financial Statements.....	252
3. Summary of Accounting Standards and Measurement Basis.....	255
4. Key Information relating to the Scope of Consolidation	261
5. Segment Reporting.....	267
Notes on the main items of the Statement of Income	271
6. Income Statement	271
Notes on main Asset items	284
7. Non-current assets	284
8. Current assets.....	306
Notes on Main shareholders' equity and Liabilities Items.....	314
9. Share Capital and Reserves	314
10. Non-current liabilities.....	320
11. Current liabilities	329
Notes on main cash flow statement items.....	343
12. Statement of Cash Flows.....	343
Other	346
13. Disclosures on Financial Instruments and Risk Management Policies	346
14. Share-based Payments	353
15. Related-party Transactions	356
16. Guarantees and Commitments.....	359
17. Subsequent Events after 31 December 2021	360
18. List of equity investments included in the Group's consolidated financial statements as at 31 December 2021	363
MFE-MEDIAFOREUROPE N.V. Financial Statements and Explanatory Notes	367
Statement of Financial Position	368
Statement of Financial Position	369
Statement of Income	370
Statement of Comprehensive Income	371
Statement of Cash Flows	372

Statement of Changes in Shareholders' Equity	373
General information	374
1. General information	374
2. Adoption of international accounting standards	374
3. Basis of presentation, accounting policies for the preparation of the financial statements and measurement criteria	375
4. Other information	384
Notes on main asset items	395
Notes on main shareholder' equity and liability items	408
Reconciliation between Consolidated and Parent Company Net Profit and Shareholders' Equity	413
Notes on the main items of the Statement of Income	432
Notes on the main items of the Statement of CASH FLOWS	444
commitments and guarantees	445
Disclosures on financial instruments and risk management policies	446
Subsequent Events after 31 December 2021	461
Other Information	467
Independent Auditors' Report.....	469



Annual Report 2021
Directors' Report on
Operations

CORPORATE BOARDS

Board of Directors

Chairman

Fedele Confalonieri

Chief Executive Officer

Pier Silvio Berlusconi

Directors

Marina Berlusconi

Stefania Bariatti

Marina Brogi

Raffaele Cappiello

Costanza Esclapon de Villeneuve

Giulio Gallazzi

Marco Giordani

Gina Neri

Daniello Pellegrino

Alessandra Piccinino

Niccolò Querci

Stefano Sala

Carlo Secchi

Executive Committee

Pier Silvio Berlusconi

Marco Giordani

Gina Neri

Niccolò Querci

Stefano Sala

Audit Committee

Alessandra Piccinino (Chair)

Raffaele Cappiello

Carlo Secchi

Nomination and Remuneration Committee

Stefania Bariatti (Chair)

Marina Brogi

Carlo Secchi

Environmental Social and Governance Committee

Marina Brogi (Chair)

Stefania Bariatti

Giulio Gallazzi

Related Parties Transactions Committee

Costanza Esclapon de Villeneuve (Chair)

Marina Brogi

Alessandra Piccinino

Independent Auditors

Deloitte Accountants B.V.

FINANCIAL HIGHLIGHTS

Main income statement data (EUR M)	2017	2018 ⁽¹⁾	2019	2020	2021
Net Consolidated Revenues ⁽²⁾	3,550.1	3,401.5	2,925.7	2,636.8	2,914.3
Italy	2,555.3	2,421.4	1,982.1	1,800.5	2,038.4
Spain	996.3	981.6	946.2	836.6	876.3
EBIT ^{(2) (3)}	226.4	73.7	354.6	269.7	418.0
Italy	-19.1	-182.9	91.3	38.5	192.1
Spain	245.3	256.9	264.9	230.5	225.3
EBT ⁽²⁾	219.9	64.0	381.7	285.9	555.4
Group Net Result ⁽⁴⁾	90.5	468.2	190.3	139.3	374.1
Main balance sheet and financial data (EUR M)	2017	2018 ⁽¹⁾	2019	2020	2021
Net Invested Capital ⁽³⁾	3,774.6	3,589.6	4,238.7	4,230.1	4,099.5
Total Net Shareholders' Equity	2,382.5	2,853.1	2,890.4	3,165.6	3,230.3
Group Shareholders' Equity	1,916.6	2,409.4	2,477.9	2,668.3	2,661.8
Minority interests	465.9	443.7	412.5	497.3	568.5
Net Financial Position ⁽³⁾	-1,392.2	-736.4	-1,348.3	-1,064.4	-869.2
Free Cash Flow ^{(2) (3)}	116.9	211.7	265.9	311.8	507.3
Investments ⁽²⁾	612.0	618.0	600.1	450.9	396.0
Dividends paid by the Parent Company	-	-	-	-	340.6
Dividends paid by Subsidiaries	87.5	95.6	46.6	-	-
Personnel ⁽⁵⁾	2017	2018	2019	2020	2021
Workforce (headcount)	5,470	4,760	4,984	4,906	4,889
Italy	4,197	3,502	3,433	3,351	3,294
Spain	1,273	1,258	1,551	1,555	1,595
Workforce (average)	5,019	5,004	5,114	4,898	4,865
Italy	3,739	3,737	3,465	3,334	3,280
Spain	1,280	1,267	1,559	1,564	1,585
Main indicators	2017 ⁽²⁾	2018 ⁽¹⁾	2019	2020	2021
Operating Result (EBIT)/Net Revenues	6.4%	2.2%	12.1%	10.2%	14.3%
Italy	-0.7%	-7.6%	4.6%	2.1%	9.4%
Spain	24.6%	26.2%	28.0%	27.6%	25.7%
EBT/Net Revenues	6.2%	2.0%	13.0%	10.8%	19.1%
Net Result / Net Revenues	2.6%	13.9%	6.5%	5.3%	12.8%
ROI ⁽⁶⁾	3.9%	1.3%	6.1%	4.7%	7.2%
ROE ⁽⁷⁾	4.7%	19.5%	7.7%	5.2%	14.1%
Number of Shares ⁽⁸⁾	1,136,402,064	1,137,142,325	1,137,944,400	1,139,192,789	2,281,657,298
Consolidated Net Profit per Share (EUR)	0.08	0.41	0.17	0.12	0.16
Dividend per Share (EUR)					

(1) 2018 net profit and balance sheet values restated to retroactively acknowledge the impacts on associates equity investment results deriving from their goodwill purchase price allocation process

(2) Figures from 2017 restated in accordance with IFRS 5 (discontinued operations)

(3) Alternative performance indicators (non-GAAP measures): figures refer to average economic results as well as balance sheet and financial data, for which the recognition criteria are described in the Directors' Report on Operations

(4) Net profit/(loss) from continuing and discontinued operations

(5) Include temporary and permanent workforce

(6) Group Operating Result (EBIT) / Average Net Capital Invested

(7) Group Net Profit/(Loss) / Net Group Shareholders' Equity

(8) Spot date at 31/12 net of treasury shares; on 13 December 2021, a second class of ordinary shares (MFE A) was issued and freely allocated in a ratio of 1:1 with - and carrying the same equity rights as - the existing shares (MFE B).

INTRODUCTION

Reporting Note

The Consolidated and Company only Financial Statements as at 31 December 2021 have been prepared in accordance with the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and related interpretations issued by the SIC/IFRIC (Standards Interpretation Committee/International Financial Reporting Interpretation Committee) endorsed by the European Commission and adopted by the European Union as in force at the reporting date and in accordance with the Dutch Civil Code (Part 9 of Book 2).

Adjustment Plan pursuant to Articles 15 and 18 of the Market Regulations

Pursuant to Articles 15 and 18 of Consob Regulation No. 20249 of 28 December 2017, as amended, setting forth the "conditions for listing shares of companies that control companies incorporated and governed by the laws of non-EU countries", the Parent Company MFE-MEDIAFOREUROPE NV (the "Company" or the "Parent Company" or "MFE" and together with its subsidiaries the "MFE Group" or the "Group") has identified its significant subsidiaries as defined in Article 15(2) of the aforementioned Regulation, and verified that the conditions set forth in paragraphs b) and c) of Article 15 are met.

Forward-looking statements

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

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

Information on the data presented

All references in the Annual Report to "euro", "EUR" and "€" refer to the currency introduced at the start of the third phase of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union. Similarly, all percentages relating to changes between two periods or percentages of net revenue or other indicators are always calculated using the original data in thousands of euro. The use of figures expressed in millions of euro may therefore lead to apparent discrepancies both in the absolute values and in the percentage figures.

The Directors' Report contains a number of Alternative Performance Measures (APMs) not envisaged by IFRS (non-GAAP measures). These measures, which are described in the paragraph of the Report entitled "*Definition and Reconciliation of Alternative Performance Measures*", are used to analyse the Group's economic and financial performance and, where applicable, abide by the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ("ESMA") in its Disclosure ESMA/2015/1415.

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

Adoption of the European Single Electronic Format (ESEF)

Beginning with this report, the Group has applied the requirements set forth in Article 4 of the Transparency Directive on preparing the annual financial reports of companies listed on European stock exchanges in the European Single Electronic Format (ESEF) in xHTML format. In addition, issuers that prepare IFRS consolidated financial statements must label those that use Inline XBRL. To facilitate the introduction of the new rules, annual reports for the fiscal year ending 31 December 2021 must meet the ESEF requirements only in relation to the primary consolidated financial statements and certain administrative information. To comply with the new regulations, the MFE Group has implemented dedicated software manage information in ESEF format.

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders,

Last year was once again dominated by an unsettled social and public health environment. Yet the MFE Group navigated the pandemic effectively and continued to resolutely pursue our strategies of overseeing and strengthening the digital-focused commercial broadcasting model that we are currently developing in both Italy and in Spain and of pursuing a pan-European development model.

In May, we reached agreement with the shareholder Vivendi to put an end to our disputes by waiving each of our mutually pending lawsuits and complaints. This allowed the Group to complete the process of relocating Mediaset's registered office to the Netherlands (while renaming the company MFE - *MediaforEurope NV*) and of redefining a share capital structure (by introducing a dual-class shareholding structure) capable of delivering the Group's plan to create a sustainable European development model amidst a globally competitive environment. The Group also further increased its investment in ProSiebenSat1 Media SE, securing more than 25% of the voting rights in early 2022.

With the economy recovering strongly and the advertising market picking back up in 2021, the Group achieved advertising revenues that were higher than the market as a whole and improved its financial results significantly. Indeed, in all the main economic and financial indicators (EBIT, net profit, free cash flow), the Group performed better than in 2020 and 2019 (the last year before the pandemic began) and improved on the company's forecasts made at the beginning of the year.

In Italy in particular, the Group's advertising sales are already at a higher level than in 2019, despite the heavy pandemic-induced contraction in the market during 2020. This has been achieved amidst a wider context of economic recovery, which has been underpinned by the continued expansive monetary policies of the central banks. This positive trend in advertising revenues was enhanced by the Group's ability to monetise with third parties its proprietary film and sports content (including through sub-licensing agreements with leading non-linear platforms) and to continue to reflect in the management of production costs the process of review and adjustment of its programming models which it carried out at the height of the pandemic during 2020. This latter action enabled the group to keep its total costs in 2021 around EUR 80 million lower than in 2019 and to have an editorial set-up in place that is capable of further improving the audience figures of Mediaset networks.

Besides the excellent performance of its core operations, the Group's consolidated net profit and cash flow generation for the year were also boosted by the Group's financial operations, with dividends and other hedging-related income on its investment in ProSiebenSat1, and by the Group's equity management operations. This latter activity benefitted in economic terms from the EUR 88.1 million pro-quota capital gain made by EI Towers (in which MFE holds a 40% stake) from the sale of Towertel, and in financial terms from the EUR 149.9 million in dividends paid out by EI Towers during the year.

The main consolidated financial results for the year are summarised below:

Consolidated Net Revenues amounted to **EUR 2,914.3 million** (+10.5% compared to the previous year's figure of EUR 2,636.8 million).

In Italy, **Gross Advertising Revenues**, including revenues from free and pay-TV channels and the Group's share of website revenues, and revenues from proprietary radio broadcasters managed under sublicense from Mediamond, amounted to EUR 1,982 million in 2021 (+14.4% compared to 2020 and up +2.4% compared to 2019). These revenues even registered a year-on-year increase (+2.2%) in the fourth quarter, despite the previous year having been characterised by a strong recovery. This performance continued a trend of six consecutive quarters of year-on-year growth. Based on Nielsen data, the overall conventional advertising market

(including all advertising channels, and excluding estimates for OTT, search, social media and direct mail investments) grew by 12.8 in 2021 compared to 2020. The Group's television advertising revenues also grew more strongly than the national television market as a whole, despite competitors' networks broadcasting major international sporting events (Euro 2020 and the Olympic Games) during the year.

In Spain, **Gross Advertising Revenues** amounted to **EUR 833.6 million**, an increase of 9.8% compared to 2020. Mediaset España maintained its leadership in its television market with a share of 43.2%, thus consolidating its position of leadership built up over the past few years, by diversifying and launching innovative publications and advertising products. Based on Infoadex data, the TV advertising market in Spain grew by 8.3% overall in 2021;

Operating Result (EBIT) was **EUR 418.0 million**, compared to the EUR 269.7 million profit recorded the previous year. Consolidated operating profitability was 14.3%, compared to 10.2% in 2020. **Adjusted Operating Result**, excluding certain non-recurring cost components of the Italian operations (principally lay-off costs and restructuring expenses) amounted to **EUR 475.6 million** (+52.4% compared to the EUR 312.1 million recorded in 2020).

Group Net Result was in profit at **EUR 374.1 million**, compared to the EUR 139.3 million profit recorded in 2020. This result was also higher than the EUR 190.3 million recorded in 2019, and it remains so even if we strip out the capital gain contribution generated by investee El Towers.

Net Financial Position stood at **EUR 869.2 million**, which is down on the EUR 1,064.4 million recorded at 31 December 2020. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards and the residual financial payable for the equity investment in ProSiebenSat.1 Media SE, Consolidated Net Financial Debt was **EUR 689.1 million**. **Free Cash Flow** was **EUR 507.3 million**, a clear improvement on the EUR 311.8 million recorded in 2020. The Group also made investments of EUR 115.3 during the year to increase its shareholding in ProSiebenSat.1 Media SE, and paid out dividends of EUR 340.6 million.

At 31 December 2021, the **Workforce** of the Mediaset Group companies in the consolidation area numbered **4,889 employees** (4,906 at 31 December 2020).

Parent Company MFE closed the year ending 31 December 2021 with a net profit of **EUR 214.1 million**, compared to the profit of EUR 17.0 million recorded in 2020.

In Italy, Mediaset channels maintained their leadership with the 15-64 commercial target audience in 2021, with a 34.0% share over the 24-hour period, a 34.1% share of the early evening share and a 34% share of the daytime slot. Canale 5 was the most watched Italian channel among the commercial target audience across all time slots.

In 2021, the total free-to-air television offer of the Mediaset España Group, including not only the general-interest channels Telecinco and Cuatro but also the special-interest channels Factoria De Ficción, Boing, Divinity, Energy and Be Mad (HD channel), obtained an average share of total viewers, over the 24-hour period, of 28.3% and 30.6% among the commercial target audience.

GROUP STRATEGY AND BUSINESS MODEL

MFE-MEDIAFOREUROPE is a multinational media group, which has been listed on the Milan Stock Exchange since 1996, mainly operating in the television industry in Italy and Spain.

In **Italy**, Mediaset is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels - both linear and non-linear/OTTV - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In **Spain**, MFE is the main shareholder of **Mediaset España**, with an interest of 55.69% at 31 December 2021. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

The Group is also the largest shareholder, having secured a total aggregate ownership interest of more than 25% of voting rights in **ProSiebenSat.1 Media SE** following the latest tranche acquired in January 2022. ProSiebenSat.1 Media SE is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It is listed on the Frankfurt Stock Exchange.

The media and entertainment industry is undergoing rapid and significant change. New technological opportunities are spawning alternative means of distributing programming and content other than traditional products such as FTA TV and radio. This technological progress is leading to the internationalisation of traditional broadcaster models. The multimedia entertainment market is becoming more international as a result, with companies competing on a larger scale in the global marketplace. In addition, customers expect more personalised content with services, content and advertising that meet the demands of technologically engaged viewers and increasingly demanding and sophisticated investors. Overall demand for entertainment content continues to record rates of growth, both in traditional media and on new platforms. This global, more digital marketplace demands better connectivity and network infrastructure, and as such, multimedia entertainment companies are increasingly investing in this. Also in the digital environment, multimedia entertainment companies must invest greater resources to combat the piracy of feature films, TV programmes and other content.

In this increasingly dynamic and complex competitive environment, the Group's strategy in recent years has targeted the following objectives:

- ▢ Strengthen the Group's share of the advertising market in both Italy and Spain by offering advertisers linear and non-linear exposure that covers the entire commercial target audience, including younger TV audiences;
- ▢ Place an editorial focus on local and original entertainment content, in-house films and series, and FTA football events as the primary catalyst for capturing viewer attention –
- ▢ constantly review and optimise the Group's content mix (less American and more local content);
- ▢ Roll out a platform expansion strategy to make the Group's FTA content available "anywhere, anytime and on any device" – not only linearly to all television sets, but also to other devices (mobile, PC, tablet, game console, etc.) and at any time (on demand);

- ▣ Strengthen the Group's DTC (direct-to-consumer) offering with a wide variety of content (from local entertainment to live sports and blockbuster movies) and by integrating different business models (from free-to-air to pay-per-view) into a single platform;
- ▣ Constantly optimise the Group's organisational model to enable cost savings and further efficiencies.

By pursuing these lines of action, the Group has been able to gradually and decisively improve its profits and cash generation. In the coming years, technological innovation, consumer behavioural trends, the development of new business models and other potential industry-specific developments are expected to pose significant challenges. However, they will also create major opportunities for players in the increasingly complex media and entertainment sector as – in addition to traditional local broadcasters, content providers (e.g. Disney, Warner and Universal), pay TV broadcasters (e.g. Sky and Canal+), OTT players (e.g. Netflix and Amazon Prime) – media agencies (e.g., WPP, Publicis and Havas) are growing increasingly able to disintermediate the supply content of national broadcasters and to adopt hybrid supply models supported by both subscriptions and advertising sales.

In this context, the Group has set two main focus lines.

On the one hand, the Group intends to keep concentrating on the lines of action set out above as it aims to further improve the efficiency and effectiveness of its business units.

On the other hand, the Company intends to play a significant role in the ongoing process of consolidating the European media industry by targeting and seizing external growth opportunities in Europe and creating a pan-European media group in the (linear and non-linear) entertainment and content sector, starting from its strong position in its reference markets.

The Group's long-term strategic goal of stamping a larger footprint on the European media industry is considered functional to the Company's future development, as it will grant operational advantages both in terms of economies of scale and scope (e.g. streaming technology, AdTech) and new business opportunities that the current local scale do not allow (e.g. advertising, content production and distribution).

SIGNIFICANT EVENTS, KEY CORPORATE TRANSACTIONS AND DEVELOPMENTS IN TELEVISION-SECTOR LEGISLATION

COVID-19: Main Impacts and Mitigation Actions

During the first months of the year, as the initial phase of the vaccine programme was being rolled out, a new wave of infections linked to the pandemic led the government to adopt new restrictions at a national and local level. These measures were progressively alleviated during the second half of the year as the public health situation began to stabilise with the increased promotion and coverage of vaccine programmes. Towards the end of the year, a fourth wave of infections began. This wave was linked to the spread of the Omicron variant across Europe and led to the state of emergency in Italy being extended from 31 December 2021 to 31 March 2022.

On 1 July 2021, the EU Digital COVID Certificate Regulation ("EUDCC") entered into application. Also known as the "Green Pass", this certificate certifies that a person has been vaccinated against COVID-19, or has tested negative on a rapid antigen or molecular test, or has recovered from infection. The EUDCC enables safe travel between EU member states and in Italy it permits safe access to indoor premises, including restaurants and bars. Since 15 October, it also permits access to workplaces.

Accordingly, the Group continued to constantly monitor the public health situation and to update its rigorous safety and prevention protocols (diagnostic tests, mandatory weekly swabs for on-site employees and contractors, contact-tracing, daily distribution of facemasks, sanitisation of all working environments and common spaces, drive-through testing for employees developing flu-like symptoms while working from home, return-to-work management via referrals to case doctors, and the option to receive two doses of the vaccine at the Group's offices). These measures aimed to maintain the health and safety of both staff and contractors, and to ensure that normal production and management operations continued in the utmost safety in the Company's offices and production studios.

While continuing to adopt a high-vigilance approach which required the constant wearing of personal protective equipment on company premises, social distancing and weekly swabs, restrictions have gradually been relaxed since the end of June and staff have gradually been invited back to the company premises. Accordingly, under agreements reached with trade unions and workers' representatives in both Italy and Spain, new operational methods were agreed based on a new smart-working model that was rolled out in the autumn and would remain in effect for as long as the government's emergency regulations on remote and smart-working are in place.

The application of these measures during the year enabled a safe and managed return to live programming, while continuing to protect news and analysis output. As described in greater detail below, audience shares confirmed 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.

Against this backdrop, the economic recovery in Italy grew in strength as 2021 went on. Indeed, the year-on-year growth in the macroeconomic indicators for all main areas of the economy were up on the start-of-year forecasts, thus consolidating on the anticipated rebound of the global economy. This trend was motivated on the one hand by the progress made by vaccination programmes and, on the other, by the continuation of the

monetary and fiscal stimulus measures taken by central banks with view to consolidating on the start of the sustainable recovery by implementing the schedule of investments set forth in the recovery plans.

It was against this backdrop that the Group recorded significant growth in its advertising revenues and further consolidated its market shares, as it returned to the pre-pandemic levels of revenue that it had recorded in Italy in 2019. The Group also continued having to work around the government-mandated cinema closures. In this respect, it maximised the value of its film content by distributing it on the main non-linear platforms of OTT operators and continued to implement a rigorous policy of cost control and investment efficiency. In doing so, the Group's television costs in 2021 were lower overall than in 2019, despite the rise in energy costs and levels of inflation that marked the final months of the year. The Group's core business continued to generate steady cash flows, which in addition to the income from the ordinary and extraordinary dividends received from investees during the period (and despite the payout of extraordinary dividends), led to a significant reduction in consolidated Net Financial Position compared to 31 December 2020.

The Group also continued to operate with the aim of further enhancing its financial soundness in terms of its structure, composition and counterparty diversification of its debt, its committed loan-to-value ratio, the extension of average maturity dates and the optimisation of low-cost conditions, and its availability to credit facilities in respect of average utilisation. 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. On average during the year 2021, 53.2% of the MFE total credit facilities were available and unutilised.

In particular, in addition to the financial liabilities related to the investment in ProSiebenSat1, at 31 December 2021 MFE had EUR 1,325 million in total committed credit facilities lines, of which EUR 500 million unutilised and readily available, and Mediaset España had EUR 165 million in unutilised and readily available committed credit facilities. As at the approval date of these Consolidated Financial Statements, the committed credit lines available to MFE are equal to EUR 1,425 million, including EUR 269 million falling due within the next 12 months, which is in the process of being renewed for EUR 100 million within the first half of 2022; the credit lines of Mediaset España falling due within 12 months are unchanged compared to 31 December 2021. It should be noted that on 30 March a club deal credit line of 300 million euros was stipulated with UNICREDIT, INTESA SANPAOLO, BNP PARIBAS, BANCO BPM and CAIXA BANK to finance the cash amount of the purchase and exchange offer on Mediaset España Comunicación shares.

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, and despite the current uncertain and unstable climate caused by the unforeseen international geopolitical crisis triggered by Russia's invasion of Ukraine in late February, it is reasonable to expect that these parameters will also be satisfied during the next 12 months.

KEY CORPORATE TRANSACTIONS, EQUITY INVESTMENTS AND OTHER SIGNIFICANT EVENTS FOR THE YEAR

Fininvest-Mediaset-Vivendi Deal

On **3 May 2021**, Fininvest, Mediaset and Vivendi reached a universal deal putting an end to their dispute, in which each of them withdrew all pending actions and complaints, as described in the Annual Report at 31 December 2020. The closing was completed as provided for by the agreements signed on **22 July 2021**.

Vivendi undertook to contribute to Mediaset's international development by voting to abolish the enhanced voting mechanism and to transfer Mediaset's registered office to the Netherlands. Mediaset and Vivendi also entered into good neighbour agreements in free-to-air and standstill television for a duration of five years. Under this transaction, Vivendi paid Mediaset the compensation awarded in case No. 47205/2016 (EUR 1.7 million) and Dailymotion, a subsidiary of Vivendi, paid EUR 26.3 million to settle its copyright litigation with the Group subsidiaries RTI and Medusa. In addition, Fininvest acquired from Vivendi a direct 5.0% shareholding in Mediaset for a price of EUR 2.70 per share (on account of the ex-dividend date and the payout date on 19 July and 21 July 2021, respectively), while Dailymotion, a subsidiary of Vivendi, paid EUR 26.3 million to settle its copyright litigation proceedings with RTI and Medusa, MFE Group companies.

Under wider agreements, Vivendi also committed to Fininvest that the entire 19.19% stake in Mediaset held by Simon Fiduciaria would gradually be sold on the market over a five-year period. Fininvest will have the right to buy any unsold shares in each 12-month period, at the price established annually. On **18 November 2021**, Fininvest, Mediaset and Vivendi agreed to amend some of the provisions of the agreements reached on 3 May and 22 July to take into account the matters to be voted on at Mediaset's upcoming Shareholders' Meeting of **25 November**. In particular, this concerned the introduction of a dual-class share structure (ordinary A-class shares and ordinary B-class shares) by converting each outstanding Mediaset share into an ordinary B-class share and allocating one ordinary A-class share for each ordinary B-class share held. In terms of Vivendi's commitment to sell its entire stake in Mediaset (held through Simon Fiduciaria) on the market over a period of five years, the revised agreements provide that Vivendi will sell one-fifth of its ordinary A-class shares and B-class ordinary shares each year (beginning on 22 July 2021) at the following minimum prices: EUR 1.375 in year 1; EUR 1.40 in year 2; EUR 1.45 in year 3; EUR 1.5 in year 4; and EUR 1.55 in year 5. The shares may be sold at a lower price where authorised by Vivendi. In any event, Vivendi will be entitled to sell its portion of ordinary A-class and ordinary B-class shares held through Simon Fiduciaria at any time if their price reaches EUR 1.60. Fininvest will nevertheless have the right to buy any unsold shares in each 12-month period, at the new price to be established annually.

Transfer of the Registered Office to the Netherlands

On **23 June 2021**, the Extraordinary Shareholders' Meeting of Mediaset S.p.A (called by unanimous resolution of Mediaset's Board of Directors on 26 April 2021) resolved to propose to transfer the Company's registered office to Amsterdam, the Netherlands, which the Company achieved by adopting the Dutch-law corporate form of naamloze vennootschap and by adopting new bylaws in accordance with Dutch law (the "Transfer"). A total of 81.81% of the share capital was represented at the Shareholders' Meeting by shareholders holding a proxy. Of the shares represented, 95.57% voted in favour of the proposal.

The Transfer is regarded as fundamental to the Group's strategy of accessing an ecosystem (with a governance model inspired by the best international standards and in line with that adopted by Mediaset until now) capable of generating the following benefits for Shareholders:

- ▣ engender a more realistic appreciation of the Company among the stock market and the international business community more generally, which still tends to consider broadcasters as “local” businesses that are closely bound by and dependent on domestic economic concerns;
- ▣ strengthen Mediaset's ability to raise the capital and financial resources necessary to develop new business projects and to facilitate integration with new partners;
- ▣ operate within a legal system that is internationally known and appreciated by market operators and investors and capable of enhancing the pan-European dimension of the business to which Mediaset strives, while also preserving its identity and historical presence in its current markets;
- ▣ ensure that investors are extensively protected by providing a high degree of legal certainty, certainty in their contractual/commercial relations and, consequently, certainty that the internationalisation project will be fulfilled.

Mediaset shareholders who did not vote in favour of the Transfer were eligible to exercise their statutory right of withdrawal at a price of EUR 1.881 per share (EUR 2.181 per share minus the extraordinary dividend of EUR 0.30 per share which, on the same date as the Transfer was approved, the Shareholders' Meeting resolved to pay out). This withdrawal only took effect upon the closing of the Transfer, which was itself subject to all conditions precedent being fulfilled, including Mediaset paying the withdrawing shareholders a sum of no more than EUR 120 million. The statutory period for exercising right of withdrawal (pursuant to Article 2437 paragraph 1 letter c) of the Italian Civil Code) ended on 16 July 2021. Based on the disclosures received by the Company on 30 July, the right of withdrawal had been validly exercised on a total of 3,881 shares in the Company for a total settlement amount of EUR 7,300.16.

On **27 May 2021**, the Extraordinary Shareholders' Meeting of Mediaset S.p.A. unanimously resolved to abrogate the enhanced voting rights pursuant to art. 127-quinquies of the Consolidated Finance Law (TUF), as referred to in Article 7 of the Company Bylaws and enacted by the resolution of the Extraordinary Shareholders' Meeting of 18 April 2019, as contested by Simon Fiduciaria SpA.

On **1 July 2021**, the minutes of the Extraordinary Shareholders' Meeting of Mediaset S.p.A. held on 23 June 2021 were registered in the Milan Companies Register. At that meeting, the shareholders approved both the transfer of Mediaset's registered office to Amsterdam, the Netherlands, and the adoption of the new company bylaws in accordance with Dutch law.

On **20 September 2021**, once it was verified that all conditions precedent for the transfer of the Company's registered office to the Netherlands had been met, a Dutch notarial deed was signed and the transfer was completed accordingly. Upon the closing of the Transfer, the new Bylaws of the company (which became known as Mediaset N.V.) took effect. Pursuant to Art. 5:25a para. 3 of the Dutch Financial Supervision Act (Wet op het financieel toezicht), which requires listed companies to publicly announce their “Home Member State” for the purposes of regulating their disclosure obligations under the Transparency Directive, Mediaset N.V. has announced that its “Home Member State” has changed from Italy to the Netherlands.

The tax residence of Mediaset N.V, as well as its actual head office and all operational activities, remain in Italy. These activities continue to be carried out at the usual offices. There will therefore be no change in how direct and indirect taxes are paid in Italy. The Company's shares continue to be listed on the electronic stock market (MTA) organised and managed by Borsa Italiana S.p.A. The Transfer took place without any interruption of existing legal relationships.

The Shareholders' Meeting of Mediaset N.V. dated **25 November 2021**, convened at the request of the Board of Directors dated 1 October 2021, approved the change of the Company's name, with immediate effect, to MFE-MEDIAFOREUROPE N.V. and approved the introduction of a dual-class share structure with differential voting

rights. The introduction of the new share structure is a key step for Mediaset as it aims to create a pan-European entertainment and content group by providing greater flexibility when it comes to financing any future M&A transactions. The dual class share structure provides as follows:

- ▢ Share capital will be formed by ordinary A class shares and ordinary B class shares.
- ▢ Each outstanding share will be converted into one ordinary B class share.
- ▢ All shareholders existing at a given reference date (the "Record Date") will be entitled to one ordinary A class share for each ordinary B class share held.
- ▢ Each ordinary A class share will have a nominal value of EUR 0.06 and each ordinary B class share will have a nominal value of EUR 0.60 (compared to the previous value of EUR 0.52). Both the issue of ordinary A class shares and the adjustment in nominal value of ordinary B class shares will be funded from the Company's available reserves.
- ▢ Accordingly, each ordinary A class share will entitle the holder to one vote and each ordinary B class share will entitle the holder to ten votes.
- ▢ Both classes of shares will carry the same property rights (i.e. right to dividends).
- ▢ Both classes of share will remain listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana S.p.A.
- ▢ All shareholders will be treated equally in the event of any voluntary or mandatory public takeover bid in future.

The resolution took effect on 3 December 2021.

On 13 December 2021, the securities MFE A and MFE B were listed on the Euronext Milan Electronic Stock Market (EXM).

On 10 December 2021, all issued MFE shares converted into ordinary B class shares on a 1:1 basis. The difference between the nominal value of MFE's outstanding ordinary shares (EUR 0.52 each) and the nominal value of the ordinary B class shares (EUR 0.60 each) was funded from the Company's available reserves.

On Monday 13 December 2021, ordinary A class shares were gratuitously allotted to holders of ordinary B class shares (other than the Company) on a 1:1 basis and the trading of ordinary A class shares commenced on Euronext Milan. The nominal value of ordinary A class shares (EUR 0.06 each) was funded from the Company's available reserves.

On 15 December 2021, the ordinary A class shares were allotted to the accounts of their holders through the authorised intermediaries registered in the centralised management system of Monte Titoli S.p.A..

Following the conversion of existing MFE shares into ordinary B class shares and the issue and allotment of ordinary A class shares, the share capital of MFE stands at EUR 777,186,257.34. This is formed by 2,322,056,213 Shares, of which 1,140,828,649 ordinary A class shares and 1,181,227,564 ordinary B class shares.

Other corporate transactions and equity investments

On **21 January 2021**, Mediaset España increased its stake in ProSiebenSat1 Media SE, acquiring a 3.4% equity interest. As a consequence of this transaction, the reverse collar entered into by Mediaset S.p.A. on April 2020 to hedge the price acquisition of a further 4.1% stake in ProSiebenSat.1 Media SE was early unwinded (as the conditions underlying the agreement were not triggered), with a cash inflow of EUR 20.4 million, which was recognised under financial income.

On **1 June**, the Shareholders' Meeting of ProSiebenSat.1 Media SE resolved to distribute an ordinary dividend of EUR 0.49 per share. These share dividends were collected by Mediaset and Mediaset España, net of the fee contractually due to the financial counterparts under the collar agreement.

Beginning the second quarter, Mediaset (later MFE) and Mediaset España repaid - in the form of a cash settlement - tranches of the financial debt taken out in 2019 for the equity investment in ProSiebenSat.1 Media SE, thus directly acquiring the underlying shares. As an integral part of the financial structure of this investment, tranches of financial instruments (collars) hedging those shares were simultaneously settled with the counterpart to the transaction. As a result of these transactions, the Group's integrated shareholding stood at 23.9% in share capital (24.61% of voting rights) as at 31 December 2021, comprising a direct shareholding of 19.32% and 4.58% through financial instruments.

Furthermore, as at 31 December 2021, the non-controlling interest in ProSiebenSat.1 Media SE did not meet the conditions to qualify as an associate under IAS 28 (Investments in Associates and Joint Ventures) – in other words, an entity in which the investor can exercise significant influence by participating in its financial and operating policy decisions. Therefore, as with previous years, this investment is recognised and treated in the consolidated financial statements as a financial investment 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 through other comprehensive income, with no recycling to profit and loss, with only the dividends received recognised in profit and loss.

As a result of subsequent stock acquisitions and debt repayments during the initial months of 2022, on 28 February 2022 (the date of the last disclosure to BaFin - the German Financial Supervisory Authority) the Group's equity interest increased to 24.1% in share capital (24.8% of voting rights), comprising a direct shareholding of 21.8% and 2.3% through financial instruments.

Upon the specific request made by the German authorities on 4 March 2022 (under Article 39 of the German Competition Act), the Group's integrated shareholding exceeded 25% of voting rights as at 15 March 2022.

On **5 March 2021**, RTI S.p.A. sold its residual 3.9% equity interests in ProSiebensat.1 Digital Content LP and ProSiebensat.1 Digital Content GP Ltd.

On 30 April 2021, EI Towers SpA (a company 40%-owned by Mediaset) completed the sale of its 100% equity investment in Towertel SpA (the company that owns the service agreements and infrastructure for telco operators) to Phoenix Towers Italy SpA, after having obtained the requisite regulatory authorisations. On the same date, Mediaset collected dividends of EUR 133.9 million under the distribution resolution passed by the Shareholders' Meeting of EI Towers held on 15 April 2021. As a consequence of this transaction, the consolidated financial results of EI Towers from May onwards do not include the profit and loss generated by the investment sold (which in 2020 contributed EUR 9.6 million profit towards the consolidated net result of EI Towers). On the other hand, in 2021 EI Towers benefitted from a net capital gain of EUR 220.2 million, recognised for the pro-quota in MFE's consolidated financial statements as at 31 December 2021. Result from investments accounted for using equity method for the amount of EUR 88.0 million. During the year, MFE also received EUR 149.9 million in dividends from EI Towers.

On **25 June 2021**, Mediaset reached an agreement to transfer its shareholding in Deporvillage to DJ Sport for a price of EUR 23.8 million, which could be adjusted to EUR 34 million depending on the company's results for 2021. Of this amount, almost EUR 9 million corresponds to Italian business and EUR 16 million to Spanish business (EUR 12 million and EUR 22 million respectively if the targets are met). In June 2015, the Group, through Ad4Ventures (Italy and Spain) and its *media for equity* mechanism (advertising in exchange for shares in start-ups), became a shareholder of Deporvillage, a Spanish e-commerce site selling sports goods and specialising in cycling, running, outdoor and swimming, with an established presence in some European countries including Spain, Italy, France, Germany, England and Portugal. Over the years, thanks also to the

visibility that the Group offered the start-up (in Italy in particular, with campaigns planned with the advertising sales company Publitalia '80 and broadcast between 2015 and 2017 on Italia 1 and Italia 2), brand awareness and sales had grown - with the company's turnover rising from EUR 6.5 million in 2014 to almost EUR 118 million in 2020 - with the value of the company and of Mediaset's shareholding growing considerably as a consequence. The sale, which was finalised in August, will generate an important return of between 9 and 12 times the initial investment of EUR 2.7 million.

On **26 April 2021**, the Board of Directors resolved to submit a proposal, subsequently approved by the Shareholders' Meeting of 23 June 2021, to establish a medium/long-term incentive and loyalty plan (the "Plan") which, on the back of the experience gained from previous plans, will apply exclusively to the delegated bodies and managers of the Group, as well as those of subsidiaries performing key strategic functions. This three-year Plan (2021–2023) was signed off by the Board of Directors upon the proposal of the Remuneration Committee. On the one hand, it aims to promote the creation of medium-term value to shareholders and, on the other, it aims to incentivise loyalty among its beneficiaries.

The Plan grants beneficiaries the right to a given number of regular shares in the Company. These rights will be granted to beneficiaries subject to the latter allocating a portion of their short-term target incentive bonus for the period covered by the medium/long-term plan (25% or 50% of the bonus, as appropriate). Where this occurs (and in addition to the rights assigned in exchange for the portion of the short-term target incentive bonus allocated), the beneficiaries will also receive an identical number of rights free of charge. For the vesting of these rights, and consequently for the underlying shares to be allocated free of charge, the Board of Directors must first verify whether the three-year performance targets linked to the Group's financial results and set by the Board of Directors have been reached and whether the beneficiary remains in employment on the date on which the vesting period expires, in accordance with the provision contained in the Regulations. The shares under the Plan will be provided from shares already in the possession of the Company (treasury shares) or will be purchasable under article 2357 et seq of the Civil Code as long as the Company does not intend to or cannot provide those already in its possession.

On **27 July 2021**, the Board of Directors approved the Regulations for the Medium/Long-Term Incentive and Loyalty Plan (2021–2023) established by resolution of the Shareholders' Meeting of 23 June 2021.

On **21 July 2021**, Mediaset paid out an extraordinary dividend of EUR 0.30 for each share in circulation, thus delivering on the resolution of the Shareholders' Meeting of 23 June, for a total pay-out of EUR 342.1 million.

Acquisition of rights to sporting events and third-party advertising sub-concession agreements

In February, RTI (which already held the free-to-air rights for the three seasons up to 2020–21) secured the free-to-air rights to broadcast the top match from each round of the UEFA Champions League, including the Final, over its generalist networks and online until 2024. It also secured the pay streaming rights to another 104 matches, bringing its total to 121 matches per season (all but one match per round) in the competition, which will be broadcast over its own Infinity platform. All matches acquired are viewable across all devices, from smart TVs and tablets, to PCs and mobile phones.

On **17 June 2021**, Digitalia'08 and DAZN signed an agreement to manage advertising revenues for Serie A TIM for the three-year period 2021–2024, in which seasons DAZN will broadcast the entirety of Serie A TIM, making up a total of 380 matches per season, with 10 matches per matchday (7 exclusive and 3 co-exclusive). Under this partnership, Digitalia'08 - a company with long-established experience in advertising for premium sporting events - will have the exclusive rights to collect advertising for TIM Serie A, working in close collaboration with

DAZN Media to provide companies with the best possible combination of customer experience and first-class communication.

On **1 July 2021**, the Shareholders' Meeting of the Lega Nazionale Professionisti Serie A ("Lega Serie A") accepted the bid submitted by RTI S.p.A. following its call for bids published on 10 June 2021, thus awarding it the broadcasting rights to matches in the Coppa Italia and Italian Super Cup for the 2021/2022, 2022/2023 and 2023/2024 seasons.

RTI-Viacom agreements

On 9 December 2021, RTI signed an agreement with **Viacom International Media Networks Italia S.r.l.** to: acquire the authorisations to provide audiovisual media services for the broadcasting of television programmes on the digital terrestrial network and the related automatic numbering assignments of the "Paramount" (LCN 27) and "Spike" (LCN 49) channels owned by Viacom; and switch the automatic channel numbers LCN 67 (the "VH1" channel owned by Viacom) and LCN 167 (the "R101TV" channel owned by Monradio s.r.l., a subsidiary of RTI).

As a result of this arrangement, on 17 January 2022, the Group began broadcasting the "Twenty Seven" channel on LCN 27; the programming of "Mediaset Italia Due", which stopped broadcasting on LCN 66, was allocated to LCN 49 ("Spike"); LCN 66 now broadcasts the "TV Radio 105" channel, previously broadcast on LCN 157, which has been switched off; LCN 67 (the "VH1" channel) now broadcasts the "R101 TV" channel (previously on LCN 167).

In addition, the TV programming of the "Virgin Radio" channel is now available only on satellite, the Tivù platform and Sky.

Following the deal, the total number of channels broadcast by RTI remains below the 20% limit set by the Consolidated Law for the nationwide broadcasting over terrestrial frequencies as a percentage of total TV programming.

DEVELOPMENTS IN TELEVISION-SECTOR LEGISLATION

Refarming of the 700 MHz Band

On **29 October 2020** (Resolution No. 564/20/CONS), AGCOM passed its final decision on the procedure to allocate additional available transmission capacity in Italy.

In this decision, the Authority set out the criteria for the fees-based auction to allocate additional national networks in line with the Budget Act 2019, which prevented any operator from having more than 3 DVB-T2 transmission networks in the new system at the end of the auction procedure.

On **28 April 2021**, the Italian Ministry of Economic Development published in the Official Gazette the Notice and the tender specifications to assign the available transmission capacity (corresponding to half of a multiplex) at national level and the related terrestrial frequencies under Article 1(1031-bis) of Law No. 205 of 27 December 2017 entitled "State budget for the financial year 2018 and multi-year budget for the three-year period 2018-2020", as amended by Law No. 145 of 30 December 2018 entitled "State budget for the financial year 2019 and multi-year budget for the three-year period 2019-2021".

On **28 May 2021**, Elettronica Industriale, which had already been allocated two rights of use for national network frequencies No. 1 and 9 and one right of use for half of a multiplex, submitted a tender submission.

In its Resolution of 28 June 2021, the Italian Ministry of Economic Development approved the ranking (Industrial Electronics - total score of 99.729; Rai - total score of 99.695) for allocating the available transmission capacity at national level. On 2 July 2021, Elettronica Industriale was awarded the right of use over Lot P3.2. The other three multiplexes were allocated to Rai, Persidera and Cairo Communication, respectively.

On **15 July 2021**, Elettronica Industriale paid the total bid price (the bid was for EUR 8.9 million) for the lot and indicated its preference for a national network (National Network No. 3) under the National Frequency Allocation Plan.

On **13 August 2021** the Italian Ministry of Economic Development sent Elettronica Industriale the order allocating this half-multiplex for the network requested, which will enable it to operate with three multiplexes from 1 July 2022, which is the deadline given in EU law (Decision 2017/899) and Italian law for the 700 MHz band to be refarmed to mobile telephony services for the development of 5G.

Road Map - 700MHz Band Release Schedule

In its decree of 19 June 2019, the Italian Ministry of Economic Development set out the national timetable for implementing the objectives of Decision (EU) 2017/899). In doing so, the Ministry established a transition period (1 January 2020 to 30 June 2022) that would allow the refarming of frequencies by all network operators holding rights to their use at both a national and local level and the restructuring of the regional-information multiplex by public service concessionaires.

In particular, the decree indicated four national geographical areas and the corresponding time phases for the technical operations to be carried out during the transitional period (set as 1 January 2020 to 30 June 2022).

The decree also set forth the timetable and procedures for discontinuing DVB-T/MPEG2 encoding in favour of at least MPEG-4 encoding on DVB-T standards from September 2021 and the activation of the DVB-T2 standard at national level in the period between 21 June 2022 and 30 June 2022.

The timetable for discontinuing DVB-T/MPEG2 encoding was established based on research (Auditel/FUB) commissioned by the Ministry and carried out using the data available on the date the ministerial decree was

issued. This timetable has since slowed down for reasons including the poor circulation of new television reception equipment.

The new Road Map Decree of 30 July 2021 momentarily resolved a complex and risky situation, given that the previous decree had planned for a simultaneous nationwide switch-off of MPEG2 on 1 September, followed by the commencement of DVB-T2 transmissions on 30 June 2022. By the end of July, the scenario being envisaged was merely to push back the date of MPEG2 switch-off to 1 January 2022, which had the potential to cause substantial harm to audience figures and revenues (quantifiable at between EUR 50 million and EUR 100 million, depending on the stage of circulation of new TV sets).

Research by Ipsos conducted for Auditel last July showed that in May 2021 there were still 2.7 million households with MPEG2-only sets (11% of the total 24 million households) and that, if second and third TV sets were taken into account, there were still 7.4 million TV sets that used this standard (17.6% of the total 42 million TV sets). As for DVB-T2, around 13 million households (53% of the total) had at least one TV set that used this standard, more than 25 million (59.7%) of the total 42 million TV sets owned by households still used DVB-T, meaning they would have to be either replaced or combined with a decoder.

In light of these figures, and following hard lobbying from broadcasters, both individually and through their association "Confindustria Radiotelevisioni", a new hypothesis emerged surrounding a progressive refarming process that would be compressed into just six months (from January to June 2022, when part of the frequencies would inevitably have to be returned) in which EI Towers also played an active role, the Ministry twice modified the Road Map Decree, as follows:

- ▢ The aforementioned decree of 30 July 2021 postponed the discontinuation of MPEG2 to October 15 (which was subsequently moved to October 20 of the same month to prevent it coinciding with the local elections) with only "a representative number of programs" being transmitted in MPEG4. Rai continued to broadcast only Rai1, Rai2, Rai3 and Rai News24 in MPEG2, whereas Mediaset did so with six of its minor channels.
- ▢ The MPEG2 switch-off date would then be set in a subsequent order to be enacted before the end of 2021. This would take into account the effects of the switch-off and the circulation of new TV sets.
- ▢ The DVB-T2 standard was anticipated (this could not be interpreted as an obligation) to be activated on 1 January 2023.

In its subsequent decree of 21 December 2021, the Ministry – after having considered shutting down MPEG2 entirely in March 2022, which was avoided thanks to a fresh intervention by Confindustria Radiotelevisioni on behalf of all broadcasters – postponed the date for completing the discontinuation of MPEG2 in favour of MPEG4 encoding until 1 December 2022.

Meanwhile, it is envisaged that the national channels receiving LCN numbers 1 to 9 and 20 will have to broadcast exclusively in MPEG4 from 8 March 2022, using different numbering (blocks 201 to 299 and 509 to 599) to broadcast the same channels in MPEG2. This will factor in a process for returning largely automatic TV sets that are not yet in MPEG4, which will entail some problems for Rai in particular, which will have to change frequency.

Remaining unchanged were the date of 30 June 2022 for the statutory return of the 12 national frequencies to be allocated to 5G mobile services and the date of 1 January 2023 for the activation of DVB-T2.

From **21 August 2021** the Ministry began disbursing a TV Bonus for the purchase of televisions with the new standards. This scheme provides a 20% discount per family (if they pay the Rai TV licence) for scrapping an old device. The initial results have been very positive. For low-income families, this bonus can be combined with the EUR 50 bonus already reserved for them, including the purchase of a decoder. The Bonus intends to serve as a significant incentive for replacing old televisions with TV sets that comply with the new standards this year and

will be disbursed until the scheme's total ceiling of EUR 250 million has been reached. This cap was lifted by a further EUR 58 million in the recently approved 2022 stability law.

European Delegation Law - Transposition of EU Directives

On **22 April 2021**, the Italian parliament passed a Law to delegate powers to the Government to implement EU directives and other acts of the European Union, which led to the transposition of the "AVMS Directive" and other directives relevant to the broadcasting sector.

In particular, Law No. 53/2021 sets forth the guidelines for implementing:

- ▢ Directive (EU) 2018/1808 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States, by amending the Consolidated Law for the provision of audiovisual media services in view of changing market realities;
- ▢ Directive (EU) 2018/1972 establishing the European Electronic Communications Code;
- ▢ Directive (EU) 2019/789 laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes;
- ▢ Directive (EU) 2019/790 on copyright and related rights in the Digital Single Market.

The following acts were adopted to transcribe the above Directives:

Implementation of Directive (EU) 2018/1808 – Legislative Decree No. 208 of 8 November 2021 - Consolidated Audiovisual Media Services Law

This decree, which fully amends and replaces the Consolidated Audiovisual and Radiophonic Media Services Law, sees the expansion of the regulatory boundaries to include non-linear audiovisual media services (OTT) and requires providers of video-sharing platforms to comply with the rules contained in the law, in particular with regard to: protection of minors, hate speech, general advertising principles and consumer protection.

The main changes include:

- ▢ advertising: new daily advertising limits for all television and radio broadcasters, including all forms of advertising;
- ▢ video-sharing platforms: specific obligations and regulations in matters of protection of minors, hate speech, commercial communication and consumer protection;
- ▢ child protection: ensures the protection of minors in linear and non-linear services and promotes co-regulatory procedures for the protection of children on all content delivery platforms;
- ▢ the channel numbering system (LCN) of audiovisual media service providers must be easily accessible;
- ▢ new procedures for verification and intervention by the Authority regarding market positions that could damage the pluralism of operators;
- ▢ copyright protection: compliance by providers of linear and non-linear (OTT) audiovisual media services with the rights and principles of copyright and related rights, regardless of the platform used for transmission;
- ▢ quotas for programming and investment in European works: a separate programming and investment quota regime has been identified for providers of linear audiovisual media services that also offer a service in non-linear mode (OTT);

- ▢ ratings surveys: surveys of audience ratings across any distribution and broadcasting platform must comply with criteria of methodological correctness, transparency, verifiability and certification by independent parties;
- ▢ sanctions: extension of Agcom's sanctioning powers for any violation of copyright, fundamental rights, accessibility by users with disabilities and safeguarding of sports values; events of social and public interest and sound volume of advertising. Introduction of penalties for providers of video-sharing platforms and increased sanctions for non-compliance with rules designed to protect children.

Implementation of Directive (EU) 2018/1972 – Legislative Decree No. 207 of 8 November 2021 - e European Electronic Communications Code

This decree, which amends Legislative Decree No. 259/2003, the Electronic Communications Code, introduces the following changes:

- ▢ new definitions of electronic communication services, which take into account technological and market developments; these definitions now make it possible to include OTT services within the Code's scope of application;
- ▢ widespread access to high speed connectivity was inserted among the general objectives of electronic communications regulation;
- ▢ the procedures and content of authorisations were redefined in accordance with the Directive;
- ▢ administrative sanctions were reviewed and tightened, and new sanctionable violations were introduced, including damage to electronic communication services or works and objects related to them;
- ▢ the rights of end users of electronic communications services were strengthened, with particular reference to the contractual information obligations of operators, the duration of contracts for the supply of electronic communications services and the right of users to withdraw from contracts in the event of changes to, or the automatic extension of, contractual conditions.

Implementation of Directive (EU) 2019/790 – Legislative Decree No. 177 of 8 November 2021 – Copyright and related rights in the Digital Single Market.

This decree made significant amendments to Law No. 633 of 22 April 1941 on copyright and other rights connected with its exercise, with particular reference to the digital uses of protected works and contents.

The new provisions introduced aim not only to ensure fair remuneration for authors and newspaper publishers, but also to make relations with online platforms more transparent through communication and disclosure obligations concerning access to works protected by copyright or other protected material uploaded by users. Agcom was vested with sanctioning powers.

Implementation of Directive (EU) 2019/789 – Legislative Decree No. 181 of 8 November 2021 - SatCab

The new rules implement EU regulations relating to the cross-border provision of broadcasting through ancillary online services, which enable broadcasters and retransmission service operators to offer wider access to television and radio programs across the EU through simplified copyright and related rights licensing.

Update to the new plan to automatically number digital terrestrial television channels

In Agcom Resolution no. 116/21/CONS of 23 April 2021, the authority approved an update to the automatic numbering plan for digital terrestrial television channels and established the procedures for assigning numbers to audiovisual media service providers that are authorised to broadcast audiovisual content over digital terrestrial technology, as well as their conditions of use.

The Numbering Plan is organised as follows: National and local channels (0-99); Group 2: National and local channels (100-199); Group 3: National and local channels (200 - 299); Group 4: Local channels (300-399); Group 5: Pay channels (400-499); Group 6: National channels in new formats (500-599); Group 7: Local channels in new formats, if any (600-699); Group 8: National and local radio channels (700-799); Group 9: National and local channels (800-899); Group 10: National and local channels, other services and test channels (900-999).

Once the Regulations came into force, the Ministry of Economic Development launched the procedure to assign automatic channel numbering (LCN) for free-to-air national audiovisual media services.

Through this procedure, the MFE Group was reallocated LCN numbers for all the channels owned by the Group.

The final list of national LCN numbers assigned was published by Ministry on 22 November and was updated and integrated on 9 December 2021.

Renewal of digital radio broadcasting authorisations

On **10 December 2021**, pursuant to CONSOB Resolution No. 664/09/CONS of 26 November 2009, the Group's radio networks (Radio 105, Virgin Radio, RMC, R101, Radio Orbital, Radio Subasio, Subasio Più and Radio Suby) submitted applications to the Ministry of Economic Development to renew their authorisation to supply radio programs for digital broadcasting, which was due to expire on 31 December 2021. We are currently waiting for the Ministry to renew these authorisations.

AGCOM procedures

A dispute is still pending before the Court of Justice as to whether the **advertising time limits** should also apply to the TV advertising of the Group's radio stations.

The Court's ruling must address the compatibility with EU law as regards who is eligible to broadcast self-promotion adverts and whether "self-promotion" may also include adverts for programmes broadcast on (radio) platforms other than the one broadcasting those cross-platform adverts (TV).

Child protection

In 2021, Agcom imposed a EUR 125,000 fine on radio station Radio 105 for violating Article 34 of the Consolidated Law in relation to the use of bad, vulgar and offensive language in two episodes of the radio program "Lo Zoo di 105", broadcast on 26 October 2020 and 11 December 2020 from 2:00 p.m. to 4:00 p.m.

Following these proceedings, the radio station further strengthened its protective measures to ensure that all broadcast content complies with the requirements for proper of language and conduct.

Equal coverage

Since 2000 (when Law No. 28/2000 "Provisions for equal access to the media during electoral and referendum campaigns and for political communication" came into force), Agcom has issued a total of 13 fines (for a total of around EUR 2,000,000) for violating equal coverage regulations.

Of these fines, only one (the programme "Liberi Tutti Rete 4" - 2006) amounting to a total of EUR 150,000 was upheld by the Regional Administrative Court and the Council of State. All other subsequent fines were annulled by the Regional Administrative Court and/or their annulment was confirmed by the Council of State.

We have therefore filed applications to be reimbursed all amounts due to us, including any interest and surcharges accrued.

Given the annulment of almost all equal treatment rulings and fines, the Regional Administrative Court and Council of State accepted our arguments and confirmed that the Authority must ensure that proceedings are conducted fairly. In these sense, it should impose a fine only after notifying the broadcaster of the violations and give the broadcaster the possibility to file counterstatements to ensure a fair hearing.

The interventions relating to the regulatory framework of reference mentioned above do not involve critical elements on the performance of the Group's characteristic activities

MAIN GROUP COMPANIES



GROUP PROFILE AND PERFORMANCE REVIEW BY BUSINESS SEGMENT

MFE is a multinational media group, which has been listed on the Milan Stock Exchange since 1996, mainly operating in the television industry in Italy and Spain.

In **Italy**, Mediaset is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels - both linear and non-linear/OTTV) - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In Spain, Mediaset is the main shareholder of Mediaset España, with an interest of 55.69% of voting rights, not including treasury shares, as at 31 December 2021. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

ITALY

Media and distribution platforms are becoming more and more integrated in response to developments in the advertising market. In the television sector, in particular, competition has led to a proliferation of multichannel and multi-platform offerings, which has influenced advertising as much as production and editorial strategies.

For advertising, different media need to be managed articulately to maximise their viewer reach and leverage information profiling of the various target audience segments. Production and editorial operations, on the other hand, require coordination and synergy for content planning and strategies acquisition.

In this environment, the MFE Group has developed an integrated television free-to-air/pay television, linear/non-linear content model, which generates synergies and leverages the know-how gained over the years from producing entertainment, news and analysis programmes, together with the distinctive expertise developed by the Medusa and Taodue subsidiaries in movie distribution and the production of films and television dramas, in addition to the acquisition of sports, film and television series content from third-parties.

Also in keeping with this model is the development of web activities, increasingly oriented towards free online television-based video – with the capacity to rebroadcast and amplify content and supply, as well as launching original products.

The integrated television offer model consists of the following core business areas and other activities core business:

- ▢ original content production and third-party content acquisition, driving the broadcaster's offering and programming of generalist and thematic television; these activities have associated costs of production and self-produced content creation (news, entertainment drama) – key investments include the acquisition of multi-year rights licences from third parties, particularly for films and TV series supported by the Group;
- ▢ editorial content distribution for linear and non-linear, and free-to-air and pay-per-view television across various platforms and for radio content by Group broadcasters;
- ▢ advertising sales for television operations, through the Group's concessionaires, and for the Group's radio broadcasters and websites, as managed by Mediamond as part of a joint venture with Mondadori; this

partnership underpins the Group's main source of revenue, namely the sale of advertising space on managed media with a view to cross-media coverage;

- ▣ other activities: film production and distribution, publishing activities, licensing and merchandising, advertising concessions of third-party publishing houses in Italy through Digitalia and foreign media through Publieurope. These activities generate other revenue components, in particular through film distribution and the sale and/or sublicensing of content and multiplatform rights, as well as the rental of transmission capacity to other sector operators and advertising revenues from third-party concessions.

CONTENT PRODUCTION AND ACQUISITION

Productions

In 2021, R.T.I. S.p.A. produced 219 television programmes.

The following table shows the number of productions made in 2021 by type, split by general interest channels, thematic channels, semi-generalist channels and pay TV channels.

Type	Number of productions made					
	2021			2020		
	Prime Time	Day Time	Total	Prime Time	Day Time	Total
Drama		1	1			
News	15	26	41	13	23	36
Sport	6	11	17	4	11	15
Entertainment	33	50	83	37	60	97
Culture	6	1	7	3	2	5
Telesales	1	17	18	2	16	18
Promo and Advertising		7	7		8	8
Total Generalist Networks	61	113	174	59	120	179
News	1	9	10		7	7
Sport	3	5	8	2	7	9
Entertainment	3	8	11	2	23	25
Culture	4	2	6	2		2
Promo and Advertising		8	8		8	8
Total Thematic and Semi-Generalist Networks	11	32	43	6	45	51
Entertainment			0		1	1
Promo and Advertising		2	2		2	2
Total Pay Networks	0	2	2		3	3
Total	72	147	219	65	168	233

A total of **12,533 hours of final programme time were produced in 2021**, compared to 12,232 hours in 2020, as detailed in the following table:

Type	Final programme time (hours)			
	2021	% of total	2020	% of total
Drama	4	0.0%		
News	4,298	34.3%	4,032	33.0%
Sport	585	4.7%	464	3.8%
Entertainment	2,654	21.2%	2,717	22.2%
Culture	76	0.6%	70	0.6%
Telesales	18	0.1%	22	0.2%
Promo and Advertising	28	0.2%	24	0.2%
Total Generalist Networks	7,663	61.1%	7,330	60.0%
News	3,795	30.3%	3,869	31.6%
Sport	576	4.6%	538	4.4%
Entertainment	449	3.6%	443	3.6%
Culture	35	0.3%	38	0.3%
Promo and Advertising	12	0.1%	10	0.1%
Total Thematic and Semi-Generalist Networks	4,868	38.9%	4,898	40.0%
Entertainment		0.0%	1	0.0%
Promo and Advertising	2	0.0%	3	0.0%
Total Pay Networks	2	0.0%	4	0.0%
Total	12,533	100.0%	12,232	100.0%

Entertainment Productions

In 2021, regular production is back in full swing with first-run productions (including live broadcasts) and a return to live studio audiences.

Both in daytime and in prime time, Canale 5 and Italia 1 again offered television audiences a wide range of formats (self-produced and international), whereas Rete 4 particularly focused on its news reporting brands. This strong and diversified offering has allowed Mediaset networks to reach large audience segments through its own entertainment productions. Indeed, in 2021 it was the leader in the 15-64 commercial target in the 24-hour period (25.0%), despite the competition of UEFA Euro 2020 between June and July.

In particular, in **prime time**:

Canale 5 achieved positive ratings among the commercial target (15.8%) and was the first choice for all age bands from 15 to 54, as well as for children.

The channel has captured the curiosity of viewers by enabling them to self-identity with those they see on screen and offering gender diversity, supported by strong historical brands or brand-new productions. This has occurred despite an environment made complicated by strong platform competition and the widespread consumption of content on devices.

The range of programming offered by Maria De Filippi's "Fascino" series has given the network 35 evenings of consistently high ratings (often at record levels) both among the younger commercial target and among total individual viewers.

- ▢ Garnering a share of over 31.6% (29.4% among individual viewers, at more than 6.3 million), last year's edition of "C'è Posta per Te" was the most watched since 2005 (beating the previous year's already-impressive record).
- ▢ Even 21 years after its premiere, the programme has remained in excellent health. Last year it attracted the highest number of unique contacts (an average of almost 14.7 million) and is always the number one choice in the evening schedule and the undisputed leader among female targets of all ages (peaking at over 41.0% among young people).
- ▢ "Amici" also posted record figures, achieving its highest average among individual viewers since 2008 (28.1%, at almost 6 million viewers) and an all-time record among the commercial target (31.4%), with increasingly high peaks among the younger target (57.1% of women aged 15-24).
- ▢ "Tu Si Que Vales" repeated the previous year's success. Always winning in the evening head-to-head against "Ballando con le stelle", it reached an average of 28.3% of the active audience and achieved significant ratings among female viewers (36.0% of young adults).
- ▢ Temptation Island recorded its best ever ratings (summer or autumn edition) among the commercial target (27.7%) thanks to the huge turnout of young people (+4.4 points higher than the 2020 average among 15/34 year-olds) and the even stronger viewership of the female target aged up to 54 (peaking at 51.2% among twenty-somethings).

The main reality shows that were broadcast also received positive ratings:

- "Grande Fratello VIP", with its two editions broadcast across 44 evenings between spring and autumn, always achieved a rating share of above 20.0% in the commercial target, distributed evenly among all female age groups (reaching 41.6% among twenty-somethings) and also extending into some male targets (reaching 28.3% among 20-24 year olds).
- "Isola dei Famosi", which lasted for more than 10 days more than previous editions, achieved ratings of 19.0% among the commercial target thanks to the high contribution of young people (about 25.0%).

Both reality shows dotted the day time schedules (also of Italia 1) with daily doses of around 10-15 minutes on Mediaset Extra.

There was a greater viewer response to cult brands including "Zelig", with the return at the helm (after 11 years) of the iconic Bisio and Incontrada, which achieved a 24.1% share among the commercial target (at almost 11 million viewers) and peaked at above 30.0% among various female targets). There was a similar response to the return of "Scherzi a parte", which premiered with a 21.6% share (34.1% among women aged 15-24) and attracted almost 10 million contacts.

There was more comedy and laughter with Pio and Amedeo's new show "Felicissima sera", which attracted 11 million contacts, reaching 26.0% of the commercial target with strong ratings among men aged 15-24 (38.0%) and women in their twenties (44.0%).

Canale 5 also dedicated plenty of space for music, offering talent evenings and celebration events that attracted a varied audience (young people, who are typically the core of the network's productions, but also older viewers):

- the fourth edition of "All together now" and the new show "Star in the star" performed well among young-adult female audiences (around 18.0%) and men aged 25-34 (15.5%).
- "Uà" (Baglioni) attracted young people (16.3%) with a show rich in content (song, dance, acting, storytelling) and big names; on the other hand, "D'Iva" (Zanicchi) was the standout among older women (21.0%).

There was also a positive response in the quiz genre thanks to the added impetus given to daytime brands (with strong presenters and formats).

The following shows premiered with the following ratings:

- ▢ "Avanti un altro!", with Paolo Bonolis, attracted more than 11 million contacts and reached 19.0% among the commercial market (peaking at over 31.0% among women aged 15-24);
- ▢ "Caduta libera", with Gerry Scotti, broke through among a less "cultured" older audience (16.0%).

"Live: Non è la D'Urso" fared strongly across its 11 evenings, appealing to female audiences aged 15 to 44 (16.0%).

Finally, this varied mix of genres was topped off by the "Viaggio nella grande bellezza" documentary series (8 episodes in all).

Italia1 remained highest among the network's target audience of 15-34 year olds (7.3%, the third-best generalist network), while also performing well in the commercial segment thanks to its content capable of attracting older viewers:

- ▢ "Le Iene" (the flagship on the schedule: almost 40 evenings across spring and autumn) recorded average peaks of up to 17.3% among young people, as well as making significant headway among viewers aged up to 54 (peaks of up to 16.0% among 35-44 year olds).
- ▢ This format has always been characterised by a strong content identity (which is also developed in special episodes) and its variety of presenters (in the autumn, Savino and Gialappa's Band were joined in rotation by Elodie, Paola Egonu, Lodovica Comello, Elisabetta Canalis, Rocío Muñoz Morales, Madame, Elena Santarelli, Francesca Fagnani, Federica Pellegrini, Iva Zanicchi and Michela Giraud).
- ▢ "La pupa e il seccione e viceversa" achieved its best ratings among 15-34 years old (17.1%: the top generalist channel among men and peaking at 21.2% among twenty-something women), while also reaching above-average figures among over-54s.
- ▢ Against a challenging background, the "Freedom" series of documentaries attracted 5.3 million contacts on average (almost 7 million on its premiere) including among adults viewers (8.5% of 35-44 year olds).
- ▢ In its five summer episodes, "Battiti Live" achieved its highest ever ratings both among the network target (16.6%) and among individual viewers (10.7%), with a strong viewership among 45-54 year olds (15.0%).

The network also strived to come up with new formats and different ideas:

- “Honolulu” offered a comedy show with various innovative elements (presented by online stars and debutant comedians Trotta and Mandelli, who were the backstage centrepiece), which made inroads with young adult males (around 9.0%).
- The “Buoni o cattivi” docufilms saw Veronica Gentili on the network for the first time; on its premiere, the show achieved the highest generalist-channel rating among men aged 35-54 (8.7%).

Rete4 continued to be Mediaset’s network for investigative journalism in 2021.

Several year-round programmes covered major national events (from the pandemic to politics and current affairs), with many hosting debates (in-studio and remote guests), each presented in a unique style. “Dritto e rovescio”, “Quarta repubblica”, “Fuori dal coro”, “Zona bianca” and “Controcorrente” fared well among the network’s target audience of over-55s (audience shares of between 6.0% and 8.0%).

The news offering is completed by time-honoured show “Quarto grado” (which since 2010 has focused on crimes carefully analysed in programmes with filmed reconstructions and experts in the field): it achieved an average rating of 6.6% among individual viewers (10.7% among women over 65), peaking at 9.0% (and 14.2% among women over 65) during the most viewed episodes (e.g. the Vannini verdict).

Good ratings were also recorded for the summer spin-off “Il terzo indizio” (9.3% among women over 65).

In the day time (7:00 AM to 8:30 PM), both in the spring and autumn seasons, Mediaset productions ranked number one overall among the commercial target (with an average share of 24.6%) and was the leader in the majority of time slots (from early morning to late afternoon). In the late evening band, too, Mediaset networks performed far better than those of Rai in the 15-64 age bracket (27.0% vs 21.7%) and won out among individual viewers (25.5% compared to 25.2%). Above all, this was thanks to the tail-end of productions.

Canale 5 maintained a clear lead over Rai Uno (16.8% vs 12.6%) across all daytime slots (in particular in the afternoon).

From Monday to Friday, the schedule followed a tried and tested programming pattern:

- ▢ “Mattino Cinque” maintained particularly strong ratings (18.6%), which remained strong even with the successful end-of-year experiment in which it was presented by Vecchi alone.
- ▢ Thirty-six years after its first edition, “Forum” continued to engage (with in-studio debates and judges’ verdicts) the entire female viewership (especially over-55s: 20.8%)
- ▢ “Uomini e donne” achieved better results than in recent years with 22.6% among individual viewers and 25.6% among the commercial target (drawing a third of all TV-viewing women aged 15-54).

Some programme episodes were particularly engaging, putting in the hot seat both historical contestants (March 24 with Gemma: 29.4% among the commercial target) and new and interesting contestants (two weeks at 26.6% with Samantha: the first plus-size contestant).

- ▢ “Amici” achieved its highest average rating among individual viewers since 2008 (3.4 million in total, 28.1%) and a historical record among the commercial target (31.4%; 49.2% among young women).
- ▢ “Pomeriggio cinque” (which overhauled its content, guests and set design in the autumn) impacted the commercial target (17.7%) and made significant headway among female audiences from 15 to 54 years (22.3%).
- ▢ In the early evening slot (which has the highest total audience), both game shows achieved good ratings.

- ▣ “Caduta libera” (18.3%: 24.0% of teens and 20.8% of women aged 25-44); “Avanti un altro!”, (23.1%), with a high share of young (28.5%) and adult women (25.8%).
- ▣ “Striscia la notizia” (which celebrated its 34th edition in the autumn) offered many new features: new presenting duos (e.g. Incontrada & Siani; Lipari & Friscia), new showgirls and guests (e.g. youtuber Angelica Massera) and new segments. The show remained popular among the commercial target (18.0%) and was contacted by a high number of viewers (about 9.2 million average contacts per evening).

At weekends, talent show “Amici” particularly stood out: its ratings increased in the spring in the usual Saturday afternoon slot (with a share of close to 24.0% among the commercial target and 36.0% among female viewers aged 15-34) and was the weekly leader with ratings that were consistently over 3 million among individual viewers; the show also remained successful in the autumn in its new and more challenging Sunday slot (20.8% among the commercial target and 35.2% among young women) and its ratings continued to beat (including among individual viewers) “Domenica in”.

The same was true of “Verissimo”, which has become an ever more important resource for the network (in the autumn it was also broadcast on Sundays), as it obtained the following ratings: in the Saturday slot it performed very well in the spring (19.0% among the commercial target, with 30.0% among women aged 15-24) and held up well in the autumn even considering the additional Sunday slot: the show managed to relaunch and gain the affection of audiences even in its new slot (17.4% among the commercial target, with the highest contribution among women: 27.8% of 15-24 year olds, 25.0% of 25-34 year olds, 21.3% of over-35s).

Also worth noting is the programming of flavoursome itineraries and culinary traditions provided by “Melaverde” (15.0%, including a 17.2% grip over older audiences) and the new edition of “Scene da un matrimonio” (which marked Anna Tatangelo’s debut as a presenter), which is most watched by female audiences (especially aged 35-54 at 18.0%).

Finally, in the late evening slot, the shorter edition of “L'intervista” (with Maurizio Costanzo) was the number one choice across its two episodes, coming close to 14.0% among the commercial target (19.0% among women aged 35-44).

Italia1 is the third highest generalist network among young people both in the 24 hour period (7.8%) and in the late evening (9.5%).

Particularly attracting younger target audiences has been the daily servings of reality shows on Canale 5: “Grande fratello VIP” (around 11.0% of twenty-something men) and “Isola dei famosi” (9.0% of men aged 15-24); as well as the 25-minute servings of “Amici” in the spring (11.6% among girls aged 15-24).

The late night also have a rich offering of mainstays and new productions.

Also “Tiki taka” (over 11.0% among men aged 15-54), original comedy with Angelo Pintus (“Pintus club” at 16.4% among the network target; “Before Pintus” at 17.0% among men aged 25-34) and the premiere of all-female late show “Venus club” (10.0% of young women aged 20-34).

Rete4 performed strongly among its target audience of older viewers in the main viewership bands: including in the early afternoon with “Lo Sportello di Forum” (10.4% of women over 65) and at weekends with “Stasera Italia” (7.0% of over 55s, and 8.5% of women over 65).

News and Sport productions

Since 2013, the Group has invested a growing number of hours in self-produced news programming. During this time, it has constantly adapted its own organisational and technology structure, building them around the News Mediaset agency and the Dalet digital production system respectively.

In 2021, too, there has been a continuation and strengthening of the News and Sports newscasts broadcast by Mediaset channels (including across own multimedia platforms), established upon several pillars:

TV newscasts:

- ▣ **Tg5**, which has always led its slot competitors among the 15-64 commercial target, with the “Prima Pagina” morning news (19.4% average share) as well as in the morning (22.4% average share), midday (19.6% average share) and evening (20.7% average share) editions. Also of note were the two TG5 Specials broadcast during access prime time (8:30-9:30pm) featuring Pope Francis: The first was “Il mondo che vorrei: parla Papa Francesco” on 10 January, and the second was “Francesco e gli invisibili” on 19 December.
- ▣ **Studio Aperto**, which successfully caters to Italia 1’s Young Adults (15-34) target both in its morning (14.0% average share) and evening editions (7.1% average share), maintained its strong position among younger viewers with Studio Aperto Mag, on air from 7pm, as well as the episodes of “Cotto e mangiato i menù”.
- ▣ **Tg4** achieved a 4.0% share of the channel’s typical target audience (over 55s) in its midday edition; In the evening edition, it reached 5.0% among the same target, thanks in part to the editorial decision to focus on in-depth analysis with a permanent studio guest to accompany the presenters in analysing of the main issues of the day.
- ▣ “Sport Mediaset”, in its traditional 1pm slot, remained popular among younger segments (11.9% of the 15-34 target). The same was true for the Sunday edition “Sport Mediaset XXL”, which averaged almost a 9.0% share of the 15-34 target.

Infotainment and journalistic analysis by the Videonews desk

- ▣ Canale 5 daytime with “Mattino 5”, “Pomeriggio 5” and “Verissimo”, all of which are commercial target leaders in their own slots, with 18.6%, 17.7%, 18.8% and 18.0% shares respectively. This was consolidated by the Sunday double-bill of “Verissimo” which started airing in autumn 2021, which led to a 3-point increase among 15-64 year olds (17.4%) in the same afternoon band. Finally, building on the network’s news coverage even outside of the peak spring and autumn seasons, the network launched “Morning News” (13.0% among 15-64 years olds) over the summer and both “Mattino 5 news” and “Pomeriggio 5 news” during the Christmas period (17.7% of the commercial target for the former, and 12.8% for the latter).
- ▣ Rete 4’s access primetime programme “Stasera Italia” presented by Barbara Palombelli reached just under a 5.0% share (6.5% of over 55s) and “Controcorrente” with Veronica Gentili in its Saturday and Sunday edition reached 4.2% (5.9% of over 55s). Also on weekends, Sunday morning programme “Dalla Parte degli animali” drew in just under 3.5% of the channel’s target audience.
- ▣ To ensure a constant news stream and in-depth analysis during the outbreak of the pandemic, the “Stasera Italia” brand had stepped up its programming in 2020 with dedicated special episodes broadcast in prime time, which continued in the first three months of 2021 (3.5% share, including 4.7% of over 55s); The experiment laid the groundwork for the consolidation of new primetime programme “Zona Bianca”, broadcast on Wednesday evenings from spring 2021 and presented by one of TG4’s leading lights, Giuseppe Brindisi (4.2% share with 5.6% of over 55s).

- ▢ With the presence of “Zona Bianca” and the inclusion of “Controcorrente” also in prime time on Sunday evenings and again presented by Veronica Gentili (3.8% of individual viewers and 5.0% of the network target), the primetime programmes on the Rete4 schedule guaranteed coverage for six evenings a week, thus confirming its position as Italy’s reference for news at a time of constant need for the country.
- ▢ In addition to these new arrivals, we saw the continuation of “Quarta Repubblica” on Mondays (5.2% of all viewers, 7.0% of the channel’s target), “Fuori dal coro” on Tuesdays (5.3% of all viewers, 6.8% of the channel’s target), “Dritto e Rovescio” on Thursdays (6.1% of all viewers, 8.0% of the channel’s target), and “Quarto Grado” on Fridays (6.6% of all viewers, 8.0% of the channel’s target), which continued to spearhead the network’s core target by provide crime noir content even a time where the pandemic dominated the news cycle.
- ▢ For Italia 1, there were four new primetime episodes of “Buoni o Cattivi” presented by Veronica Gentili, which achieved a share of 5.3% among 15-34 year olds.
- ▢ The late evening programming included “X-style” on Canale 5 (7.0% of the network target) and “Confessione Reporter” (4.2% of the network target) and “Pensa in Grande” (5.0% of the network target) on Rete 4.

As for **sports news**, Mediaset, which had already been airing Tuesday night matches on its free-to-air services in the first half of the year (the 2020/21 season), won the broadcasting rights to a total of 121 UEFA Champions League matches per season across its platforms for three years. Mediaset will continue to ensure that Italian viewers can watch the biggest match from each round of the UEFA Champions League for free, including the final, over its generalist networks until 2024. Matches will also be viewable online. In addition, Mediaset will air another 104 matches each season on its live pay streaming service: Matches will be viewable across all devices, from smart TVs and tablets, to PCs and mobile phones. The Champions League matches broadcast on the flagship network had a cumulative reach of 30 million contacts, and post-match programme “Pressing Champions League” obtained an 8.3% average share of the commercial target audience.

Another major exclusive secured by Mediaset for the next three seasons (2021-2024) are the rights to the Coppa Italia. All matches are broadcast exclusively free-to-air on Mediaset networks and streamed live on Mediaset Infinity. And that’s without forgetting the other football events broadcast from the UEFA Nations League and World Cup European Qualifiers.

The sports news was tracked, processed and analysed by Mediaset's news, commentary and in-depth programmes. In addition to the aforementioned “Pressing Champions League” and the “SportMediaset” and “SportMediaset XXL” news broadcasts, “Pressing Serie A” and “Tiki Taka” on Italia 1 were able to offer television audience news and fresh takes from the top leagues and the transfer market, achieving excellent ratings in the process among the 35-54 target (7.9% and 7.8% respectively).

Aside from football, there was also a range of content in the world of motorsport:

- ▢ The ABB FIA Formula E World Championship, the championship for electric single-seaters that is increasingly attracting the attention of the world's leading automotive brands;
- ▢ Extreme E, the spectacular championship that uses only zero-emission electric SUVs to race off-road in the world's most inaccessible areas, debuted in January 2021;
- ▢ Drive Up, a magazine viewing the motorsport universe from above, made in collaboration with Quattroruote.

From September 24, a new Mediaset exclusive began on Channel “20”: the United Rugby Championship, a new international rugby tournament bringing together the best rugby talent from Italy, Ireland, Scotland, Wales and

world champions South Africa up to the end of the season, with the grand final expected to be aired on 21 May 2022. Matches will also be streamed live on Mediaset Infinity.

Finally, weekly magazine show “E-Planet” (8.2% of the 15-34) continued airing throughout the year on Italia 1 (with repeats on Focus), focusing on issues related to environmental and development matters, such as electric vehicles, clean energy, protecting the planet and creating sustainable economic models.

The Group was also committed to ensuring broad and diversified news coverage of all events occurring throughout 2021, with particular emphasis on aspects concerning the public health crisis. Over the course of the year, over 10,000 hours of self-produced content were made (around 3,500 hours of news and reporting, around 2,500 hours of infotainment and 4,700 hours of original programming on the Tgcom24 channel). As the pandemic continued, Mediaset's news coverage was consolidated and intensified across the airwaves with the introduction of two new primetime programs on Rete4 and the extension of its daytime programmes (which continued to be broadcast even outside of peak periods).

The Mediaset news agency, established in March 2010, this agency brought journalists from several of the Company's news desks under a single structure. By the end of 2021, the agency numbered around 200 journalists. The agency constantly feeds the all-news channel Tgcom24, provides content to national news and infotainment programs and works across media, taking in web, mobile and radio. It serves as a genuine hub for the production and distribution of multi-platform content across various brands.

In 2022, News Mediaset news desk changed its name to TGC24 and will now host both the national news brands and the journalism agency.

The Dalet Digital Production System was first introduced into newsrooms in June 2011, with a view to integrating all news reporting programmes into a single digital environment. In 2013, this digital technology was extended to the infotainment and investigative journalism newsrooms, which allowed for a reduced use of analogue editing rooms and a consequent reduction in production costs, as well as facilitating journalists' access to digital archives.

The system proved more essential than ever during the public health crisis, having been fully operational since 2019 in the News Production Centres in Cologno Monzese and Roma Palatino, in the 9 regional newsrooms and now even abroad (Jerusalem, London, Brussels and New York). The newsrooms of the two production centres are synchronised, allowing all users to access the same content during 2020, regardless of location. Thanks to the shared technology, the system enabled real-time exchange of services and content without any physical transfer of materials.

In early 2017, the Dalet system was updated from version 3.5 to Galaxy, and in 2018 the first structured approach to rights management was introduced, with the recognition of the REUTERS and APTN WATERMARKS. In 2019, streamlining activities continued so as to enable materials and videos to be more quickly exchanged between the various Dalet systems, and to streamline the exchange of videos to and from all external post-production rooms using Dalet's material export rules. The year 2020 saw the continued rollout of the new version of the Dalet Galaxy Five system, commenced in 2019, and the activation of the POC for the introduction of the Dalet artificial intelligence system (CORTEX). Due to the continuing pandemic, the introduction of AI was delayed until 2022. In the meantime, a new plan has been developed which, like AI, will be introduced in 2022: the production process will be revolutionised by getting all areas of production to work more closely and effectively. The process will start by taking the current schedules of the editorial desk, which will make it possible to directly activate the necessary technical resources (troupes, links, etc.) and will conclude with the creation of an automatic process for material to be fed directly into the Dalet system by the troupes in the field.

As regards logistics, security and productivity, production centres had to continue catering to the new safety requirements enforced by the public health crisis during 2021, which revolutionised much of the usual broadcasting times and spaces.

Extensive requests were made to study, produce and enforce production studio safety protocols to protect presenters, guests, newsrooms and all technical operators involved in making the broadcasts.

The lack of a studio audience and the restrictions on the number of live guests required some studio formats to be redesigned: audio-video links were enhanced and increased, social distancing measures and safety procedures were put in place and new methods were introduced to ensure that viewers would continue to perceive interactions with guests as empathetic and genuine.

The collection of these strategies implemented at the Cologno Monzese Campus and at the Palatine Production Center, combined with the impressive technological structure that has been enhanced over the years, have enabled us to continue our production process uninterruptedly and in total safety, all the while performing even better than the previous year. Concentrating all broadcasting activities of Tgcom24, TG4, Studio Aperto and Sport Mediaset productions within Studio 15 has also made it possible to optimise technical and production management by adopting a transversal model and moving towards a single continuous production and broadcasting flow for Hard News. To achieve a highly optimised model, the new system aims to overhaul the current logic whereby line staff are vertically assigned to brands, and instead extend the rollout of the transversal model (not including the hosts and brand curators). By concentrating activities within a single studio in Cologno Monzese, by implementing a continuous and rational production flow and by optimising the organisation of line-related work through the adoption of this transversal model, greater efficiencies will be gained without downsizing the product.

The innovations to processes (organisational, technological and logistics) put in place over the years have resulted in a significant increase in productivity and have readied the team to meet the challenges posed by the public health crisis and to react in a timely, effective and efficient manner, without having to halt production. This responsiveness brought with it an increase in the hours produced and the containment of overall costs.

In recent years, the news universe headed by **Videonews** has been in constant flux and the News Department has been successful in adapting to these changes: demand for news is no longer met by newscasts alone, but also by talk shows, discussion programmes, investigative reporting and features, with the diffusion of the internet having had a deep impact on the working methods within Mediaset newsrooms and on the characteristics and quantity of the news broadcast, which in turn has significantly enhanced and diversified programming formats and content.

Nevertheless, these formats are planned in cognisance of the central role played by news broadcasting and the onus on providing accurate information, in particular in such a delicate moment in history.

Videonews produces programming for all of Mediaset's generalist networks. By 2021, it was producing more than 20 broadcasts simultaneously, catering for more than 236 primetime shows per year.

The News Department is the main content contributor (including via Videonews) to the daytime schedule of Canale 5, which is currently Italy's most viewed channel among the commercial target audience.

For Rete 4, it produces six live primetime shows and two franchises (Stasera Italia from Monday to Friday, and Controcorrente on Saturday and Sunday) for the prized access primetime segment, thus covering the entire week in peak and non-peak seasons.

In addition, 2021 also saw the arrival of Videonews at prime time on Italia 1, with four episodes of new programme "Buoni o Cattivi" hosted by Veronica Gentili.

This year, too, programming was based around two components:

- ▢ infotainment, which is on air seven days a week with famous TV stars such as Barbara D'Urso, Federica Panicucci, Silvia Toffanin and Piero Chiambretti, who work actively with the newsroom to produce programmes that provide insight and comment on news, current affairs, lifestyle and society.
- ▢ top journalists such as Nicola Porro, Paolo Del Debbio, Mario Giordano, Gianluigi Nuzzi, Barbara Palombelli, Giuseppe Brindisi, Veronica Gentili, Francesco Vecchi and Simona Branchetti, who present features on news, politics and current affairs.

Several of the Brand's news desks actively contribute to the generalist network schedules: on Canale 5, with *Mattino Cinque*, *Mattino Cinque news*, *Morning news*, *Pomeriggio Cinque*, *Pomeriggio Cinque news*, *Verissimo*, *X-Style*; on Rete 4, with *Quarta Repubblica*, *Fuori dal Coro*, *Zona Bianca*, *Dritto e Rovescio*, *Quarto Grado*, *Stasera Italia*, *Controcorrente*, *Dalla Parte degli Animali*, *Confessione Reporter*, *Super Parte*; on Italia1, with *Buoni o Cattivi*.

Mediaset also works with the all-news **TGCOM24** system, across its various strands:

- ▢ the television network (available on DTT Channel 51 and SKY 509), "breaking news" broadcasts on the free general and thematic networks and listenable on the RadioMediaset radio network and on the main national radio stations;
- ▢ the website [TGCOM24.it](https://www.tgcom24.it), as well as apps for smartphones and tablets;
- ▢ official social media accounts (Facebook, Twitter, Instagram and LinkedIn), as well as a dedicated YouTube channel.

The multimedia offering of TGCOM24 is followed by approximately 3.6 million *unique users per day*¹, with an average of 9.4 million page views per day. Also of note is the performance of news and sports information multimedia, in particular in terms of the viewer figures for video (VOD) *on the internet and mobile version of TGCOM24.it*², with a monthly average of 112 million videos viewed in 2021.

In relation to mobile use, the *TGCOM24*³ app recorded more than 3.6 million total downloads (+6% on the previous year, according to data current as at December 2020)⁴. In 2021 alone, there were 242,000 downloads.

The SportMediaset app, on the other hand, recorded a total of 2.46 million downloads (+5% on 2020) with 158,000 downloads during the year 2021 alone.

The TGCOM24 system, with its cutting-edge multimedia system, has enhanced the scope of its activities and the overall pool of contacts across its multiple platforms: TV Channel / Mobile-Internet / Radio / Thematic Networks / Generalist Networks

In 2021, the All News channel reached more than two and a half million viewers per day, on some days peaking at more than 3 million average contacts. This figure underlines how TGCOM24 has become a reference point for national news. The Channel (51 DTT, 509 SKY, Streaming Web/Mobile) offers a LIVE daily window into the main events of the day and has strengthened its permanent linkup with online news streams by providing large forums for interaction (TGWEB / Reviews and online graphics). Programming in 2021 brought to light the network's strong position on institutional issues through its partnerships with international bodies (European Parliament, European Commission) and strengthened its political affairs forums with new themed episodes in

¹ Source: Audiweb; the TGCOM24 Aggregate figure includes TGCOM24, SportMediaset and Meteo.it

² Source: Audiweb; figure includes TGCOM24, SportMediaset and Meteo.it

³The App Park includes only downloads made after 2013 and takes into account only active Apps

⁴data current as at December 2021

the Palatine Center studios in Rome ("L'Europa che vorrei", "Caffè Italia"). Economic affairs content has also seen positive developments: TGCOM24TOUR is an initiative that takes the TGCOM24 studios around the country with a whistlestop monthly tour that brings to light the economics, politics and institutions of each region in Italy. Finally, the brand successfully continued to air educational programming with "TG dei Ragazzi" in collaboration with "la Città dei Bambini e dei Ragazzi", at the Old Port of Genoa. The channel's studio, which in 2021 was transformed into an innovative digital hub thanks to a cutting-edge organisational and technological makeover, is housed in an advanced technological setting that allows for an extremely versatile use of its various sets.

- ▢ The leading position of TGCOM24 on mobile and the website's figures (more than 27 million unique users and more than 285 million page per month in 2021) make the brand a central asset on the digital landscape. TGCOM24 is also very popular on social media, with 2.36 million fans⁵ of its official Facebook page and 1.2 million followers on Twitter (*up 9% compared to December 2020*⁶). Its Instagram profile now has more than one million followers (*up 9% compared to December 2020*⁷) and in late 2019 the brand launched its LinkedIn profile, which at the close of 2021 was followed by around 46,000 users.
- ▢ The spread of Breaking News on the RadioMediaset network was also been strengthened. TGCOM24 news shorts are broadcast simultaneously by 5 radio stations on the RadioMediaset, by RadioNorba and by the newly acquired circuits of Klasse Uno (from 1 January 2021) and Radio Bruno, at 5 peak audience periods, for a total of 11,779,000 daily listeners and 26,705,000 listeners a week. (Source: TER – Tavolo Editorio Radio. Ed. 2021.1)
- ▢ To complete the picture of TgCOM24's cross-media system, we also note breaking news items broadcast on the Mediaset Free Channels (generalist and thematic channels) that reach about 6 million people a day during the week and 5 million a day on weekends.

The **meteo.it** brand is the leading Italian weather forecasting system, spread across TV, online, mobile and radio, and is completely free of charge.

Meteo.it is a qualified, influential programme in the national scientific sector, with a team of specialists, journalists and weather experts, with over 10 million users that follow the Mediaset brand's forecasts each day on a number of multimedia platforms.

The strength of the product can be underlined in figures:

- ▢ 25 TV productions per day, 365 days a year, to meet all the needs of the different TV channels of the Mediaset universe, and special live events broadcast during exceptional bad weather events, thus providing a public utility service;
- ▢ Around 8 million viewers everyday (unique contacts) receive the TV information of meteo.it (cumulated data derived from the different meteo.it programmes on Mediaset networks);
- ▢ daily radio broadcasts, including Group radio and other national and regional radio stations;
- ▢ monthly digital traffic online and on mobile in 2021, amounting to 260,000 unique visitors, for an average total of 3.26 million unique users visiting the web and app platforms each month;
- ▢ on social media, 1,184,000 users follow meteo.it on Facebook, 37,000 on Twitter and 123,000 on Instagram.

⁵ source: Insight Facebook

⁶ source: Insight Twitter

⁷ source: Insight Instagram

In 2021, **partnership productions** produced around 70 hours of television programming in collaboration with institutional partners, Publitalia'80 and Mediamond, and doubled the production of online content made in the previous year.

There was a continued increase in the volume of programming produced in partnership with the European Commission and the European Parliament. This increase continues to underline a trend in the planning of EU-wide projects, with the making of news programmes supported by EU funding. As with previous editions, this editorial programming was also distributed on the EU's communication platforms.

In the area of institutional partnerships, particularly noteworthy is the collaboration between TGCOM24 and LUISS Business School to deliver the 2021/2022 European Editorial Project. This collaboration forms part of the partnership between TGCOM24/LUISS for developing the LUISS Executive Course on CREATIVITY AND MANAGEMENT OF TV FORMATS - Innovation and Multimedia.

The Mediaset information system benefits from valuable original content: In 2021, the Mediaset and Mondadori Libri collaboration continued, based on the synergistic exchange of editorial content its aim is to enhance new publications and give greater visibility to authors, and to promote journalists and Mediaset talent as authors for new publishing projects.

The entire newsroom staff (Tg5, Tg4, Studio Aperto and Tgcom24) and the Mediaset News agency have been fully trained in discharging their work using the new digital system: for visualising and selecting images, editing and voice-over tasks, and scheduling and airing news reports. Throughout 2021, on-the-job training continued in the use of the Dalet system. Training activities on the remote use of company systems continued throughout 2021, enabling newsrooms to carry out their work safely, alternating between working in the office and at home so as to ensure social distancing. Ongoing training is provided for production personnel whenever new innovations are released that require specific training to use them.

The News Department also strengthened its strategic collaboration with the IULM Master's in Journalism by participating in the Scientific Committee, managing the Journalism Laboratory and with internships in the newsrooms of Mediaset programs and news broadcasts.

The year 2021 saw the completion of the new version of the Dalet Galaxy Five system, commenced in 2019, with research conducted into new workflows that would enable even more efficient and effective collaboration between news structures. At the same time, a POC was activated for the introduction of CORTEX, Dalet's Artificial Intelligence system which provides for speech to text transcription, automatic translation of agency scripts and image recommendation (montage images are proposed based on the journalist's speech and the tags inserted automatically or by the news image desk). Both solutions will be implemented once journalists and production staff have been trained accordingly.

Also implemented in 2021 was the FLOW application, which enables in-house and external post-production services to be viewed, commented on and authorised for broadcasting by mobile phone.

The application was developed in-house by the Group based on the specifications from the News Department.

With the onset of the pandemic, the mass rollout of smart working became a necessity and its remote connection capacities enabled the continued production of all news, sport and infotainment programs without interruption. To address the increased work and safety requirements, new generation laptops and company mobile phones were distributed to all journalist hires. All production staff and around 200 journalists were granted access to the application (in particular, to its digital archive and image search function).

In October 2021, the Dalet TG5 system was transitioned from SD to HD, while in conjunction with the start of HD production in November 2021 and using IP technology, the graphic, scenic and technological restyling of studio 15 was carried out, allowing all hard news, sports news and Mattino 5 News and Pomeriggio 5 News to be broadcast from the same studio. All graphic lines for hard and soft news brands are now contained in the

broadcasting systems of studio 15 and will shortly be present in those of studio 2 in Rome to make sure there are backups at all times.

Currently then, all of the News Department's production is in HD.

At the same time, all correspondents of the regional newsdesks (as well as some regular studio guests) were provided with high-quality audio/video links using their PCs, tablets and smartphones. This connection type has made it possible to increase signal quality such that a "backpack"-type link-up is almost indistinguishable from a mobile phone link-up. This is currently how most video links from the United States are conducted.

The DALET ON THE GO system has been distributed to regional correspondents and some directors/vice directors, which allows the textual agencies, video materials and set lists present in the DALET system to be accessed via an application for tablets and smart phones. In the first months of 2022, it will be possible to directly write in the text to the story assigned and to autonomously send any images taken by the journalist in the field using the connected device.

In the studio 6 control room in Cologno Monzese, a version of ZOOM was installed that allows audio/video interaction between people linking up from home and the presenter, thus simulating a studio audience, who are displayed on the LED-wall on set. In 2021, all desktop PCs (about 600) of all production and journalistic staff continued to be replaced. Furthermore, production staff were provided with laptops, for a total of around 200 units. Both actions were geared towards making remote work more efficient.

The unique archive has been implemented, albeit it has not yet been released into production, and will become the repository for all raw material from news productions. This will make it possible to optimise space and video management, including via the Business Intelligence solution developed entirely in-house by Mediaset on the instructions of the News Department. The BI solution uses defined KPIs to precisely monitor each processing step within the Dalet news system. Finally, a feasibility study is underway to also implement this solution in the Dalet TG5 and Dalet Archive systems.

In-house Drama Productions

R.T.I. S.p.A. possesses the know-how and the organisation to select projects and develop the production of highly popular drama series. These products are commissioned to major national partners and, in some cases, are sold abroad or leveraged via the non-linear platform, thus contributing to covering production costs.

In the wake of the events of 2020, the first half of 2021 saw a slowdown in productions due to the severe impact of Covid-19 on the audiovisual and film industry. Only in the second half of the year was it possible to restart and recalibrate production, as long as strict protocols were applied.

R.T.I. continued to film drama productions where possible in Italy, avoiding the use of de-localisation by investing in professional expertise in the Italian production chain.

Also in 2021, R.T.I. continued its production relationship with its subsidiary Taodue S.r.l., the leading Italian producer of drama content. The company makes and acquires audiovisual content exclusively for R.T.I. for use in television and cinema, strongly inspired on reality. It is from news stories and historical events that its series have been born, and continue to be born, which has in turn led the company to stand out in the Italian television market. As regards drama production during the year, the following are of note:

- ▣ excellent ratings in new drama productions have led to the continued development of this editorial path recent years. In particular, the following were made in 2021: "Destini in fiamme", a four-part series made by Fabula Pictures; "Fosca innocenti", a four-part series made by Banijay Italia and starring Vanessa Incontrada; and "Viola come il mare", a six-part series made by Lux Vide.

- ▢ the ongoing production relationship with parent company Taodue S.r.l. led to the acquisition of two series produced by third-party production companies: a four-part series entitled Lady Corleone; and a six-part series entitled "Il Patriarca", adapted from the Spanish series "Vivir sin permiso".
- ▢ The start of development of projects that will give rise to new series being made/acquired in the coming years.

Cinema Taodue Production

On 18 October 2021, the movie "Yara", produced by Taodue, was released in movie theatres. The feature film directed by M. Tullio Giordana and starring Isabella Aragonese and Alessio Boni tells the true story of the investigation to find the killer of 13-year-old Yara Gambirasio, who disappeared on 26 November 2021 and was found dead after a three-month search. Following its cinema release, the film was launched by Netflix on its distribution platform on 5 November 2021. According to the rankings published by the streaming platform, the film ranked No. 1 in the top ten non-English language films in the weeks of 5-14 November and No. 3 in Italy. The film will be available on free-to-air television from November 2022.

Acquisition of Broadcasting Rights (Movies, TV Series)

R.T.I. S.p.A. owns the biggest television rights library in Italy and one of the biggest in Europe.

The Company's objective is to manage the MFE Group's asset base of television broadcasting rights for Italy, by acquiring, developing and producing rights for domestic broadcasting on Free TV and Pay TV.

The following table provides a breakdown of the **television broadcasting rights** acquired for broadcast on free-to-air and pay TV channels by the Group at 31 December 2021:

Composition of the Broadcasting Rights Library at 31 December 2021				
	Free Tv		Pay TV-PPV	
	No. of titles	Episodes	No. of titles	Episodes
Film	4,398	4,398	1,289	1,289
Telefilm	730	13,469	361	6,161
Telenovelas	47	4,065	-	-
Mini-series	288	1,247	59	305
Soap operas	7	1,290	2	60
TV movies	659	689	138	163
Documentaries	381	1,692	16	179
Others (Musicals, Variety, Short, Docum., etc.)	160	654	1	3
Total	6,670	27,504	1,866	8,160

The television broadcasting rights library is constantly being expanded through acquisitions from:

Major American film studios: R.T.I. S.p.A. has existing agreements with all major U.S. producers and distributors (Universal, Warner Bros. International, Twentieth Century Fox, Viacom Cbs, Walt Disney and Sony). Under the agreements, rights are acquired for an average duration of four/five years, with permission for

four/five television showings. In particular, there are strategic multi-year agreements in place with: Warner Bros International Television Distribution Inc., which on the basis of the latest volume deal signed in 2021, ensures the Group has exclusive access for Italy for the free-to-air platform of movies and TV series distributed by the US major for the period 2021-2023; with Universal which, under the 2018 deal (which was then extended in 2020), guarantees the exclusive availability for Italy of free-to-air rights to both cinema and television products for the period 2019-2026; and with ViacomCbc for the years 2021 and 2022, with this arrangement bringing the entire library of historic Rai franchise "NCIS" into Group's networks for the first time.

In particular, the following developments took place in 2021:

- ▢ a three-year framework agreement was signed with Warner for the years 2021-2023, giving continuity to the supply of free-to-air TV rights for both movies and television products.
- ▢ a major two-year package was sealed with Walt Disney for the years 2021 and 2022 for the supply of exclusive free-to-air TV and movie rights, which allowed us to consolidate titles such as "The Simpsons" and "Titanic" in our library.
- ▢ one-year free-to-air rights were also acquired from MGM to the entire catalogue of James Bond films.

International television producers:

- ▢ R.T.I. S.p.A. has long-standing and significant arrangements with U.S. and European producers for the acquisition of television rights to highly-popular productions such as television movies, soap operas, mini-series and television series.
- ▢ The serial nature of the majority of these works, produced in seasons, makes for a long-term producer/user relationship and enables audiences to be retained by the broadcasting network.

Italian film producers/distributors:

National operators provide packages consisting of both television broadcasting rights for self-produced films (which, together with European products, are particularly significant also in view of compliance with broadcasting and investment quotas established by the television broadcasting regulations) and broadcasting rights for international films.

The commercial relationship with major domestic movie distributors such as Eagle Pictures continued, with a three-year deal to acquire eight current films a year from 2021 to 2023, as well as a two-year package deal with Lucky Red for the supply of current film titles and libraries in 2021-22, and with Leone Film Group.

In 2021, the recent focus being placed on Italian film continued with the acquisition of the broadcasting rights to the films distributed by Medusa Film and Vision Distribution.

On the European production front, relations with major continental players have been consolidated both for strategic daytime assets, such as the new soap "Dos Vidas" acquired from StudioCanal, and for primetime event content such as the mini-series "Sissi" which premiered after its acquisition from Beta Film.

The channel Free TV Focus consolidated its purchase of documentary and factual content with approximately 490 hours acquired and a supplier portfolio of nearly 50 independent Italian and international operators.

Purchase agreements and products acquired

In 2021, R.T.I. S.p.A. strived to further strengthen its free TV and pay TV broadcasting rights library.

The many agreements signed and projects developed included:

- ▢ acquisition for free TV networks of availability for the films: La Dea Fortuna, Doctor Sleep, Motherless Brooklyn, Rocketman, Gemini Man, Bumblebee, How To Train Your Dragon: The Hidden, Fast & Furious

Presents: Hobbs & Shaw, The Secret Life Of Pets 2, The Grinch, Rambo: Last Blood, Attacco al Potere 3, Figli, Padre Nostro;

- ▣ acquisition of free and pay TV rights for new episodes of the most successful TV series, such as: Riverdale, Legacies, Law & Order: Special Victims Unit, Chicago Fire, Chicago PD, The Goldbergs, Batwoman, Prodigal Son, Flash, DC Legends OF Tomorrow, Manifest and Sissi;
- ▣ acquisition of availability of free TV first-run series: Kung Fu, Superman & Lois, Walker, Chucky, Law & Order: Organized Crime, Harrow, Grand Hotel, Brave and Beautiful and soap operas Dos Vidas and Love Is In The Air;
- ▣ acquisition of free TV rights for new episodes of the most successful TV series, such as: Miracle Workers, Black-ish, Station 19, Simpsons, Family Guy, American Dad, Magnum PI and soap operas Una Vita and Tempesta d'amore;
- ▣ acquisition of pay TV broadcasting rights for the new episodes of the series: Claws, Animal Kingdom;
- ▣ acquisition of the SVOD rights to award-winning series Shitt's Creek for the Infinity platform;
- ▣ acquisition from Medusa Film S.p.A., for the current television season, of films including: La Mia Banda Suona il Pop, Cambio Tutto! and Lockdown all'Italiana.

Acquisition of sports broadcasting rights

On **12 January 2021**, following a tender process open to all operators, UEFA assigned RTI certain rights for the territory of Italy, San Marino and Vatican City, for the three-year period 2021-2022, 2022-2023, 2023-2024, to air the UEFA Champions League, UEFA Super Cup and UEFA Youth League. The rights granted were as follows for each season: exclusive free-to-air rights to 16 first-choice Tuesday UCL matches (Package A1), 104 non-exclusive matches on pay TV through the Digital Service (Package B), the UCL Final, Tuesday and Wednesday Highlights, the UEFA Super Cup Final and 39 UEFA Youth League matches.

On **22 April 2021**, ATP Media Operations Ltd and RTI, following an award of 11 November 2019, signed a contract for certain broadcasting rights for the territory of Italy for the 2021, 2022, 2023 seasons. This related to the "Internazionali BNL d'Italia" event, specifically granting exclusive rights to air one match a day during the AP Masters in Rome.

On **1 July 2021**, following a tender process open to all operators, Lega Nazionale Professionisti Serie A awarded RTI the exclusive rights for Italy, for the 2021-2022, 2022-2023 and 2023-2024 seasons, to air live audiovisual broadcasts of the Coppa Italia and the Italian Super Cup (Package 4) on any free-to-air and/or pay TV platform.

On **1 December 2021**, the Italian Rugby Federation and RTI signed a licensing agreement for certain broadcasting rights for the territory of Italy, San Marino, Vatican City and the Ticino canton, for the 2021-2022 season, to air the "United Rugby Championship", with the option of both free-to-air and pay broadcasting. Specifically, the rights granted were as follows: exclusive free-to-air linear-only rights to air 2 live matches of Italian teams in each round of the tournament prior to the Final Series, and to air all other matches non-exclusively and on pay-per-view on digital platforms.

LINEAR AND NON LINEAR, FREE-TO-AIR AND PAY PER VIEW CONTENT DISTRIBUTION

Free-to-air and pay linear offering

The Group's free-to-air offering currently consists of 19 channels covering all major targets for advertisers, including three long-standing general interest channels (Canale 5, Italia 1 and Rete 4), and the thematic and semi-generalist channels Boing, Boing Plus, Cartoonito, Iris, La 5, Mediaset Extra, Italia 2, Top Crime, Cine 34, TgCom 24, R101 TV, Virgin Radio TV, Radio 105 TV, RMC TV, Canale 20 and Focus.

The Group's **general interest channels** — Canale 5, Italia 1 and Rete 4 — are controlled by R.T.I. SpA, which is responsible for the creation and development of programme schedules, the production of original content and the acquisition of television rights. The Mediaset networks' overall offering is designed to attract audiences between the ages of 15 and 64, which is the target audience of greatest interest for advertisers and a segment in which Mediaset is a strong market leader.

Canale 5 is the Group's main network and is targeted at the modern Italian family.

Italia 1 is the leading Italian channel for younger viewers.

Rete 4 targets its scheduling at a more mature audience, in terms of age and income.

The free-to-air **multichannel offering** includes the following channels:

Boing, launched on 20 November 2004, was the first Italian free-to-air children's channel. The channel was set up as a joint venture between R.T.I. S.p.A., which holds 51% of the share capital of Boing S.p.A., and Turner Broadcasting Systems Europe Limited, a Time Warner Group company, which owns the rights to some of the world's most popular cartoons. Despite growing competition, the channel has capitalised on its strong position by promoting and boosting the fame and attractiveness of the brand.

Boing Plus, launched on 11 July 2019. The schedule is made up of a combination of programmes broadcast by the "Boing" and "Cartoonito" channels: the morning schedule is occupied by Cartoonito until around 1pm, then Boing takes over until late at night, before Cartoonito resumes until the next morning. All programming is broadcast one hour later than on the Boing and Cartoonito channels.

Cartoonito, launched on 22 August 2011, is a channel aimed at pre-school-age children (up to 6 years old). Like Boing, it is a joint venture between Mediaset and Turner Broadcasting Systems Europe Limited. Cartoonito is targeted at a more specific audience than Boing.

Iris is a thematic channel focused on quality films. In addition to all the great movie classics, it also broadcasts programmes about cinema news, film stars and leading film festivals.

La 5 features programmes targeted at a modern female audience.

Mediaset Extra is a thematic channel that broadcasts a selection of the best in Mediaset entertainment programmes from the past and present. It enables viewers to re-watch the best programming from the Mediaset's generalist networks a day later and during a different viewing slot.

Italia 2 is targeted at young adult males. It features TV series, sitcoms, cult cartoons and sports and music programmes, in addition to live sports coverage of events such as world championship motorcycle racing.

Top Crime is the network dedicated to the investigation and police drama genre launched in June 2013.

Cine 34 ("Italy to the Cinema"), officially launched on 20 January 2020 boasts programming exclusively focused on Italian cinema.

Tgcom24 is Mediaset's all-news channel. Broadcast free-to-air, 24-hours a day, it also online at Tgcom24.it and viewable on smart phones and tablets through free apps.

R101 TV is the thematic channel affiliated with R101, which covers music; it broadcasts music videos on rotation and some repeats of concerts already broadcast on Italia 1.

Virgin Radio TV is the thematic channel affiliated with Virgin Radio, which covers music; it broadcasts music videos on rotation.

Radio 105 TV is the thematic channel affiliated with Radio 105, which covers music; it broadcasts music videos on rotation.

RMC TV is the thematic channel affiliated with Radio Montecarlo, which covers music; it broadcasts music videos on rotation via satellite as part of the Sky and TivùSat package.

Canale 20 is the channel airing TV series and sporting events, which was launched on 3 April 2018 with exclusive live broadcasting of the UEFA Champions League quarter-final tie between Juventus and Real Madrid.

Focus, launched on 17 May 2018, is the TV version of Italy's most read cultural and scientific magazine, covering science, nature, environment, animals, technology, history and current events with simple, clear and compelling language.

The Group's linear service, both on free-to-air and pay TV, is transmitted through the three digital multiplexes of subsidiary Elettronica Industriale, which manages traffic to and from the various production centres of its controlling company R.T.I. S.p.A. and Mediaset Premium SpA, making use of the infrastructure and services provided by associate El Towers S.p.A.

Elettronica Industriale continued in 2021 to improve multiplex coverage and the quality of the television signal was substantial and resulted in the submission of around 889 requests for authorisation to install new equipment, modify aerials or change broadcasting power to Municipalities and the Ministry. 100% of changes were authorised during the year.

Programme Schedules and Audience Share

The following tables show details of the **programme schedules** for 2021 and 2020, for the different types of offerings (generalist, multi-channel, and pay TV networks), broken down by the main television genres attributable to in-house productions and purchased rights.

In particular, in 2021 each of the generalist networks broadcast 8,760 hours of scheduled programmes for a total of 26,280 hours of airtime. A total 46.3% of those programmes were original in-house productions.

Mediaset Networks schedules - Broadcasting hours 2021

Type	Generalist Networks		Semi-Generalist Networks		Pay		Total Mediaset Networks	
Film	4,187	15.9%	18,758	13.4%	24,466	39.9%	47,411	20.8%
Drama	9,147	34.8%	28,572	20.4%	29,542	48.2%	67,261	29.5%
Cartoons	785	3.0%	26,720	19.1%	-	0.0%	27,505	12.1%
Total rights	14,119	53.7%	74,050	52.8%	54,008	88.1%	142,177	62.4%
News	6,260	23.8%	9,725	6.9%	2,843	4.6%	18,828	8.3%
Sport	797	3.0%	771	0.6%	198	0.3%	1,766	0.8%
Entertainment	4,487	17.1%	47,025	33.6%	3,859	6.3%	55,371	24.3%
Culture	617	2.3%	8,589	6.1%	412	0.7%	9,618	4.2%
Telesales	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total productions	12,161	46.3%	66,110	47.2%	7,312	11.9%	85,583	37.6%
Total	26,280	100.0%	140,160	100.0%	61,320	100.0%	227,760	100.0%

Mediaset Networks schedules - Broadcasting hours 2020

Type	Generalist Networks		Semi-Generalist Networks		Pay		Total Mediaset Networks	
Film	4,081	15.5%	18,876	13.7%	29,210	44.4%	52,167	22.6%
Drama	8,732	33.1%	29,270	21.2%	29,246	44.4%	67,248	29.2%
Cartoons	696	2.6%	26,509	19.2%	-	-	27,205	11.8%
Total rights	13,509	51.3%	74,655	54.0%	58,456	88.8%	146,620	63.7%
News	5,842	22.2%	9,422	6.8%	2,714	4.1%	17,978	7.8%
Sport	606	2.3%	652	0.5%	231	0.4%	1,489	0.6%
Entertainment	5,103	19.4%	43,403	31.4%	4,083	6.2%	52,589	22.8%
Culture	546	2.1%	8,680	6.3%	372	0.6%	9,598	4.2%
Telesales	746	2.8%	1,330	1.0%	-	-	2,076	0.9%
Total productions	12,843	48.7%	63,487	46.0%	7,400	11.2%	83,730	36.3%
Total	26,352	100.0%	138,142	100.0%	65,856	100.0%	230,350	100.0%

Total audience over the 24-hour period in 2021 averaged 9.988 million viewers.

Mediaset channels closed 2021 with a 32.2% audience share in the prime time slot, a 32.0% share over the 24-hour period and a 31.8% share of daytime viewers.

Mediaset confirmed itself as ratings leader for the commercial target in all time slots; for this target segment, Canale 5 attracted the highest number of viewers in all the time slots and Italia 1 continued to be the third network.

Of particular note was the strong performance of the thematic channels, which together raised Mediaset's total audience share by almost 8 points and its commercial target audience share by over 9 points.

Mediaset's spring and autumn schedules won a total audience share of 32.9% in the prime time slot, 32.8% over the 24-hour period and 32.8% in the daytime slot among all viewers; it was also the ratings leader for the commercial target audience in all time slots, with a total of 35.1% in prime time, 35.1% in the 24-hour period and 35.2% in the daytime slot.

SHARE YEAR 2021	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Canale 5	15.4%	14.2%	15.9%	16.1%	15.8%	16.5%
Italia 1	4.4%	5.0%	4.2%	6.1%	6.4%	6.0%
Rete 4	3.8%	4.5%	3.7%	2.8%	3.2%	2.7%
Generalist Networks	23.6%	23.7%	23.8%	25.0%	25.4%	25.2%
Semi-Generalist Networks, Premium Cinema Channels and TV Series	8.4%	8.5%	8.0%	9.0%	8.7%	8.8%
Total Mediaset Networks	32.0%	32.2%	31.8%	34.0%	34.1%	34.0%

Non-linear offering

R.T.I. S.p.A. oversees the digital activities of the Group through the Digital Business Department, which aims to create services and content for non-linear use deployable across all the main connected digital platforms (desktop devices, mobile and wearable devices, tablets, smart TVs, etc.) and the promotion of digital extension initiatives for free to air programmes (Radio and TV).

In 2021, the collection of Mediaset websites and applications averaged a total digital audience per month of 29.7 million unique users, with an average of over 390 million page views per month. (Source: Audiweb media Jan-Nov 2021).

As regards video consumption, research is from Auditel, whose digital extension was brought to market in summer 2020 with the aim of estimating the online consumption of content from television broadcasters: in the Auditel Digital survey, Mediaset positioned itself as the number one broadcaster in 2021 with a 40.5% share, measured based on TTS (total time spent), with an advantage of 5.5 percentage points over the second-placed market broadcaster. Mediaset's leadership is even clearer in terms of number of videos viewed (legitimate streams) with a share of 47.7% and a lead of around 14 percentage points over the second-placed market broadcaster.

In terms of digital, Mediaset's product range is divided into two main areas:

Video Hub: Total consumption of Mediaset Internet Properties video content (First and Second Screen) reached 3.73 billion (video views) during the year, a figure up 14% on the previous year, generating a 462 million video hours in total, which was up by +30% on the previous year. (Source: Webtrekk). The chosen platform for the viewing of hub content is the new platform Mediaset Infinity. In 2021, around 75% of total hours spent viewing Mediaset video content took place on this platform.

▢ The new platform was created in April 2021 by merging two previously separate services into one product: on the one hand was Mediaset Play, which allowed users to watch the Group's free video content; and on the other hand was Infinity, a platform created by Mediaset in 2013 that brought together the range of paid movies and series ranging from major US series to those of Italian production companies. These were merged into a single platform called Mediaset Infinity, which

offers users both free and pay content through a unified and highly personalised customer experience.

- ▢ This single platform can therefore attract a very large audience comprising both the swathe of viewers loyal to our brands and linear network content and a new target more in tune with digital trends. Here, the output of our brands is increasingly being watched "on the go" and in non-linear modes. This content on this platform is then enhanced by the production of a series of brand-new "digital first" productions; within Mediaset Infinity, a wide range of premium services are therefore made available to the general public, enhancing the platform and offering to customers a more flexible watching experience.
- ▢ The most important premium service offered on the platform is the proprietary SVOD service Infinity+, which in 2021 broke with its traditional Cinema and Series offering by also adding the best of European football to the platform with the UEFA Champions League, broadcasting a total of 121 top-level matches a season (17 of which are viewable free-to-air on Canale 5 and therefore on the free streaming platform).
- ▢ This major realignment in terms of branding and structure were communicated to the general public through a campaign to position Mediaset Infinity as a constantly evolving digital entertainment universe capable of meeting users' appetite for emotional, passionate and lighthearted content. Huge investment was made for this transversal media campaign, which was rolled out across all channels (both internal and external) from traditional TV spots and OTT to targeted social media investments.
- ▢ As regards the devices used to watch the new OTT platform, the traditional viewing of content on PC and mobile apps was added to in 2021 with the platform's launch on Main Screen: now, in addition to the consolidated HBBTV and MHP based app accessible from all our linear channels, a range of applications was released in April for the widget gallery of all major smart TVs and decoders on the market (Samsung, LG, Sony, Philips, Amazon Fire TV etc.). In Q4 2021, these applications were used by more than 460,000 television sets per day (an increase of +99% on the previous year) and those who watched videos using this service tended to have habits of lengthy consumption, similar to viewers of linear television (mainly long formats).
- ▢ From a content perspective, integrating the Digital Content Factory with programmes' editorial staff has made it possible to roll out the various TV formats across broad digital platforms, in full compliance with the editorial line, by using technologies that have allowed an expansion of content production while also observing the precautions imposed by the Covid-19 crisis.
- ▢ Also in 2021, a digital marketing campaign was continued with more than 350 million ads sent out by push notification and email, reaching 14 million users (+20% on the previous year) and thus helping to increase audiences and video consumption.

Information Hub: the Information hub, under the TGC24 brand, is internally divided into News (under the TGC24 heading), Sports Information (under the Sportmediaset heading) and Weather Information (under the Meteo.it brand).

- ▢ During the year, the Information hub recorded significant growth, reaching a Total Audience of 3,536,000 unique users per day during 2021 (Source: Audiweb 2.0, overall activities with TAL), with TGC24 consolidating its position in SECOND place in the Italian digital market.
- ▢ As regards on-the-move access, by the end of 2021 there were more than 14.0 million downloads from the suite of free information hub apps, up 6% compared to the total downloads at the end of

2020. In this respect, the TGCOM24 app recorded more than 3.6 million total downloads, with the number of installations increasing by +7% on the previous year (according to data current as at December 2021); The weather forecast service (Meteo.it) achieved 6.6 million downloads, increasing by 4%. The SportMediaset app reached 2.5 million downloads (+7% on 2020); The TG5 App reached 1.3 million downloads in 2021, increasing by 13%. (Source: App Annie at 31 December 2021). Only installations of active versions of in-store apps are included in these figures.

- ▢ As regards the radio sector, aside from the numerous maintenance development activities during the year, the new Radio 105 website was released and the editorial offering was enriched with the 105 Indie App.
- ▢ Installed radio apps totalled 1.6 million downloads up to the close of 2021, increasing by 22% on the previous year.

Content distribution agreements with all our partners continued into 2021: IOL, which runs the two leading web portals Libero and Virgilio; Microsoft (msn.it); Citynews (Today.it and all subsidiary websites); Fanpage (Ciaopeople group); and SuperguidaTv, Italy's number one digital TV guide.

These agreements enhance and promote the content chosen by R.T.I., enabling it to reach an additional user catchment, which may be leveraged based on the differing needs of the broadcaster and the licensee. When also taking external distribution into account, the total video views surpassed 3.87 billion for the year.

In relation to Social Media Network presence, Mediaset confirmed itself as one of the leading media companies in creating engagement with its communities: 42.5 million total followers on Mediaset network Facebook pages, over 9 million followers on Twitter accounts and more than 21 million followers on Instagram accounts.

Social Media Network activity allows the attention of the active audience to be captured on various channels, differing by age and composition.

The distribution on social media of exclusive content, previews and live streaming also aim to promote the TV schedule by attempting to increase programme awareness to a digital audience, creating interaction opportunities. Short programme extracts accompanied by a direct link to our websites attracts traffic to Infinity+, increasing video viewing numbers.

RADIO OFFER

In the three-year period 2016-2018, the Group has established its commercial radio sector through a series of acquisitions made up of R101, Radio 105 and Virgin Radio Italy, Radio Subasio and RMC.

In 2021, **R101** aimed to consolidate the positioning of the station as a "music station" featuring the right mix of music and entertainment, targeted at a strictly adult audience. The R101 range represents a genuinely integrated system that focuses on music and entertainment across any channel a consumer wishes to use, embracing all types of media and various different touch points (TV, radio, digital and social media). In this regard, the broadcaster further enhanced its television channel content during the year, rolling out the Radio-TV simulcast across the entire programming schedule and making all live radio content available also via digital terrestrial television.

Marketing and outreach activities focused on involving and engaging listeners by promoting on-air contests and on digital channels: the game show "La Parola Chiave", which was supported by a major advertising campaign on TV, print and digital channels, performed excellently both in terms of public participation and sponsor involvement.

Finally, despite continuing uncertainty over live events, presales for the 2021 Italian concerts of major international artists such as Shawn Mendes and Bryan Adams continued with great success.

TER data for 2021 reveal that R101 had 1,884,000 average daily listeners, with 10,525,000 listeners across the 7-day period, with a positive growth trend throughout the year.

Radio 105 is the leading entertainment radio station for the "young adults" target. Entertainment and music are at the core of the station's content, positioning it as the go-to station for young Italians thanks to its daily suite of programmes and unique personalities.

Radio 105 has some of the most popular programs in Italy: "Tutto Esaurito", the morning show with "Captain" Marco Galli and his crew and "Lo Zoo di 105", the most irreverent programme in Italy, with Marco Mazzoli and friends.

Besides these stand-out shows, the station constantly experiments with new formats and hosts, as demonstrated by the two new additions to schedules in 2021: *105 KAOS*, the new evening drivetime program presented by Francesco Facchinetti and Sabrina Scampini. The format includes two hours of hot news topics, current affairs and the invitation on the show of both guests and callers. *BSMNT 105*, a new programme dedicated to the world of trap, rap, drill and R&B music, with new voices on the radio mics.

Radio 105's television channel, Radio105TV, also extended the range of its content that can be simulcast on television.

In terms of marketing and communication, 2021 saw the continuation of the "Radio 105 Proud to be different" campaign, which was designed and developed to celebrate and amplify Radio 105's diversity values: it is a diverse station characterised by a wide variety of styles, programmes and personalities aimed at a diverse audience. Individual programmes were also extensively advertised on TV, digital and social media, with campaigns that put the faces of the speakers on billboards in various cities across the country.

Local presence and contact with people has always been one of the station's most strategic features. In this second year of the pandemic, it was possible for the station to resume its appearances at some events across the country (Giffoni Film Festival, Rome Marathon, PlugMI, Milan Games Week & Cartoomics), as well as festivals (Waterworld Music Festival) and concerts (Ed Sheeran showcase).

Radio 105 also remains the Official Radio Station of football clubs AC Milan and Monza Calcio for 2021, as well as basketball club Olimpia Milano and the NBA. Despite the reduced capacity, these matches offered a sizeable opportunity for the broadcaster to gain in visibility.

Radio 105's goal is to join in with the passions of its listeners, making every event an opportunity to involve the community and feel an active part of it. Throughout the year, work continued to enhance the radio station's social media and digital channels to offer listeners and users exclusive user experiences and content (Instagram, Facebook, TikTok, Twitch, Twitter, YouTube, web radio, app).

TER data for 2021 reveal that Radio 105 had 4,342,000 average daily listeners, with 13,879,000 listeners across the 7-day period, with a positive growth trend throughout the year. In the second half of 2021 in particular, the station performed extraordinarily well, becoming the most-listened-to radio station in Italy in the average quarter-hour with a share of 560,000 listeners.

Virgin Radio Italy is a true international Lovemark: its strong STYLE ROCK music positioning puts musical programming at its heart, featuring carefully selected songs and the right balance of current and classic songs.

Virgin Radio's mission is to be the go-to station for the community of rock music fans in Italy.

Virgin Radio's strategy during 2021 remained that of strengthening alternative areas to bring them in line with its coverage of live events such as festivals and concerts, which have always been an essential feature of the broadcaster's positioning but which inevitably had a difficult year with the continuation of the pandemic.

Besides continuing its Rock Ambassador campaign, newly endorsed by Alice Cooper, the station aligned itself with all of the year's major record releases and aired Italian exclusives of radio shows by major international rockstars including Bruce Springsteen and Foo Fighters.

In terms of marketing and communication activities, 2021 was characterized by the launch of the institutional campaign "Believe in Rock", which consolidated the broadcaster's position by using evocative photographic imagery of worlds that seem very distant from the world of rock to show that rock itself is not simply a musical genre but a real lifestyle to believe in. The campaign featured in leading national newspapers and journals, as well as in a widespread billposting campaign across major Italian cities.

Throughout the year, Virgin Radio also offered its listeners the opportunity to purchase exclusive presale tickets to some of the biggest live concerts scheduled for 2022, such as Eric Clapton, Nick Cave, Gorillaz and Alice Cooper. Naturally, the station's digital and social media channels made a vital contribution in this respect by engaging the community by launching listener competitions.

TER survey data for 2021 reveal that Virgin Radio had 2,613,000 average daily listeners, with 7,674,000 listeners across the 7-day period, with a positive growth trend throughout the year.

Radio Monte Carlo is the Principality of Monaco's Italian Radio station. It is an internationally recognised and highly prestigious brand.

The refined musical selection, up-to-date information on current events and new trends, as well as a keen interest in its listeners' passions make Radio Monte Carlo a must in terms of lifestyle, design, cinema, art, fashion, travel and sports.

The Radio Monte Carlo schedule features genuine icons of radio such as Monica Sala, Rosaria Renna and Max Venegoni, Kay Rush, Maurizio Di Maggio, Nick The Nightfly and new talent such as Isabella Eleodori and Alberto Davoli, Giancarlo Cattaneo, Max Parisi and Matilde Amato.

In the wake of the station's campaign entitled "L'essenza della musica" (The Essence of Music), the process of strengthening the brand identity continued with a new promotional campaign entitled "Note di Stile" (Style Notes) which highlights the dual subjects "Lei" (She) and "Lui" (He) with a concept that suggests that musical taste dictates. A supporting promotional plan was rolled out in newspapers, journals, digital and social media during the second half of the year.

The broadcaster continued to enhance digital and social elements to communicate with and entertain its target audience in light of the need to downsize its guest appearances amid the continuing Covid-19 pandemic. This was accompanied by ongoing performance monitoring to guide the choices for generating high engagement and increasing the fan base.

The advent of Radio Monte Carlo TV (May 2020), viewable on Sky channel 716 and TivùSat channel 67, enriched the musical programming (24/7 pop, soul, R'n'B and the best international artists) and expanded the brand's touch points.

There was a return to attending music festivals (Umbria Jazz, Piano City, Tenera mente, Time in Jazz, Jazz Mi, etc.), as well as other event collaborations (Merano Wine Festival, Fiera Cavalli, Orticola, Photo Vogue Festival) in which the channel was able to continue boosting brand awareness. With the continuing pandemic, all major live shows (Celine Dion, Cat Steven, James Blunt, etc), including sports events, were postponed until the summer of 2022.

Radio Monte Carlo also continues to be the radio station for art and great exhibitions, which it promoted on its airwaves by building on its synergies with major venues such as the Doge's Palace in Genoa, Fort Bard in Aosta, Casa dei Tre Oci in Venice, the MART in Rovereto and the MAXXI in Rome.

Partnerships continued with a new three-year agreement with Italian motorway operator ASTM, as well as with Teatro Regio in Parma, the City of Genoa and Blue Note in Milan.

From a technological perspective, a number of adjustments and enhancements to our broadcasts were made in 2021, including further implementation of telemetry and remote control services.

The Radio Ter survey for 2021 (2nd half) recorded the following listenership figures: 162.000 listeners in the average quarter-hour, 1,666,000 average daily listeners on and 6,337,000 weekly listeners. All indicators are growing.

Radio Subasio is the local radio station with network ratings. Established more than 40 years ago, it is the leader in radio broadcasting in Central Italy.

The proposed broadcasting of Radio Subasio is oriented towards a predominantly family based target and is structured on the distinctive elements of tradition, brightness and interactivity, with pop music that offers great space for Italian music without neglecting the huge international hits. The interviews with the main stars of Italian music all play a very important role in the programming of the station.

In 2021, Radio Subasio focused its activity on consolidating and promoting of the radio productions, characterised by the broadcaster's musical offering and direct and active listener engagement. Despite the limitations enforced by the public health emergency, it retained all of its main formats, including Subasio Music Club, a point of interaction between artists and listeners that was scaled down to a virtual mode following the onset of the pandemic, with audiences tuning in from home. Popular events and festivals continued to be held around the country, such as Eurochocolate, "Children's White Midnight" in Pesaro, the Giorgio Panariello Tour and many more. On the promotional front, a massive billboard campaign and local press campaign were also rolled out to consolidate ratings in strategic regions such as Emilia-Romagna, Tuscany, Lazio and Campania.

TER survey data for 2021 reveal that Radio Subasio had 1,612,000 average daily listeners, with 4,933,000 listeners across the 7-day period, with a positive growth trend throughout the year.

ADVERTISING

The Group operates through two fully-owned advertising sales agencies in Italy: Publitalia '80, the exclusive sales agency for the free-to-air Mediaset networks; and Digitalia '08, which from mid-2019 to January 2022 handled exclusive advertising sales for the pay Premium channels exclusively viewable on the Sky platform. In 2021, Digitalia also acquired Dazn's sub-concession to manage advertising sales for TIM Serie A, to which Dazn holds exclusive rights for the three-year period 2021-2024.

The Group also owns a 50% interest together with Mondadori in Mediamond, which sells advertising space on Group websites and radio and on the websites of the publications of the Mondadori Group and other publishers. In the wake of the acquisition of the business unit from Mediamond, from 2022 Digitalia will directly manage the advertising sales of the Group's radio stations and some third-party radio stations.

Publitalia's top 10 clients in 2021 generated 15% of its total commissions.

In 2021, the advertising market recorded total sales of EUR 5.6 billion, up 12.8% (EUR 640 million) on 2020. The market as a whole has not yet recovered all investments lost in 2020, having shrunk by (-)4.5% compared to 2019. If the Direct Mail component is not considered, the market grew by +13.1%, as shown in the table below.

Trends show a very positive increase in the first half of the year, recording growth of +26.8%, which is influenced both by comparing against the first months of 2020, which were heavily affected by lockdown and by the presence of the UEFA European Football Championships in June 2021. The second half saw a slowdown in

advertising revenues (-1.0%). On the other hand, television advertising performed better than the market overall, with year-on-year growth of +14.4%.

According to Nielsen data, Mediaset's TV advertising revenues closed the year at +14.6% (equivalent to +EUR 261 million), beating its 2019 result by more than EUR 60 million. TV's share of the total figure increased from 54.9% to 55.0%, despite football events being broadcast on competitor networks. Rai and Discovery closed the year with growth of +18.5% (thanks also to the UEFA European Football Championships and the Olympics) and +15.9% respectively.

Sky recorded modest growth of just +8.7%, a much lower result than that of TV media as a whole. In the first half of the year, its advertising sales were decidedly positive (+45.8%), fuelled by its coverage of the UEFA European Football Championships and due to the Italian league having suspended in the second quarter of 2020. In the second half of the year, its sales were down (-21.6%) due to having lost the majority of its football broadcasting rights.

Print Media had fluctuating results, in particular during the first half of the year, and closed the year at +4.1%. Newspapers at +4.3% and Magazines at +3.6%.

The Radio segment increased by +10.4%, which was generally reflective of market trends, with strong growth in the first half (up +22.0%), followed by a slight decrease in the second half (down 1.9%). According to Nielsen data, Radio Mediaset performed better than the market overall (+13.3%).

FCP Digital alone closed the year at +17.6%, Mediamond RTI was +15.7%, which was a higher result than total OTT Digital (+15.1%).

There were excellent results in Billboards (+28.6%), Transit (+11.0%) and Go Tv (+10.9%).

From September onwards, the Cinema segment started back up after months of closure, with small investments resumes.

The total advertising share of Mediaset media (TV, Radio, Digital) stood at 40.9%, which is +0.6 points higher than 2020).

Media	2021		2020		Change %
	EUR M	Stake %	EUR M	Stake %	
Printed press	688	12.7%	661	13.8%	4.1%
Television	3,719	68.4%	3,252	67.7%	14.4%
Radio	363	6.7%	329	6.8%	10.4%
Outdoors	60	1.1%	47	1.0%	28.6%
Cinema	6	0.1%	4	0.1%	37.6%
Digital	524	9.6%	446	9.3%	17.6%
Transit	66	1.2%	60	1.2%	11.0%
Out of home TV	8	0.1%	7	0.1%	10.9%
Total market (classic area*)	5,434	100.0%	4,806	100.0%	13.1%

(*) Not including direct mail. Source: Nielsen
15/03/2022

OTHER OPERATIONS

Film distribution

Medusa Film S.p.A. is a major film distribution company in Italy. The company mainly produces and distributes Italian and foreign films in Italy, leveraging the entire the life-cycle of the product: from cinema releases to the sale of television rights in all their various forms.

As with 2020, the year 2021 had a devastating impact on the movie industry, which was undoubtedly one of the sectors most affected. Cinemas were closed from the beginning of January to the end of April, before timidly beginning to reopen, eventually operating more normally by the autumn. However, the second half of December (usually a strong period for the sector) saw the virus rear its head again, leading to a drop in admissions despite cinemas being open.

Box office were down 7% compared to 2020 (admissions were down 11%): nevertheless, it is worth reminding that 2020 had one of the best starts to the year ever before the pandemic hit, largely thanks to two hugely successful Medusa films: "Tolo tolo" starring and directed by Checco Zalone, and "Odio l'estate" directed by Massimo Venier and starring Aldo, Giovanni e Giacomo. Compared to the average for the three-year period 2017-2019, takings in 2021 were down 71% and admissions were down 73%. If we consider only the figures for the May-December period (in which cinemas were open), the difference compared to the pre-pandemic three-year period was -51% in terms of takings and -53% in terms of admissions.

Whereas the industry was able to take all sanitary measures on the content production side to continue operations safely, enabling it to deliver on its commitments, companies on the film distribution side opted for a cautious approach by moving major releases to the second half of the year. Medusa was no exception: in the first half of the year, only two "minor" films were distributed, targeted at a "cinephile" audience (the first to return to cinemas). The second half of the year saw the release of six films (one of which, "Il giudizio", was released directly on the Amazon platform, with a second, "Trafficante di virus", released in cinemas in the form of a "film event" with only 3 days of midweek screening and landing almost immediately on Amazon): the results were in line with expectations, which were obviously lower due to a market that was still slowing down. The only disappointing result was the film "Supereroi", directed by Paolo Genovese and starring A. Borghi and J. Trinca, which due to its release close to Christmas, was particularly affected by audiences staying away due to the peak of the pandemic. To achieve annual targets, the Company is pursuing alternative economic solutions that will make it possible to compensate for the drop in expected box office takings.

Brand Extension

The Brand Extension division is responsible for enhancing the Group's leading TV brands. Brand optimisation is carried out both during Licensing activities (which involves external partners) and with direct activities under the Fivestore brand. Fivestore products include magazines, special publications, calendars, books and DVDs, which are available at newsstands or on its main e-commerce sites.

The year 2021 brought the best results in recent years, with net revenues of EUR 5.3 million and a contribution margin of EUR 2.2 million (41%). All sectors performed well, with particular attention to the home video segment, with Turkish series "Day Dreamer" selling over 175 thousand copies, placing it top of newsstand sales for the year in Italy.

The two monthly publications 'Cotto e Mangiato' and 'Mela Verde' continued to make progress with net sales of over EUR 1 million.

In the Licensing area, numerous licences were obtained for Turkish properties ("Day Dreamer", "Mr Wrong" and "Love is in the air"), in addition to the usual strong performance of the historic Lupin "III" brand.

International advertising

Publieurope Ltd. is the MFE Group company responsible for managing the Group's strategy on the European advertising market. Its mission is to raise Group revenue through advertising sales to international investors.

Its main objectives were as follows:

- ▢ ongoing liaison with headquarters of multinational companies.
- ▢ sourcing new licences and new products in other countries.

Publieurope helps advertisers to successfully approach international markets by offering multiple advertising opportunities ranging from linear TV to OTT, digital, radio, print and digital out of home (i.e. advertising space on medium and large digital screens (DOOH)).

These activities are conducted from offices in London, Munich and Paris, and in cooperation with partners located in Milan (Publitalia'80) and Madrid (Publiespaña).

The cross-media commercial offering, which has expanded over the years, is of great prestige and has therefore been rolled out across several countries:

In Italy, all Italian TV stations – generalist, thematic, free-to-air and pay-TV channels – of the Group; in 2021, the offering was enhanced by the deal for exclusive advertising sales of TIM Serie A, broadcast by DAZN, for the three-year period 2021-2024; Mediamond's magazines, websites, radio stations and DOOH, managed by Mediamond; other advertising spaces situated on luxury buildings in major Italian cities, in collaboration with a leading company in the sector;

In Spain, Mediaset España's TV networks, websites and outdoor;

In Germany, traditional and thematic TV channels, as well as websites of the German group ProSiebenSat.1, including the main multichannel network in Europe, Studio 71, which operates on the main free video distribution platforms; the TV channels and websites of GoldbachMedia and Sport1;

In France, the TV channels, websites and radio stations of the TF1 Group; the magazines, websites and apps of the ReworldMedia Group;

In the United Kingdom, all the TV networks and websites of the British Channel 4 group advertising spaces situated on luxury buildings in London, in collaboration with a leading company in the sector;

In Belgium and the Netherlands, the SBS group of commercial television channels that broadcast in Flanders (Belgium) and the TV channels, websites and radio stations of Talpa TV in the Netherlands;

Finally, the pan-European digital campaigns of EBX, a joint venture set up by Mediaset Italia, Mediaset España, ProSiebenSat.1, TF1 and Channel 4.

Since Publieurope acts as an advertising sales house, its contribution to Group earnings needs to be considered in terms of commission income generated, which totalled around EUR 297 million, of which around EUR 237 million related to the Group's Italian and Spanish media.

The company's 2021 results were positive, in line with the recovery of the advertising market as a whole, which overcame the difficulties of 2020 caused by the pandemic.

SPAIN

Mediaset has a controlling interest in Mediaset España Comunicación S.A., the holding company of the Spanish television group that owns the Telecinco television network, which began broadcasting in 1990.

Mediaset España is the leading broadcaster in Spain in terms of viewers and advertising share, and one of the most profitable groups in the sector in Europe.

The company is listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia. It was first included in the Ibex 35 index on 3 January 2005, where it still remains one of the thirty five biggest companies in Spain by market cap and average trading volume.

Mediaset España Group's mission is to consolidate its leadership of the commercial television market in Spain. Its strategic approach reflects that of MFE Group in Italy, operating as an integrated broadcasting group in the following key business areas:

Advertising revenues of Group-owned television media via the advertising sales company Publiespaña Group

Advertising revenue on non-television media, both Group-owned and third-party

Generalist television on nationwide channels Telecinco and Cuatro

Multichannel broadcasting: Free thematic channels (Divinity, Factoria de Ficción, Boing, Energy, and Be Mad)

OTT activities via the Mitele and MitelePlus streaming platforms

Internet (via the company Conecta 5).

Other domestic market players, besides Mediaset España, include:

- ▢ the Atresmedia Group, which has two generalist commercial channels (Antena3 and la Sexta), four thematic channels and three radio networks;
- ▢ Corporación de Radio y Televisión Española, S.A. (RTVE) is the state-owned public broadcasting group in Spain, which is financed by an annual grant awarded by the Spanish government and by contributions from private broadcasters that are legally required to allocate 3% of their revenues to supporting the activities of the national public broadcaster. It has two generalist free-to-air TV channels (La1 and La2) and three free-to-air thematic channels catering to news (Canale 24 horas), sport (Teledporte) and children's programming (Clan). It also operates six radio stations and streams its digital content through its website;
- ▢ Eight free-to-air thematic TV channels broadcast nationwide: Trece, Ten, Dkiss, Real Madrid TV, Gol, Paramount, DMax and Disney Channel;
- ▢ a federation of independent local broadcasters, operating under the name La Forta.
- ▢ the digital satellite Pay TV platform Moviestar Fusion, pay-per-view channels such as AXN and FOX, and Vodafone cable television;
- ▢ "on-demand". This digital environment also contains a dedicated kids zone called PlayZ;
- ▢ Pay OTT platforms such as Netflix, Amazon Prime, HBO, Rakuten, Filmin, AppleTV and Disney+ which have been rolled out in Spain in recent years.

THE ADVERTISING MARKET

Spain's television advertising market is the fifth-biggest in Europe and is second only to Italy's in terms of television's share of all advertising on mainstream media. According to Infoadex data, the percentage of that market - comprising national networks and local broadcasters - in 2021 stood at 33.6%.

Macroeconomic data on the Spanish economy shows that, in 2021, GDP grew by 4.9% on the previous year (Source: International Monetary Fund), only partially offsetting the sharp decrease in 2020. Trends in advertising investment in Spain, as well as for the economic activities of the Iberian Peninsula, was also influenced by the pandemic in 2021. Generally speaking, there was an improvement particularly in the part half of the year thanks mainly to the vaccination campaign and the decrease in the strict social distancing measures and limitation of economic activities that had been ordered in 2020 by the government authorities to deal with the COVID-19 public health crisis. This allowed for a gradual normalisation of economic activities, which became more evident from the second quarter and remained stable until the end of 2021 when the pandemic began to bite once more.

Based on Infoadex data, the television and digital media advertising market amounted to EUR 3,385.4 million, compared to the EUR 2,996.7 million of the previous year, while the television advertising market grew by 8.3% on 2020, standing at EUR 1,776.2 million. Mediaset España Group's share of the television market was 43.2%, while its share of the television and digital media market stood at 24.4%.

Media	2021		2020		Change %
	EUR M	Stake %	EUR M	Stake %	
Printed press	345	6.3%	348	7.1%	-0.9%
Television	1,586	29.2%	1,459	29.9%	8.7%
Local television	90	1.7%	81	1.7%	11.2%
Magazine	120	2.2%	111	2.3%	8.7%
Radio	415	7.6%	375	7.7%	10.8%
Outdoors	290	5.3%	221	4.5%	30.9%
Cinema	13	0.2%	10	0.2%	30.2%
Thematic Channels	100	1.8%	100	2.0%	0.0%
Internet	2,482	45.6%	2,174	44.6%	14.2%
Total market	5,441	100.0%	4,879	100.0%	11.5%

BROADCASTING AND AUDIENCE SHARE

With respect to viewing figures, the Mediaset España Group continued to be the leader in terms of total viewers over the 24-hour period, with a share of 28.2%.

With respect to the commercial target audience, the Mediaset España Group achieved a share of 30.6%, with more than 3 percentage points more than its main competitor.

As for the main channel, in 2021 **Telecinco** achieved a 14.9% audience share of all viewers over the 24-hour period, ranking as the most viewed Spanish channel for the ninth consecutive year; It also captured an average of 15.5% of the commercial target.

With regard to Prime Time, Telecinco was the leader in the all viewers total with an average of 13.9%.

Cuatro was the third most viewed channel by millennials (16-34 years) and reached an audience share of 5.3% of the average share for all viewers in the 24-hour period and 6.1% for the commercial target audience.

The FDF, Divinity and Energy channels continued to post excellent results in terms of viewing figures in 2021.

The ratings in each of the commercial targets were as follows:

- ▢ Boing, the thematic channel dedicated to children from 4 to 12 years, achieved an audience share of 0.8%.
- ▢ FDF reached a share of 3.2% on the commercial target audience (13-24 age range).
- ▢ Divinity, a channel dedicated to the female audience, achieved a share of 1.9% of its commercial target audience (16-44 age range).
- ▢ Energy, a channel dedicated to a male audience, achieved a share of 2.3% of the commercial target audience (men between 25 and -44 years).
- ▢ Be Mad achieved a share of 0.7% of its commercial target audience (men between 16 and -44 years).

Share Year 2021	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Telecinco	14.9%	13.9%	15.4%	15.5%	15.2%	15.7%
Cuatro	5.3%	5.3%	5.2%	6.1%	6.4%	6.0%
Total Generalist Networks	20.2%	19.2%	20.6%	21.6%	21.6%	21.7%
Total Semi-Generalist and Thematic Networks	8.1%	7.2%	8.5%	9.0%	7.6%	9.6%
Total Mediaset España Networks	28.3%	26.4%	29.1%	30.6%	29.2%	31.3%

As the following table shows, in 2021, Mediaset España devoted significant air time on the general interest networks Telecinco and Cuatro to its in-house productions, which accounted for 85.4% of scheduling (86% in 2020).

Mediaset España schedule - Broadcasting hours 2021

Type	Generalist Networks		Thematic Networks		Total Mediaset Networks	
Film	1,180	6.7%	1,733	4.0%	2,913	5.3%
Drama	1,377	7.9%	23,851	54.5%	25,228	36.3%
Cartoons	0	0.0%	7,060	16.1%	7,060	12.2%
Total rights	2,557	14.6%	32,645	74.6%	35,201	53.8%
News	1,527	8.7%	2,108	4.8%	3,635	5.7%
Sport	514	2.9%	153	0.3%	667	0.5%
Entertainment	2,974	17.0%	1,021	2.3%	3,995	10.6%
Culture	9,948	56.8%	7,874	18.0%	17,822	29.3%
Total productions	14,963	85.4%	11,156	25.4%	26,119	46.1%
Total	17,520	100.0%	43,800	100.0%	61,320	100.0%

Mediaset España schedule - Broadcasting hours 2020

Type	Generalist Networks		Thematic Networks		Total Mediaset Networks	
Film	1,272	7.2%	1,760	4.0%	3,032	5.3%
Drama	1,242	7.1%	23,343	53.1%	24,585	36.3%
Cartoons	-	-	7,114	16.2%	7,114	12.2%
Total rights	2,514	14.3%	32,216	73.3%	34,730	53.8%
News	1,654	9.4%	2,787	6.3%	4,441	5.7%
Sport	242	1.4%	32	0.1%	274	0.5%
Entertainment	3,146	17.9%	1,379	3.1%	4,525	10.6%
Culture	10,011	57.0%	7,506	17.1%	17,517	29.3%
Total productions	15,053	86.0%	11,704	26.6%	26,757	46.1%
Total	17,568	100.3%	43,920	100.0%	61,488	100.0%

MULTICHANNEL BROADCASTING

Mediaset España's Broadcasting Centre is a digital platform fully equipped to broadcast and receive audiovisual transmissions via satellite, optical fibre, the mobile network and ADSL.

In 2021, the Mediaset España Group continued to consolidate its multi-channel diversification strategy. In fact, in addition to Telecinco and Cuatro, the Mediaset España Group's generalist networks, the offering is completed by firmly established thematic channels:

Energy, thematic channel with sport content targeted at a young male audience.

FDF (Factoría de Ficción), featuring Spanish and international drama series.

Boing, dedicated to children's entertainment.

Divinity, targeted at a young female audience.

Be Mad, targeted at a male audience (men between 16 and 44 years).

CONTENT PRODUCTION AND DISTRIBUTION

Mediaset España manages its own content distribution business through the creation of **Producción y Distribución de Contenidos Audiovisuales Mediterráneo S.L.U.**, a company incorporated with the intention of bringing together all of the Group's production companies under a single organisational structure so as to maximise both the marketing of content internationally and the main video-on-demand subscription platforms. These companies produce audiovisual, film and digital content, across entertainment, drama, film, sport and digital formats, aimed at acquiring and developing international formats, including by entering into agreements with other independent producers.

TV RIGHTS INVESTMENTS

In 2021, Mediaset España continued to invest in television broadcasting rights. Investment policy was focused not only on consolidating Spanish drama series, as well as on providing a stream of high-quality content both for the main channel and for new thematic channels, with a view to building up its television rights library and defending audience share in the future, and with it the Spanish group's advertising revenues.

Spanish television broadcasters are required by law to invest at least 3% of their operating revenues in Spanish and European film productions. At Mediaset España, this legal obligation has been taken up as a business opportunity, and through the subsidiary **Telecinco Cinema SAU** the group has been producing quality feature films for some years.

Inevitably, due to the pandemic-induced anomalies of 2020, several films had their cinema release postponed until 2021, with revenues around 40% lower than in 2019.

"Operación Camarón" was the first release of 2021 (in June), a comedy distributed by the Walt Disney Company that grossed EUR 3.5 million and drew in 600,000 viewers at movie theatres.

On 12 November, "Way Down" - distributed by Sony Pictures Entertainment - came in Spanish cinemas, grossing EUR 6 million with almost one million viewers.

During 2021, a series of projects were launched including "El cuarto pasajeros", a new collaboration between Mediaset España and Alex de la Iglesia following the successful experience of "Perfecto desconido". The film will be released in cinemas in late 2022 and will be distributed by Sony Pictures Entertainment. In the summer, filming began on the movie "No haberlos tenido", a comedy written by Manuel Burque and Josep Gatell and directed by Victor Garcia. The film will be released in cinemas during 2023.

In the autumn of 2022, the film "Rainbow", a project directed by Paco León and co-written with Javier Gullón, will premiere in cinemas and will be broadcast globally on Netflix shortly thereafter.

"Malnazidos", a film directed by Javier Ruíz Caldera and starring Miki Esparbé and Aura Garrido, and distributed by Sony Pictures Entertainment, will come out in cinemas on 11 March.

In the summer, "Tadeo Jones 3" will come out in cinemas; this is the third instalment of the saga that has been performing well for Telecinco Cinema. The film will be released both in Spain and the rest of the world and will be distributed by Paramount Pictures.

Other projects for 2022 are also in their initial stages, all of which will meet the high quality and standards demanded of international productions if they are to be successful. These include "Mari2", a film written by Breixo del Corral and Pablo Alen and distributed by Walt Disney, which is scheduled for a 2023 release. In mid-2022 Telecinco Cinema will begin filming the movie "Casi Familia" distributed by Universal Pictures, which will premiere in cinemas in 2023.

DIGITAL FREE-TO-AIR AND PAY NON-LINEAR SERVICES

The Mediaset España Group considers its online business a strategic factor for the group's success, enabling the diversification of business both now and in the future. The Group's websites include the web channels Mitele.es (live online streaming platform), Mtmad.es (exclusive online video platform), Eltiempohoy.es (weather page), Yasss.es (website with content aimed at millennials), Uppers, Mediaset.es (website presenting the Group's corporate content), El Desmarque (football and sports news website) and Nius Diario (news website), in addition to apps broadcasting the Group's main content (Mitele, Mediaset Sport, Gran Hermano) and the social media accounts of each channel, program or series (Facebook, Twitter and Instagram).

In 2021, the Mediaset España Group consolidated its leadership in digital video consumption. According to Comscore data, it was the top performer with 6,171 million views between January and December, 18% more than in 2020. This placed it in second place in the worldwide ranking of videos viewed, only surpassed by Google.

The *Telecinco.es* website saw a 6% increase in unique users on 2020.

In terms of TV content platforms, **Mitele.es** strengthened its leadership in video consumption, breaking the annual views record with 3,371 million videos viewed, 13% more than the 2020 data. This made it the number one viewing platform for live and on-demand TV content. Native digital content platform "Mtmad" also achieved 391 million video views, up by 13% on 2020. It achieved an all-time record with 1.7 million unique users per month, 40% up on 2020.

Deserving of particular mention is **Mitele Plus**, which is a new ad-free OTT content platform from Mediaset España, which airs sporting events, live and on-demand programmes and exclusive content, TV series, dramas, 24/7 channels, premieres and a number of Mediaset España's hugely popular formats.

The brand loyalty and acquisition strategy during 2021 enabled Mitele PLUS to reach an all-time high of 215,639 subscribers as at November. In the last quarter of the year, Mitele PLUS also launched two new subscription packages: movie channel "AContra+", with an extensive catalogue of domestic and international films of all genres and "Dizi", a channel specialised in Turkish TV series of worldwide acclaim, with twelve titles in the

catalogue already. Also worthy of mention is "Fight Sports", a channel dedicated to contact sports which is offered as a complementary channel on the Mediaset España subscription platform.

MAIN INVESTMENTS

MAIN ASSOCIATES AND JOINT-VENTURE INVESTMENTS

ElTowers is a subsidiary of the F2iSGR private equity fund, which is 40%-owned by MFE-MEDIAFOREUROPE N.V. The El Towers Group is one of the largest operators in integrated service network infrastructure for electronic communications, serving radio and television broadcasters and mobile and wireless telecommunications providers under long-term agreements. In particular, El Towers provides its clients with hosting facilities on its infrastructure (transmission "towers" or "stations") for transmission plant and signal broadcasting antennae, as well as a range of high-tech services in design, planning, technical assistance, ordinary and extraordinary maintenance, and logistics. In addition, the group manages broadcast contribution links the television productions of other domestic broadcasters covering sporting events and news programmes. It does so using its own operating centres and satellite and fibre-optic network infrastructure. Under a multi-year full-service agreement running from 1 July 2018 to 30 June 2025 and renewable for a further seven years subject to renegotiation of a new price during the agreement's last 12 months, El Towers offers hosting, assisting and maintenance services, the design of transmission equipment and broadcast contribution management to Elettronica Industriale, a MFE Group network operator, and provides hosting and maintenance services for the radio broadcasting equipment of the Group's broadcasters. Following the integration of the Persidera Group activities acquired at the end of 2019, El Towers also manages the television infrastructure needed to transmit the terrestrial frequencies of primary-standing television broadcasters. During the first half of 2021, El Towers closed the sale to Phoenix Towers International Development LLC of a 100% stake in telecom company Towertel S.p.A.

Mediamond S.p.A. is an equal joint venture between Publitalia'80 and Mondadori Pubblicità. Mediamond is the Group's sales house specialised in selling radio advertising space with the Group's broadcasters, on the Group's television and video websites and on websites of Mondadori Group agencies, as well as selling advertising space with third-party broadcasters.

Boing S.p.A. is a joint venture between R.T.I. S.p.A. (51%) and Turner Broadcasting System Europe (49%), producing and managing two free-to-air children's channels, Boing and Cartoonito, which have been broadcast on the digital terrestrial platform since 2004 and 2011, respectively.

Fascino Produzione Gestione Teatro Srl is an equal joint venture between R.T.I. S.p.A. and Maria De Filippi. The venture partner's exclusive artistic and creative contribution enables the company to develop, plan and deliver television programmes that tend to go out on Canale 5's prime-time and day-time slots, including C'è Posta per te, Amici and Uomini e Donne.

Tivù Srl is a company formed in 2008 whose shareholders are R.T.I. S.p.A., Rai Radiotelevisione Italiana S.p.A. (each holding 48.16%), La7 Srl (3.49%), and other shareholders, performing advertising and planned communication activities for users of the free-to-air digital terrestrial and satellite platform. In particular, it manages services linked to the satellite platform for the free-to-air digital TV offering called "TivùSat", which supplements the digital terrestrial platform for users of some of the regions and autonomous provinces that this signal does not reach.

OTHER EQUITY INVESTMENTS

Through MFE and Mediaset España, the Group is the largest shareholder of **ProSiebenSat.1 Media SE**. Following its latest share acquisitions in the first quarter of 2022, it has now secured a total aggregate ownership interest of 24.1% (24.8% of voting rights) following the latest tranche acquired in January 2022. The investee is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. ProSiebenSat.1 Media SE has a broad shareholder base and is listed on the Frankfurt Stock Exchange. In 2021 it recognised consolidated net revenues of EUR 4,494 million (EUR 4,047 million in 2020), an operating profit of EUR 553 million (EUR 553 million in 2020) and a consolidated net profit of EUR 442 million (EUR 252 million in 2020). A dividend distribution of EUR 0.8 per share was proposed upon the approval of the 2021 Consolidated Financial Statements (compared to EUR 0.49 the previous year).

As part of venture capital project **AD4Ventures**, the Group also holds non-controlling interests in Italian and Spanish medium-sized start-ups with high growth and development potential (particularly digital start-ups operating in the consumer and retail sectors). These companies run advertising campaigns in Italy and Spain by reinvesting the capital injections received from the Group "Media for equity model". Since its launch, AD4Ventures has invested in 14 European start-ups, 8 of which having their registered office or operational headquarters in Italy.

FINANCIAL REVIEW: MAIN ECONOMIC AND FINANCIAL RESULTS BY GEOGRAPHICAL AREA AND BUSINESS SEGMENT

In this section we give a breakdown of the consolidated income statement, statement of financial position and cash flow statement to show the contribution to Group performance of the two geographical areas of business, Italy and Spain, as well as a breakdown of revenues by revenue type.

The income, financial position and cash flow figures shown below have been reclassified, with respect to the Group's consolidated financial statements, in order to highlight the intermediate aggregates considered most significant for understanding the performance of the Group and of the individual business units.

RECLASSIFIED STATEMENT OF INCOME

MFE GROUP

Reclassified Income Statement

EUR million	2021	2020	Change (EUR million)	Change (%)
Consolidated net revenues	2,914.3	2,636.8	277.5	10.5%
Personnel expenses	(499.0)	(470.1)	(28.9)	6.2%
Purchases, services, other costs	(1,516.0)	(1,330.2)	(185.8)	14.0%
Operating costs	(2,015.0)	(1,800.3)	(214.7)	11.9%
Gross Operating Result (EBITDA)	899.2	836.4	62.8	7.5%
TV Rights amortisation	(386.7)	(455.9)	69.2	-15.2%
Other amortisation, depreciation and impairments	(94.5)	(110.8)	16.3	-14.7%
Amortisation, depreciation and impairments	(481.2)	(566.7)	85.5	-15.1%
Operating Result (EBIT)	418.0	269.7	148.3	55.0%
Financial income/(losses)	22.6	(3.8)	26.5	-690.9%
Result from investments accounted for using the equity method	114.7	20.0	94.7	473.1%
Profit Before Tax (EBT)	555.4	285.9	269.5	94.3%
Income taxes	(100.6)	(66.6)	(34.0)	51.0%
Non-controlling interest in net profit	(80.7)	(80.0)	(0.7)	0.9%
Group net profit	374.1	139.3	234.8	168.5%

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

MFE GROUP	2021	2020
Consolidated net revenues	100.0%	100.0%
Operating costs	-69.1%	-68.3%
EBITDA	30.9%	31.7%
Amortisation, depreciation and impairments	-16.5%	-21.5%
EBIT	14.3%	10.2%
EBT	19.1%	10.8%
Group net profit	12.8%	5.3%

The consolidated economic results for the year are summarised below:

Consolidated Net Revenues amounted to EUR **2,914.3 million**, up 10.5% on the previous year's figure of EUR 2,636.8 million.

Operating Result (EBIT) was EUR **418.0 million**, decidedly up on the EUR 269.7 million profit recorded the previous year. Consolidated operating profitability was 14.3%. **Adjusted Operating Result**, excluding certain non-recurring cost components of the Italian operations (principally lay-off costs and restructuring expenses) amounted to **EUR 475.6 million** (+52.4% compared to the EUR 312.1 million recorded in 2020).

Financial income/(losses) totalled EUR **22.6 million** (-EUR 3.8 million in 2020) and mainly included income of EUR 20.4 million from January's early unwinding of the reverse collar agreement entered into in April 2020 with the aim of setting a maxim price for the acquisition of additional shareholdings of 4.4% in ProSiebenSat.1 Media SE, and income of EUR 10.4 million in dividends (less the costs associated with the collar agreement entered into to hedge the investment) paid out to the Group by investee ProSiebenSat.1 Media SE. Net of this income, of charges for the early repayment of loans and of foreign exchange gains and losses, total net financial expense decreased by EUR 3.6 million.

Result from investments accounted for using equity method was positive at EUR **114.7 million** (compared to EUR 20.0 million in 2020) and includes income from measurement by using the equity method of investments where the Group has significant influence over the investee and gains/losses generated from the disposal of those assets. In 2021, this income included the EUR 88.1 million pro-quota capital gain realised by 40%-owned investment El Towers from its sale of subsidiary Towertel.

Group Net Profit was in profit at EUR **374.1 million**, compared to the EUR 139.3 million profit recorded in 2020.

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.

For the purpose of summarising the Group's profit-generation in its two geographical areas, the income statements of the two business units are stated net of any dividends distributed by Mediaset España to MFE-MEDIAFOREUROPE N.V.

BREAKDOWN BY GEOGRAPHICAL AREA: ITALY

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

ITALY				
Reclassified Income Statement				
	EUR million	2021	2020	Change (EUR million)
				Change (%)
Consolidated net revenues		2,038.4	1,800.5	237.9
				13.2%
Personnel expenses		(367.8)	(349.5)	(18.3)
Purchases, services, other costs		(1,111.5)	(993.9)	(117.6)
Operating costs		(1,479.3)	(1,343.4)	(135.9)
				10.1%
Gross Operating Result (EBITDA)		559.1	457.1	102.0
				22.3%
TV Rights amortisation		(290.1)	(329.9)	39.8
Other amortisation, depreciation and impairments		(76.9)	(88.7)	11.8
Amortisation, depreciation and impairments		(366.9)	(418.6)	51.6
				-12.3%
Operating Result (EBIT)		192.1	38.5	153.6
				399.1%
Financial income/(losses)		19.7	(2.1)	21.8
Result from investments accounted for using the equity method		111.6	17.3	94.3
Profit Before Tax (EBT)		323.5	53.8	269.7
				501.7%
Income taxes		(52.0)	(16.0)	(36.0)
Non-controlling interests in net profit		1.3	1.5	(0.1)
Group net profit		272.8	39.2	233.6
				595.7%

Consolidated Net Revenues amounted to EUR 2,038.4 million, increased by 13.2% compared to 2020. This figure mainly reflects the increase in advertising revenues over Group media and higher Other revenues.

Operating Result (EBIT) from Italian operations was EUR 192.1 million, compared to EUR 38.5 million for the previous year. **Adjusted Operating Result**, excluding certain non-recurring cost components of the Italian operations (principally lay-off costs and restructuring expenses) amounted to EUR 249.7 million in 2021 (compared to EUR 81 million in 2020 and EUR 113 million in 2019).

Group Net Profit was EUR 272.8 million (compared to EUR 39.2 million in 2020).

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

ITALY	2021	2020
Consolidated net revenues	100.0%	100.0%
Operating costs	-72.6%	-74.6%
Gross Operating Result (EBITDA)	27.4%	25.4%
Amortisation, depreciation and impairments	-18.0%	-23.2%
EBIT	9.4%	2.1%
EBT	15.9%	3.0%
Group net profit	13.4%	2.2%

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

ITALY

Consolidated Net Revenues

EUR million	2021	2020	change (EUR	change %
Gross advertising revenues	1,982.0	1,732.0	250.0	14.4%
Agency discounts	-281.4	-245.9	-35.5	-14.5%
Net advertising revenues	1,700.6	1,486.1	214.5	14.4%
Other revenues	337.8	314.3	23.4	7.5%
Consolidated Net Revenues	2,038.4	1,800.5	237.9	13.2%

Gross Advertising Revenues, including revenues from free and pay-TV channels and the Group's share of website revenues, and revenues from proprietary radio broadcasters managed under sublicense by

Mediamond, amounted to EUR **1,982 million** in 2021 (up 14.4% compared to 2020 and up +2.4% compared to 2019). These revenues even registered a year-on-year increase (+2.2%) in the fourth quarter, despite the previous year having been characterised by a strong recovery. This performance continued a trend of six consecutive quarters of year-on-year growth. Based on Nielsen data, the overall conventional advertising market (including all advertising channels, and excluding estimates for OTT, search, social media and direct mail investments) grew by 12.8 in 2021 compared to 2020. The Group's television advertising revenues also grew more strongly than the national television market as a whole, despite competitors' networks broadcasting major international sporting events (Euro 2020 and the Olympic Games) during the year.

Other revenues and income from television broadcasting amounted to EUR **337.8 million**, compared to EUR 314.3 million for the corresponding period in the previous year, benefitting from the EUR 26.8 million in proceeds from settling the copyright dispute with Dailymotion as part of the Vivendi settlements and the increased contribution under agreements to sub-license television content to third-party operators and advertising sales activities carried out with third-party concessions. Revenues in 2020, on the other hand, included components relating to the film distribution activities of Medusa during the first two months (pre-lockdown) of the year and the activities of Media4Commerce, which was sold the previous year.

Total Costs (**personnel costs, purchases, services and other costs, TV rights amortisation and depreciation of fixed assets**) amounted to EUR 1,846.2 million, up (+4.8%) on the same period in 2020 and lower than the EUR 1,890.8 million in costs expended in 2019. In 2021, the costs incurred related to staff reduction plans, provisions for restructuring plans and other non-recurring charges totalling EUR 57.6 million (EUR 42.4 million in the previous year).

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).

SPAIN				
Reclassified Income Statement				
	EUR million			
	2021	2020	Change (EUR million)	Change (%)
Consolidated net revenues	876.3	836.6	39.7	4.7%
Personnel expenses	(131.3)	(120.6)	(10.7)	8.9%
Purchases, services, other costs	(404.9)	(336.7)	(68.2)	20.3%
Operating costs	(536.2)	(457.3)	(78.9)	17.3%
Gross Operating Result (EBITDA)	340.2	379.4	(39.2)	-10.3%
TV Rights amortisation	(97.2)	(126.7)	29.5	-23.3%
Other amortisation, depreciation and impairments	(17.7)	(22.1)	4.5	-20.1%
Amortisation, depreciation and impairments	(114.9)	(148.8)	34.0	-22.8%

Operating Result (EBIT)	225.3	230.5	(5.2)	-2.3%
Financial income/(losses)	2.9	(1.8)	4.7	-264.7%
Result from investments accounted for using the equity method	3.0	2.6	0.4	15.9%
Profit Before Tax (EBT)	231.3	231.4	(0.1)	-0.1%
Income taxes	(48.4)	(50.4)	2.0	-3.9%
Non-controlling interests in net result	1.8	2.3	(0.5)	-20.7%
Group net profit	181.0	178.7	2.3	1.3%

Consolidated Net Revenues of the Mediaset España Group amounted to EUR 876.3 million, an increase of 4.7% compared to 2020.

Operating Result (EBIT) amounted to EUR **225.3 million**, compared to the EUR 230.5 million recorded in 2020. This corresponds to an operating profit of 25.7% compared to 27.6% the previous year;

Net Profit came to EUR 181.0 million, compared to EUR **178.7 million** for the previous year.

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

SPAIN	2021	2020
Consolidated net revenues	100.0%	100.0%
Operating costs	-61.2%	-54.7%
EBITDA	38.8%	45.3%
Amortisation, depreciation and impairments	-13.1%	-17.8%
EBIT	25.7%	27.6%
EBT	26.4%	27.7%
Group net profit	20.7%	21.4%

The breakdown of Mediaset España Group's revenues is shown below:

SPAIN

CONSOLIDATED NET REVENUES

EUR million	2021	2020	change (EUR million)	change %
Gross advertising revenues	833.6	759.1	74.5	9.8%
Agency discounts	-36.9	-29.8	-7.1	23.8%
Net advertising revenues	796.7	729.3	67.4	9.2%
Other revenues	79.6	107.3	-27.7	-25.8%
Consolidated Net Revenues	876.3	836.6	39.7	4.7%

Gross Advertising Revenues amounted to EUR **833.6 million**, an increase of 9.8% compared to 2020. Mediaset España maintained its leadership in its television market with a share of 43.2%, thus consolidating its position of leadership built up over the past few years, by diversifying and launching innovative publications and advertising products. Based on Infoadex data, the TV advertising market in Spain grew by 8.3% overall in 2021;

Consolidated Net Revenues mainly comprised income from the distribution of movie co-productions, agreements entered into with other parties for the sub-licensing of content, and income from online operations. The change is mainly due to: the reduction in film distribution revenues from mid 2021 onwards; the waning of the previous year's strong influence of content sales and sublicensing to third-party broadcasters, which were hit hard by the inevitable discontinuation of production following the pandemic; and the trend in subscriptions to the OTT Mitele Plus service.

Total Costs (**personnel costs, other operating costs, amortisation and depreciation**) were EUR **651.0 million**, an increase of 7.4% compared to the same period in the previous year. The change is mainly due to the different scheduling mix enforced by the pandemic and due to the fact that the costs for broadcasting the Euro 2020 Football Championships were recognised in the year's accounts.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The Group's Reclassified Statement of financial position and its breakdown by geographical area are reported below in abridged form to show the two main aggregates: **Net invested capital** and **Net financial position**, the latter consisting of *Total financial debt less Cash and cash equivalents and Receivables and current financial assets*. Details of the items making up the *net financial position* are provided in Note 12.7.

The statements therefore differ in their layout from the Statement of financial position included in the Consolidated Financial Statements, which primarily distinguishes current from non-current assets and liabilities.

The Group's Reclassified Statement of financial position as at 31 December 2021 and 2020 is shown below.

Reclassified Statement of financial position EUR million	31/12/2021	31/12/2020
TV and movie rights	844.9	932.7
Goodwill	803.2	803.2
Other tangible and intangible non current assets	879.4	869.9
Equity investments and other financial assets	1,248.2	1,159.8
Net working capital and other assets/liabilities	382.9	531.1
Post-employment benefit plans	(59.2)	(66.7)
Net invested capital	4,099.5	4,230.1
Group shareholders' equity	2,661.8	2,668.3
Non-controlling interests	568.5	497.3
Total shareholders' equity	3,230.3	3,165.6
Net Financial Position Debt/(Liquidity)	869.2	1,064.4

Please note that **adjusted Net financial position**, calculated based on the way in which covenants are applied 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 investment in ProsiebenSat.1 Media SE, equalling EUR **689.1 million** at 31 December 2021.

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

Reclassified Statement of financial position (geographical breakdown)	Italy		Spain	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
EUR million				
TV and movie rights	719.2	811.9	127.1	122.9
Goodwill	145.6	145.6	294.5	294.5
Other tangible and intangible non current assets	653.5	638.2	225.9	231.7
Equity investments and other financial assets	1,676.2	1,705.2	449.0	331.8
Net working capital and other assets/liabilities	469.9	522.6	(87.4)	7.7
Post-employment benefit plans	(59.2)	(66.7)	-	-
Net invested capital	3,605.3	3,756.8	1,009.1	988.7
Group shareholders' equity	2,467.7	2,565.7	1,273.1	1,109.6
Non-controlling interests	2.0	3.4	2.3	2.3
Total shareholders' equity	2,469.8	2,569.1	1,275.5	1,111.9
Net Financial Position Debt/(Liquidity)	1,135.5	1,187.7	(266.3)	(123.2)

In the table below, the Group's balance sheet as at 31 December 2021 is broken to show Italy and Spain contribution and the effects of the line-by-line consolidation of Mediaset España.

Reclassified Statement of financial position (geographical breakdown) December 2021					
	EUR million	Italy	Spain	Eliminations/ Adjustments	Group
TV and movie rights		719.2	127.1	(1.5)	844.9
Goodwill		145.6	294.5	363.2	803.2
Other tangible and intangible non current assets		653.5	225.9	-	879.4
Equity investments and other financial assets		1,676.2	449.0	(876.9)	1,248.2
Net working capital and other assets/liabilities		469.9	(87.4)	0.3	382.9
Post-employment benefit plans		(59.2)	-	-	(59.2)
Net invested capital		3,605.3	1,009.1	(514.9)	4,099.5
Group shareholders' equity		2,467.7	1,273.1	(1,079.0)	2,661.8
Non-controlling interests		2.0	2.3	564.1	568.5
Total shareholders' equity		2,469.8	1,275.5	(514.9)	3,230.3
Net Financial Position Debt/(Liquidity)		1,135.5	(266.3)	-	869.2

RECLASSIFIED STATEMENT OF CASH FLOWS AND BREAKDOWN OF INVESTMENTS IN FIXED ASSETS

The table below is a reclassified **cash flow statement** broken down on a consolidated basis by geographical area, showing cash flows over the two periods. Unlike the standard IAS 7 layout used to prepare the cash flow statement included in the Financial Statements, these tables 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 (scope of consolidation changes, acquisition and/or sale of equity investments or non-controlling 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 classified as held for sale or discontinued under IFRS 5.

Reclassified Cash Flow Statement at 31 December			
	EUR million	2021	2020
Net Financial Position at the beginning of the year		(1,064.4)	(1,341.2)
Free Cash Flow		507.3	311.8
Cash Flow from operating activities (*)		918.0	816.9
Investments in fixed assets		(396.0)	(450.9)
Disposals of fixed assets		3.2	3.9
Changes in net working capital and other current assets/liabilities		(17.9)	(58.0)
Change in the consolidation area		-	(8.0)
Treasury share (sale)/buyback of the parent company and subsidiaries		(0.7)	(0.6)
Equity investments/Investments in other financial assets and change of interest held in subsidiaries		(153.9)	(67.0)
Dividends received		184.7	40.6
Dividends paid		(342.1)	-
Financial Surplus/(Deficit)		195.2	276.8
Net Financial Position at the end of the year		(869.2)	(1,064.4)

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

The Group's **free cash flow** amounted to EUR **507.3 million**, compared with EUR 311.8 million the previous year.

	Italy		Spain	
Reclassified Cash Flow Statement by geographical area at 31 December				
EUR million	2021	2020	2021	2020
Net Financial Position at the beginning of the year	(1,187.7)	(1,318.0)	123.2	(23.2)
Free Cash Flow	255.3	104.1	251.9	207.7
Cash Flow from operating activities (*)	598.6	475.6	319.5	341.4
Investments in fixed assets	(276.6)	(352.3)	(119.4)	(98.7)
Disposals of fixed assets	0.4	0.3	2.8	3.6
Changes in net working capital and other	(67.1)	(19.6)	49.1	(38.6)
Change in the consolidation area	-	(3.2)	-	(4.9)
Treasury share (sale)/buyback of the parent	-	-	(0.7)	(0.6)
Equity investments/Investments in other financial	(29.9)	(7.1)	(124.1)	(59.9)
Dividends received	167.2	36.5	17.5	4.1
Dividends paid	(340.6)	-	(1.5)	-
Financial Surplus/(Deficit)	52.1	130.4	143.1	146.4
Net Financial Position at the end of the period	(1,135.5)	(1,187.7)	266.3	123.2

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

The table below shows the **investments in fixed assets** reported in the cash flow statement.

	Italy		Spain	
Investments in fixed assets	2021	2020	2021	2020
EUR million				
Investments in TV and movie broadcasting rights	(209.5)	(328.0)	(103.6)	(103.0)
Changes in advances on broadcasting rights	(9.6)	25.4	(8.8)	15.2
TV and movie broadcasting rights: investments and advances	(219.1)	(302.6)	(112.4)	(87.8)
Investments in other fixed assets	(57.5)	(49.7)	(7.0)	(10.9)
Total investments in fixed assets	(276.6)	(352.3)	(119.4)	(98.7)

The cash flow under **Changes in the consolidation area** was driven in 2020 by the acquisition in Italy of an 80% shareholding in Beintoo and by the acquisition in Spain of a 51% stake in Aninpro Creative S.L. ("Be a Lion" project).

Equity investments/Investments in other financial assets and changes in shareholdings in subsidiaries for 2021 mainly comprises amounts relating to the investment held by the Group in ProSiebenSat.1 Media SE, of which EUR 115.3 million related to the disbursements made for the purchase of additional shares by Mediaset Espana and MFE and EUR 23.0 million related to the financial instruments contracted in previous years to hedge equity investments, of which EUR 16.0 million in outgoings to the financial counterparties of those contracts in relation to the dividends received by the investee during the year. This item also includes the receipt of EUR 23.8 million under the *media for equity* scheme and deriving from the sale of the Group's stake in Deportivillage, and the outlay of EUR 27.3 million to obtain an authorisation to provide nationwide audiovisual services and to be allocated automatic DTT channel numbers LCN 27, LCN 49 and LCN 67 from the company Viacom International Media Networks S.r.l. In 2020, investments of EUR 72.9 million were made in connection with the capital increase (4.99%) in ProSiebenSat.1 Media SE.

In 2021, **dividends from equity investments** stood at EUR 149.9 million (EUR 34.8 million in 2020) and EUR 24.8 million in dividends were cashed in from associate EI Towers and EUR 20.0 million from ProSiebenSat.1 SE Media. Rivedere dati dividendi

Dividends paid relates to the payout of extraordinary dividends by the parent company Mediaset S.p.A. (subsequently MFE-MEDIAFOREUROPE N.V.) in 2021.

RECONCILIATION BETWEEN CONSOLIDATED AND PARENT COMPANY NET PROFIT AND SHAREHOLDERS' EQUITY

	Shareholders' equity at 31/12/2021	Net result 2021	Shareholders' equity at 31/12/2020	Net result 2020
As per balance sheet and income statement of MFE-MEDIAFOREUROPE N.V.	1,880.2	214.1	2,054.8	17.0
Excess of shareholders' equity, including gross income for the period over book value of investments in subsidiary ad affiliated companies	1,412.7	334.4	1,188.9	326.7
Consolidation adjustmens arising from:				
Eliminations of unrealised intra-group gains/losses	(69.7)	6.1	(64.9)	2.3
Dividend eliminations		(96.1)	-	(126.5)
Other consolidatio adjustment	7.2	(3.7)	(13.1)	(0.3)
Total	3,230.3	454.8	3,165.6	219.3
Minority interest	(568.5)	(80.7)	(497.3)	(80.0)
As per the consolidated financial statements	2,661.8	374.1	2,668.3	139.3

BUSINESS OUTLOOK

During the first months of 2022 characterised by a gradual stabilisation of the health emergency, the general context was affected by the escalation of the international geo-political crisis which at the end of February led to the Russian military intervention in Ukraine.

This event, which led to the adoption by the international community of economic sanctions against Russia, has further increased the strong inflationary pressures that were already evident, with particular effects on the cost of energy and food. The unpredictability related to the evolution of the conflict led to an immediate downward of the economic growth forecasts for all the main European countries.

Despite this scenario, there has not been any significant impact on the advertising market so far. As far as Italy is concerned in the first quarter of 2022, MFE advertising revenues were actually slightly up compared to the same period of the previous year. Based on public available information and internal estimates, this trend shows an overperformance compared to the total advertising market. For the time being, the advertising campaigns planned for the coming weeks have not seen any postponements, cancellations or shifts with respect to the original plans.

In 2022, the Group's investments in support of its core business (acquisition of free-to-air television licenses for theatrical features and TV series, on the basis mainly of the existing multi-year agreements with the main international content providers) are expected to be substantially in line with that of the last financial year.

No significant changes are expected in the size of the workforce whose trend will be mainly affected as in the last few years by some factors as: the continuous review and rationalization of the main company processes, the turnover physiologically determined by the age breakdown of the company population and by the dynamics of new expected hiring of talents in the most innovative and dynamic company areas.

As reported in detail in the section of the Explanatory Notes reserved for Subsequent Events after 31 December 2021, MFE on 13 April also filed the request for authorization and presented the offer documentation that will be examined by the competent authorities in the coming weeks, relating to the Voluntary Offer on minority interests in the subsidiary Mediaset Espana Communication which provides bank guarantees (issued by five banks, Italian and Spanish) for a total of EUR 258.3 million to cover 100% of the cash component of the consideration envisaged.

Given the level of uncertainty linked to the evolution of the geo-political and economic scenario, the Group will continuously monitor its economic and financial performance. Currently, MFE Group aims to achieve positive economic results and free cash generation also in 2022, thanks to its solid market positioning - confirmed by the positive trend in television audiences in the first months of the year - to the high share in the advertising market and its ability to promptly adjust costs profile to advertising trends.

DEFINITION AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APMS OR NON-GAAP MEASURES)

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

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

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

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

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

Adjusted EBIT - Operating Result is the intermediate alternative indicator calculated by excluding certain items from the Operating Result (primarily the costs of approved restructuring plans and staff reduction plans and any adjustments to the value of non-financial assets following impairment testing) to allow for a better interpretation of the Group's operating profitability.

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

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

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

Net Invested Capital is calculated by taking IFRS item Shareholders' Equity and adding the Net Financial Position. Net Invested Capital is a summary measure of the net assets invested and provides an immediate overview of the Group's deployments, showing the activities in which the Group has used financing to invest in capital resources, such as Television and Movie Broadcasting Rights. In relation to certain components of Net Invested Capital, please note that the items Equity investments and other financial assets include assets recognised in the Consolidated Statement of Financial Position as Investments in associates and joint ventures and Other financial assets (the latter limited to Equity investments and Non-current financial receivables, thus excluding hedging derivatives, which are included as Net working capital and Other assets/liabilities). On the other hand, Net Working Capital and Other Assets/Liabilities include current assets (apart from cash and cash equivalents and current financial assets included in the Net Financial Position), deferred tax assets and liabilities, non-current assets held for sale, provisions for risks and charges, trade payables and tax liabilities.

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

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

Free cash flow is a summary measure that management uses to measure the net cash flow from operating activities. This is an indicator of the Group's organic financial performance and its ability to pay dividends to shareholders and support external growth and development operations. The following statements show the reconciliations of the alternative performance measures as at 31 December 2021 and 2020, compared to key IFRS items.

EBITDA Reconciliation	EUR million	2021	2020
Net Result for the Year		454.8	219.3
+ Income Taxes		100.6	66.6
+/- Financial Income/(Losses)		(22.6)	3.8
+/- Result from investments accounted for using the equity method		(114.7)	(20.0)
+ Depreciation, amortisation and impairments		481.2	566.7
EBITDA		899.2	617.1

EBIT Reconciliation	EUR million	2021	2020
Net Result for the Year		454.8	219.3
+ Income Taxes		100.6	66.6
+/- Financial Income/(Losses)		(22.6)	3.8
+/- Result from investments accounted for using the equity method		(114.7)	(20.0)
EBIT		418.0	269.7

The **Adjusted EBIT - Operating Result** in **2021** is equal to **EUR 475.6 million** and has been obtained by excluding from the Operating Result, lay off for EUR 24.6 million (included in *Personnel expenses*) and provisions for approved restructuring plans and other efficiency costs, accounted in the item *Purchases, Services and Other Costs*, for a total amount of EUR 33.0 million

The **Adjusted EBIT - Operating Result** in **2020** is equal to **EUR 312.1 million** and has been obtained by excluding from the Operating Result lay off for EUR 19.5 million (included in *Personnel expenses*), other efficiency costs for EUR 19.1 million (accounted in the item *Purchases, Services and Other Costs*) and amortisation and depreciation due to write-down of assets for EUR 3.8 million.

Reconciliation of Net Financial Position	EUR million	2021	2020
Current financial assets		18.4	68.8
Cash and cash equivalents		315.6	447.9
Financial liabilities and payables		(831.7)	(1,156.9)
Due to banks		(363.1)	(449.5)
Other financial liabilities		(83.4)	(78.3)
Difference on derivatives ¹		63.8	89.0
Difference on receivables and loans ²		11.2	14.6
Net Financial Position		(869.2)	(1,064.4)

¹ Differences on derivatives consists of: (i) the fair value of exchange rate derivatives, except for the ineffective part of the cash flow hedge and (ii) the fair value of derivatives to hedge equity investments.

² Differences on receivables and loans consists of loans to associates and financial liabilities for options on non-controlling interests in subsidiaries.

Reconciliation of Net Invested Capital	EUR million	2021	2020
Group and non-controlling interest shareholders' equity		3,230.3	3,165.6
+/- Net financial position ((Debt)/Liquidity)		(869.2)	(1,064.4)
Net Invested Capital		4,099.4	4,230.0

Reconciliation of Free Cash Flow	EUR million	2021	2020
Net cash flow from operating activities		991.5	821.1
+/- Proceeds from the sale of fixed assets		2.9	3.2
+/- Payments for Investments in TV and movie broadcasting rights		(437.6)	(417.3)
+/- Payments for investments in other fixed assets		(58.9)	(73.9)
+/- Interest paid		(9.6)	(9.9)
+/- Other adjustments		18.9	(11.4)
Free Cash Flow		507.3	311.8

MEDIASET SHARES

STOCK MARKET PERFORMANCE

In 2021, the financial market in Italy was characterized by progressive and constant growth. In fact, although a number of significant events transpired throughout the year with opposing effects, the market performed well overall, underpinned by the string recovery of the Italian economy, with GDP growing by 6.3% by the year end. The recovery was primarily influenced by developments in regard to Covid-19. In the opening months of the year, the high rate of contagion led to the reintroduction of stringent containment measures by the Italian government (as was also the case in other European countries), affecting the movement of people, the production of goods and services, and consumption. However, following the start of the vaccination campaign on 27 December 2020, uncertainty began to subside as more and more people got vaccinated. Even before the summer, the vaccination rate was already at 500,000 doses a day. Also welcomed by the markets was the formation of a national unity government in March, headed by Mario Draghi, the former president of the ECB. The new government guaranteed stability amidst a tense political landscape, and authority at the international level. The combination of these two elements had multiple positive repercussions. As anticipated, the national economy recovered at a higher-than-expected growth rate higher, and the European Commission approved a first package of funding to Italy as part of the NextGenerationEU scheme (this multi-year investment plan is set out within the National Recovery and Resilience Plan). Looking more specifically at the MFE Group's reference market, the advertising market also benefited from this recovery, recording marked year-on-year growth rates. This occurred both in the first half of the year (when performance can be more easily compared against 2020) and in the second half of the year, when we the first signs of recovery appeared, particularly in November and December 2020. MFE's share price reacted positively, in particular influenced by the fact that the company's advertising sales performance was even better than that of the market overall.

In the second half of 2021, the financial market continued to perform substantially better, which more than compensated for factors that would emerge to make it more volatile. On the one hand was the spread of the Omicron variant, which appeared in South Africa in the summer and was subsequently discovered also in European countries. On the other hand were the consequences of a sudden and rapid increase in demand for goods and services, leading to inflation. This was particular linked to the increase in energy prices and the global shortage of certain basic components in the electronics and automotive industries.

Other geopolitical events – of no less relevance – that were developing in the background in 2021 also led to market volatility. During the first half of the year, the Brexit agreements came into force on 1 January 2021. A new government entered office in the United States, followed by unprecedented political and social tensions. And there were constant, growing tensions between the United States and China, particularly regarding the situation in Hong Kong and the insolvency of the largest Chinese operator in the construction industry, which led to fears of a massive ripple effect across all global markets. In the second half of 2021, the following significant events had varying degrees of impact on the financial markets: the Afghan crisis in August, with international contingents abandoning the territory in August; the German presidential elections, which have redrawn the political balance at a European level; and the increasing tensions along the Ukrainian border.

Following all of the above events, the FTSE MIB index closed the year up by +23%, recording a minimum low of 21,572.53 on 29 March and peaking at 27,863.13 on 15 February, with an average of 25,132.17 for the year.

As anticipated, MFE's share price benefited from the economic recovery and the consequent strong recovery of the advertising market, as did other shares in the industry across Europe. Indeed, during the year, all major national and international brokers progressively revised upwards their advertising revenue forecasts for the year 2021. Despite the volatility linked to news flows on Covid-19 developments and the shortage in the

semiconductor sector, the share price continued to rise throughout the first half of the year. During the same period, the market also reacted positively to the announcement of the non-belligerence agreement signed with Vivendi and the transfer of the Company's registered office to Amsterdam, which served as confirmation of the Group's intention to continue its strategy of Europe-wide consolidation in the broadcasting sector. In the second half of 2021, the share price was initially affected by the news of the Omicron variant spreading across Europe before rallying until the end of the year.

On 25 November 2021, the Extraordinary Shareholders' Meeting of MFEMEDIAFOREUROPE N.V. resolved to amend MFE's Bylaws. Among other things, this amendment introduced a new shareholder structure divided into the following share categories:

- (i) ordinary shares, denominated "MFE B" (ISIN code NL0015000N09), with a nominal value of EUR 0.60 and each carrying 10 voting rights (the "Ordinary B-Class Shares");
- (ii) ordinary shares, denominated "MFE A" (ISIN code NL0015000MZ1), with a nominal value of EUR 0.06 and each carrying 1 voting right (the "Ordinary A-Class Shares"; together with the Ordinary B-Class Shares, the "Shares");

The Ordinary A-Class Shares and Ordinary B-Class Shares grant their holders the same property rights, the same treatment and - except for voting - equal administrative rights.

The resolution was brought into effect and executed on the following time scale:

- ▢ 2 December: the Ordinary A-Class Shares were admitted for listing on Euronext Milan in Order No. 8812 issued by the Italian Stock Exchange.
- ▢ 3 December: the Prospectus prepared by the Company was approved by the Dutch Financial Markets Authority (Autoriteit Financiële Markten) and published on the "Dual Class Share Prospectus" section of the MFE website at <https://www.mfemediaforeurope.com/en/governance/dual-class-share-prospectus/>
- ▢ 10 December: All issued MFE shares converted into Ordinary B-Class Shares on a 1:1 basis. The difference between the nominal value of MFE's outstanding ordinary shares (EUR 0.52 each) and the nominal value of the Ordinary B-Class Shares (EUR 0.60 each) was funded from the Company's available reserves.
- ▢ 13 December: Ordinary A-Class shares were gratuitously allotted to holders of Ordinary B-Class Shares (other than the Company) on a 1:1 basis and the trading of ordinary A class shares commenced on Euronext Milan. The nominal value of Ordinary A-Class Shares (EUR 0.06 each) was funded from the Company's available reserves.
- ▢ 15 December: Ordinary A Class Shares were allotted to the accounts of their holders through the authorised intermediaries registered in the centralised management system of Monte Titoli S.p.A..

Following the conversion of existing MFE shares into Ordinary B-Class Shares and the issue and allotment of Ordinary A-Class Shares described above, the share capital of MFE now stands at EUR 777,186,257.34. This is formed by 2,322,056,213 Shares, of which 1,140,828,649 Ordinary A-Class Shares and 1,181,227,564 Ordinary B-Class Shares.

Overall, the European broadcasting sector trended upward in 2021, following the upward revision of advertising revenue expectations.

More specifically, the best performing stocks in the sector were French stocks TF1 and M6, with share price rises of 32.4% and 29.6% and 28.8% respectively. ITV's shares rose by 4.4% and ProSieben by 2.0%. Mediaset España's share price decreased by 2.5%.

In 2021, the average stock price of MFE was EUR 1.4265, with a low of EUR 1.15 recorded on 13 January and a high of EUR 1.80 recorded on 14 July.

The average stock price of MFEA was EUR 0.91, with a low of EUR 0.85 recorded on 29 December and a high of EUR 1.1 recorded on 13 December.

MFE shares	2021 Class A	2021 Class B
High (EUR)	1.1	1.8
	13 December	14 July
Low (EUR)	0.9	1.2
	29 December	13 January
Opened at 1/Jan (EUR)	1.1	1.2
Closed at 31/Dec (EUR)	0.9	1.3
Average volumes (M)	2.9	3.6
Max volumes (M)	8.7	18.1
	22 December	10 November
Min volumes (M)	0.4	0.9
	13 December	29 December
Number of ordinary shares (M) **	1,140.8	1,140.8
Capitalisation at 31 Dec (M/EUR) *	1,206.8	1,420.3

*Trading start date: 13 December 2021

**excluding treasury shares

MFE VS OTHER MAJOR EUROPEAN BROADCASTERS (2021)



DISCLOSURE OF THE MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

THE ENTERPRISE RISK MANAGEMENT SYSTEM IN THE MFE GROUP

As an integral part of its Internal Controls and Risks Management System, the MFE Group has adopted a Risk Management model, both in Italy and in Spain, in order to be able to respond better to the risks to which it is structurally exposed.

The Internal Controls and Risks Management System is “the set of rules, procedures and the organisational structures designed to enable a business to be performed in a healthy and proper manner in accordance with pre-set objectives, through an adequate process of identification, measurement, management and monitoring of the main risks. An effective system of internal controls contributes to ensuring the protection of company assets, the efficiency and effectiveness of the business operations, the reliability of the financial information, and compliance with applicable laws and regulations”.

The Group has adopted the ERM (Enterprise Risk Management) methodology, which uses COSO ERM 2017 as a reference, in the Guidelines on the Internal Control and Risk Management System issued by the Board and updated periodically by MFE. The Guidelines are implemented by establishing a series of operational measures aimed at identifying and regulating the activities, the responsibilities and the information flows necessary for the management of risks (“Policy of the Internal Controls System”).

The periodic risk identification and assessment process found that the control of company risks is being managed adequately overall and in line with the risk appetite previously set by the Board. In recent years, the Group has demonstrated a willingness and ability to progressively adapt the methods of control of strategic and process risks, both in relation to developments in the competitive environment and to the growth opportunities offered by the market, in the knowledge that the current economic situation and the major changes in market and industry sector trends generate high levels of uncertainty and therefore require continuous monitoring and a high degree of attention.

The main risks and uncertainties and setting risk appetite

In carrying out its activities, the Group identifies the main categories of risk and uncertainties that could affect the pursuit of its objectives and have an impact on the Group's economic and financial situation and its assets. For each of the risk factors identified, the Group sets its own risk appetite (i.e. the level of exposure to uncertainty and variability - both internal and external - that the management is willing to assume and accept in its decision-making and management process).

Given the nature of its core business and the highly regulated sector in which it operates, in carrying out its activities and pursuing its objectives defined in the *Strategic Guidelines* the Group may however be exposed to discontinuity and uncertainty factors pertaining to sudden and unexpected changes outside of the organisation over which the management does not have significant levers to direct their development and take significant mitigating action. These elements can include national and international geopolitical developments, natural disasters, pandemics, changes in socio-demographic trends, macroeconomic downturns and underperforming financial and capital markets, new laws and regulations, and new developments in technology and transmission infrastructures. The intensity and duration of these factors can directly or indirectly compromise the Group's operational and financial continuity - with unpredictable degrees of severity - and the structural balance and conditions for competition in its reference markets.

In addition to these factors, the Group's main identified risk factors identified that could affect the pursuit of its policies and objectives, and for which the management sets its own risk appetite in advance, are of the types described below.

Strategic risks linked to both external and internal factors, which are capable of structurally threatening the business model and the sustainability of the competitive advantages acquired by significantly compromising the achievement of medium-long term objectives, financial solidity and the creation of economic value for shareholders:

- ▢ external and sector risks, mainly attributable to the evolution of the economic cycle, the evolution of the intermediate and final reference markets (consisting of the demand for the consumption of audiovisual and entertainment content and the demand for advertising space), the evolution of the competitive context and the related dynamics of availability and contestability of the key production factors, consisting of strategic content and artistic resources and the evolution of the regulatory context of reference on an international and national basis;
- ▢ internal risks associated with the implementation of strategy lines and guidelines aimed at tackling the structural maturity of conventional reference markets by leveraging the ability - by operating an editorial offer model grounded in original self-produced content with a strong local connotation - to generate stable and high coverage of commercially relevant targets, based on constant efforts to make efficient and optimise related processes with a view to generating operational flexibility and cost control, as well as by proceeding on an evolving pathway - including through partnerships and alliances - to develop new editorial and commercial models and generate adequate managerial, professional and technological skills in the interests, too, of moulding a corporate and organisational model that allows for the pursuit of supranational outward growth strategies.

Operational risks and process risks, mainly attributable to:

- ▢ risks concerning business interruption, IT security and crisis management

- ▢ financial risks concerning the management of financing needs and interest and exchange rate fluctuations
- ▢ risks concerning unprotected intellectual property rights
- ▢ risks concerning the handling of legal disputes

Governance and Compliance Risks, mainly pertaining to compliance with the laws and regulations in the sector of operations, compliance with financial and non-financial reporting obligations, management of environment/related ESG factors (management and control of energy consumption, waste and discharges, and emissions; and compliance with regulations on the installation of radio and television broadcasting equipment in terms of complying with the limits set for electromagnetic emissions) and the main corporate social responsibility obligations associated with Human Resources management policies (health and safety, non-discrimination and the protection of human rights, diversity and equal opportunities, training, and trade union and industrial relations) and core broadcasting activities.

With reference to the risk factors so identified, the Group sets its risk appetite in advance. This based on the principles and values set out in the Company's codes of conduct, main organizational guidelines and operating procedures. It is set differently for each risk category in inverse relation to the management's oversight capacity, the levers it is able to exercise over these factors and the importance of safeguarding parameters in the medium term and structurally defining the Company's market position (advertising market shares and audience coverage) as well as its financial sustainability and self-sufficiency (compliance with the financial covenants laid down in the main loan agreements).

On this basis, the Group is substantially and totally risk-averse in how it manages all key **areas of compliance** (legal and regulatory compliance, reporting obligations) by equipping itself with appropriate organisational tools and adequate internal and external expertise. It also has a very low risk appetite in its key **management and operational processes**, aimed at ensuring operational and financial continuity and offer maximum protection to its tangible and intangible assets and intellectual property rights. To achieve this, the Group has the appropriate tools in place to monitor and analyse requirements and to plan the necessary investments and purchasing commitments. It also has appropriate insurance coverage and offers staff training, defines specific policies and behavioural standards, and prepares and implements specific protocols capable of dealing with and managing crisis situations and disaster recovery.

On the other hand, the Group's risk appetite is progressively more open in its **strategic decision-making and management processes**, such as when negotiating unique valuable content, acquiring strategic assets and in its development and external growth projects. By their nature, these are more heavily influenced by exogenous and market factors and operators, with the management's approach aimed at weighing up specific assessments in terms of return on investment and strategic cost/opportunity aspects in order to obtain overall competitive advantages.

Below we describe each of the major strategic and operational risk categories and factors structurally present for the Group's activities summarised above, as well as a description of their nature and the main operational and mitigation measures put in place by management with a view to the main evidence available as at the date of these consolidated financial statements.

The main actions to mitigate and manage risks and related impacts in relation to the **COVID-19** pandemic are described above in the paragraph entitled **COVID-19: Main Impacts and Mitigation Actions**.

At present, the Group is carefully monitoring the developments, progress and consequences (including of an economic nature) of the **international geopolitical crisis** brought about by Russia's **ongoing** military offensive against Ukraine, which began in February. This event immediately mobilised the international community, in particular the European Union, which has brought in restrictions and is constantly weighing up new measures and economic sanctions against Russia, while also helping to address the developing humanitarian crisis. These

events are causing major fluctuations in the financial markets and significantly increasing the prices of vital raw materials, in particular energy. This comes amidst a climate in which inflation was already high. In this scenario, the main independent observers have already revised down the GDP growth estimates forecast for Italy for the current year (from 4.1% estimate on December 2021 to 2.3% according to the latest Prometeia forecast report as at March 2022).

These events are not anticipated to significantly affect the Group economically, in terms of the anticipated trend in advertising revenues and pressure on production costs, compared with the budget forecasts made for the opening months of the year. The Group is also closely monitoring the restrictions and disclosure obligations imposed on broadcasters by the European Union in response to the situation (which are binding on member states) in order to ensure its full compliance and correct and timely application of any such measures. The Group has also stepped up its monitoring and defence activities in relation to potential cyberattacks. To date, however, the Group is not directly exposed in terms of its assets, its revenues and costs, or its amounts receivable from and payable to counterparties in the countries directly involved in the conflict.

External and sector risks

Risks linked to the performance of the economy

The core business of the Group depends to a large extent on the performance of advertising investments, which are structurally cyclical and very closely related - albeit with differences between the various product sectors - to the general performance of the economy and the growth of end markets, where customer companies operate. Although the correlation between macroeconomic trends (GDP and private consumption) and advertising investment is inherently predictable over the long term, in recent years there has been a lower correlation between these trends.

Trends in advertising investment have nonetheless been negatively affected in recent years by economic recession or other economic weaknesses in both of the Group's key geographic markets. Nevertheless, the traditional trend for advertising investment to be concentrated in times of crisis on general interest television, guaranteeing greater visibility on the mass market, has historically allowed the Group to consolidate its respective market shares, both in Italy and in Spain, even against such a backdrop.

In the past two years, the trend in the media advertising market in which the Group operates (TV, radio, digital, publishing) - amidst a pandemic-induced global recession in 2020 and the subsequent strong economic recovery in 2021 - has largely mirrored the trends we have seen in previous global crises. In Italy, this market declined in 2020 (-14.5%, deeper than the -9% decline in GDP), followed by sharp growth in 2021 (+12.6%, compared to GDP growth estimated at +6.3%). After a year, investments in TV advertising had already recovered to pre-pandemic levels.

Before the conflict began in Ukraine, it was being forecast that - after the global economy rebounded strongly in 2021 from the Covid 19 induced recession, the deepest ever in peace time - 2022 would bring further economic growth to Western economies as the public health emergency gradually subsides, albeit in a context of rising inflation and less expansive monetary policies, in particular of the Federal Reserve. Current 2022 forecasts for Italy converge at around 4% in real GDP growth, which would imply a recovery to pre-pandemic levels, before stabilising at around 2% in subsequent years.

In this context, MFE's market leadership in terms of advertising share and editorial results in its reference markets, together with its strong focus (especially in Italy) on cost-cutting, consolidated the Group's medium-term financial equilibrium in 2021 and laid the foundations for recovering margins with greater efficiency, as well as dynamism, were general market conditions are stable.

Risks connected to the development of the media & communications market

Technological changes, audience fragmentation and the increase in competition

The traditional broadcaster models are now constantly exposed to the process of enlargement of the traditional competitive scenario, mainly driven by the technological progress. The advent of innovative new distribution platforms is gradually modifying the way consumers approach media, guiding them towards more customised, less standardised models with services, content and advertising that responds to the demands of technologically involved viewers and increasingly demanding, sophisticated investors.

The main market trends that represent new competitive forces may be summarised as follows:

- ▣ Technological progress has steadily changed methods of usage of content, towards more interactive/on demand media, which specifically favour the migration of younger members of the public towards more “customised” forms; This process is expected to take root in the coming years with the process legislatively set forth in Italy to transition to the new DVB-T2 transmission technology from 2023, which will involve the progressive replacement of the current fleet of televisions with internet-connectable smart TVs.
- ▣ Demand for entertainment content continues to record rates of growth, both in traditional media and on new platforms.
- ▣ For the general commercial television sector, the convergence of broadcasting platforms is, on the one hand, creating growth opportunities (multi-channel offers and Pay TV) but, on the other hand, is posing potential threats such as audience fragmentation and an increase in the total overall number of available platforms for accessing television content (satellite, internet, mobile, etc.), resulting in greater complexity in the competitive environment.
- ▣ The multiplication of broadcasting platforms is increasing the value of broadcasting content and strengthening the competitive advantage of “traditional” operators who have the know-how for the conception, development and packaging of content and the building of programme schedules.
- ▣ The absence of technological barriers and the increased penetration of connected Smart TVs are increasing the risk of traditional broadcasters being bypassed by groups that own original content and formats, or by Internet operators, some of whom are beginning to move towards purchasing content on the market in an attempt to replicate the competitive supply models of rival broadcasters, in some cases by adopting hybrid offerings featuring both a pay subscription or pay-per-view component and a freeview component funded by advertising.
- ▣ In Spain, the competitive outlook is becoming increasingly fragmented, even though the television market continues to be consolidated around the two main private hubs, consisting of Mediaset España and Atresmedia.

The situation described above could result in the risk of less interest in the free-to-air generalist television by the TV viewing public, part of which has been made more sophisticated and demanding by new communication media and, consequently, there may be the risk for the Group of not adequately covering opportunities resulting from new emerging businesses. MFE's strategic approach to the principal risk of these competitive dynamics is to consolidate its current model of aggregator and multiplatform distributor, which is the best way for the Group to face the challenges of the market and the evolving consumer models by defining an integrated editorial system in which the various components (free generalist, free multichannel, free/pay non-linear and web, radio) have a position that is coherent with the market, and structuring business mechanisms that can guarantee effective

coordination in operational terms, and also in terms of the production/purchasing strategies for content and sales and a distinctive editorial model in terms of OTT services, which is heavily based on the availability of local and loyalty-building content (news, entertainment and scripted content). This approach will maintain for both the general-interest and special interest channels which are most important for free-to-air, control over the more concentrated audience and also, using the model mainly based on OTT television, control over the more diversified audience.

In implementing this strategy, MFE has a competitive advantage, in terms of its long established culture in the general life interest TV business and its unique know-how as a general broadcaster which was the first to develop innovative models (prepaid pay-per-view model). Along with the activation of TGcom24, 2013 saw the addition of the innovative offering of *Infinity* on-demand content, while in 2021 the new Mediaset Play/Infinity online platform was definitively launched, with the rights to stream the UEFA Champions League up to the 2023-2024 season.

The Group is drawing on highly-trained personnel with consolidated experience in various areas of the free TV business. In recent years it has also acquired new professional roles to strengthen its internal know-how in the areas of innovation and development.

Coverage of the content market

A further element that characterises the evolution of the media & communications sector is the growing value of the content.

The Group, through its subsidiary R.T.I. S.p.A. owns the biggest Italian library of television broadcasting rights and one of the biggest in Europe, thanks to long-term agreements with the leading American major studios and distributors and independent American and European producers (TV movies, soap operas, miniseries and TV serials), which ensure coverage of the needs of the Group's Free TV and Pay TV businesses.

The MFE Group in Italy, through its subsidiaries Medusa Film and Taodue, leading companies in the distribution and in-house production of television and movie content and products, has control and access to the best domestic movie and television products. In Spain, content (drama, cinema, sporting events and digital formats) is produced and marketed to third parties by Mediterraneo and its subsidiaries and by Telecinco Cinema, the company responsible for managing the investment and distribution of domestic and European film productions in a manner consistent with applicable rules and regulations and which, in recent years, has forged a position of market leadership by selecting, financing and distributing highly successful titles. The Group in Italy also holds the free-to-air broadcasting rights on generalist networks to the best match of each round of the Champions League (including the final) for the next three seasons up to 2024. In addition, Mediaset will offer another 104 matches over each of the next three seasons on its live pay streaming service: in practice, this means all UEFA Champions League matches except for one match per round.

Risks connected to the development of the advertising market

TV advertising receipts are still the Group's main source of revenue although in recent years it has diverted by into additional income streams consisting of non-linear pay streaming, establishing a presence in complementary businesses such as the sale of multiplatform content, teleshopping and film distribution.

In the current general and industry sector environment, advertising sales are subject to shorter economic cycles and to the evolution of the markets where its customers operate and are structurally impacted by the expansion of the competitive environment due to continuous technological progress. This, in turn, generates structural

processes of fragmentation and diversification in the consumption of products and multi-platform audio-visual media.

In this scenario, the data on total television viewing in Italy - with the exception of the lockdown peak of 2020 - show an essentially stable trend in television consumption. However, this growth is spread across a greater variety and number of channels, which has accompanied the increase in recent years in the penetration of the digital terrestrial platform, resulting in the steady and natural erosion of the television viewing share held by the historical and generalist TV channels.

The general-interest free to air TV model will still be the main channel through which a high number of contacts can be made over the next few years but it is clear that particularly in the current scenario, the attraction of and hence competition among, semi-generalist channels with a greater ability to profile specific targets, has also increased.

For this reason, the Group's current commercial strategy is focusing on maintaining and consolidating the overall audience shares provided through its editorial offer as a whole, by leveraging the stability and broad coverage of all commercially relevant targets also in terms of its complete free-to-air generalist offering, which in 2021 was enhanced by the exclusive rights to the Coppa Italia up to 2023-2024 and the continued rights to air UEFA Champions League matches, as well as leveraging the integrated multiplatform cross-media offer which is unique in Italy.

This strategy is pursued both in Italy and in Spain, where the Group operates with its own exclusive internal advertising sales houses Publitalia '80 (which until 2021 managed revenues on RTI's pay channels and which in 2022 will begin managing the radio advertising revenues of the Group and third parties, which were previously managed by associate Mediamond, as well as DAZN's Serie A and Europa League advertising revenues) and Publiespaña. Over the years, these firms have consolidated their market leadership, by developing operational and management models able to rapidly respond to the changing needs of advertising investors and market developments, by attracting new investors, and by developing commercial policies designed to maximise the television broadcaster's ability to segment the most commercially attractive targets and to optimise the positioning of advertising slots within programme schedules.

Using this know-how, the Group, through the creation of highly specialised agents, namely Digitalia '08 in Italy (specialised in advertising sales for digital Pay TV channels and which in 2022 will begin managing the radio advertising revenues of the Group and third parties, which were previously managed by associate Mediamond, as well as DAZN's Serie A and Europa League advertising revenues) and Publimedia Gestión in Spain, as well as the fifty-fifty equity investment with Mondadori in the Mediamond joint venture – also controls advertising sales in other media developed by the Group. The Group, internal advertising sales houses aims to focus on cross-media sales, leveraging advertising sales on television, the web, printed media and radio with unrivalled coverage across the national scene.

Furthermore, thanks to the skills acquired and gained in recent years, the Group's concessionaires are now at the cutting edge in marketing new and innovative targeted advertising methods (*Ad-Tech, addressable, programmatic*). This segment is expected to grow rapidly over the next few years, characterised by a growing prevalence of connected TVs.

The figures for market shares achieved by the Group's agents, within their respective advertising markets, are shown in the specific sections of this Director's Report that analyse the Group's business activities. Those relating to customer concentration are presented in the section on the management financial risks in the Notes to the Consolidated Financial Statements.

Risks related to regulatory changes

The Group operates in various business areas that are governed by strict regulations. Any failure to comply with regulations therefore constitutes a risk factor for its core business and a possible source of financial (application of administrative sanctions), image and reputational damage.

The Group's operations could also be restricted, for instance, by the revocation of its general authorisations for electronic-communication services and its right to use frequencies following serious and repeated regulatory violations.

Compliance risks are associated with the expansion of the sectors and persons governed by regulations, or the introduction of regulations that are stricter than existing regulations on antitrust limits, the protection of minors from listening to and viewing certain types of content, ad slots and ad breaks, safeguarding pluralism and equal treatment, quotas for European works and the limiting of electromagnetic emissions.

In a competitive environment that has steadily broadened out to encompass global web operators, a central regulatory theme for television broadcasters is the need to limit the current regulatory asymmetry between the television sector and new services, in particular services available online, in particular to limit the current dominant positions of those operators.

In terms of signal transmission and infrastructure, particular risks derive from the stabilisation of the reference infrastructure scenario, in terms of the identification, at least for a suitable period of time, of digital terrestrial as the platform of choice for broadcasting TV channels and in particular free channels, and from the management of the refarming of 700 MHz frequencies envisaged for the second half of 2022.

Finally, there is always a risk of a possible reform of the public broadcaster in terms of governance and funding, the effects of which could also have repercussions on private broadcasters.

The diversity of the production and managerial processes, the multiplicity of actors involved in each of these, the complexity and high number of regulations applicable to the various processes and the wide margins for interpreting the various regulations mean that, in order to limit risks, it is fundamentally important to monitor the development of regulations and ensure that they are adhered to.

The research, disclosure and operational monitoring is, as whole, well-established and effective in managing the risks of non-compliance with the applicable regulations, also thanks to the creation of specific company functions.

No matter how effective the monitoring is, there may still be certain non-governable elements and situations or for which it is difficult to predict the effects on operations or the impact on the public.

A more detailed explanation of the regulatory scenario is given in the section "Development of legislative situation in the television sector" of this Director's Report.

Risks related to the implementation of strategies and the main operating processes

Risks related to business interruption

For an integrated television Group, the risk of business interruption mainly refers to the following:

-  Risk that the network infrastructure is not adequate to ensure service levels in terms of availability;
-  Risk of a partial local area coverage failure due to the international coordination in transition to the digital technology;
-  Risk of a partial local area coverage failure due to the assignment of part of the frequencies, currently by broadcast, to other services.

The subsidiary Elettronica Industriale S.p.A. owns the transmitters for transmission and broadcasting and the rights to use the frequencies. The transmitters are attached to 1,700 technological towers available to EI Towers S.p.A., a associate of MFE-MEDIAFOREUROPE N.V., under a framework agreement between the two companies that was renewed for seven years from 1 July 2018. The towers of EI Towers S.p.A. cover 96% of the Italian population.

To reduce the first risk type, signal transmission and broadcasting systems have been put in place which meet the high availability criteria by using equipment that ensures a high level of reliability (high availability or fault tolerance systems). In addition, the main signal distribution systems are equipped with backup systems.

Signal transportation networks have been created based on an architecture that uses various alternative resources (radio bridge networks, satellites, fibre optics), thereby guaranteeing greater security in signal transport and optimal infrastructure in terms of reliability.

Results in quality and availability terms are constantly monitored by dedicated monitoring centres.

The second of the risk types mentioned above concerns the need to coordinate the transmission facilities operating in Italy with those operating in neighbouring countries. This coordination could enforce coverage area restrictions, particularly for facilities located in border zones. To reduce this risk, antennae will have to be made capable of concentrating the signal as far as possible within the areas served, thus limiting its diffusion in protected areas. The Group in Italy, through its subsidiary Elettronica Industriale, is backed by more than 30 years' experience conducting ever-more-advanced research into antennae which help reduce the risk of coverage loss and played a key role in the digital switchover that was completed in 2012, having made investments in digital broadcasting infrastructure (multiplexes) from 2003 onwards. This long-held experience in managing digital networks has enabled Mediaset to take full advantage of SFN technology while simultaneously mitigating its problem issues.

Elettronica Industriale also completed the infrastructural investments necessary to guarantee the availability of technological equipment and transmission capacity. To do so, it obtained from the competent authorities a network operator's licence for three digital multiplexes on terrestrial frequencies at a time of a gradual technological transition to new MPEG4 transition technology from this year and the gradual introduction of the new DVB-T2 compression standard beginning 2023, following refarming of 700 band frequencies.

Financial risks

In 2021, a particularly prudent approach was maintained to putting in place an optimal debt structure by prioritising available committed credit facilities.

During the year, committed lines of credit totalling approximately EUR 721 million were repaid once due or in advance, of which EUR 571 million were drawn. These figures include approximately EUR 221 million for the funded collar loan entered into with Credit Suisse for the ProSieben transaction,

These repayments were funded from significant cash flow generation, the dividends received from the associate EITowers and the renegotiation and formalisation of EUR 275 million in committed credit lines.

At 31 December 2021, MFE's available committed lines stood at EUR 500 million, in addition to the EUR 165 million held by Mediaset España.

In accordance with the Group's policy on liquidity, the average financial exposure in 2021 did not exceed 80% of the total average amount provided by lenders.

The presence of variable rate debt and the acquisition of television and movie broadcasting rights in currencies other than the euro (mainly the US dollar) clearly exposes the Group to risks related to fluctuations in interest and exchange rates. In accordance with its financial risk management policies, the Group, through derivative

contracts entered into with third parties, has adopted a management approach for such risks aimed at eliminating the effect of the exchange rate fluctuations by establishing in advance the value at which such rights will be recognised once acquired, and setting or limiting the free cash flow differences due to market changes in interest rates on medium/long-term debt.

More detailed information regarding financial risk management policies, including those relative to sensitivity analyses on exchange rates can be found in the specific section of the Notes to the Consolidated Financial Statements under "Disclosures about financial instruments and risk management policies".

Risks concerning unprotected intellectual property rights to content

The oversight of risks connected with control of the content market also means a greater focus on content produced on markets that are constantly monitored to seek innovative content and through the continuous effort made by the Group in conjunction with other international players and competent bodies to safeguard the industrial model of broadcasters, ensuring protection of copyright on the web. In recent years, MFE has brought a series of legal actions, in particular against OTT operators, following repeated violations whereby thousands of copyrighted videos have been uploaded onto the websites of these operators without authorisation and has achieved significant court rulings in which some portals were sentenced to compensate MFE for these violations, with significant penalties now in place for any future uploads of MFE material without authorisation.

Risks connected with the management of legal disputes

Due to the nature of its business, the Group is subject to the risk of legal litigation in the performance of its activities. In view of current obligations relating to past events of a legal or contractual nature or deriving from statements or actions taken by the company that could give rise to well-founded expectations by third parties that the company is responsible for or has to accept responsibility regarding the fulfilment of an obligation, the Group has made appropriate allocations to risk provisions, recognised under liabilities in the Group's financial statements.

More detailed information on the main legal disputes can be found in the previous paragraph on *Key corporate transactions and events for the year*, in particular regarding the agreement reached with Vivendi. For a broader overview and status update of the main legal disputes currently pending, see the relevant section of the "Notes to the consolidated financial statements".

ESG risks

ESG risks are also included, according to their significance as expressed in the Group's Materiality Matrix, in the Group's strategic risk assessment model, which is structurally focused on the external and internal risk factors directly related to its business model and the guidelines defined by the Board of Directors., ESG risk areas are also included, in line with their importance as expressed in the Group's Materiality Matrix. This assessment identifies the risk/opportunity factors for each ESG area.

Each risk profile is assessed by taking into account: the general background context (also for benchmarking against leading operators in the TMT sector); the monitoring of the Group's main initiatives and projects in these areas; and the main feedback from key stakeholders.

An assessment was carried out during the annual update process, which highlighted that the controls put in place by the Group were generally adequate. This conclusion was based on the prevalence of active and positive approaches to ESG issues, which are in line with its core values and instrumental to pursuing its business

objectives. Particular focus and consolidation was dedicated to the development initiatives in the area of Human Resources (training, equal opportunities, welfare, health and safety) and the monitoring of the overall broadcasting offering. These initiatives were also in response to the greater sensitivity of end users and advertising investors to ESG issues and involved consolidating projects and initiatives aimed at optimising consumption and reducing direct emissions.

As part of the risk map periodically monitored and assessed by management, **ESG - Environmental, Social and Governance** factors are primarily identified and included in the Governance and Compliance risk category. The Group's substantive and precautionary stance towards this risk category is one of total risk aversion, having in place appropriate organisational tools and adequate internal and external skills to manage and mitigate those risks. Typical governance risks, such as the risk of legislative and regulatory non-compliance, the inadequate conferral of powers and proxies, and inappropriate remuneration policies, are mitigated by implementing a consolidated corporate governance system, which applies the provisions of the Italian "Codice di Autodisciplina" (the statutory corporate governance code applicable to listed companies) as well as national and international best practice and the relevant regulatory provisions.

In terms of the corporate environmental responsibility profiles underlying the management's conduct, ESG factors also refer to the benchmarking criteria adopted in managing the main administrative and operational processes, in particular in assessing investment projects and technical innovation initiatives, in the defining and planning the Group's overall editorial output and social media campaigns (particularly in view of the heightened sensibility of end users and advertising investors to ESG issues), and in managing and making policies for human resources development and enhancement, which is a strategic core factor for the Group.

At present, the impact of climate change on and by the Group, both directly and indirectly, is not critical. The Group nevertheless carefully complies with and monitors developments in climate change regulations, with particular reference to the recommendations set forth by the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the European Commission's recent adoption of the Media and Audiovisual Action Plan (MAAP) – a plan for the media and audiovisual sector that aims to support the recovery and transformation of these sectors which have been particularly hard hit by the pandemic and which are essential for democracy, cultural diversity and the European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, and increased tools and capabilities), which include creating a climate-neutral audiovisual sector. The Association of Commercial Television in Europe (ACT), of which Mediaset is a founding member, is preparing a position paper for the EU institutions on this plan.

The nature and main management and mitigation measures put in place by the management in each of these risk areas is described below.

Risks connected with reputation and stakeholder relations

One of the main strategic objectives of the MFE Group is to constantly maintain and increase its content innovation and the perceived value of its brand as its business model develops. In meeting this objective, there is a risk that the Group could pursue editorial and communication strategies and initiatives, targeted at the financial market and public opinion, that have a negative impact on perceptions of the Mediaset brand. This risk is primarily managed by constantly making sure that certain processes are constantly being monitored, in particular:

- ▣ programming, which is monitored through daily analysis of viewership behaviour, both in terms of ratings and the viewer satisfaction of the programmes on offer (thus reflecting public perceptions of the editorial line taken by the networks) and through ongoing action to protect and cater to children and other corporate responsibility issues;

-  communication processes aimed at financial markets and public opinion;
-  production processes and their capacity to produce quality and innovative products.

Risks connected with human resource management

The Group acknowledges the central role played by human resources and the importance of maintaining clear relationships based on mutual loyalty and trust, supported by putting in practice the conduct dictated by the Code of Ethics.

Management and cooperation in employment relationships is founded on respect for the rights of workers and a full appreciation of their contribution with a view to promoting their development and professional growth.

In particular, in the current competitive environment in which technological innovation is triggering a profound shift towards digital transformation, which is significantly affecting the core areas of the Group's business sectors (creation and distribution of video content, marketing of advertising space), the Group is dedicating an increased focus on recruiting, training and enhancing the value of its human resources. Particular attention is also paid to identifying talent, to creating development paths that strengthen the Group's key skills (especially those relating to technology and the conception and creation of editorial products), to providing specific training, to setting and developing career paths and to setting out bonus schemes. In this regard, the Group has annual performance assessment systems in place, in which it clearly defines shared objectives, which are measurable both in numerical, economic and financial terms and in individual and qualitative terms. Moreover, to promote the desired corporate climate and culture, the Group is continuously committed to improving internal communication streams, including by implementing more advanced collaboration tools in line with the market (new corporate intranet project, Office 365 and instant messaging tools for all company employees) and by introducing innovative and flexible ways of working (flexi-work).

Risks connected to environmental policies

At present, the impact of climate change on and by the Group, both directly and indirectly, is not materially critical for the Group, either in relative or absolute terms. The Group is nevertheless committed to constantly and carefully complying with and monitoring legislative developments and has launched a process aimed at identifying and implementing environmental-friendly solutions in its processes for technical investment and replacement, with a view to saving energy and to minimising and optimising direct emissions. In particular, initiatives were launched in 2021 in the area of sustainable mobility, in which the Group had already introduced various measures in recent years to improve its employees' commutes into the office and is now turning its attention to the renewal of the company car fleet. The Group is developing a project to be completed in 2022, in which major recharging station infrastructure will be built in the car parks of its headquarters in Cologno Monzese to promote the conversion of the company car fleet to hybrid or full electric models that are able to impact positively in terms of reducing the CO2 emissions from company cars.

Also in the area of sustainable mobility, activities are underway (based largely on cognitive surveys carried out among the corporate population) to map home-to-work commutes, behavioural habits and the corporate population's appetite for change. The aim of this activity is to draft and adopt a Commute Plan to encourage sustainable mobility, as required by the Relaunch Decree for each worksite in which a company has more than 100 employees. Based on the analysis conducted, it has been estimated that the switch to flexi-working made it possible to reduce the overall environmental impact of commutes by around 30% in 2021.

In Italy, the Group is also exposed to the risk of generating electromagnetic fields due to the nature of its transmission activities. Exposure to electrical, magnetic and electromagnetic fields is governed by Italian Framework Law No. 36 of 2001 and Italian Presidential Decree of the Council of Ministers of 8 July 2003, which set limits on the exposure of the population to electrical, magnetic and electromagnetic fields with a frequency ranging from between 100 kHz to 300 GHz. The exposure limit is the value of the electrical, magnetic and

electromagnetic field, regarded as the emission value, set to protect health against severe effects, which must not be exceeded under any condition of exposure of the population and workers

This warning threshold must not be exceeded in residential areas, schools and places of extended stay.

The quality goals are:

- ▢ location criteria, urban planning standards, requirements and incentives for the use of the best available technologies, as indicated in regional laws;
- ▢ the electrical, magnetic and electromagnetic field values, set by the government for the progressive mitigation of exposure to those fields.

Despite widespread concerns among the population linked to the effects of electromagnetic fields, the World Health Organization and the latest scientific literature have concluded that current evidence provides no proof of health damage resulting from exposure to weak electromagnetic fields. Therefore, compliance with the exposure limits recommended by domestic and international guidelines enables monitoring of the risks of exposure to electromagnetic fields which may be harmful to health.

Moreover, the limits under Italian regulations are up to 100 times lower than those set by the International Commission on Non Ionizing Radiation Protection (ICNIRP) and applied in the rest of Europe.

2021			
	Intensity of electric field E (V/m)	Intensity of magnetic field H (A/m)	Power density D (W/m²)
Exposure threshold	20	0.100	1.0
Warning threshold	6	-	0.1
Quality objective	6	-	0.1

The critical factors for constructing transmission equipment and adhering to legal limits are:

- ▢ the need to emit high power levels;
- ▢ the difficulty of erecting tall towers for the installation of transmission antennas;
- ▢ the proximity of housing to transmitters or the issue by municipalities of new building permits for the construction of housing close to plants;
- ▢ the presence on the same site of other broadcasters (particularly radio broadcasters), which can result in the limits being exceeded when emissions are aggregated.

Mediaset's installations are designed, developed and operated in compliance with Italian law. In accordance with the Group's operating practices, all necessary measures are taken, when designing new sites or modifying existing ones, to keep the electromagnetic field levels within the parameters set by the regulations in force. In particular:

- ▢ the construction of tall towers for transmission antennas in order to keep them as far as possible from areas accessible to the population;

- ▣ improved orientation of transmission antennas, to concentrate the signal on the area to be served and use less power minimising the electromagnetic radiation detectable at ground level (areas accessible to the population);
- ▣ identification, where possible, of installation sites far from residential areas;
- ▣ submission of the project for prior assessment and authorisation by local authorities and regional environmental protection agencies, as required by the Code of Electronic Communications (Italian Legislative Decree 259/03).

In addition, specific company departments are responsible for mapping installations with a risk of exceeding the electromagnetic field limits and establishing monitoring plans as well as, where necessary, the use of internal and external resources (certified external advisors).

CONSOLIDATED NON-FINANCIAL DISCLOSURE

This section meets the requirements of the civil code and the Dutch non-financial information decree (*Besluit bekendmaking niet-financiële informatie*), transposing Directive 2014/95/EU to which the MFE Group (hereinafter also referred to as the "Group") is subject. It is an extract taken from the Group Sustainability Report, drawn up in compliance with the "Global Reporting Initiative Sustainability Reporting Standards", including the "Media Services Sector Disclosures", defined by the Global Reporting Initiative (GRI), in accordance with the "*in accordance – Core*" option.

This section lists the initiatives and main results in the economic, social and environmental fields achieved by the Group during 2021 (from 1 January to 31 December), through a description of the management models, the policies implemented by the company, the results achieved and the main risks, generated or experienced with reference to the topics expressly referred to by the Dutch decree on non-financial information (environmental, social, personnel, respect for human rights, combating corruption), including the management approach to the same.

As requested in the ESMA "*European common enforcement priorities for 2021 annual financial reports*" document of 29 October 2021 with regard to 2021 financial and non-financial reporting in relation to the consequences of the **Covid-19** pandemic, the main impacts of the pandemic and the mitigation actions taken by the Group for each area are reported.

In the process of formalising its strategic guidelines focusing on the development of its business model, both nationally and internationally, the Group constantly monitors the areas of sustainability considered material to its development and the commitments and activities carried out and planned with a view to meeting the needs and expectations of its own stakeholders and the development of the business context.

As part of the strategic risk assessment model for the group (conducted by the Risk Officer, with the support of a leading consultancy company, as self-assessment with Group management - ERM model), with focus on exogenous and internal risk factors that can be correlated directly with its business model and guidelines defined by the Board of Directors, there are also the ESG risk areas in keeping with their materiality, expressed in the Group Materiality Matrix. This assessment involves identification of material risk/opportunity factors for each of the ESG areas.

The corresponding risk profiles are assessed taking into account the general reference context (also in terms of benchmark with leading operators in the TMT sector), monitoring of the Group's main initiatives and projects in these areas and the main results linked to feedback from the main stakeholders.

The assessment carried out as part of the annual ERM update process highlighted the overall adequacy of the safeguards the Group has employed, given the predominance of active and positive approaches to ESG issues, in keeping with its own values, which are a reference as well as being instrumental in pursuing its business objectives.

Of particular note: the consolidation and focus on Human Resources development initiatives and monitoring of the overall broadcast offering, also with respect to greater sensitivity on the part of end users and advertising investors to ESG issues.

The current safeguards do not highlight critical situations but the emergence of sought-after opportunities (launch of assessments of initiatives to optimise consumption and reduce emissions).

For future reporting, the Group will assess supplementing its analysis – and thus its disclosure – of the climate change impact generated and undergone by the Group. This also relates to the development of regulation in this area, in particular the guidelines from the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the recent adoption by

the European Commission of the Media and Audiovisual Action Plan (MAAP), which aims to support the recovery and transformation of these industries, which have been particularly affected by the pandemic crisis and are essential for democracy, cultural diversity and European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, more tools and capacity) including the creation of a climate-neutral audiovisual industry. The European commercial television association, of which Mediaset is a founding member (ACT), is preparing a position paper to the EU institutions in connection with this plan.

For further information on the initiatives of the Group, the main risks generated or undergone and the management approaches for these, please refer to the paragraph "The internal control and risk management system" and the corresponding sections in this document.

In particular regard to respect for human rights, and given the regulatory environment in which Mediaset operates, this topic is addressed as part of the management of relations with employees and suppliers, in observance of the principles and values embodied in the Code of Ethics of the Group. In view of the specific nature of the business sector in which the Group operates, note that the Group does not consume significant amounts of water or emit atmospheric pollutants other than greenhouse gases.

In accordance with the regulatory requirements set out in the Delegated Act relating to Article 8 of EU Regulation 2020/852, the MFE Group is required to include information on how and to what extent its activities are associated with environmentally sustainable economic activities according to the EU Taxonomy. For more information on how the Group has prepared this disclosure, please refer to the "EU Taxonomy" paragraph.

The contents of the present document are arranged by material issues for the Group and its stakeholders, as identified by the materiality analysis and based on the results of the stakeholder engagement activities conducted in previous years and validated by the Board of Directors of MFE in January 2021, as set out in more detail in the following *Mapping of Stakeholders and Materiality Analysis* paragraph. In particular, the process whereby the contents were defined is based on the principles of relevance, inclusiveness of stakeholders, completeness and operating context for the Group. The principles of balance, accuracy, verifiability and comparability have been observed in regard to the quality of the information reported. For more information on the Group's material topics and impacts in relation to them, please refer to the MFE Group's 2021 Sustainability Report, available on the Group's website in the "Corporate Social Responsibility" section.

The boundary of economic, financial, social and environmental data and information includes the companies fully consolidated in the Consolidated Financial Statements⁸. This scope does not differ significantly from that of the previous year. To enable the comparability over time of the data, it is presented alongside the corresponding figures for 2020.

Also included is information on Group actions undertaken in previous years and which continue to be applied in the policies currently pursued by the Group.

To guarantee the reliability of data, estimates have been eliminated wherever possible. Where used, they are identified appropriately and based on the best methods available.

This document was approved by the Board of Directors of MFE-MEDIAFOREUROPE N.V. on 27 April 2022.

⁸ For a list of the companies included under the full consolidation method, see "List of equity investments included in the Group's consolidated financial statements at 31 December 2021".

THE VALUES OF THE MFE GROUP

The founding principles of the MFE Group are embodied in its **Code of Ethics**, which defines the values cherished by the group at every level and in every area it pursues its business interests.

The first draft was approved by Mediaset S.p.A. and its subsidiaries in 2002. Subsequent amendments and additions were made in 2008 and 2012.

The present version of the Code of Ethics was approved by the Board of Directors of Mediaset S.p.A. and by other Italian companies belonging to the Group in 2019.

In September 2021 MFE-Mediaforeurope N.V., the holding company under Dutch law, also adopted its own Code of Ethics.

The Code of Ethics was adopted in the conviction that ethical management is a fundamental element, necessary for the success of every business venture. With reference to companies under Italian law, it also represents a cornerstone of Compliance Programmes pursuant to Legislative Decree 231/01 and of compliance programmes in general, as well as the Group's internal control system, which also includes all the Organisational Guidelines (LGO) issued for each individual business process.

Modifications and additions to the Code of Ethics are subject to the approval of the Boards of Directors of the individual member companies and promptly communicated to the relevant parties. The MFE Code of Ethics also provides that each Group company can adapt its own Code of Ethics –where necessary– in light of its own characteristics as well as according to the law that applies in the relevant country⁹.

In the pursuit of its business activities, the Group therefore undertakes to respect the applicable laws and regulations in all countries where it operates, in conformity with the principles of loyalty, propriety, responsibility, freedom, individual dignity and respect for diversity in all its forms, rejecting all forms of discrimination based on sex, race, language, religion, political convictions or personal or social conditions.

As a major presence in the social and economic context in Italy and in other countries, the MFE Group predicates its growth on a **solid reputation for transparency and rigour in the pursuit of its business activities**.

In this respect the Group recognises the **central role of human resources** and is committed to promoting a working environment based on respect for people and the values of loyalty, trust, transparency and integration, stressing priorities such as developing skills and professional capacities, equal opportunities, protecting the mental and physical well-being of workers (also in terms of health and safety), confidentiality and protection of personal data.

In regard to the various categories of stakeholders, the MFE Group has always made every effort to **combat corruption** by acting transparently in its dealings with clients, suppliers and institutions, always and without exception respecting the principle of free competition.

The Group has always valued the **wealth to be found in diversity, research and innovation**, caring for the **young** and for the **environment**, enabling each individual to find fulfilment in his work, the basic principles which underpin its activities, and the people who have made it successful.

⁹In this sense, MFE in Spain also has its own Code of Ethics based on the parent Company's.

THE MFE GROUP, ITS BUSINESS CONTEXT, AND SUSTAINABILITY

In a rapidly evolving national and international context where new operators and different platforms are emerging and integrating, bringing big changes to offering models and ways of accessing content, the MFE Group pursues its corporate objectives with the major exogenous and endogenous **risk factors** taken into account, which can exert a significant influence on the evolution and sustainability of its own business model. Factors in this sustainability include:

- ▣ **Socio-demographic trends** (rising average age of traditional television viewership) and new ways of consuming content among younger age groups (non-linear consumption on new devices);
- ▣ **New competitors** (telecoms, global internet players etc.) operating at every link in the supply chain (content control, distribution platforms, client databases and advertising) and thereby depriving traditional operators of their role as intermediaries;
- ▣ **Regulatory changes on the national and international levels** (copyright protection, concentration of advertising etc.), changes to allocations processes, evolving distribution infrastructure (DTT, broadband).

This scenario places the Group in a context characterised by the **growing maturity of the leading markets** and the rising cost of the **premium content** offered by broadcasters.

In response to this context, the Group's strategy focuses on a **media-company model characterised by a strong local/national quality**, with a view to **developing its product** and video distribution **strategy** in a multi-device direction and the consequent **adaptation of its compliance programme** (processes, professional expertise and technological innovation) and on the **efficiency of its characteristic production processes**, as well as the evaluation of any **agreements and targeted alliances on an international basis**. In this context, the Group is already present in Spain where it holds the controlling interest in Mediaset España, the country's main private television group, and holds a financial investment in the capital of the German broadcaster ProSiebenSat.1 Media SE, with a stake at 31 December 2021 equal to 23.9% of the share capital (24.6% of the voting rights).

As stated above, in the pursuit of its business activities, the Group therefore maintains relations with a multiplicity of stakeholders in its efforts to protect their interests, while setting itself the target of generating a positive social impact in the territories where it operates.

The Mediaset Group pays the utmost attention to **complying with the applicable laws and regulations** in all the countries in which it operates and undertakes to act in accordance with the principles of loyalty, propriety, responsibility and freedom of the individual, respecting diversity and rejecting discrimination in all its forms.

The Group also takes **ESG factors** into account as an element and reference criterion for its decision-making and investment assessment processes relating to the operational areas directed towards launching targeted initiatives and projects with a view to greater environmental efficiency (reduction in consumption, diversification of energy sources) and the definition of its own self-produced content and its communication campaigns in line with its broadcasting and social responsibility profile.

Given MFE's sector, the **human factor** is of central strategic importance, resulting in a constant and growing commitment to looking after, training and developing its employees and seeking out new talents to encourage processes of innovation and growth in skills, as well as particular attention to protecting intellectual property and minors and developing initiatives directed towards the formation and promotion of culture and in general the social responsibility that comes with a role as leading national television broadcaster.

At present, the impact generated and experienced by the Group in the area of **Climate Change** does not represent a materially critical aspect for the Group, either directly or indirectly in both relative and absolute

terms. The Group has in any case always been committed to ongoing and precise compliance with and monitoring of the development of regulation in this area, in particular the guidelines from the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the recent adoption by the European Commission of the Media and Audiovisual Action Plan (MAAP), which aims to support the recovery and transformation of these industries, which have been particularly affected by the pandemic crisis and are essential for democracy, cultural diversity and European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, more tools and capacity) including the creation of a climate-neutral audiovisual industry. The European commercial television association, of which the Group is a founding member (ACT), is preparing a position paper to the EU institutions in connection with this plan.

In order to manage all of these factors in an increasingly proactive, planned and shared manner, MFE has voluntarily provided for a **ESG Committee** within its governance model, made up of independent directors with the aim of dialogue, stimulating management and monitoring the Group's activities in these areas.

On 29 March 2022, the MFE Board of Directors, following a process of mapping and analysis of the Group's activities and positioning in the various ESG spheres shared with the ESG Committee, identified the following guidelines and macro-objectives to be pursued in Italy for the various ESG spheres, launching appropriate initiatives and projects:

In the **Environmental** area, the Group, which given its characteristic activities does not in any case have a significant impact in terms of pollution, has always been inspired by the principles of responsibility for protecting the planet, through sustainable natural resource management, aims **to progressively reduce CO₂ emissions until Carbon Neutrality is achieved by 2030**.

In the **Social** area, the Group has always recognised the central importance of people and sought to promote their experience, professionalism and diversity, already achieving excellent standards of gender equality both in terms of number and pay gap (with potential areas for improvement at management level) and excellent levels in welfare policy management. On this basis, the goals indicated are therefore:

- ▣ Maintain the current levels of distribution and pay equity for each category**, through recruitment and professional development policies that encourage the growth of the less represented gender into managerial roles.
- ▣ Maintain the standards of excellence achieved by the Group in the field of welfare and training**, both in terms of the level of investment and the variety and innovation of the service offer.

Furthermore, with reference to its broadcast offering, MFE intends to continue playing a central role in the dissemination of the culture of sustainability in the country with the aim of **increasing public awareness around ESG issues through content distributed on all available platforms**.

In the **Governance** field, the decision was taken to adopt a system to guide and control ESG initiatives and mechanisms to guide managerial action with the aim of **progressively adopting sustainability criteria and principles in managerial practices and choices throughout the organisation**, through specific training initiatives and the introduction of ESG objectives among the parameters of incentive systems.

MAPPING OF STAKEHOLDERS AND MATERIALITY ANALYSIS

In keeping with the reporting principles drawn up by the Global Reporting Initiative (GRI), the first Sustainability Report was drawn up, involving the principal company departments, using a structured analysis designed to identify the key **stakeholders** for the organisation and the most material **topics** for the preparation of the Report.

For the purposes of sustainability reporting, topics deemed material, or significant, are those of an economic, social and environmental nature on which a business has a significant effect (positive or negative) and which may substantially affect the assessments and decisions of stakeholders. The **materiality analysis** therefore takes into consideration not only the perspective of the organisation but also that of the stakeholders themselves. These analyses are periodically reviewed and updated.

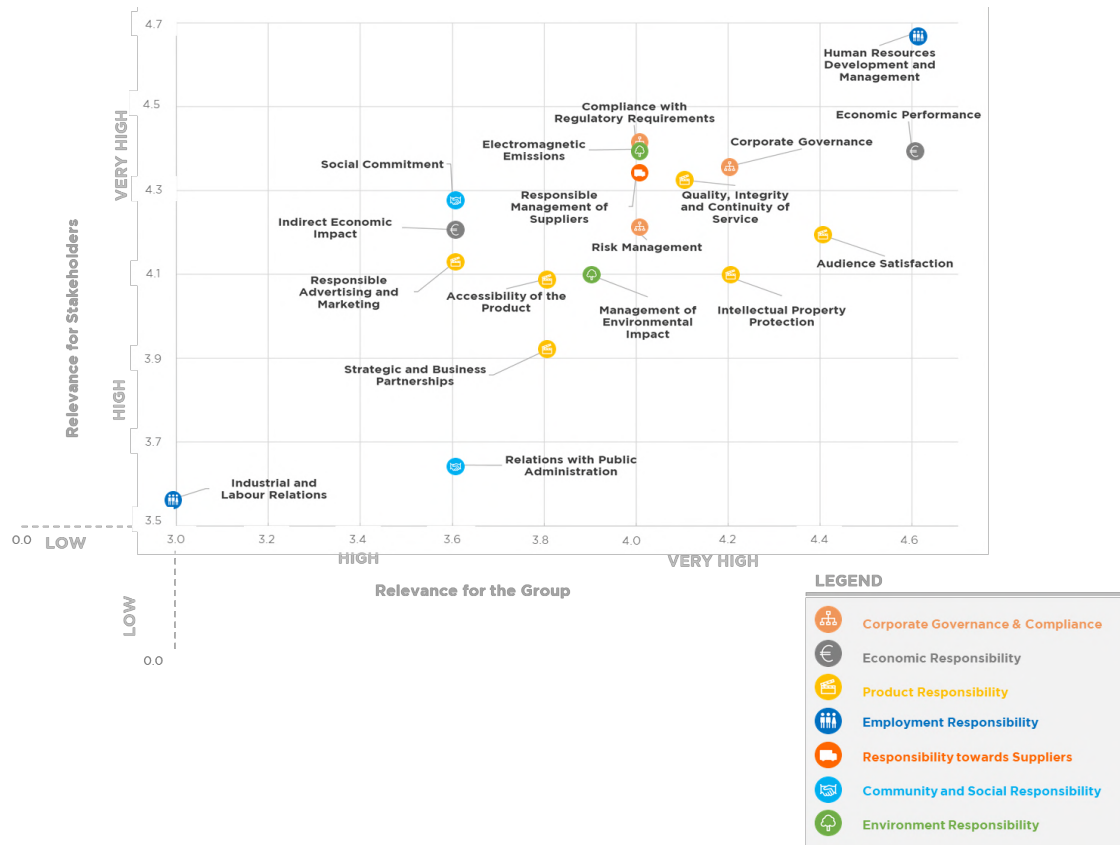
STAKEHOLDERS MAP



For the purposes of preparing this NFD, on 25 January 2022 the Board of Directors confirmed the materiality of the topics in the Materiality Matrix, presented in 2020, after consulting the Audit Committee which met on 20 January 2022.

To make up the Materiality Matrix, the significance of these issues assigned by the various categories of stakeholder resulted from the **stakeholder engagement activities** carried out in previous years, which involved employees, financial analysts, advertising investors, service and content providers and television sector agents, weighting the results on the basis of the updated assessments of significance attributed to the categories present in the map of stakeholders identified by company management.

The result of the materiality analysis was shared with the Group's senior managers during the strategic ERM risk assessment interviews. Following these interviews, the Group confirmed that the issues in the **materiality matrix** are monitored systematically within the corporate risk assessment process.



This Materiality Matrix represents the weighted combination of the degree of relevance/critical nature of the issues for the Group (represented on the horizontal axis) and for its stakeholders (represented on the vertical axis).

The materiality matrix shows the most relevant issues, by relevance/critical nature. The graph shows the issues with relevance ranging from “high” to “very high”. These issues are linked to the following sustainability groups: **“economic responsibility, responsibility with respect to human resources, product responsibility, corporate governance and compliance, responsibility towards suppliers, social and community responsibility and environmental responsibility”**.

The strategies, policies and instruments associated with individual material topics are reported in depth in the present document.

This section is structured to report the relevant issues included in the materiality matrix in line with the key to the graph.

MATERIAL TOPIC IMPACT BOUNDARY

The table below summarises correlation with the GRI topics, the boundary and the type of impact for each material topic.

MATERIAL TOPICS FOR MFE	GRI TOPICS RELATED STANDARDS	MATERIAL TOPIC BOUNDARY	
		Where the impact occurs	Type of impact
Compliance with regulatory requirements	- Anti-corruption	MFE Group	Generated by the Group
	- Anti-competitive behavior		
	- Taxes		
	- Environmental compliance		
	- Socio-economic compliance		
Risk management	n/a	MFE Group	Generated by the Group
Corporate governance	n/a	MFE Group	Generated by the Group
Economic performance	- Economic performance	MFE Group	Generated by the Group
Indirect economic impact	- Indirect economic impacts	MFE Group	Generated by the Group
Responsible advertising and marketing	- Marketing and labelling	MFE Group	Generated by the Group
Quality, integrity and continuity of service	- Content creation	MFE Group	Generated by the Group and connected to Group
	- Broadcasting of content	Business partners, content suppliers	Generated by the Group
Audience satisfaction	- Customer privacy	MFE Group	Generated by the Group
	- Audience interaction		
Protection of intellectual property	- Intellectual property	MFE Group	Generated by the Group
Accessibility of the product	- Broadcasting of content	MFE Group	Generated by the Group

MATERIAL TOPICS FOR MFE	GRI TOPICS RELATED STANDARDS	MATERIAL TOPIC BOUNDARY	
		Where the impact occurs	Type of impact
Commercial and strategic partnerships	- Content creation	MFE Group	Generated by the Group and connected to Group activities
	- Broadcasting of content	Business partners, content suppliers	
Management and development of human resources	- Employment	Employees[*]	Generated by the Group
	- Occupational health and safety		
	- Human rights protection assessment		
	- Training and education		
	- Diversity and equal opportunities		
Industrial relations	- Non-discrimination	Employees; Trade unions	Generated by the Group
	- Labour relations and management		
	- Freedom of association and collective bargaining		
Responsible and sustainable supplier management	- Procurement practices	MFE Group	Generated by the Group and connected to Group activities
	- Freedom of expression	Artistic resources, business partners, content suppliers	
	- Broadcasting of content	Suppliers, subcontractors	
	- Content creation	Artistic resources, business partners, content suppliers	
Relations with the Public Administration	- Economic performance	MFE Group PA, government and control bodies	Generated by the Group
	- Indirect economic impacts	MFE Group	
Social engagement	- Indirect economic impacts	MFE Group	Generated by the Group

MATERIAL TOPICS FOR MFE	GRI TOPICS		MATERIAL TOPIC BOUNDARY	
	RELATED STANDARDS		Where the impact occurs	Type of impact
			Local communities and public	
Environmental impact management	- Energy - Emissions - Effluents and waste		MFE Group	Generated and connected to Group activities
Electromagnetic emissions	n/a		MFE Group	Generated and connected to Group activities

(*) The boundary of information relating to health and safety and related accident indicators includes employees of Group companies and all external collaborators in Italy and Spanish temporary workers.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

In this section, it was deemed appropriate to link the SDGs that could be related directly to the main topics presented, from the 17 **Sustainable Development Goals** defined by the United Nations in 2015 and contained in the Sustainable Development Agenda.

These objectives contain the Guidelines that commit governments and international economic actors to achieving specific environmental, social and economic targets by 2030.

These links were established by analytically comparing the 17 Sustainable Development Goals (SDGs) with the material topics and the Group's characteristic activities and services. The following 11 sustainable development objectives were identified on the basis of this analysis.

The impact of the individual material topics on the Sustainable Development Goals is summarised in the following diagram:



ETHICS AND INTEGRITY IN BUSINESS

CODE OF ETHICS

As indicated in paragraph 1.3 above, the Code of Ethics defines the values which the MFE Group cherishes, accepts and shares at every level in the pursuit of its business activities.

Following a review process, in 2019 the Italian holding company Mediaset S.p.A. and the other Italian companies belonging to the same Group approved a **new version of the Code of Ethics**, also in light of the evolution of their business activities, the need to harmonise the coordination of the provisions of the Code of Ethics with those of Compliance Programmes pursuant to Legislative Decree 231/01 adopted by the individual Group companies and adaptation to regulatory changes (in the field of whistle-blowing, for example).

In September 2021 MFE-Mediaforeurope N.V., the holding company under Dutch law, then went on to adopt a **Code of Ethics**.

The principles and provisions of the Code of Ethics are binding on directors, auditors, employees and all persons working for/with the Group in any capacity, regardless of the nature of their employment relationship, even temporary, with the company (e.g. employees, suppliers, clients etc.).

Respect for the principles and values enshrined in the Code of Ethics is of fundamental importance for the correct operation, reliable management and image of the MFE Group¹⁰.

All activities of the Group are therefore pursued in a spirit of fair competition, in full respect for the laws and regulations of the jurisdictions of all countries in which the individual companies operate, and for the ethical principles commonly applied in the pursuit of business, such as honesty, fairness, propriety, transparency and good faith.

The MFE Group propagates the principles and values enshrined in its Code of Ethics via targeted **information campaigns**, especially with regard to its corporate bodies, staff and employees, encouraging them to apply and strictly observe these principles and values.

The Code of Ethics is provided to all employees of the Group through the **company intranet** together with their salary statements, and to new recruits at the moment of recruitment.

The Code of Ethics is also published and appropriately highlighted **in the "Compliance" section of the MFE Group's website** (www.mfemediaforeurope.com/it/governance/compliance/), in English and Italian, and on a specific "Compliance" portal on the company intranet.

The MFE Group also implements **training activities** addressing its Code of Ethics, and with particular reference to the companies under Italian law, as required under the administrative liability provisions (Legislative Decree 231/01) and in reference to the Compliance Programmes pursuant to Legislative Decree 231/01 implemented by Italian Group companies¹¹. According to circumstances and requirements, training plans are administered in classroom courses or via special e-learning modules.

Following its adoption and subsequent amendments (we would point out that no changes were made in 2021 to the text adopted by Mediaset S.p.A. and the Italian subsidiaries in 2019, while MFE-Mediaforeurope N.V. adopted a Code of Ethics for the first time), the Code of Ethics was distributed appropriately to its different recipients including signatories to employment and supply contracts and, more generally, to all parties conducting business relations with MFE Group companies. Contracts with third parties contain specific clauses

¹⁰ Including foreign investee companies

¹¹ As of 2002, the companies under Italian law which have implemented their own Compliance Programmes under Legislative Decree 231/01 are: Mediaset S.p.A., Mediaset Italia S.p.A., R.T.I. S.p.A., Publitalia '80 S.p.A., Digitalia '08 S.r.l., Medusa Film S.p.A., Taodue S.r.l., Elettronica Industriale S.p.A., R2 S.r.l., Radio Mediaset S.p.A., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Monradio S.r.l., RMC Italia S.p.A., Radio Subasio S.r.l.

with an explicit formal reference to the Code of Ethics (as well as the Compliance Programmes pursuant to Legislative Decree 231/01 in the case of Italian companies), stating that failure to observe its provisions constitutes a breach of contractual obligations, giving rise to the right to terminate existing legal relationships without prejudice to any compensation for damages.

In line with Italy, the **MFE Group in Spain** implements its own Code of Ethics, which applies both to the parent Company and its Subsidiaries. Its latest version was approved by the Board of Directors in 2019. Mediaset España also implements its own Compliance Programme, which is analogous to the programme implemented in Italy. It also implements a whistle-blowing mechanism allowing violations of the code to be reported anonymously.

COMPLIANCE WITH REGULATORY REQUIREMENTS

As a supplier of audiovisual services and a radio broadcaster, the MFE Group scrupulously observes Italian law in the pursuit of its business activities, including requirements of a regulatory and self-regulatory nature.

To prevent violations of applicable legislation, the Group scrupulously observes the requirements on air time and the **protection of minors** in the **advertising content** carried in its radio and television broadcasts. The following requirements apply in regard to these issues:

- ▢ **training of personnel** responsible for programming, production and broadcasting;
- ▢ **general oversight of programming activities**, using a delegation system conferring the necessary powers on those responsible for broadcast content;
- ▢ advisory and supervisory action by the Legal Affairs Department and Regulations and Corporate Compliance and the Directorate for Documentation and Institutional Analysis, both from a general perspective and addressing specific programmes or individual issues, with the purpose of identifying critical issues and taking any appropriate preventive action wherever possible.

Regulations and Corporate Compliance periodically publishes a manual summarising the regulations governing the TV and radio programming activities of private Italian broadcasters with reference to the Italian market.

Following the changes introduced by Legislative Decree 208/2021 – Audiovisual Media Services Directive – in force since 25 December 2021, the **“audiovisual media services manual”** by the Directorate for Regulation and Institutional Requirements is being revised. This summarises and interprets the complex legislative and regulatory framework governing the broadcasting of content on various platforms (TV, radio, OTT, internet, etc.).

The manual is designed for everyday use, and is also valuable as a guide for programmers to identify critical issues.

Programmers receive training on correct programming procedure in a series of meetings, including issues specifically connected with regulations on programming.

The MFE Group operates in an intensively regulated sector, and its relations with regulatory bodies and industry associations are of primary importance. The Group defends its legitimate interests before local and international administrative powers.

To do so, the Group is a member of various **industry associations** created to promote the shared interests of commercial TV stations on the national, EU and international levels:

▢ Association of Commercial Television in Europe (ACT)	▢ Fedoweb
▢ Associazioni Produttori Audiovisivi (APA)	▢ CMBA – Creative Media Business Alliance
	▢ EGTA – Association of advertising sales

- ▢ Columbia Institute for Tele-Information (CITI)
- ▢ Centre on Regulation in Europe (CERRE)
- ▢ Confindustria Radio Televisioni
- ▢ Assolombarda
- ▢ Unindustria Lazio
- ▢ European Interactive Digital Advertising Alliance (EDAA)
- ▢ Federazione Concessionarie di Pubblicità (FCP)
- companies
- ▢ IAB Italia Interactive Advertising Bureau
- ▢ Istituto di Autodisciplina Pubblicitaria (IAP)
- ▢ Pubblicità Progresso
- ▢ Asociación para la autorregulación de la comunicación comercial (AUTOCONTROL)
- ▢ Comité de Autorregulación y Comisión Mixta de Seguimiento sobre contenidos televisivos e infancia

CONFLICTS OF INTEREST

The Code of Ethics includes special provisions on conflicts of interest.¹² All recipients of the Code of Ethics must scrupulously observe the laws and regulations on conflicts of interest, especially with regard to the pursuit of their business activities and their own duties/functions. In pursuing the interests and general objectives of the Group, they must abstain from conduct and action incompatible with their obligations in connection with their relations with MFE Group companies.

Consequently, in the occurrence of situations or activities in which the recipients of the Code of Ethics may have interests (directly or via third parties) which are or could be in conflict with those of the MFE Group, these recipients must immediately inform their superiors or the designated bodies, with reference to companies governed by Italian law, the **Supervisory and Control bodies**, where these exist, and respect the decisions taken by the Group in this regard.

Mediaset implements a **"related parties procedure"** taking into account the dictates of the regulations containing provisions on the subject of related transactions adopted by Consob, the provisions of the Civil Code, and the recommendations of the Corporate Governance Code.

The MFE Group is therefore committed to taking all measures necessary for avoiding situations which may present conflicts of interest.¹³

The MFE Group also establishes the necessary measures to ensure observance of the regulations concerning equal access of political entities to television and radio in application of the principles of pluralism of information. In overly simple terms, this activity takes the form of sending internal company circulars to its broadcasting structures, including news directors, precisely indicating the requirement to observe regulations concerning equal access of political entities to television and to implement the measures issued by the Authority.

The **AGCM** carries out its supervision of conflicts of interest through the Resolution of 16 November 2004 - "Regulation on conflicts of interest" (amended by Resolution No. 26042 of 18 May 2016).

Conflict of interest may exist in two distinct cases.

¹² Both in the Code of Ethics adopted by Mediaset S.p.A. and its Italian subsidiaries during 2019 and in the "Code of Ethics" adopted by MFE, there is a specific provision on conflict of interest, according to which "the Recipients, in the context of their dealings with the same, are required to comply with the laws and regulations governing the conflict of interests." In addition, they "must pursue the objectives and general interests of the Group in the performance of their business activities and their own duties/functions" and "abstain from activities, conduct and action incompatible with their obligations in connection with their relations with the same".

According to the Code of Ethics, purely by way of example, the following situations may constitute conflicts of interest: (i) having economic or financial interests, including through family members, in Suppliers, Clients or competitors; (ii) using one's role within the Group or the information or data acquired in the performance of one's business activities and/or own duties or functions to one's own advantage or that of third parties contrary to the interests of the Group; (iii) performing business activities or any kind (including services or intellectual work) for Suppliers, Clients, competitors and/or for third parties contrary to the interests of the Group; (iv) initiating negotiations and/or entering into agreements – in the name of and/or on behalf of the Group – with family members or partners as counterparties, or with counterparties of which the Addressee is, in any capacity, owner or in which they are in any case an interested party. 3. Addressees must without delay, taking the circumstances into account, inform their superior or, if applicable to the specific case, the person to whom they are obliged to report situations in which they may, directly or due to third parties, have interests (even only potentially) in conflict with those of the Group.

¹³ The Group undertakes to guarantee, in all possible circumstances, compliance with the Law of 20 July 2004 no. 215 "Requirements on the resolution of conflicts of interest", and with AGCOM ruling no. 417/04/CONS "Regulations on the resolution of conflicts of interest" (amended by ruling no. 392/05/CONS 682/11/CONS).

The first (conflict by reason of incompatibility) occurs whenever the holder of a government office, who is already in a situation of incompatibility, adopts or participates in the adoption of an act or omits an act that is required, in the exercise of their governmental function.

The second hypothesis (conflict by reason of impact on assets) concerns the adoption or participation in the adoption of collegial acts, through which the holder of a government office favours himself, his spouse or his relatives up to the second degree, harming the public interest at the same time.

With regard to **Inside Information**, it is finally noted that, on 18 September 2021, following the completed transfer of the Company to Amsterdam (Netherlands), the update of the related Procedure was approved¹⁴. This acknowledges, among other things, that the competent authority for the purposes of insider trading and delay in disclosing privileged information remains the Italian Market Supervisory Authority (CONSOB). The Inside Information Procedure governs the internal management and communication to the public of inside information concerning the parent company and its subsidiaries, as well as the operation of the "Register of persons with access to inside information". The Inside Information Management and Communication Procedure is an essential component of the MFE-MEDIAFOREUROPE N.V. internal control and risk management system and part of the rules and prescriptions adopted by MFE-MEDIAFOREUROPE N.V. for the purpose of preventing offences.

The above Procedure is binding for the directors, statutory auditors and employees of the parent Company and Subsidiaries as well as the external persons/entities who act in the name of and on behalf of the same – with the exception of the listed subsidiary **Mediaset España Comunicación S.A.**, obliged to keep their own Insider Register, to fulfil related requirements and to notify the reference market – and who, in any capacity, have access to information regarding MFE and its subsidiaries.

The Company has communicated the Inside Information Management and Communication Procedure to its personnel and that of its subsidiaries, including through publication on the company intranet and on its website and has also continued training on the process of managing significant inside information for the competent structures.

Via its regulatory compliance department, the **MFE Group in Spain** works to detect and monitor potential conflicts of interest between the company and its directors. This matter is regulated by the Code of Ethics and by the Group's internal code of conduct, which both provide mechanisms for identifying and resolving potential conflicts of interest, thereby preventing conduct liable to damage the company or its shareholders.

In 2021, the "Related Parties" procedure was updated to adapt it to the changes introduced by the new Law on companies (5/2021, 12 April - "LSC") with particular reference to the approval and communication of transactions carried out with related parties; for certain types of significant transactions, the authorisation of the Shareholders' Meeting is required as well as publication on the Corporate website.

All other cases must in any case be authorised by the Board of Directors itself.

Finally, to avoid potential conflicts of interest in the creation and dissemination of content, all related commissions are subject to the review, analysis and approval of the Group's Acquisitions Committee or, if necessary, of the Board of Directors.

¹⁴ Adopted pursuant to the Market Abuse Regulation (EU No. 596/2014), in order to comply with the legal and regulatory provisions, including European ones, in force regarding the abuse of inside information.

DATA PROTECTION AND PRIVACY

The protection of privacy and the data and personal information pertaining to clients and subscribers is one of the main priorities of the MFE Group, including through appropriate security measures.

The Group has prepared a special set of **Organisational Guidelines on Information Security Policy**, and the protection of data. These activities observe the following principles:

- ▣ compliance with **national and international legal requirements**, with particular reference to Legislative Decree 231/2001, L.262/2005 on the protection of savings and financial markets regulations, and the European Regulation (EU) 2016/679 on the processing of personal data.
- ▣ safeguards on **adequate measures of protection of data against threats**, including cybersecurity; these measures are identified in accordance with the level of risk associated with the loss of confidentiality, integrity and availability of information. This protection must also be guaranteed in regard to relations with third parties.
- ▣ **protection of data against unauthorised access**, while ensuring accessibility for legitimate purposes, with a suitable degree of traceability.

A **cyber risk assessment** process has also been implemented, and has recently identified the principal areas of IT risk for the Group as well as the measures best suited to resisting threats and mitigating residual risk.

In particular, the **cybersecurity strategy** envisages the implementation of specific activities in the following areas:

- ▣ **Risk Assessment:** Since 2018, the risk assessment process has been an established operational practice involving annual activities concerning key IT assets, with the aim of identifying the level of cyber risk associated with a loss of confidentiality, integrity and availability.

These are the main activities completed during 2021:

- IT operational continuity assessment initiated for the main critical platforms.
- Activation of new processes for assessing the security posture of suppliers.

- ▣ **Cyber Defense:** The most important activity within the cybersecurity strategy is cyber defence. This consists of identifying and mitigating vulnerabilities, threats and risks related to cyber attacks.

These are the main activities completed during 2021:

- Enhancement of e-mail protection technologies (phishing and malicious content).
- Improvement in the protection of mobile devices provided to employees and of the service authentication mechanisms.
- Extended visibility of cyberthreats using new sources of intelligence.
- Execution of vulnerability tests on the most relevant IT services exposed on the Internet and, based on the recommendations of security by design, on all new services exposed publicly.

- ▣ **Compliance:** Consolidation and updating of the risk analyses present in the processing register.

- ▣ **Training:** During 2021, informative communications were produced via e-mail and on the company Intranet to draw attention to the main threats, a simulated phishing campaign was carried out, a

mandatory course on Cyber Security was provided and a training session on targeted phishing was carried out, specific for certain business areas.

The protection of personal data, in accordance with current legislation, affects all company activities.

The MFE Group in Italy has always paid great attention to the protection of personal data and, with European Regulation 679/2016 (GDPR) coming into force, has reinforced its **Privacy Compliance Programme**.

With the goal of pursuing the simultaneous promotion of the interests of all parties involved, the protection of personal data and the rights and freedoms of the data subjects, the Group has defined a specific series of **Company Policies, Operating Instructions, Organisational Guidelines**, and a **Processing Register** as the cornerstone and map of the rules and activities connected with processing. Together with the Intranet Privacy Portal and the constant personnel information and training activities, these are part of an extensive privacy management system able to ensure the security of personal data and corporate information.

The **Data Protection Officer**, the **Privacy Department** and the parties involved in various capacities based according to the Compliance Programme promote a culture founded on respect for privacy as a fundamental right of the individual, committing themselves to respect for people and the values of loyalty, trust, transparency and integration.

The MFE group has also issued a **Data Breach Organisational Guideline** in the event of breaches that accidentally or unlawfully result in destruction, loss, alteration, unauthorised disclosure or access to personal data. The Data Breach management plan was prepared in order to implement, where necessary, the action plan and any notification of the Supervisory Authority within 72 hours of identification of the breach and communicate the breach to the data subject should the rights and freedoms of the individual potentially be at risk.

We would also like to point out that the current **pandemic situation** has added further obligations related to processing data from the health emergency (e.g. new information, new opinions, protocols, adaptation of the processing register).

The **MFE Group in Spain** is scrupulously implementing the protection of personal data and content in the sphere of corporate management. The primary instrument of implementation is the Code of Ethics, which addresses aspects relating to cybersecurity, data protection and confidentiality. Using the Code of Ethics as their guide, the Data Protection Unit, the Internal Auditing Department and the technology division will develop other mechanisms determining the company's conduct in regard to data security.

The Group also implements a corporate security policy which imposes procedures and regulations for the processing of personal data and confidentiality within the organisation. These procedures regulate access to and the processing of personal data in all departments, areas and management units of companies belonging to the Group, while also defining the security measures to be applied during the compilation of personal data to ensure the confidentiality of the latter.

It also implemented a series of operating procedures for managing initiatives requiring the use of personal data: identification and authentication, remote access, access to applications and use of personal data files. These procedures are regularly updated to ensure their compliance with applicable legislation.

In 2016, the MFE Group underwent conformity analysis in light of the General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, which came into effect on 25 May 2018.

This analysis revealed the need for more work to bring the current management model up to standard and for the introduction of specific measures of a technical, organisational and legal nature.

With regard to relations between company and citizens in terms of data protection, the MFE Group in Spain has defined and implemented an action protocol for guaranteeing the exercise of the rights of access, rectification, cancellation and objection.

This protocol describes in detail the areas affected by such rights, the channels through which Group users can exercise them, the procedure for replying to requests, special cases for the exercise of rights, and notification of users of the successful outcome of their requests.

The Technology Division of the MFE Group in Spain is in charge of coordinating and managing the technical aspects of information system security, following the corporate security policy and the internal action procedures, which apply to all employees and managers.

As part of this policy, and as a method for guaranteeing control over access to corporate applications and services, a set of guidelines addressing specific topics such as the "Procedure for controlling access to applications" and "Procedure for managing media" has been prepared. The latter procedure defines the cases in which corporate data must be encrypted.

A procedure has also been developed for establishing mechanisms for managing and sending sensitive corporate data. A project for implementing an instrument for the management of access and information rights was developed in 2018 as a technological support for the procedure. This solution involves the application of security rules and policies and the monitoring of the distribution of corporate data.

During 2021, the main procedures relating to information technology were reviewed and updated, with particular regard to:

- ▢ Access Control Procedure to application;
- ▢ Services and corporate reports Internet Domain Management Procedure;
- ▢ Application Management Procedure;
- ▢ Security incident management procedure;
- ▢ Business Contingency Plan.

Mediaset España constantly monitors its mission-critical information systems via periodic reviews and audits. Monitoring of the systems considered to be most vulnerable also covers the activities of users.

The purpose of information system security management is to ensure the availability, integrity and confidentiality of corporate data, to control access to it, and to ensure the data is adequately protected in conformity with all laws, standards and regulations on data protection.

With respect to data protection, in 2020 Mediaset España organised privacy/cybersecurity training for all its employees.

The MFE Group in Spain has centralised data protection management in the *Data Protection Unit*, which reports directly to the Group's Senior Management and is responsible for data protection for all Group Companies. At the head of this unit is the Data Protection Officer, responsible for the relationship with the Data Protection Agency, as well as the areas of legal advice, internal control and IT security.

In 2019, the Personal Data Policy and the relevant internal procedures were updated in order to adapt them to the requirements introduced by the GDPR. In addition, two new protocols have been implemented to ensure compliance around the protection and guarantee of digital rights.

These reference documents establish the guidelines for optimal, responsible management of privacy and data protection as well as the corrective actions to be taken in the event of violations relating to correct personal data processing by the MFE Group.

During 2021, there were 574 requests to exercise ARCO rights (access, rectification, cancellation and opposition) received and managed by the interested parties, relating to the cancellation of users registered on the Group's digital channels and the deletion of images published on the websites.

PEOPLE IN THE MFE GROUP

Groups employees are mainly concentrated in Italy, where approximately 66% of the workforce operates, and Spain (33%). A lower share of approx. 1% is employed in offices located in France, the United Kingdom and Germany, hereinafter grouped under the "Other Countries" category.

ITALY	2021			2020		
	Men	Women	Total	Men	Women	Total
Permanent contract	1,618	1,544	3,162	1,658	1,592	3,250
Temporary contract	61	44	105	49	29	78
Total	1,679	1,588	3,267	1,707	1,621	3,328

SPAIN	2020			2020		
	Men	Women	Total	Men	Women	Total
Permanent contract	817	731	1,548	761	712	1,473
Temporary contract	23	24	47	49	33	82
Total	840	755	1,595	810	745	1,555

OTHER COUNTRIES	2020			2020		
	Men	Women	Total	Men	Women	Total
Permanent contract	15	12	27	14	11	25
Temporary contract	-	-	-	-	-	-
Total	15	12	27	14	11	25

As at 31 December 2021, and in line with the previous year, 97% of employees had open-ended contracts: the high percentage in all Group offices is due to the Group's ability to retain and guarantee a high level of employment stability, to meet the needs of the different business activities.

MFE GROUP	2021			2020		
	Men	Women	Total	Men	Women	Total
Executives	236	105	341	238	106	344
Journalists	319	304	623	316	306	622
Middle managers	373	402	775	392	407	799
Office workers	1,583	1,541	3,124	1,562	1,556	3,118
Industry workers	23	3	26	23	2	25
Total	2,534	2,355	4,889	2,531	2,377	4,908

As at 31 December 2021, the MFE Group comprised **4,889 people**, a slight decrease compared to 2020. The main organisational roles are held by employees: in fact, recourse is made to external contract workers¹⁵ only for the performance of specific activities of a professional or artistic nature or to meet temporary needs. As at 31 December 2021, there were 206 external collaborators in Italy, including 18 interns, and approximately 101¹⁶ in Spain.

The 2020 data was restated following an improvement in a reporting process, to ensure the comparability of the information. For previously published data, please refer to the 2020 Sustainability Report, published in the Sustainability section of the mfemediaforeurope.com website.

COVID EMERGENCY MANAGEMENT

The MFE Group dealt with the health emergency immediately, from the onset of the first cases of infection in Europe, putting two key goals first and foremost: **protecting the health and safety of its workers** and maintaining its own **continuous operation**.

The responsibility that comes with being a leading private television broadcaster for its reference markets ensured that the schedule was full of informative and in-depth programmes at every stage of the emergency, produced in safety, thanks also to **specific production protocols**, which in 2021 made it possible to restore schedules featuring a wealth of self-produced content.

In order to do so, a **series of very diverse initiatives** have been implemented, which have made it possible, and are still making it possible, to deal effectively with the crisis, and which have not only proved to be **consistent with all the protocols agreed by the government, companies and social partners**, but have also been **at the forefront compared to many other industrial concerns**, demonstrating attentive, timely and excellent management of the emergency.

The result achieved is consistent with the **culture of great attention to the employee**, which has its **roots in the founding of the Group** and which during the months of the emergency was further confirmed by the numerous expressions of appreciation from all staff.

In the same way, great cooperation and satisfaction with the work carried out was recorded in discussions with **trade unions**, at all levels, from company representatives to local and national trade association representatives. This too was in keeping with a tradition of excellent industrial relations built up over time.

¹⁵ The Group makes use of external collaborators such as: contract workers with VAT number, Temporary staff with fixed-term and open-ended contracts, interns. Most of these collaborators are employed in TV content production.

¹⁶ The figure for external workers in Spain is expressed as cumulative data for 2021.

The main initiatives undertaken to manage the emergency are described below, under 3 main headings:

- ▣ **Reducing the attendance figures at the sites**, in order to protect employees and collaborators who must of necessity work at production sites;
- ▣ Increasing **hygiene, health, logistical and organisational measures** to ensure maximum workplace safety.
- ▣ **Monitoring and prevention of suspected or positive cases** through continuous and widespread screening of all staff.

ATTENDANCE REDUCTION

Since the end of February 2020, **the path of adopting smart working** launched at the beginning of 2019 for the Group's staff areas has been **accelerated** and progressively extended **structurally to around 1,800 people** today, almost half of the workforce.

At the same time, initially following the lockdown established by the government and subsequently during the various peaks in pandemic emergency, in order to guarantee the safety of technicians, production staff and journalists who necessarily had to carry out their work from the group's premises, **simplified and temporary forms of agile working** were also used to avoid crowding of the production sites.

At the same time, **access was restricted to suppliers and collaborators involved in TV content production or essential services** (cleaning, canteens, etc.) and **access control** was stepped up at all Group sites.

These measures combined, varied as appropriate month by month in accordance with the risk scenario, saw the number of employees and collaborators at the Group's offices reduce substantially, particularly in the lockdown and red-zone periods, demonstrating excellent organisational and operational flexibility achieved without any interruption to broadcasting.

ENSURING WORKPLACE SAFETY

The ability to adapt immediately to changing needs, guaranteeing maximum safety for staff called on to work from sites, was also demonstrated in the immediate updating of the health and safety protocols established within the production sites.

At the entrances, **body temperature checking** and daily distribution of **Personal Protective Equipment** (surgical and FFP2 masks) were provided immediately. Approximately **980,000 masks** were distributed in 2021.

At the various sites, **special routes and safety measures have been defined for the use of shared services** (reception, canteens, lifts, etc.), with dedicated signs and indications, which are particularly appreciated by all employees.

All areas were sanitised regularly in accordance with the most effective standards, increasing the number of locations and frequency for normal cleaning and placing hand sanitiser dispensers in the locations characterised by the greatest access. For technical and production areas and radio and television equipment, **specific sanitisation protocols, also with a daily frequency**, have been defined.

MONITORING AND PREVENTION

Alongside these initiatives, however, a fundamental and particularly significant effort was made to limit the possibility that asymptomatic but positive staff could contribute to the spread of infection by accessing production sites.

A **screening protocol** was introduced with **rapid antigen tests** for those accessing company premises, to be followed by a **molecular test** in the event of a positive result, as well as a **drive-through service through which** those with symptoms can go to the Group's Milan and Rome offices and, by means of a double test – rapid antigen and molecular – administered inside the car, make sure that they are positive without coming into contact with colleagues. Thanks to genuine medical centres located in the various production hubs, as at 31 December 2021 more than **152,000 diagnostic tests** had been administered at the Group's Italian sites.

In June 2021, the Regional Health Authority (ATS) also authorised the Group to activate a Covid-19 vaccination hub at its Cologno Monzese site. The service was opened to employees and collaborators of the MFE Group, employees of suppliers who are continuously present on the company premises in Milan and employees of companies related to the Group.

The Group also continued to offer its **traditional flu vaccination service** and the **pneumonia vaccine** (with over 1,000 people voluntarily taking part in one or both campaigns).

In **Spain**, we would highlight that when the pandemic arrived and a national state of alert was declared, Mediaset España adopted effective measures to ensure business continuity as well as the safety and health of employees and workers in general.

These include, but are not limited to:

- ▢ the use of smart working for employees;
- ▢ the implementation of organisational procedures followed by specific protocols for managing collaborators and suppliers in the TV production area;
- ▢ limiting the presence of the public in the studio;
- ▢ the purchase of 5 surface disinfection systems;
- ▢ the installation of transparent partition panels (plastic or methacrylate) in technical operating stations;
- ▢ health checks for presenters, collaborators and production and broadcasting staff;
- ▢ the use of disposable and personalised material in the hairdressing and make-up service;
- ▢ the use of disinfection products for textiles in the tailoring and styling service.

DIVERSITY AND EQUAL OPPORTUNITY

MFE GROUP	2021				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	118	223	341	-	127	217	344
Journalists	52	333	238	623	52	340	230	622
Middle managers	2	318	455	775	1	340	458	799
Office workers	192	1,348	1,584	3,124	165	1,425	1,528	3,118
Industry workers	-	20	6	26	-	19	6	25
Total	246	2,137	2,506	4,889	218	2,251	2,439	4,908

NUMBER OF EMPLOYEES BELONGING TO THE PROTECTED CATEGORIES BY PROFESSIONAL CATEGORY AND GENDER AS AT 31 DECEMBER

MFE GROUP	2021			2020		
	Men	Women	Total	Men	Women	Total
Executives	2	-	2	5	2	7
Journalists	2	1	3	2	1	3
Middle managers	2	7	9	9	6	15
Office workers	79	95	174	93	104	197
Total	85	103	188	109	113	222

Through the **Group Code of Ethics**, which was updated in 2019, MFE promotes **equality, non-discrimination** and **equal opportunities**. The MFE Group rejects and excludes any form of exploitation of workers and discrimination based on gender, age, race, language, nationality or religion, promoting equal opportunities in terms of training, development and professional growth. Finally, the Group guarantees fair treatment and promotes constant dialogue with the social partners.

In applying the Group's principles, therefore, any conduct or attitude that discriminates against or harms people as well as their convictions or preferences is opposed. The promotion of equal opportunities is encouraged with reference to work conditions and possibilities, training, development and professional growth, in full compliance with current legislation and the values which inspire the Group. Through the appropriate corporate structures, compliance with these principles is guaranteed and promoted in all areas of the organisation, implementing management policies aimed at guaranteeing a fair assessment of people already in the selection phase, constantly monitoring growth trajectories and designing professional and managerial training courses aimed at developing distinctive behaviours. These initiatives enhance and recognise the wealth deriving from diversity, promote integration and are an integral part of the Group's culture.

The data presented provides a traditional breakdown of employees by the various **professional categories**, including that of "Journalists", typical of the particular business. Around 64% of the Group's employees belong to the white collar category, in keeping with the 2020 figures, with a balanced gender distribution.

As can be seen from the tables above, approx. 44% of Group employees are between 30 and 50 years of **age**, approx. 51% are over 50 years of age, while approx. 5% are below 30 years of age.

Within the Group, 188 people belonging to **protected categories** are employed in various corporate roles, with an essentially equal distribution between men and women. These represent about 4% of employees.

PEOPLE MANAGEMENT, ATTRACTION AND DEVELOPMENT

The commitment and motivation of employees are fundamental elements for the Group's success. To this end, **opportunities for professional growth** are continually offered, exploiting the **diversity** of origin, experience and competence.

Internal company processes are aimed at ensuring a **correct assessment of employees** starting from both the selection phase and that of subsequent professional and managerial development, through constant monitoring of growth trajectories and the design of coherent training programmes.

RECRUITING POLICIES¹⁷

The Group has always enjoyed great visibility on the job market and attractiveness, as demonstrated by more than **19,000 unsolicited applications** received through the Working with Us section of the corporate website¹⁸, with links to the websites of Group companies.

In parallel, the use of modern **digital recruiting tools** and relationships with the leading recruitment companies make it possible to actively **seek and identify** the best profiles on the market in relation to specific needs.

Finally, the **Group's constant and continuous collaboration with the leading Italian and Spanish universities** makes it possible to contribute to the educational offering of numerous degree and master's courses, through the many lectures and company testimonies in the classroom by its managers and offering internships in the company to young undergraduates and graduates.

The selection process is in any case always preceded by a careful **analysis of qualitative-quantitative coherence** regarding the size of the workforce, with respect to the organisational needs of the companies and also evaluating, where possible, the professional development of internal resources.

In Italy, more than 660 interviews were carried out during 2021, for both profiles with professional experience and internships. As already in 2020, the selection process was necessarily affected by the health emergency situation.

The selection process is aimed at identifying the most suitable candidates, from the point of view of both technical and professional skills as well as soft skills, with the aim of seeking the key skills that the company considers a critical success factor for achieving corporate goals.

In particular, over the years the Group has consolidated a set of key distinctive skills, relating to the cognitive and relational-emotional areas, to be sought in the selection processes of figures from the external market and to identify and evaluate in planning the development trajectories for internal resources.

These **soft skills** in fact represent a critical success factor, common to all areas but differentiated according to the role and degree of seniority, for achievement of corporate objectives at both the group and individual growth levels and flank the professional skills necessary for the various roles in the organisation.

The observation and analysis of certain behaviours and attitudes that people tend to adopt during the selection or assessment phase allow us to estimate the following significant skills and abilities to be projected in the workplace:

- ▢ Leadership – cultivation of an appropriate style in interpersonal relationships in order to influence and involve others in the pursuit of the objectives of the group to which they belong, constituting a role model;
- ▢ Communication – ability to transmit and share ideas and information in a clear and concise manner; propensity for listening and effective discussion;
- ▢ Team working – willingness to work and collaborate with others, having the desire to build positive relationships aimed at accomplishing the assigned task;
- ▢ Social intelligence – ability to operate in a complex context taking into account one's own attitudes and those of others, consciously and objectively reflecting on one's own conduct and that of others;

¹⁷ Recruitment by the various Group companies, in Italy and abroad, is regulated by specific protocols drawn up in line with the Group's policies, in compliance with the provisions of Legislative Decree 231/01. These procedures also take into account the local legislation to which Group Companies are subjected, including provisions concerning termination of employment and provisions and regulations for specific remuneration treatment for "expats" in the event of secondment of personnel abroad.

¹⁸ Figure refers to the Group in Italy

- ▢ Emotional intelligence - ability to feel emotions, recognise them and experience them consciously, thus being able to be fully assertive and expressive in interpersonal relationships;
- ▢ Reliability – ability to carry out tasks scrupulously and with attention to content;
- ▢ Flexibility – ability to know how to adapt to changing working contexts, openness to innovation and willingness to collaborate with people with different points of view from one's own. Adaptation to different situations and changes in context, showing interest in discussing ideas different from one's own and willingness to reorganise one's thinking on the basis of new information;
- ▢ Stress resistance / emotional stability - ability to react positively to work pressure while maintaining control, remaining focused on priorities and not transferring one's tensions to others. Ability to overcome defeats and failures; attention to the way in which one's emotions are managed and impulses controlled in difficult situations;
- ▢ Self-confidence - awareness of one's value, of one's abilities and of one's ideas irrespective of the opinions of others;
- ▢ Problem solving – ability to devise alternative solutions to a problem, estimating the implications for the expected results. This is the tendency to provide concrete solutions that optimise activities in response to the constraints present;
- ▢ Life-long learning – recognition of one's deficiencies and areas of improvement, taking action to acquire and further improve knowledge and skills.

In order to guarantee new recruits an effective start-up of their work activity, the departments involved supervise all phases in the resource's induction, from activation of the **welcome and induction plan** to **tutoring** and **coaching**.

In the MFE Group in Italy, 94 people were recruited with open-ended contracts in 2021, a decrease compared to the previous year, considering the decrease in normal turnover due to the uncertainty generated by the health emergency. New staff were recruited particularly in the Technology and Operations area, where there is a significant generational transition and there is an ever more frequent need to recruit people with specific skills related to the implementation of new technologies, as well as in the commercial area.

64% of those recruited in the year are aged between 30 and 50 and 29% are less than 30 years old.

There was also the opportunity for 125 young people to have an **internship experience** in Italy lasting around 4.5 months on average, a reduction compared to the past, again caused by the health emergency and transition to remote working for the greater part of activities, less effective with respect to the educational purposes of internships.

In 2021, there was a recruitment rate of approx. 3% in Italy and approx. 6% in Spain, where 45 people were recruited below 30 years of age.

NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER WITH OPEN-ENDED CONTRACTS BY AGE, GENDER AND GEOGRAPHICAL AREA [*]

ITALY	2021					2020				
	<30	30-50	>50	Total	%	<30	30-50	>50	Total	%
NEW EMPLOYEE HIRES										
Men	15	42	6	63	4.0%	16	27	2	45	3.0%
Women	12	18	1	31	2.0%	7	10	2	19	1.0%
Total	27	60	7	94	3.0%	23	37	4	64	2.0%
New employee hires Rate %	28.0%	5.0%	0.0%	3.0%		24.0%	3.0%	0.0%	2.0%	
EMPLOYEE TURNOVER										
Men	1	2	100	103	6.0%	2	10	64	76	4.0%
Women	-	-	79	79	5.0%	1	12	42	55	3.0%
Total	1	2	179	182	6.0%	3	22	106	131	4.0%
Turnover rate %	1.0%	0.0%	9.0%	6.0%		3.0%	2.0%	5.0%	4.0%	

SPAIN	2021					2020				
	<30	30-50	>50	Total	%	<30	30-50	>50	Total	%
NEW EMPLOYEE HIRES										
Men	25	29	6	60	7.0%	10	12	2	24	3.0%
Women	20	20	2	42	6.0%	5	10	-	15	2.0%
Total	45	49	8	102	6.0%	15	22	2	39	2.0%
New employee hires Rate %	39.0%	6.0%	1.0%	6.0%		12.0%	2.0%	0.0%	2.0%	
EMPLOYEE TURNOVER										
Men	10	16	4	30	4.0%	7	12	10	29	4.0%
Women	9	25	4	38	5.0%	1	15	2	18	2.0%
Total	19	41	8	68	4.0%	8	27	12	47	3.0%
Turnover rate %	17.0%	5.0%	1.0%	4.0%		6.0%	3.0%	2.0%	3.0%	

OTHER COUNTRIES	2021					2020				
	<30	30-50	>50	Total	%	<30	30-50	>50	Totale	%
NEW EMPLOYEE HIRES										
Men	1	1	-	2	13.0%	1	-	-	1	7.0%
Women	-	1	-	1	9.0%	1	-	-	1	9.0%
Total	1	2	-	3	12.0%	2	-	-	2	8.0%
New employee hires Rate %	17.0%	22.0%	0.0%	12.0%		33.0%	0.0%	0.0%	8.0%	
EMPLOYEE TURNOVER										
Men	-	-	-	-	0.0%	2	3	-	5	34.0%
Women	-	-	-	-	0.0%	1	1	-	2	18.0%
Total	-	-	-	-	0.0%	3	4	-	7	27.0%
Turnover rate %	0.0%	0.0%	0.0%	0.0%		50.0%	42.0%	0.0%	27.0%	

NOTE: To provide a more meaningful representation of the turnover rate for the MFE Group, the calculation method includes in the numerator only the employees with open-ended contracts by gender and age group. The recruitment and turnover rates are calculated by comparing the total of open-ended contracts for recruitment and leaving in the year by age group and gender with the average value of the number of employees for the same age groups. Recruitment and leaving produced by variations in boundary due to acquisitions and terminations in the reporting period are excluded from the calculation.

The 2019 data was re-presented following an improvement in the reporting process, to ensure the comparability of the information. For the figures published previously, please refer to the 2019 Sustainability Report published in the Corporate Social Responsibility section of the mfemediaforeurope.com website.

REMUNERATION POLICIES

In the MFE Group, the remuneration levels of employees are determined through an assessment carried out by the Human Resources Department and by the Business Managers who, with the aim of ensuring the competitiveness of internal remuneration levels with respect to market benchmarks, take into account the area of responsibility, the task performed and the principles of internal equity irrespective of the sex of employees, as well as the need to maintain a level of attractiveness and retention for key resources. To this end, depending on the role, all modern **remuneration instruments can be adopted to supplement fixed remuneration**, such as: non-competition agreements, short and long-term variable incentives, as well as the welfare and benefit system that Group employees enjoy.¹⁹ To support the assessment of equity and the competitiveness of remuneration packages, the Group uses **remuneration survey and benchmark tools** provided by leading specialist consultancy companies.

TRAINING

The Group is constantly committed to designing effective **managerial and professional training activities**, in addition to those related to legal compliance, in order to develop and increase the skills and personal capacities of its employees, considered a critical success factor to support the development of its businesses.

The design of training activities takes place in coherence with the need to develop professional skills and managerial competences in line with the new business context and new compliance programmes, as well as the need to align skills related to the technological evolution processes undertaken by the MFE Group.

It is common practice to **monitor training needs** through the involvement of the department in the organisational development processes and in analysing the business development scenarios, in constant coordination with the requesting departments and heads of the various areas of the company. At the same time, monitoring the evolution of legislation makes it possible to effectively ensure the provision of training envisaged by the legal framework.

The training offering is provided through various **tools**, such as in-person courses, conferences, workshop activities and online courses, selected according to the specific objectives of the initiative, content and the specific requirements of the recipients in order to maximise the effectiveness and efficiency of the training activity.

During 2021, the trend of a spread in **digital training methods** was confirmed, both for courses held in remote classrooms and for the use of online training objects, also on-demand, that each employee can choose to attend. The adoption of digital training tools, in particular through the use of new technologies, allows both an expansion in the training content available through remote training platforms and enhanced digital skills for all employees. This development is in line with the processes of digitalisation that the Group is activating as well as the transformation of the Smart Working model communicated then implemented in the course of the year.

Overall, the actions taken have led to significant training results, since people were involved and followed in activities that met with a high degree of participation and satisfaction. Due to their nature and ease of use, certain activities were characterised by brevity and flexibility.

The most important initiatives implemented in Italy in 2021 are briefly described below:

▣ **Management training** was subject to particular attention: projects were carried out with the goal of supporting people in a phase of change and development in important professional and personal capacities, in a context of transforming business processes as well as social complexity. In continuity with

¹⁹ In particular, the remuneration policy applied to the Group's top management is detailed in the 2021 Remuneration Report.

previous years, the development project focused on identifying key managerial competencies continued, through one-on-one coaching sessions for a selected number of managers.

Particular attention was paid to senior managers, who were involved in two significant projects in order to support and improve their professional capabilities and to involve their structures in developing hybrid working methods. The “Riconoscere e ri-equilibrare i fattori di stress” course helped support the capacity to handle extraordinary situations that are potential sources of stress, through awareness and care for personal well-being. The “Smart Training” course was organised in keeping with the development of the Smart Working model that the Group has adopted. The project centred on a vision of Change Management consistent with the concept of a “new normal”, both organisational and social, but always with respect for the culture and values of the Group. The work, in groups organised by similar business areas, focused mainly on topics such as: courage in handling changes, delegation and trust in providing vision and goals and communication in a hybrid context.

The “Leadership Lab: la gestione dei collaboratori” course came to a conclusion for Middle Managers responsible for resources. This focused on improving skills in leadership, delegation and monitoring, paying particular attention to aligning personal capacities with the requirements introduced by hybrid working.

A training course entitled “Problem solving relazionale” also began, dedicated to a “younger” segment of personnel, in terms of both age itself and of seniority. The project aims to enhance abilities to read and interpret the dynamics of life in an organisation, developing greater awareness of the benefits of an active and constructive approach to facing and resolving relational issues that can occur in the Company.

A series of four webinars on the topics of mental and physical well-being called “Onlife Wellbeing” was offered to all personnel. The initiative attracted considerable participation. It aimed to communicate and consolidate the ability to recognise, cultivate and employ the emotional capabilities of patience, balance and resilience, essential for facing and overcoming situations of tension and stress and for maintaining the quality of our relationships with the people around us.

For the senior managers of the Technology Department, which is undergoing a phase of evolution and reorganisation in a context where tech projects play an increasingly central role, a course was designed with the goal of consolidating some innovation and leadership skills in an increasingly effective partnership with all business areas.

 In relation to **vocational activities**, activities were carried out to increase technical and trade-specific skills. Projects of a purely technical nature continued for resources in the Operations Area working on typical television studio equipment, aiming in particular at learning the functional skills for using new IP technologies (control desks, audio mixers, new mobile control rooms) and the new Master Control Room based on this technology. These projects are of particular importance in relation to the technological evolution that affects the technical production areas, whose resources have been able to undertake a process of reskilling that supports both in relation to their professional growth and criteria of greater employability.

A project ran dedicated to people in the Procurement Department, who took a path of professional growth with the aim of developing demand management and negotiating skills. The course had a highly operational character, with cases developed in line with corporate reality.

A part of the professional training involved self-learning, with a view to greater individual accountability with respect to personal training needs. Each employee can access a wide range of courses available through the Training Portal on demand. There are courses on the Office 365 package, a library of short training modules illustrating the main trends in digital innovation and a collection of video testimonies related to mental and physical well-being.

Courses ran as usual to keep personnel up to date and informed on specialised matters in individual areas, with special attention to those that require constant adaptation to external situations or legislation. Finally, language training continued with dedicated courses, now delivered exclusively online, through a platform that offers the possibility of remote

video lessons with teachers who are native speakers. An in-person English language workshop was organised for people in the finance area to refine sector-specific language skills.

▣ With regard to **statutory compliance**, initiatives envisaged by legislation were carried out, paying attention to the specific issues of the company. In particular, Health and Safety training was delivered for new recruits and people with roles envisaged by the Group's Safety Management System. The courses on using the Defibrillator (AED) were launched in line with the heart-protection project, which involved installing such tools on company premises.

In compliance with Legislative Decree 231/01, the course on the fundamental principles of Legislative Decree 231 continues for everyone who joins the company. With a view to IT security compliance, an online course on cybersecurity was released for all personnel that illustrates the security measures to evade fraud and scams, how cyber attacks occur, how to protect privacy and good practice for working with company tools in domestic settings.

With respect to the GDPR in force, provision of the online course for everyone who joins the company continues.

With regard to trade union relations, within the context of an approach of discussion with workers' representatives, a Bilateral Training Committee (consisting of company and trade union representatives) has been established for many years with the task of:

- contributing to monitoring training requirements related to the need to maintain levels of professionalism appropriate to the production evolution of the company;
- formulating indications on projects and means of professional updating of human resources, with particular reference to initiatives in the field of life-long training, in relation to increasingly rapid technological developments and to issues concerning health and safety in the workplace;
- promoting, analysing and signing annual and periodic training projects/plans to be submitted to the inter-professional funds within the scope of funded training;
- carrying out periodic qualitative and quantitative analyses of the training activity carried out.

In 2021 too, structural use has been made of resources from **Fondi Paritetici Interprofessionali** (Inter-professional Joint Funds). Fondimpresa for the training of middle managers and employees, and Fondirigenti for executives, to fund a considerable portion of the Group's training activities.

AVERAGE ANNUAL TRAINING HOURS PER CAPITA BY PROFESSIONAL CATEGORY AND GENDER

MFE GROUP	Men		Women		Total 2021	
	No. of hours	Hours per capita	No. of hours	Hours per capita	Total hours	Hours per capita
Executives	2,955	12	1,591	15	4,546	13
Journalists	810	4	1,280	6	2,089	5
Middle managers	2,791	6	2,216	4	5,007	5
Office and Industry workers	13,249	8	9,687	6	22,935	7
Total	19,805	8	14,773	6	34,578	7

MFE GROUP	Men		Women		Total 2020	
	No. of hours	Hours per capita	No. of hours	Hours per capita	Total hours	Hours per capita
Executives	2,470	10	1,945	18	4,415	13
Journalists	609	2	528	2	1,136	2
Middle managers	2,946	7	2,634	7	5,580	7
Office and Industry workers	7,213	5	7,808	5	15,021	5
Total	13,238	5	12,915	6	26,152	5

NOTE: The training hours per capita use the average figure for employees by category and gender as the denominator. The training hours for blue-collar workers were also included with the white-collar worker category.

The 2019 data was re-presented following an improvement in the reporting process, to ensure the comparability of the information. For the figures published previously, please refer to the 2019 Sustainability Report published in the Corporate Social Responsibility section of the [mfediaforeurope.com](https://www.mfediaforeurope.com) website.

NUMBER OF EMPLOYEES RECEIVING ANTI-CORRUPTION TRAINING OR COMMUNICATION BY PROFESSIONAL CATEGORY

MFE GROUP	2021	%	2020	%
Executives	204	58%	112	32%
Journalists	280	67%	91	14%
Middle managers	668	67%	114	14%
Office workers	2,216	72%	298	10%
Industry workers	9	34%	-	0%
Total	3,377	69%	615	13%

In 2021, training on issues related to **human rights** involved, throughout the MFE Group, 71 people in Italy and 159 hours of training were delivered.

On issues related to regulatory compliance, and in particular on the subject of training and information on the Organisation, Management and Control Model established pursuant to Legislative Decree 231, privacy and security, specific training, usually through an online method, is provided upon recruitment of personnel. New recruits are also informed on how to consult the Code of Ethics of the Group and the compliance programme. Finally, all employees can access this documentation at any time on the company intranet.

Overall, the Group provided approximately 34,578 hours of training in 2021, an increase of 32% compared to 2020, a year penalised by the reduction in activities resulting from the Covid 19 emergency.

People training and talent management are critical elements for the corporate strategy of the **MFE Group in Spain** since they allow a rapid adaptation to the dynamic needs of the environment in which it operates.

More than around 16,000 hours of training were provided in the course of 2021. Among the main initiatives were training courses on accidents and risk prevention with respect to health and safety, compliance (note the training on “anti-corruption practices” for 307 people in 2021), training courses on leadership development programmes, coaching for senior managers and managerial development courses dedicated exclusively to female personnel. Of particular note in 2021 are the Master’s in the creation and management of Audiovisual Content and the Digital Marketing and Digital Advertising Sales courses, which saw participation from 150 students.

Given the strategic role of innovation, the training plan dedicates more than 20% of training hours to IT courses and the use of new software. In continuity with previous years, the MFE Group in Spain offers language and occupational risk prevention courses.

It should be noted that 66% of the workforce carried out at least one training activity with an average of 10 training hours per capita in 2021.

The Covid-19 pandemic had a major impact on the regular delivery of training courses during 2021, which were adapted (e.g. through virtual remote learning) to the circumstances.

WELFARE AND WELL-BEING

All **MFE Group** companies have defined various corporate welfare systems in line with the policies on human resources that have always put people at the centre of the corporate system.

For over ten years the **Mediacenter** has been active at the Milan and Rome offices, the result of an important project aimed at creating an optimal context to facilitate the best balance between professional and personal life. In particular, this is an area on company premises that includes a series of useful and concrete services for improving the quality of life of those working for the Group.

With an area of 3,000 square metres, Mediacenter is considered one of the most useful and welcoming welfare stores in Italy. The services offered, managed by external operators selected for their specific experience in the areas of reference, concern personal care and activities necessary for family management: medical centre, which provides the medical services of specialists from the San Raffaele Hospital to employees free of charge;

-  fitness centre;
-  mini market;
-  laundry/tailoring repair services;
-  bank;
-  post office;
-  bookshop;
-  parapharmacy;
-  shopping area;
-  catering (bar, sandwich bar and restaurant).

As well as this physical presence there is also a **website** offering up-to-date details of various deals negotiated by the company for its staff – with banks, insurance companies and over a hundred retailers active online or near the Mediaset Group's main offices. In particular, various "ESG" conventions have been signed in the last year, directed towards supporting sustainable development because they make it possible to promote and pay attention to issues such as environmental protection, social impact, well-being and waste reduction.

The Group has also been working for many years, together with local public bodies, to offer its employees **transport and mobility services** through company shuttle buses that connect the Group's offices throughout the day (including public holidays for production centres) to the main nearby underground and/or railway stations. The service is the result of a detailed analysis of the home and work journeys of all Group personnel of the Milan and Rome offices, implemented in collaboration with the Department of Architecture and Planning (DIAP) of the Politecnico di Milano, aimed at optimising transport service routes and times and limiting personal inconvenience connected with reaching the workplace, both in terms of time optimisation and stress accumulation. The Group has put in place agreements with public and private entities for the use of parking spaces during working hours and has stipulated framework agreements with local public transport for discounted season tickets for employees with debit to the payroll.

In 2012, a **company Campus** was also set up at the Cologno site with specific architectural features aimed at connecting all the buildings and production sites of the Group's headquarters with a more functional approach with respect to the use of work spaces and integration of company areas. With this in mind, an agreement was reached with the Municipality of Cologno Monzese, which transferred Via Cinelandia to the Group in exchange for redevelopment of Viale Europa, which the MFE headquarters overlook.

MFE GROUP	2021			2020		
	Men	Women	Total	Men	Women	Total
Full-time	2,463	2,117	4,580	2,473	2,119	4,592
Part-time	71	238	309	58	258	316
Total	2,534	2,355	4,889	2,531	2,377	4,908

The Group safeguards maternity and return to work after the birth of children thanks to an important corporate initiative, the **Nursery**, which since 2004 can accommodate the children of employees up to 3 years of age; this solution allows parents to entrust their children to specialised educators, at the workplace, during working hours, avoiding the need for employees to sacrifice time and money on the care and custody of their children during the daytime.

In 2021 MFE, in continuity with last year, took part in the **WHP (Workplace Health Promotion) programme**, promoted by the Lombardy Region, allowing the Group to obtain the workplace health promotion (ENWHP) certificate thanks to all the initiatives listed above and to new initiatives promoted during the year, such as the “Mediaset ha a cuore il futuro” campaigns for breast cancer prevention and against web addiction and food waste, and the “OnLife WellBeing” training initiatives.

In a scenario with many employees working remotely, communication with staff has been intensified, including through new communication channels, such as the **new company intranet** launched in May, which hosts and communicates all company regulations and organisational procedures, or the survey that staff could use to provide management with helpful indications on how best to manage the transition of many activities to remote working.

BENEFITS

The benefits envisaged for **MFE Group** workers in Italy are mainly of a social security and welfare nature. For all employees there is a supplementary health care plan, 24-hour accident insurance policy and the supplementary pension fund. The company also guarantees integration of the statutory remuneration provided for maternity for all its employees. For senior managers, in addition to these benefits, life and permanent disability insurance due to illness, as well as company cars depending on the role held, are also envisaged.

We would highlight the 2020-2022 renewal of the employee and family member healthcare policy with improved services and reimbursement of healthcare expenses.

In addition to the annual review of its employees' remuneration, **Publieurope** provides health and welfare benefits.

We would note that in 2021 Publieurope stipulated new insurance schemes, in particular for the “life and medical expenses reimbursement classes”, for all its employees.

The **MFE Group in Spain** looks after its employees by guaranteeing a wide range of benefits aimed at facilitating a better balance between work and private life. These benefits range from the possibility of using a company shuttle or free parking at the workplace, to the company canteen, which benefits all workers, and health insurances for spouses and children (up to 25 years) and mandatory and/or optional medical check-ups.

There are also one-time bonuses linked to the Company's results.

WORKING HOURS

The Group has always identified and implemented specific tools that facilitate the reconciliation of time dedicated to private and professional life, facilitating the equilibrium between demand and supply of flexibility in the workplace, in line with the needs and opportunities that characterise the television business.

With this in mind, a variety of working hours has been contractually defined with the trade unions which flexibly meets the needs of both the company and its workers. Specifically and for most employees, with various specific exceptions for the operational needs of the various organisational structures, it is possible to clock in flexibly between 9.00 and 10.30 am. The remaining workers, engaged in production activity, benefit from a 7-hour work day, rather than 8.

Moreover, from an operational point of view, reductions in working hours are generally granted to personnel requesting this in all the areas of the company, in the presence of the technical and organisational conditions and where the job permits; to date, 315 people in the entire MFE Group benefit from a part-time contract, 82% of whom are women. Reductions in working hours are in fact used to a large extent by female workers who, in particular after returning from maternity leave, ask for a reorganisation of their working life, benefiting from a few hours more each day to dedicate to their private life.

Starting in 2019, the Group launched the **Smart Working** project, which, having begun with pilot phases, accelerated greatly in the initial months of the pandemic emergency. Following the requirement of general application during the emergency period, the MFE Group assessed it and determined that it could constitute a new structural method of working, representing an element that enables increased productivity, digital development, the promotion of professionalism and goal-oriented work, the promotion of social, economic and environmental sustainability as well as a tool for balancing the production and organisational needs of the company and work-life balance for workers. In light of this, the Group has defined a new approach to the organisation of work characterised by synergy between flexibility, autonomy, responsibility and collaboration. To this end, the MFE Group signed an experimental agreement with trade unions in May 2021, with a duration of up to 31 December 2022, directed towards regulating the principles on which the new organisational method of working is based.

The New Smart Working Model adopted by the Group provides for a combination of work carried out remotely and activities carried out on the appropriate company premises according to “at least 1” logic: work can be carried out at least one day a week remotely and at least one day a week on site, through a weekly schedule defined within the individual structures, which will take into account both the technical, organisational and production needs of the company and the personal needs of the workers concerned.

INDUSTRIAL RELATIONS

The MFE Group has established and built a consolidated and effective system of industrial and trade union relations at all levels of representation.

The topics typically subject to discussion and disclosure consist of work organisation in terms of jobs, levels and processes, the operating performance of the company, the evolution of the workforce and training issues, as well as the evolution of the business.

The companies in the MFE Group apply the relevant **National Collective Agreements or Supplementary Company Agreements (AIA)** to all of their employees, regulating all the typical situations of the employment relationship. In particular, for Italian companies, the following are applied: for Senior Managers, the National Collective Bargaining Agreement for Commercial Senior Managers and for Industrial Senior Managers; for Middle Managers and White-Collar Workers, the National Collective Bargaining Agreement for Private Radio and

Television Companies, for Commercial Service Industries and for Engineering Workers; and for Journalists, the FNSI National Collective Journalists Bargaining Agreement. In addition, a Supplementary Company Agreement applied to Middle Managers and White-Collar Workers and a Supplementary Company Agreement applied to Journalist staff that regulate and improve on the conditions provided for by the national agreements have been historically in force for the television area of the Group.

Specific provisions that further regulate and detail working conditions, working hours and ad hoc technical-production models for individual companies are usually managed via agreements with the trade union representatives of the workers concerned.

The Group manages any structural changes to the organisational, production and logistics structure that have a material impact on the employment relationship with employees by following the union discussion procedures governed by current legislation, national collective agreements and company agreements. These activities aim to guarantee a fruitful negotiation phase that limits the impact on workers and, where possible, improves any contractual provisions.

An agreement was reached in 2018 with the Italian trade unions to renew the supplementary company agreement applied to Middle Managers and White-Collar Workers in the broadcasting area of the Group. In particular, this agreement introduced new provisions on the classification of personnel (introducing new professional figures to match technological development) and working hours (redefined for flexibility and greater simplicity) for a more competitive model of production. Dedicated Bilateral Committees were also established for meetings and exchange concerning the addition of new professional figures or updating of existing profiles, welfare and any extraordinary projects that may affect the boundary of the Group. Finally, to promote generational transition, the Group undertook to bring in at least 100 new people during the effective period of the AIA.

Finally, the agreement signed incorporates the regulatory provisions established upon renewal of the National Private Radio and Television Work Contract (signed with the Trade Unions in December 2017 and approved by the workers' meetings in January 2018), together with the Confindustria RadioTV delegation.

Due to the health emergency in 2020, there was an increase in the number of meetings and discussions with the trade unions. The well-established system of industrial relations has undoubtedly contributed to an effective and prompt response to the crisis, in all its phases, particularly with regard to all safety-related initiatives.

2021 saw continued periodic discussion with the **Coronavirus Emergency Committees** (for the Milan and Rome areas), as provided for by art. 13 of the shared protocol of 13/03/2020, composed of the company Health & Safety Representative, the Employer, the group Health & Safety Managers and Personnel Management, with periodic meetings at the initiative of the company and/or through input from the Health & Safety Representative. On these occasions, the measures taken were illustrated and shared, for example with reference to the various procedures and protocols issued, then published in a dedicated section of the company intranet, under the responsibility of the Prevention and Protection Department (Employer and Health & Safety Managers), or to the initiatives for screening and sanitising work environments.

An information flow through a **daily Bulletin on a territorial basis** also remained active, in peak periods of the pandemic in particular. It contained the following information:

- ▢ Update on cases (positive, close contacts and mandatory self-quarantine) found in the company, with split between employees and collaborators;
- ▢ Daily attendances figures per Production Unit;
- ▢ Revision of the Schedule;
- ▢ Extraordinary sanitisation interventions;
- ▢ Logistical Interventions.

In September 2021, work began on the renewal of the **National Collective Bargaining Agreement for Radio And Television, Multimedia and Multi-Platform Companies**.

The **periodic meetings of the Bilateral Commissions (Welfare, Development, Training)**, provided for by the AIA, also continued and the following trade union agreements were signed:

- ▢ New "Make or Buy" Professional Profiles Agreement;
- ▢ Trade Union Agreement regulating the tool of Smart Working for MFE Group companies;
- ▢ Friday hours reduction agreement for EI;
- ▢ Transfer of the Mediamond Spa business to Digitalia '80 Spa;
- ▢ Availability Agreement for Technologies OPN.

The 2018-2021 renewal of the supplementary company agreement for the **MFE Group in Spain** was signed in 2018. This agreement improves on some of the regulatory conditions and governs aspects related to planning production requirements, internal mobility and notice periods.

Below are the collective agreements envisaged for the MFE Group in Spain:

- ▢ Mediaset España Collective Agreement (this was renewed in 2018, valid until 2021);
- ▢ Collective Agreement of the Advertising sector for employees of Publiespaña and Netsonic;
- ▢ Madrid Regional Collective Agreement for Telecinco Cinema employees;
- ▢ Madrid Regional Collective Agreement for Conecta 5 employees.

HEALTH AND SAFETY OF WORKERS

The MFE Group in Italy and Spain²⁰ has adopted, implemented and effectively deployed an **Occupational Health and Safety Management System (OHSMS)**, compliant with the **OHSAS 18001:2007 standard**. After UNI ISO 45001:2018 came into force, in 2020 the MFE Group in Italy updated its Occupational Health and Safety Management System to the new standard, obtaining Certification at Corporate level.

The certification of an OHSMS represents the recognition, by an accredited body, that:

- ▢ the management of health and safety issues in the workplace complies with the applicable provisions, regulations, etc;
- ▢ these issues are regulated, as well as adequately and continuously monitored, in order to reduce their impact on workers and pursue the prevention of occupational accidents and diseases, with a view to continuous improvement.

The Certification is valid for Corporate and for all the 15 companies that have adopted this management model, including²¹: Mediaset S.p.A., Mediaset Italia S.p.A., RTI S.p.A., Elettronica Industriale S.p.A., Medusa Film S.p.A., Publitalia'80 S.p.A., Digitalia'08 S.r.l., Radiomediasset S.p.A., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Monradio S.r.l., RMC Italia S.p.A., Radio Subasio S.r.l., Radio Aut S.r.l. and R2 S.r.l.

The application of the OHSMS concerns all workers operating in all offices of the above companies and their activity as well as management of contracted work.

²⁰ The occupational health and safety management system for the Mediaset Group in Spain does not cover employees in foreign offices. The foreign companies MedSet and Publieurope do not come under the Group OHSMS either, but refer to local legislation.

²¹ The Taodue company adopts a version similar to the Group OHSMS and employs an external OH&S service.

The **UNI ISO 45001 OHS Management System** was subjected to a certification audit by the DNV-GL certification body. The audit was successful and the 45001 certification was issued at the corporate and individual company level.

The System envisages the development and adoption of specific types of documents including: Policies, General Procedures, Operating Procedures, Operating Instructions and Practical Solutions. Among these there are, of course, some specific ones aimed at identifying and preventing risks and training programmes on health and safety issues²² (which are defined according to the assessment of the risks to which workers are exposed in the course of their work).

Furthermore, for the purposes of the systems and rules for recording and reporting of statistics, the MFE Group has recourse to **specific supporting IT tools**, such as the Simpledo.Net platform.

At least once a year, in compliance with the provisions of Art. 35 of Legislative Decree 81/08, for each certified company of the Group, a "Meeting" is convened which constitutes the "Management Review" referred to in paragraph 9.3 of UNI ISO 45001:2018.

MFE GROUP	2021 Total	2020
Injuries (no.)	29	24
Fatal Injuries (no.)	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Working hours	8,089,157	7,697,196
Cases of occupational illness (no.)	-	-
Rate of recordable work-related injuries	4.0	3.0
Rate of fatalities as a result of work-related injury	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-

NOTE: The number of working hours is partly derived from estimates.

The **Workers' Health & Safety Representatives (WSR)** represent all workers.

In the case of critical events that may involve employees during business trips abroad, the "Personnel Abroad Security Committee" has been established, consisting of:

- ▣ Central Personnel and Organisation Director
- ▣ Safety Director
- ▣ Personnel Director
- ▣ Company representative of the area to which the employee concerned belongs.

²² The PG SIC procedure 05 "Information, education and training of workers in health and safety in the workplace" governs the process of informing, educating and training personnel on health and safety in the workplace.

In order to guarantee safe working conditions, in May 2013 the MFE Group set up an **"Operational Guideline"** in order to guarantee the safety of its personnel on business trips in countries or areas considered "at risk".

Lastly, the Risk Management Department provides adequate **insurance coverage for business trips abroad**. It should be noted that no Group workers are involved in activities with a high accident or health risk²³.

There are also specific clauses that cover health and safety issues in contracts²⁴ in which the parties agree that the protection of health and the physical integrity of workers is a primary and constant concern for companies; also, with regard to the occupational safety and health of workers, express reference is made to the provisions of Legislative Decree 81/2008, as amended and supplemented.²⁵

For 2021, confirming the Group's attention to the occupational health and safety of its employees, there were no serious injuries (duration of more than 6 months) nor cases of occupational illness or cases of injuries for external collaborators.

There were seven accidents with a number of days' absence greater than 70 (77, 80, 85, 104, 110, 123, 140) according to INAIL. Five of these occurred outside of the company workplace and were not caused by work (3 commuting – 2 when smart working), whereas the two accidents that occurred in the company workplace resulted from tripping (same-level fall).

Occupational health and safety in **Spain** are regulated and guaranteed through the occupational risk prevention plan and the provisions of the individual national collective agreements. The plan is jointly defined by the Group Health and Safety Committee and by the Prevention Service ("Servicio de Prevención Mancomunado" or SPM), which is then approved by the Human Resources Department and Service Management and finally presented to the Risk Officer.

The occupational risk prevention plan ensures compliance of the company with the legislative provisions on the prevention of occupational risks and the requirements of OHSAS 18001:2007 for the prevention of standard occupational risks.

We would like to point out that in Spain all collective agreements include measures to protect the health and safety of workers.

Based on the objectives set out in the prevention plan, each year the SPM defines the activity plan. The Risk Officer has the task of approving and monitoring the plan on a quarterly basis together with the Health and Safety Committee. The Committee therefore does not carry out preventive activities but rather represents all employees: the committee consists of approx. ten people belonging to the different professional categories. Moreover, the SPM can perform extraordinary activities to meet or adapt to new regulatory needs or changes in business activities.

In the course of 2021, health and safety training for various categories of workers continued through online courses.

During 2021, eighteen minor injuries occurred among employees of the MFE Group in Spain. There were no cases of accidents involving external staff.

In 2021, as in the two previous years, there were no cases of injuries or cases of occupational illness in other foreign MFE Group companies.

23 On 30 November 2018 (published on 5/12/2018) two Organisational Guidelines - O.G. MD/HO 105 and 106 -were issued, defining the organisational and operating models adopted by the MFE Group to manage any crisis situations (CRISIS Management Compliance Programme), in order to reduce negative impact on the business, limit damage to property and harm to persons and take advantage of any opportunities for the Group, contributing to improving company resilience and its value in time, also for the purposes of preventing the offences envisaged by Legislative Decree 231/2001 as amended.

The O.G. states that the "Group's priority goal" is to safeguard life and health for all in the company (covering employees, external staff, suppliers, guests...), protecting the company's reputation, supporting business continuity in areas and processes considered critical for the business in various safety and security risk scenarios.

24 Mention is made of Art. 20 - Protection of the health and physical integrity of the workers of the National Collective Bargaining Agreement of Employees of Private Radio and Television Companies,

25 Art. 7 – Environment and Health of the Supplementary Agreement for MFE Group Companies

EFFECTIVENESS AND SUSTAINABILITY OF THE BROADCAST AND COMMERCIAL OFFERING

RESPONSIBLE ADVERTISING AND MARKETING

The MFE Group operates through two fully-owned **advertising sales agencies** in Italy: **Publitalia '80**, the exclusive sales agency for the free-to-air Mediaset networks; and **Digitalia '08**, which handles advertising sales for the pay TV platform.

The Group also owns a 50% interest in **Mediamond**, a joint-venture with Mondadori, which sells advertising space on the MFE Group websites and radio, the websites of agencies in the Mondadori Group and via third-party publishers.

The Group's advertising is based on the **strategies** and **commercial policies** from various periods of the year which define the sales methods to investors for all advertising spaces on television channels (general-interest and specific).

Advertising sales take place through different **formats**:

- ▣ **Display** advertising: commercials during advertising breaks within or adjacent to programmes;
- ▣ **Sponsored** programmes (such as weather forecasts);
- ▣ **Long video**: 40-60-90-second videos created for the client and aiming to explain the product in greater depth than a classic commercial;
- ▣ **Short format** characterised by the prestigious position and the graphics frame (Top, Best last position, Brand video);
- ▣ Animated **overlays** in programmes (inlogo).

The main **forms of sales** for display advertising are organised by programme and by sets of commercials (**target modules**), while a relative price list is created for **special positions** within commercial breaks (very first, first, second and last).

Another way of advertising and selling products via television is **product placement**. This form of advertising sales takes place through the definition and creation of projects in collaboration with the client. There are two forms available: product insertion in programmes or the construction of programmes fully financed by the client.

From an internal control point of view, the Group takes special care to select which advertising campaigns are broadcast. To this end, the main criterion is **compliance with current legislation on advertising**.

Compliance verification is applied in full respect for the advertiser's autonomy in creative and communication choices and is aimed at protecting the company (as well as the advertiser) with respect to the legal status of the communication to be broadcast. This is expressed in the preliminary assessment of what might be the "critical" elements of the message (as well as in the identification, where possible, of the actions necessary to ensure that the advertising complies with the rules).

These control procedures aim to avoid any complaints that could lead to the early termination of the campaign, as well as fines and civil/penal sanctions against (also) the broadcaster.

Refusal to broadcast the advertising message can only occur in cases where obvious critical issues in the communication of a legal nature cannot be avoided.

Another assessment criterion that would affect an advertising campaign being broadcast on Mediaset networks is the **conformity of the message to the broadcasting policy** of the networks.

With respect to its target audience, the MFE Group applies strict selection on advertising that relates to or belongs to certain **product sectors** which - even if lawful and legitimately publishable - could be considered as not compliant with the broadcasting policy (e.g. the Group does not advertise weapons, funeral services, legal cannabis, dating sites for sexual purposes) or in relation to the content of the message itself (e.g. vulgarity, violence, etc.).

This editorial judgement varies depending on the characteristics of the medium and therefore also of the target audience for which the advertising is intended.

The dispute regarding the inclusion or exclusion of promotion of our radio channels within concentration of advertising limits within TV programming, which began 2018, is now pending at the Court of Justice following transfer by the Council of State (25 March 2021).

The Court will have to rule on issues of compatibility with European Union law in relation to identifying the subject able to broadcast self-advertising messages and the possibility of including in the category of "self-advertising" messages relating to programmes broadcast on platforms (radio) other than the one transmitting such messages (TV) cross-platform.

In 2021, AGCOM did not initiate any investigations to verify breaches of advertising regulations in accordance with the Audiovisual Media Services Directive.

The MFE Group is committed to broadcasting messages that have more than just a commercial purpose. To that effect, MFE is a founding member of the **Fondazione Pubblicità Progresso**, represented by Publitalia 80 along with the major players in communication in Italy. This foundation aims to contribute to solving the civil, educational and moral problems of the community by placing communication at the service of society.

Pubblicità Progresso promotes **training initiatives on social communication** at leading Italian universities; it sponsors **events, exhibitions and initiatives** dedicated to important social issues; it sponsors **social communication campaigns** carried out by non-profit organisations; and it holds the **Festival of Social Communication** for training and public educational purposes. In addition to paying a membership fee, the sponsoring members provide their work free of charge for the implementation of the Foundation's activities.

Every year, Pubblicità Progresso draws the attention of the authorities and public opinion to create greater awareness on a specific theme by implementing communication campaigns using contributions from promoting partners; by way of example, past themes have included campaigns on anti-smoking, organ donation, gender equality, anti-racism, sustainability and volunteer work.

In terms of **product innovation**, Publitalia '80 has created a **dedicated new internal structure** for the research and development of exploiting internet-connected TVs to offer the market new advertising products.

The most significant developments are based on the analysis and use of **Big Data**; this activity offers increasingly targeted and effective advertising products.

An example of this is the new **ADD+PLUS** and **ADD+OVER** formats which allow the segmentation of the audience and more in-depth content depending on the product advertised through mini-websites accessible via interaction with internet-connected TV; these cases enable a report revealing the results of the campaigns in detail.

In addition to **greater profiling and more effective communication**, internet-connected TV also allows **specific interactivity** with advertising content, which can be accessed through TV-sites created specifically to meet the needs of clients. When the advertising campaign has ended, the client is provided with a report containing the main KPIs achieved through scheduling on internet-connected TVs.

These forms of innovative advertising are enabled through a TV application that can be accessed through **internet-connected televisions: Mediaset Play**. This product extends the potential for contact with the

public by providing a range of on-demand services. Mediaset Play makes it possible to watch content that has already been aired again, restart a programme that has already begun, consume exclusive live content, consult and view content from the catalogue of films and TV series available free of charge or access other information services connected with MFE. The service already has several million effective and potential users, with rapid take-up of new TV sets featuring interactive technology expected. Thanks to this TV application, Publitalia has increased its portfolio and can propose pre-roll and mid-roll video advertising within the content available on Mediaset Play. Video formats can also be addressed with the same technologies that support the addressable advertising of ADD+plus products. Publitalia launched the first **ADSubstitution** service in 2020 and this continued in 2021, extending the possibility of more targeted addressing of commercials also on linear TV.

The **MFE Group in Spain** believes that the responsible emission and management of advertising are both fundamental elements of the business and has therefore implemented specific management and control mechanisms.

Publiespaña S.A.U. manages the Group's advertising activities in strict compliance with the applicable legislation and with the specific guidelines defined by the **Association for the Self-Regulation of Commercial Communication**, which the company has been part of since 1995.

In recent years, Publiespaña S.A.U. undertook an **internal reorganisation** process to create as uniform a structure as possible with the Directorate-General for Contents; the central figure in this reorganisation is the Director-General, who is responsible for the management and sale of advertising and constantly works in close liaison with the Chief Executive Officer.

For the purposes of the internal supervisory system, a commercial policy has been implemented which allows improved monitoring of the advertising content prepared. This is examined and monitored weekly by three Directorates General (Sales, Digital Media, Marketing, Operation and Sale services), who monitor the correct broadcasting of the content.

These Directorates work in close collaboration with the Group Legal Department.

In order to avoid any proceedings for misleading advertising, MFE España voluntarily submits any doubtful case in advance to the Association for the Self-Regulation of Commercial Communication (Autocontrol). In 2021, 1,685 requests were submitted to Autocontrol for an advance opinion and 57 requests for legal and ethical advice before the commercial was aired.

The **internal monitoring process of advertising content** also provides further verification, in collaboration with the Legal Department, even after airing (in the event of disputes or claims for compensation).

The MFE Group in Spain performs further internal reviews to **regulate televised content for children**; this monitoring and control includes issues regarding the advertisement of certain food products (to prevent obesity), messages on the environment, advertising toys, and the promotion of medicinal products or alcoholic beverages.

Further compliance checks are carried out with regard to advertising spots for the **gambling and betting** sector.

From the perspective of new strategic advertising communication models, we note that Mediaset España, during the last 2 years and following the acquisition of the **Be a Lion** company, a leader in the digital communication sector, has proposed new initiatives for investors that tend to maximise return in terms of brand awareness thanks to a cross-media system of advertising that combines the force of TV content with the innovation of the digital world.

PROTECTION OF MINORS

The MFE Group has always been attentive to the protection of minors. For this purpose, the company continuously assesses transmissions and pays close attention to the impact that these can have during a child's developmental years.

Below are a few of the **commitments that the MFE Group has undertaken to protect minors**:

- ▣ **compliance with all applicable regulations**, including the **Self-Regulation Code Concerning Television and Minors** signed in November 2002, which commits the Group's networks to the monitoring of programmes offered to make sure it observes the constraints in place to protect young viewers. Through the application of art. 34 of the **Audiovisual Media Services Directive** (Legislative Decree 177/05), the Group has implemented a series of organisational processes aimed at assessing, identifying and adequately indicating any programmes "that may damage the physical, mental or moral development of minors", providing users with detailed information;
- ▣ **notification of the nature and contents of the transmission**, linear and non-linear, free of charge and pay per view, using coloured dots at the beginning of each fiction programme (film, series, TV movie, etc.) and after each advertising break (green dot: suitable for everyone; yellow dot: recommended for children accompanied by an adult; flashing red dot: recommended for adults; fixed red dot: potentially harmful for minors or prohibited for children under 14). Further information on the programmes - useful for directing users' choices also in relation to the protection of minors - is provided through information tools accompanying the content (e.g. EPG for digital terrestrial, programme information on the web and apps);
- ▣ **the offering dedicated specifically to minors**, thanks to 24-hour programming of the three free-to-air channels Boing (from 2004), Cartoonito (from 2011) and Boing Plus (from 2019).

For the sake of completeness, it should be noted that **Legislative Decree No. 208/2021 – Audiovisual Media Services Directive** – (published in Official Gazette no. 293 of 10 December 2021) was adopted on 8 November 2021, coming into force on 25 December 2021, following the process of transposition of European Directive 2018/1808.

The European Delegation Law, in April 2021, initiated the transposition of Directive 2018/1808/EU amending Directive 2010/13/EU, on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services, in light of evolving realities of the market in order, by revising the Directive, to adapt the reference legislative and regulatory framework to the altered technological scenario of the audiovisual media system, as well as the series of rules applying to subjects that operate within it.

Following the changes introduced by the new Directive, the Group has begun a **process of analysis** to assess the impact on its programming not only with reference to the linear offering but also with reference to the on-demand content offering; the new developments introduced will produce effects starting from 2022. Among the main new developments, in relation to the protection of minors, we note in particular:

- ▣ the extension of the regulations on compliance with the provisions for the protection of minors contained in the Self-Regulation Code Concerning Media and Minors (previously applicable only to television broadcasters) to "suppliers of media services distributed via any platform" (OTT);
- ▣ the provision, in disciplinary proceedings and application of sanctions in the event of rule violations, by AGCOM, of the involvement of the Committee for the Application of the Self-Regulation Code Concerning Media and Minors.

The MFE Group is also committed to **promoting responsible TV consumption by users**, planning periodic campaigns on the use of **parental control**, in which the viewer is reminded of the possibility of activating the blocking device through the set-top box settings to prevent the viewing of V.M.14 content potentially harmful to minors.

There is also a link that takes users straight to the parental control feature - and to the Committee for the Application of the Media and Minors Code web pages and Internet Works Regulation - available to users on the Mediaset Group website (www.mediasetplay.mediaset.it).

Appropriate corporate structures (Directorate for Documentation and Institutional Analysis and Directorate for Regulation and Institutional Requirements) are responsible within the Group for the dissemination and compliance with legislation for the protection of minors.

From the date of signing the Self-Regulation Code Concerning Television and Minors (November 2002), the Group has always participated via its own representative (as Vice Chairman) to help the Committee apply the Code. This participation was also confirmed upon composition of the new Committee, appointed and in office from the end of 2021.

Mediaset Italia S.p.A. and its subsidiary RTI S.p.A. were also part of the **technical working group** that drew up the draft of the new Self-Regulation Code Concerning Media and Minors, with the aim of reconfiguring the requirements for the protection of minors in the complex reality of the contemporary mass media (the proposed revision the Code was sent to the Italian Ministry of Economic Development to activate the procedure envisaged by art. 34 paragraph 6 of Legislative Decree no. 177/2005 as amended, and is awaiting final approval).

The same companies also coordinated an **operational discussion with the other national broadcasters** concerning the definition of shared TV content classification criteria, as envisaged in the draft of the new Code: this process – which saw the collaboration of experts from the fields of Communications, Law and the Developmental Age as well as representatives from the Media and Minors Committee – resulted in a proposal for a new programme evaluation system.

At the end of April 2021, the document was presented in plenary session to the Committee and sent, in its final version, to the General Affairs Division-Supervision and Control-Media and Minors Committee of the Italian Ministry of Economic Development.

Over the course of 2021, the Committee initiated proceedings against programming in 4 cases, none of which closed with acknowledgment of infringement.

In the same year, AGCOM imposed a fine of €125,000 against the Radio 105 radio station for violation of art. 34 of the Directive, in relation to two episodes of the radio programme “Lo Zoo di 105”, broadcast on 26 October 2020 and 11 December 2020, from 2 to 4 p.m., for the use of vulgarity and foul language.

Following these proceedings, the measures adopted to prevent such episodes from reoccurring were strengthened further.

The Group has confirmed its **commitment to make the web a safer place** for minors, also at European level. The “**YouRateIt**” system was successfully tested on Mediaset’s 16mm.it platform. “YouRateIt” is a classification tool for user-generated content produced between 2013 and 2015, in collaboration with the British BBFC and Dutch Nicam (two of the leading organisations assessing audiovisual content in Europe). Following this testing, the European Commission decided to introduce content classification tools – Art. 28 ter 3. letter g) – among the measures in the proposed revision of the Audiovisual Media Services Directive (Directive (EU) 2018/1808 of 14 November 2018, effective from 19 December 2018). These measures, deemed appropriate for the protection of minors on video sharing platforms, may include the mechanisms applied by “YouRateIt”. The European Commission explicitly cited the experience of the “YouRateIt” pilot in Mediaset among the interventions to

protect minors from harmful content on Internet platforms, as part of the Impact Assessment document which accompanied the proposal to revise the Directive.

The Group has also kept its role on the Advisory Board of the **Safer Internet Centre for the Italia-Generazioni Connesse** project, coordinated by the Ministry of Education, University and Research. TV news and public service and in-depth information programmes focused continuously on the issue of cyberbullying and the potential risks connected with the Internet. In particular, collaboration with Generazioni Connesse took the form – in addition to the institutional “Pensa prima di scrivere” campaign for “Mediaset ha a cuore il futuro” (February 2020) – also on the occasion of the broadcast between October and November 2021, on Italia 1, of the award-winning #MartyIsDead series, focusing on online violence and the dangers linked to the web and social media, an ever greater threat to younger users.

Finally, between July and August 2021 and as part of the social-interest **institutional initiatives** of “Mediaset ha a cuore il futuro”, the Company created a cross-media social awareness campaign called “**Non cadere nella rete**” against internet addiction. This phenomenon is growing especially among the coming generation and in this period of pandemic and mass use of tech devices, also for educational purposes.

Regarding **commercial communication**, the advertising sales house Publitalia '80 also supervises compliance with the provisions contained in the **Self-Regulatory Code of Commercial Communication**.

As for product placement, with specific reference to the **betting** sector, the contents are shared internally with the Group legal office before each televised broadcast.

Regarding the participation of minors in the content produced, the **MFE Group in Spain**, in addition to following the procedures issued by the **Community of Madrid Labour Department**, has drawn up a **manual** in which all necessary information concerning the rights of minors is collected to ensure children's activities on television are suitable and to ensure that their right to education and enjoyment of their leisure is not violated. This manual is available on the intranet and is provided to all production companies who employ minors to implement the measures presented.

Furthermore, the **Code of Ethics** of the MFE Group in Spain states that, as a basic principle, “no one should behave in such a way as to induce, promote, favour, permit or allow acts or attitudes that could be characterised as prostitution or corruption of minors”.

As for the impact of the content transmitted to minors, the Spanish regulation requires the **classification of the audiovisual content to be transmitted**, defined in the framework of content self-regulation, signed by the operators of free-to-air television in 2015 and under the supervision of the Spanish National Commission on Markets and Competition (CNMC). According to this self-regulation framework, all televised content must be classified, except for news and events broadcasting (sport, music, culture, politics, bullfights and bull runs).

For these purposes, the **Department of Institutional Relations** works continuously in close contact with the **Antenna Department** in order to clarify and qualify any content that may have an impact on regulations for minors.

The age classification established determines the time slot in which each programme may be broadcast.

Furthermore, prior to the transmission of programmes involving children, a preliminary approval by the **Child Protection Authority** is required in addition to the aforementioned verification.

Finally, thanks to the **Parental Control system**, the Group ensures a safe browsing environment for registered users on the Mitele platform and on all devices. On websites with specific content aimed at children and young people, the advertising used is segmented to avoid the risk of promoting unsuitable products or services that do not comply with the rules described above.

We would note that there were no sentences from the CNMC on marketing communications during 2021.

PROTECTION OF INTELLECTUAL PROPERTY

The MFE Group considers respect for and protection of intellectual property to be of strategic importance and, to protect its audiovisual rights, prosecutes those responsible for pirated transmission of its content, regardless of the medium.

We start with careful monitoring using **specialised companies** and, once we have identified pirated content, we proceed to **caution** the pirates, with the help of **external legal firms** where required, and in the event of repeat offences file **administrative actions with AGCOM** via civil and criminal lawsuits, both to prevent offences and to obtain compensation.

These actions have resulted in judges taking measures with significant compensatory obligations which, although pending further stages, confirm the legal direction of copyright protection. Particular attention was also paid to anti-piracy activity for Group-owned films in cinemas.

The same level of attention for intellectual property is also recommended to internal production facilities, for which the **Collective Management** of Copyright and Related Rights provides preventative advice on request.

The Group is also present in all national and European institutions that deal with copyright legislation.

As evidence of the importance and care that the MFE Group dedicates to the protection of intellectual property, the **Code of Ethics**²⁶ has a specific article on this subject stating that anyone processing data, information or documents regarding intellectual and/or industrial property rights within MFE Group companies must do so with the utmost diligence, accuracy and confidentiality.

In the case of foreign subsidiaries such as Medset, external legal firms meeting the local regulatory requirements act to protect intellectual property and copyright.

In addition, RTI. has a specific **O.G. ("Procurement of television productions and purchase of formats and licences")** which governs this case.

The reporting activity already undertaken by our group from 2014 in accordance with AGCOM ruling 680/13/cons "Regulation on protecting copyright within electronic communication networks", for shutting down pirate websites who transmit cinema and TV series content to which we hold the usage rights, continues.

With ruling no. 233/21/CONS of 22 July 2021 - Amendments to the Regulation on protecting copyright within electronic communication networks - AGCOM has adopted a **new Regulation on protecting copyright**, following the changes introduced by the "Relaunch" Decree (Law no. 77/20).

The new Regulation **extends the Authority's jurisdiction** to cases of unlawful dissemination of content on networks through instant messaging services that use, also indirectly, users' telephone numbers, as well as restoring the possibility for AGCOM to impose penalties on those who do not comply with orders to remove unlawfully disseminated content.

The MFE Group followed the preparatory work for EU Directive 2019/790 on copyright and related rights in the digital single market and its transposition into the Italian legal system closely. With the publication of Legislative Decree no. 177, 8 November 2021 in the Official Gazette, Title II-quater was added to the Copyright Law, entitled

²⁶ Both the Code of Ethics adopted by Mediaset SpA and its Italian subsidiaries in 2019 and the "Code of Ethics" adopted by MFE contain a specific provision on the protection of intellectual property, according to which, considering the extensive assets of intellectual and/or industrial property rights held by the Group "all Addressees whose activities, duties or functions in any way involve processing data, information or documents regarding intellectual and/or industrial property rights within Group companies are therefore obliged to protect them with the utmost diligence, accuracy and confidentiality". It also stipulates that "the intellectual and/or industrial property rights on products, works and/or knowledge developed in the working environment belong to the companies of the Group that hold the right to exploit them, according to the methods and times deemed most appropriate, in compliance with the regulations applicable from time to time" and that "in the same way, the MFE Group respects and protects the intellectual and industrial property rights of others, ensuring that only original products and works, duly licensed by the legitimate owners and used in accordance with the authorisations received, are used in the company's activities (both production and commercial)".

“Use of protected content by online content sharing service providers”, containing precise regulations on the responsibility of large online platforms for uploads of protected works carried out by users.

Among the most recent **judicial rulings on the topic of copyright protection**, we refer to ordinance no. 39763/2021 (RTI vs TMFT Enterprises-Break Media), in which the Supreme Court of Cassation, recognising in the conduct of the portal those “signs of interference” already addressed by the 2019 sentence (RTI vs Yahoo!), recognised the active nature of the provider and enunciated important principles connected to notification of the offence by rights holders (excluding a necessity to indicate the URLs relating to the content deemed violated) and to the quantification of the damage sustained by the same (which must be assessed using, as a minimum measure, that of the “price of consent”: the price that the rights holder would have asked to grant use of the content).

The **MFE Group in Spain** has defined procedures to control the flow of content to various platforms to guarantee the exercise of its intellectual property rights, while carrying out technical audits to review their correct application.

Mediaset España has always been at the forefront of all initiatives aimed at combating piracy and protecting intellectual property.

In addition, Mediaset España has **an external content monitoring service on YouTube** which tracks and removes all content owned by Mediaset España from this channel.

The intellectual property rights of programmes broadcast live and on-demand via online platforms are protected by specific **internal control systems** that the company applies before the programmes are aired. The Group examines and defines the different contractual clauses of all the contents produced and transmitted on the various channels with the support of the Legal Department.

The **management of the Multi-Platform Department** ensures that all content offered via various websites has the appropriate broadcasting rights in the contract with the producer in question.

Mediaset España has adopted a **contractual monitoring system** for films produced by Telecinco Cinema which combats illegal access to content produced while the film is shown in cinemas (from film release until viewing on DVD/Blu-ray).

It should be noted that the Mediaset España **Code of Ethics** also regulates all aspects relating to the defence of intellectual property.

COMMUNITY AND TERRITORY

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

In carrying out its own characteristic activities, the Group interacts with a multiplicity of **suppliers** for the acquisition of **current goods and services** as well as for **investments in tangible and intangible assets**, the latter consisting mainly of multi-year rights to use audiovisual content.²⁷

Given the peculiarities of their products and services, all Group companies use Italian and Spanish suppliers where possible to **promote local business in the areas in which they operate**.

²⁷ This item refers to operating costs (costs for acquisitions, services rendered, leasing and rentals and other management charges) reported on the income statement on an accrual basis, net of inventory changes, increases of internal work capitalised and provision for risk.

PERCENTAGE OF SPENDING BY LOCAL SUPPLIERS BY PRODUCT CATEGORY (*)

ITALY

	2021			2020		
	Total	Italy	Other countries	Total	Italy	Other countries
Purchasing costs for goods and services	1,063	981	83	966	938	28
Investments in movie and TV rights (**)	219	124	95	303	201	102
Investments in other fixed assets (**)	81	80	-	50	50	-

SPAIN

	2021			2020		
	Total	Italy	Other countries	Tot	Spain	Other countries
Purchasing costs for goods and services	375	311	64	316	305	11
Investments in movie and TV rights (**)	112	65	47	88	48	40
Investments in other fixed assets (**)	7	6	1	11	10	1

(*) Suppliers considered to be local are identified on the basis of the country of origin. In terms of relevance, spending by local suppliers differs for Group companies operating in Italy and for those in Spain.

(**) The item refers to the increases in the related categories of tangible and intangible fixed assets.

As for the **purchase of multi-year broadcasting rights**, it is necessary to underline the high incidence of expenses towards the main **American majors** and towards the **holders of sports broadcasting rights** in the total investments of the Group. As can be seen from the tables, in 2021, about 90% of MFE Group purchases of goods and services in Italy were from Italian suppliers, while 96% of MFE Group purchases of goods and services in Spain were from Spanish suppliers.

FAIRNESS IN SUPPLIER RELATIONSHIPS

Collaboration, supply and contracts regarding third-party business relationships with MFE Group companies in general contain an explicit reference to the **Code of Ethics** (see also paragraphs 1.3 and 3.2 and the Corporate 231 Compliance Programmes) and state that failure to comply with the rules set forth therein may constitute a breach of the contractual obligations assumed, with the consequent option of cancelling any contracts made with any company in the group.

Furthermore, the Group has joined the initiative promoted by **Assolombarda** (extended to the main Italian companies of the Group), which started on 27 May 2014, signing up to the **Italian Responsible Payment Code**, the first ever code in Italy for responsible payments. In taking this step, the MFE Group has committed to meeting the payment times agreed on with its suppliers and in general to promoting a culture of prompt, transparent payments.

MFE is part of the first group of Italian and multinational companies founding the Code and, in compliance with its provisions, it has declared that average payment times contractually defined with its suppliers for 2021 were 60–90 days and relative payment dates were duly complied with.

Note that the **selection²⁸ of suppliers** and the goods or services to be acquired is based on the evaluation of various **parameters**, such as the quality and price of the good or service, guarantees of after-sales services, as well as promptness and efficiency. When selecting suppliers, great attention goes into verifying their reliability and seriousness in terms of compliance with current legislation and regulations governing their activity. Purchasing processes are governed by specific **company procedures (OGs)**, which ensure the timely identification of suppliers and the traceability of supply channels, which thus helps guarantee the quality and legitimacy of the goods and services purchased.

Furthermore, all purchasing processes are based on the **search for the maximum competitive advantage** for the MFE Group as well as **impartiality** and the **granting of equal opportunities** towards each supplier who meets requirements.

The preparation of standard contractual texts or those with specific legal issues is assured by the **Group's legal department**, and by external lawyers where necessary.

In a bid to make the procurement process more efficient and standardised towards third parties, the MFE Group in Italy operates via **specialised purchasing centres**, whose processes are described in the following paragraphs.

In addition, the Group aims to oversee the **certification activities** of the various categories of suppliers with a single organisational unit, thus facilitating the identification of any factors that influence the selection and management of the portfolio.

Given the particular business of the companies in the Group, the main purchase activities of all companies fall into three macro areas:

- ▢ Acquisition of **broadcasting rights** (films, series and sporting events);
- ▢ Acquisition of **content** (entertainment, news, drama) for the various distribution platforms;
- ▢ Acquisition of **goods and services to support** television production and cross-production.

The related procurement processes for each of these areas are described below with evidence of their main purchase poles.

The **COVID-19 health emergency** represented an unprecedented discontinuity in economic, social and geopolitical terms on a global level.

The **Procurement Department** had to take on some of the additional requirements related to complying with two absolute priorities:

- **protecting people's health;**
- reconverting almost all operations through **"agile working"**, which allowed business continuity to be guaranteed.

In addition to the **rules** imposed on its employees in order to access the workplace, again in 2021 the MFE Group took charge of identifying which suppliers had active contracts with services to be performed at the Group's offices and how many and which third-party employees therefore needed access.

Also in 2021, prior to the access date, appropriate **self-certification** continued to be requested in which the supplier declared - assuming full responsibility for the issue of false declarations - that all staff employed to perform services had a "Green Pass" EU Covid-19 Certificate and had antibody tests with negative results.

²⁸ Art.19 of the Group Code of Ethics.

ACQUISITION OF RIGHTS

The MFE Group acquires the following through **R.T.I. S.p.A.**: serial content (TV series), films (also through the subsidiary **Medusa**), as well as documentaries and sports, depending on the programming needs of free-to-air and pay TV.

These acquisitions are negotiated directly with the owners of the contents or their broadcasting rights.

The **vendor list** for the **selection of suppliers** is prepared, updated and submitted to the Risk, Control and Sustainability Committee every six months, and annually to the Executive Committee and the Board of Directors of MFE, in compliance with the corporate organisational guidelines.

The assessment includes the **verification of any ongoing proceedings**, such as liquidation, bankruptcy and mergers, and also includes the transparency of the corporate chain.

Furthermore, suppliers resident in countries with preferential taxation entered on the **Black List** are not considered for the purposes of this selection.

The selection of suppliers of broadcasting rights takes place through the widespread coverage of the national and international content distribution market - while also participating in major sector events - giving preference to **companies with consolidated experience and expertise**: North American majors and minimajors, European studios, leading Italian and international independent distributors.

Special attention is paid to **Italian works** and is aimed at both current and library works, through the acquisition by a Group company of cinematographic works from independent producers, and through commercial agreements with companies outside the Group who are specifically dedicated to domestic production.

The **Purchasing Rights Department** maintains commercial relations with all the major Italian film distributors, through multi-annual volume agreements and prompt procurement.

With regard to **multi-annual agreements**, the Purchasing Department envisages the purchase not just of individual contents, but stipulates "volume" agreements that include varied product categories, based on the annual production of the supplier. For this reason, the selection and acquisition of individual contents are conditioned by the contractual terms of the multi-year agreement which define the minimum volumes by product type and the methods for selection. There are currently two volume deals, one with Warner and a second with Universal.

As for **ad hoc acquisitions**, selection is carried out based on the approval of the product by the market, or based on the interest stirred by content in countries that are continuously monitored, via information that the suppliers send to the Purchasing Department and by assessing the product directly through the monitoring of satisfaction ratings in cinemas, paid channels and streaming networks.

Once interest has been established for that particular product, **"all rights"** acquisition usually takes place in order to ensure that this is available on different platforms (e.g. Infinity, pay TV and free TV). Given the different needs of the platforms, a percentage of the budget is then allocated to exclusive purchases for each of these.

In 2021, the **volume of investments** was **€265.1 million**, of which 75% for cinema/series/doc broadcasting rights and 25% for sports broadcasting rights. 85% of suppliers are Italian or European.

The following **key events** occurred in the year:

-  in addition to the confirmed commitment to **UEFA Champions League** broadcasting rights, with the first year of the new 2021–2024 three-year agreement, relating to exclusive Free TV broadcasting rights and non-exclusive Pay via Internet rights, the Group has been awarded the exclusive 2021–2024 Free TV

broadcasting rights for the Coppa Italia and Supercoppa Italiana. There's also space for other prestigious sporting events alongside football, such as the Italian Open tennis tournament, which the Group has secured for 2021–2023.

- ▢ with regard to **films and TV series**, the portfolio of content provider partners was consolidated, both with respect to US majors and to European and Italian operators.
- ▢ With regard to majors in particular, the agreement with **ViacomCBS** to purchase the historic library of the NCIS franchise, on the Group's channels for the first time, came into force.
- ▢ The strategic relationship with **WarnerMedia** was also renewed through a new three-year content supply agreement.
- ▢ The commercial relationship with all studios was confirmed, with the Framework Agreement with **Universal** continuing and negotiation of the first content package with the new entity resulting from the **Disney-Fox** merger.
- ▢ Finally, the Free broadcasting rights for the complete James Bond film cycle for one year were acquired from **MGM**.
- ▢ On the European production front, relations with major continental players were consolidated. This applies both to strategic daytime assets, such as the new soap *Dos Vidas* acquired from **StudioCanal**, and to event content for the early evening slot such as the miniseries *Sissi*, a premiere from **Beta Film**.
- ▢ Finally, the commitment to **documentaries** was reinforced with the purchase of 490 hours from a very wide range of nearly 50 suppliers.
- ▢ The focus on recent **Italian cinema** was confirmed, both with respect to films produced within the Group and those made by third-party partners; in particular, we highlight the acquisition of the broadcasting rights for works distributed by the **Medusa Film** and **Vision Distribution** subsidiaries respectively.
- ▢ The commercial relationship with the main Italian **independent film distributors** was confirmed, such as **Eagle Pictures**, **Lucky Red** and **Leone Film Group**, among others. This commitment towards focusing on national products is justified by their greater appeal, especially in prime time, compared to international series and films.

As highlighted previously, part of the investment in film production is made by the subsidiary Medusa Film through purchases or co-productions in order to supply the Company with the "product/movie" with the whole broadcasting rights chain, starting with cinemas.

The latter is the starting point for the exploitation of the product life cycle, as well as foundation for the creation of value through subsequent exploitation that can be managed by the Group "non-exclusively" (for example from market practice, TV on demand, pay per view) or "exclusively" (SVOD, free).

Also, **constant market monitoring** is carried out on film content to identify the main trends and products of interest (at international and local level) and to gather useful information in general to guide the broadcast offering.

The movie rights acquired in 2021 come from Italian producers, since the publishing line established by the Group for Medusa envisages a focus on Italian cinema, typically comedy. In 2021, given the strategic business objective of Medusa, the "core" suppliers were predominantly Italian. These suppliers, as executive producers or original producers, have an almost entirely Italian supply chain. Film shooting and all subsequent post-production processes take place in Italy.

The close relations between Medusa Film and Italian cinema is a guarantee for the selection, production and dissemination of the best product, given the constant commitment of the Medusa Film and its suppliers to

enhancing local artistic and professional excellence. This commitment must always be guaranteed to the highest standards in the industry in order to withstand competition from foreign products.

Lastly, note that the **Organisational Guideline** on “**Planning, acquisition and management of movie rights**” states that supply contracts for the purchase of film rights from Italian counterparties must contain clauses that demand suppliers obtain approval for public programming. In the event of non-fulfilment of this clause, Medusa Film has the right to withdraw from the existing contract without jeopardy to any possible claims for damages or, alternatively, to apply further specific clauses (for example the reduction of the fee).

In the event of acquisition of movie rights by foreign counterparties, the contracts drawn up must contain clauses that provide for Medusa Film's right to make the cuts necessary to obtain approval for public programming, with prior approval of the supplier.

ACQUISITION OF CONTENT

Entertainment - The creation of entertainment programmes requires the acquisition of **formats**, the signing of **executive contracts** and the contracting of **artistic resources and collaborators**.

Suppliers are selected on the basis of the television broadcasting guidelines and the purchasing requirements plan defined by Programme Schedule and Distribution General Management in collaboration with Content General Management.

The **Entertainment Department** selects broadcasting projects of interest and manages negotiations with the supplier. At the same time, the Legal Affairs Department carries out preliminary checks to ascertain the effective ownership of the broadcasting rights (brand/titles) granted by the selected supplier and the usability of the proposed titles.

The Provider Certification Department of the **Procurement Division** is responsible for carrying out the accreditation and preliminary qualification of suppliers.

The management of the process of contracting out television productions and acquiring formats and licences must be carried out in compliance with applicable national, European and/or international **rules and regulations** in force, with particular reference to offences remotely relevant for the purposes of Legislative Decree 231/01.

In contracting out television productions and purchasing formats and licences, the Entertainment Department operates according to the principles of lawfulness, fairness and propriety expressed in the **Code of Ethics**, paying particular attention to the provisions on conflicts of interest contained therein.

When commencing collaboration with a new supplier, the accreditation and certification process is managed by the Procurement Division through the dedicated department.

The Entertainment Department informs the relevant Purchasing Hub of the qualitative and quantitative targets for the television product to be purchased/produced.

At contractual level:

- there is a **specific clause** on guarantees and adherence to the Code of Ethics and compliance programme;
- there is a general **ban on subcontracting**, and where subcontracting takes place, certification of subcontractors is required.

The following obligations in terms of **contractual clauses** are also provided for:

- **compliance with the provisions of the law** in force on contributions and health and safety in the workplace pursuant to Legislative Decree 81/2008, as well as an indemnity in favour of R.T.I. with regard to all the obligations necessary for this purpose;
- compliance with the obligations laid down in current legislation on the **employment of staff who are non-EU nationals**;
- compliance with current **environmental regulations**.

Starting from 2021, a clause directed towards **verifying the supplier's obligations in relation to tax** and social security was also added.

Suppliers are always chosen with analysis of **sourcing models** that make best use of internal structures and skills.

About half of the suppliers/collaborators dedicated to entertainment content production are studios and/or agencies from across Italy, particularly around Rome and Milan, which ensure the services of actors, documentalists, directors, costume designers, set designers, directors of photography, choreographers, commentators, hosts or guests. The Entertainment Purchasing Department (for non-VIPs) and Artistic Resources Department (for VIPs) provide for the research and stipulation of contracts with the various artistic resources employed by the various Group companies. In 2021, the Entertainment Purchasing Department managed 400 contracts relating to procurement, licensing and supply of services. With regard to artistic collaborations in the entertainment area, it finalised 13,748 contracts, plus 700 in the music sector.

In 2021, the Artistic Resources Department concluded 6,242 contracts for a total of 1,005 collaborators (including hosts, commentators, guests, reporters also in the News, Sport, Digital and Radio areas).

Of these, about 40 are annual and/or long-term contracts relating to strategic artistic resources (the main faces linked to the most important broadcasting products in the programme schedule).

News - The journalism and infotainment area of the MFE Group in Italy refers to the **Videonews** agency, whose supply chain mainly consists of collaborations (about 90%) with the following **professional skills**:

▣ Journalists;	▣ Graphic designers;
▣ Documentary makers;	▣ Speakers, graphic designers and studio animators;
▣ Directors and authors;	▣ Supply of public, participants, hostesses and stewards;
▣ Casting organiser;	▣ Contracts to companies for various supplies such as graphic support, translation services and surveys.
▣ Costume designers, second costume designers, make-up artists, hairdressers;	

In addition to these collaborations, the News area purchases **licences for technical materials** of various types, as well as **regional suppliers of materials** and lastly part of the purchases goes to press and video agencies.

Videonews has also developed a **partnership with Mercati che Fare**, a company specialising in the provision of sector content broadcast on the TgCom24 programming schedule.

The suppliers of goods and services in the news area, in 2021, are almost entirely Italian or European, with some exceptions for international press and video agencies.

Selection of suppliers, both for content and collaboration, is determined based on the broadcast needs of the programme while also assessing the professional characteristics and experience of the collaborator.

Drama - The drama products featured in the MFE Group's broadcast offering are created through the activities of the subsidiary **Taodue** and through the use of independent third-party productions; this activity generated around **50 hours of finished product** over the whole of 2021, mainly for early evening slot programming on Canale 5.

The selection of independent producers is fundamentally based on the projects selected by the broadcaster. The broadcaster decides based on the broadcasting potential of the identified product, or on the congruence between the project examined and the broadcasting line of the Group.

Historically, drama productions are solely **Italian in origin**.

Furthermore, remaining on the topic of changes in the supply chain, it should be noted that the contractual template predominantly used in the past, or the **contracting template**, has gradually been replaced by **templates of co-production** and pre-purchase due to the new legislation on tax credits for audiovisual production, thus entering a residual category.

Almost all Taodue suppliers are Italian. In general, the main categories of suppliers used by Taodue for the creation of their drama include: actors, screenwriters, directors and copyrights, all selected thanks to continuous scouting in the reference market which makes use of the experience of the Taodue founder, as well as technical production personnel and companies supplying goods and services.

In cases where the **use of minors** is expected in the production, the company, which is required to comply with specific provisions of the law that regulate its employment, has set up adequate organisational procedures and contractual models shared with the Group's legal support.

Digital - Acquisitions and investments provided by the Digital area of the Group focus on the following **macro-areas**:

- ▢ acquisitions in the development of technological products;
- ▢ investments in the **production of contents**;
- ▢ investments to promote the **distribution of content** produced internally by MFE agencies and productions.

The total number of suppliers involved throughout the year for the various activities is about 175, mainly resident in Italy, while some are from the United States.

Given the speed of changes the digital sector is particularly prone to, selection of suppliers is always up to whichever partner companies demonstrate a marked predisposition to technological and product innovation.

Radio - The core activity of the MFE Group's radio hub consists in the production and issue of entertainment content and musical flows aimed at Italian radio listeners.

For the conduct of its business, it mainly relies on the service provided by **speakers, hosts** and **authors** employed for the creation and management of the programming schedule on broadcasters 105, Virgin Radio, R101, RMC and Radio Subasio.

These include **162 Italian freelancers**, most of whom are known within the radio and television scene.

Most collaborators are Italian, but a limited number of foreign resources are also contracted.

The main radio content is Italian and foreign music, which is indirectly acquired from the **record companies**, with repayment of broadcasting rights via **collecting companies** specifically appointed for this purpose (Siae, SCF, etc.).

The programming schedule produced and distributed by the broadcasters is "marketed" by the **advertising sales house** Mediamond S.p.a., appointed on a national level by virtue of specific advertising concession agreements through the sale of space (commercials, mentions, etc.) to third-party investors.

The actual selection of suppliers takes place, first of all, through **constant market monitoring** and careful **assessment of company needs**, and their reliability is certified through a continuous **accreditation process**²⁹.

Offers are made, suppliers selected and services contracted according to the needs identified.

In the artistic field (mainly for speakers, hosts and guests), where each broadcaster uses different resources depending on the specificity of the radio business, target listeners and audience response, the main factors for the selection are the individual characteristics of each artist. More generally, the direction followed would be to make the selection both using the criteria for the dynamics of the competitive scenarios in which broadcasters act, and also via the parameters of adequacy and consistency of remuneration/contribution with the market prices of that particular professional category.

In addition to **broadcasting and creative activities**, there are also **technical activities** (low frequency and control room, carried out by employees) and the **distribution of the national signal** (high frequency) through stations (equipment and pylons) and radio relays spread over all regions of Italy. The maintenance of the stations (1,798 between Radio Studio 105 spa, Virgin Radio Italy Spa, RMC Italia Spa, Monradio Srl, Radio Subasio Srl and Radio Aut Srl) and of the transmission equipment is entrusted to external professional maintenance technicians (local suppliers), a total of 89 maintenance companies. In addition to these maintenance service providers there are lessors who lease out the stations, a total of 271.

PROCUREMENT OF GOODS AND SERVICES

The procurement processes of products and services supporting cross-operational activities refer to the following **supply categories**:

- ▣ Systems and technologies
- ▣ **General services** - facility / cross-functional
- ▣ TV production

The Group in Italy operates exclusively with accredited third party suppliers registered on the **Vendor list**, checking preliminary details (company name, country of residence, address, etc.), overall corporate transparency (identification of the final beneficial owner) and the level of concentration of revenues (monitoring whether this exceeds 50% threshold for a single customer).

In 2021 – despite the critical issues and difficulties related to the state of emergency that has arisen – efforts continued to improve the efficiency of the **supplier accreditation process**, which now includes a greater number of more in-depth checks on active suppliers.

In 2021, the functionality implemented in the **Synertrade** supplier management platform was consolidated and improvements were made regarding automatic data updates from Synertrade to SAP (accounting system).

The new **structured subcontracting management** process was also introduced, so it can now be traced on the Synertrade platform.

Further **rationalisation of the supply chain** was carried out based on critical issues linked to expenditure, the regulatory complexity of the merchandise sector involved in the commercial relationship (e.g. suppliers that provide additional legal obligations), the type of contract (e.g. subcontract) and according to the employment of

²⁹All suppliers are selected in compliance with the laws and regulations in force, such as Legislative Decree 231 and 81/08 and the ethical principles of the Group.

personnel (employees or direct contractors of the supplier or staff of third parties to whom the service is subcontracted).

In 2020, the **Vendor Rating** was set up; this qualitative assessment of the supplier was used to select the parties to be invited to tender for the renewal of some contracts of significant amounts.

It became a requirement to obtain self-certification on a monthly basis from the supplier for contracts involving work services (contracts), signed by the legal representative, stating that the personnel employed in rendering the services are regularly hired, paid and insured, and ensuring compliance and correct fulfilment of all legal obligations regarding worker protection.

Lastly, the management of these processes aims to implement a gradual **turnover of suppliers** in order to diversify total expenditure over several parties, thus reducing their concentration.

MFE has also established that all suppliers must complete all registration phases including the approval and acceptance of the terms and conditions of the contract, the privacy rules, the Code of Ethics of the Group and the Compliance Programme in order to be classified in the portal dedicated to them.

In the management of its supply chain, the **MFE Group in Spain** promotes **responsible practices** within its sphere of influence by transmitting **environmental, social and ethical standards** to its supply chain. Since 2010, contracts with suppliers to the MFE group in Spain have contained a clause that establishes their **commitment to carry out sustainable activities**, namely: respecting workers' rights and union membership, refraining from using child labour, refusing any kind of slave labour, prohibiting any kind of discrimination, complying with the legislation on the prevention of risks at work, ensuring the safety of employees during working hours and prohibiting any conduct involving corruption, blackmail or extortion.

The contractors also declare that they comply with environmental regulations and promote the efficient use of limited resources such as energy, water and raw materials in the course of their activities. In this way, suppliers declare their commitment to ethical and responsible management.

With regard to the types of suppliers and the main items of expenditure relating to the MFE Group in Spain, there is a greater concentration in the **purchase of television broadcasting rights** and content, 77.4%, followed by **technological, professional and production services**, which together account for around 22.6%.

Technological services contracted are linked to the purchase of technical materials (essentially hardware, software, cameras, mixers, matrices, audio and video equipment).

Professional services consist mainly of maintenance and development of computer applications and consultancy and audit services.

Production services mainly refer to services of set design, lighting and subtitles.

Contracts with national suppliers cover the vast majority of goods and services purchases, where international suppliers correspond mainly to the negotiation of technological services.

THE SOCIAL IMPACT OF THE GROUP

ADVANCED TRAINING INITIATIVES

The MFE Group education programmes for non-employees, designed to develop skills linked with the world of commercial TV, continued in 2021 as in earlier years.

There was further consolidation of the collaboration between **IULM University** and Mediaset, in order to develop and improve the organisation and management of the **Master's in Journalism**.

Thanks to careful selection and excellent training, the Master's introduces students to a career as a professional journalist. IULM and Mediaset combine their respective expertise in the world of communication and information.

The professional training course is **recognised by the National Association of Journalists** for the purposes of an apprenticeship.

The Master's course aims to equip young journalists with the professional skills that will enable them to access all broadcasting markets and produce multimedia content for the various platforms. The effectiveness of the courses is validated by the Joint Scientific Committee.

There is also a **technology workshop** run using professionals made available by the Group. It stands out among Italian journalism courses as the only one of its kind.

The General Information Division has also reinforced strategic collaboration with the IULM Master's in Journalism, through participation in the Scientific Committee, in managing the Journalism Workshop and in internships in the agencies of Mediaset TV news and programmes.

In 2021, 13 students from the IULM Master's in Journalism were hosted on internships in Mediaset's agencies (TV, web, mobile and radio), between September and November.

In addition to the **internships** that are part of the IULM Master's in Journalism, the company collaborates with several **journalism schools** all over the country (Università Cattolica, Università Statale di Milano IFG, Università di Torino, IFG Urbino) and in 2021 it offered 18 students the possibility of an internship.

The MFE Group also offers its experience and professionalism via the **Master's in Marketing, Digital Communication and Sales Management**, which was established in 1988 by **Publitalia'80**.

The Master's in Marketing, Digital Communication and Sales Management is a 13-month postgraduate course with lectures and internship and limited admission, targeted at graduates who have decided to start their professional future in the field of marketing, trade marketing, sales and digital communications.

Through the two editions launched in 2021 (January-May and September-December), the Master's offered its **61** participants **170** course days for a total of **1190** hours of training; with reference to the January-May 2021 edition, the **31** participants were able to approach the world of work through participation in a total of **140** days of internship, a total of **1,120** hours, at the end of which all graduates were able to find permanent job positions.

The companies that collaborate on this initiative contribute with teaching and practical sessions and provide a reference point for the labour market as an employer, as well as elements that enable the ongoing updating of the training programme. As a result, the Master's course always acts as an up-to-date "bridge" between Universities and the Company.

This takes place thanks to **teaching staff from leading Italian and international universities** and contributions from **managers** in key roles within Italian and multinational companies.

the Master's is the longest-running experiment in **collaboration between Milanese universities**. From the beginning of the initiative, the Rectors of six Milanese universities signed up to it, taking part in the Chairpersons' Committee:

-  Università Commerciale L. Bocconi
-  Università Cattolica del Sacro Cuore
-  IULM Libera Università di Lingue e Comunicazione
-  Politecnico di Milano
-  Università degli Studi di Milano

▣ University of Milan-Bicocca, and were joined by the main local associations and representatives of the financial and business world.

The Master's, now in its **thirty-fourth edition**, has to date educated more than 1,000 graduates, many of whom now hold top management positions.

The course is **accredited by ASFOR**, the Italian Association for Management Education, as a specialist Master's course.

Furthermore, the MFE Group has had ongoing **collaborations with leading Italian universities** for some years now, offering students of the main faculties opportunities for integrated **curricular internships** to complete their studies. During their internship experience, the young undergraduates are given the opportunity to experience the world of work while building professional relationships, interfacing with the organisational dynamics of the company and using the knowledge acquired during their studies to further hone the skills and experiences that will facilitate their entry into the labour market.

INITIATIVES AIMED AT THE COMMUNITY

MFE Group agencies receive daily information on philanthropic activities, events and initiatives by non-profit organisations and charitable associations for the protection and support of ethnic minorities, voluntary groups, and institutions of medical research.

In addition to this and given the Group's desire to put its communicative power and the skills of its collaborators at the service of the community, the **"Mediaset ha a cuore il futuro"** initiative

was launched in September 2019: communication campaigns that operate according to an integrated multimedia scheme featuring TV and radio as well as digital and social media coverage give visibility to issues of national importance.

The numerous awareness-raising and exposé campaigns involve a strong media response on all the Group's generalist and thematic networks: self-produced commercials are accompanied by TV news reports, spaces within information, infotainment and entertainment broadcasts, programmes within the TV and radio schedules, quotes and detailed information on websites and social media channels, together with other social initiatives.

During 2021, there were ten campaigns:

**Mediaset ha a cuore
il futuro**



World Water Day (22 March). World Water Day, established by the UN, is celebrated to raise institutional and public awareness of the importance of this resource and reduce water waste. For the occasion, the Mediaset Tower turned green, to symbolise the Company's commitment, at the front line in identifying solutions to safeguard an asset that's essential to life.



Io non la bevo (from 2 to 17 April). The campaign kicks off on Fact-Checking Day (2 April) and is dedicated to the fight against fake news, a growing presence on the web and in the world of social media. The initiative consists of three different spots, ten useful tips to expose fake news and the documentary *Dietro la notizia*, self-produced by Infinity Lab and available on the Mediaset Infinity website.



Earth Day (22 April). For Earth Day – created to affirm the need to preserve the planet's natural resources – in 2021, a virtual climate summit was held, attended by the leaders of major countries. The event was followed closely by Mediaset news outlets, who offered reports and in-depth information on it. On this occasion too, the Mediaset Tower turned green, to stress the attention that the Company directs towards this topic.



L'Italia Riapre - For the Presidency of the Council of Ministers (from 26 April to 3 May). The spot for the campaign, created to support a 'new start' after the Covid-19 pandemic, invites the public to observe the fundamental rules for ensuring everyone's safety and urges positivity under the slogan: *"Tomorrow's freedom depends on each one of us. Let's reacquire a taste for the future."*





Parti per l'Italia — Mediaset for the Ministry of Tourism (from 10 May to 7 June). Twenty short spots, featuring as many faces from among the Mediaset audience's most well-loved personalities, invite viewers to choose destinations in Italy to support the Italian tourism industry. The campaign comes at the end of the "Comunicazione, Media e Turismo" research project carried out by Publitalia with the Università Cattolica di Milano, which analyses the impact that communication and media can have on developing and maintaining the reputation of Italian tourist locations.



World Oceans Day (8 June). On this occasion, a campaign is carried out to raise public awareness of the topic of protecting our seas and the dangers that threaten them, by broadcasting commercials, bumpers and in-depth reports in TV news.



Non cadere nella rete (from 12 July to 3 August). The Internet Addiction Disorder awareness-raising campaign is made up of two different spots – featuring the voice of journalist Paolo Del Debbio, author of a book on the subject – warning the public of the risks of internet addiction.



Il cibo è il nostro futuro, non sprechiamolo (from 16 to 24 October). Extra content was made available on the Mediaset Infinity website to support the initiative, such as: the *Green Storytellers – Food Rescue* series (co-produced with Infinity Lab), which tells stories of people who save food and who use it for good; the documentary *Still Hungry* (directed by William Hurry and co-produced by Infinity Lab with Tuorlo), which focuses on the impact of food waste on the global ecosystem and possible strategies to counter it. In this case, the campaign also involves concrete action for sustainability within the company, such as: posters, tray mats and dedicated panels placed in the company refreshment areas at the Milan and Rome offices; all plastic material eliminated from production sets, replaced with branded metal flasks and compostable items.



The campaign to support the International Day for the Elimination of Violence against Women (from 18 to 25 November). On this occasion, a spot was made to say stop to violence and promote the free national anti-violence and anti-stalking number 1522.



Scegli il coraggio (from 24 to 31 October). Now in its third edition, the initiative ends the month of October, which has always been dedicated to breast cancer prevention. It consists of a spot (made using images by Stefano Rossetti) inviting viewers, with courage, to put prevention before fear of the disease's outcome. Rossetti also produced a work, entitled 'moreAmore', placed in Piazza Leonardo in Milan for the campaign. In addition, as in previous editions, the Mediaset Tower turned pink, to symbolise the company's commitment to breast cancer prevention.



But “Mediaset ha a cuore il futuro” is more than a system for raising awareness of broad-ranging national issues. It also involves concrete action for sustainability within the company. In productions with third parties, for example, all plastic material was eliminated from sets and replaced with branded metal flasks and compostable items.

This is because “caring about the future” isn’t merely a catchphrase but a way of existing, thinking and acting.

When talking about social initiatives for the community, mention must be made of the satirical programme *Striscia la Notizia*, which always follows the issue of sustainability closely.

The weekly **Occhio al futuro** slot, by TV journalist Cristina Gabetti, gives visibility to initiatives promoted by private companies and non-profit organisations that meet the 17 points of the 2030 Agenda, in good health and well-being, education, respect for the environment and optimising resources.

The programme also promotes initiatives to protect the environment, through the reports in the **Ambiente Giovani** slot (in which very young ‘scientific advisors’ deal with activities or associations dedicated to protecting the environment) and food production, artisanal and organic, in the “**Paesi, paesaggi...**” and **Speranza Verde** slots by Davide Rampello and Luca Sardella respectively, as well as exposé, such as Max Laudadio’s investigation of sustainable fishing. Also, in pieces on recipes to fight waste, Luca Galltieri involves students at the Voghera Hotel School in preparing dishes made with leftovers.

Finally, the consolidated partnership between *Striscia la Notizia* and the **F.A.I.** (Italian Environment Fund) in the protection, preservation and enhancement of the Italian artistic and natural heritage is extremely important.

Radio too plays an important role in social initiatives directed towards the community.

In 2021, **radio** proceeded with the commitments undertaken in previous years towards the community.

Almost **600 radio spots** were **broadcast** by the various MFE Group stations to support social initiatives.

The “Mediaset ha a cuore il futuro” campaign against food waste is one example, as is the campaign in support of the Lega Nazionale Difesa Cane against the abandonment of dogs in the summer.

Campaigns were also carried out in support of the AIRC to inform the public about the possibility of donating their ‘5x1000’ income tax contribution to cancer research.

On World Alzheimer's Day, our radio stations ran awareness-raising campaigns with particular reference to the devastating effects of this degenerative disease and to promote prevention and research.

The efforts of the "Italia Live" campaign that aims to encourage companies to invest in events is very important, given the halt on all local promotion activity involving Radio for concerts and shows in the last two years. It supports all those in entertainment who until now have been unable to work due to the pandemic crisis.

On the [web](#), a page dedicated to these projects was developed within the **MediasetPlay** site. In addition to gathering together all the material produced for the campaigns in chronological order, the aim of the dedicated space is to publicise brand-new contributions and in-depth information produced specifically for every topic focused on. It's a genuine archive, always up to date and open to consultation at any time, so that the contemporary nature of the problems addressed remains present.

We also wish to stress that sponsorship of [fundraisers for public and private bodies](#) (recognised by the state) is all certified by government associations (Civil Protection for Italy and AGIRE for the world). Many of these activities are also carried out through the support of Mediafriends, a non-profit organisation founded in 2003 as a tangible expression of Mediaset's vision of corporate social responsibility.

It is within this scenario that the Group takes to the field alongside **Mediafriends** and **Fabbrica del Sorriso** through its own agencies, in daytime packages on generalist networks or on TGCOM24. Particular visibility is given to the projects to which Fabbrica del Sorriso is committed, not only upon presentation and during fundraising but also when the project is run and for the results from the initiative.

One example of this is the production of a specific television product: "FABBRICA DEL SORRISO, UNA STORIA SPECIALE", illustrating the individual projects funded and testimonials for the results achieved. The "Tg dei Ragazzi", in collaboration with "la Città dei Bambini e dei Ragazzi" in Genoa, is another educational partnership initiative to have been given visibility.

Publitalia'80 contributes to the social activities of the MFE Group through Mediafriends, providing advertising space that is used to promote fundraising mainly to support the identified charity initiatives. In addition to this, Publitalia'80 reserves some advertising space to initiatives that support scientific research, training and cultural activities.

Around **6,200 spots** were broadcast in the year, with contributions free of charge from some of the main faces in the Group's artistic landscape.

Publitalia 80 is a founding member of the [Fondazione Pubblicità Progresso](#), along with the major players in communication in Italy. This foundation aims to contribute to solving the civil, educational and moral problems of the community by placing communication at the service of society.

In addition to paying a membership fee, the sponsoring members provide their work free of charge for the implementation of the Foundation's activities.

Pubblicità Progresso promotes training initiatives on social communication at leading Italian universities; it promotes events, exhibitions and initiatives dedicated to important social issues; it sponsors social communication campaigns carried out by non-profit organisations; and it holds the festival of social communication for training and public educational purposes.

Every year, Pubblicità Progresso draws the attention of the authorities and public opinion to create greater awareness on a specific theme by implementing communication campaigns using contributions from promoting partners: campaigns on anti-smoking, organ donation, gender equality, anti-racism, sustainability, volunteer work, etc.

The Group's radio stations broadcast socially themed spots free of charge. This activity comes under the sub-concession contract in force between Radiomediaset, Monradio and Subasio and the Mediamond sales house.

ACTIVITIES TO SUPPORT YOUTH ENTREPRENEURSHIP

With regard to promoting youth entrepreneurship and supporting the world of work and promoting the territory in general, we would highlight the activities carried out by **AD4Ventures**.

This **MFE venture capital** project involves investing in shares in start-ups, mainly digital in the medium-sized consumer and retail area with high growth and development potential, through advertising campaigns in Italy and Spain.

The investment portfolio also extends beyond national borders, while remaining within Europe.

The business model of AD4Ventures contributes to the growth of the companies in which investments are made, providing a great boost to potential excellence and all those young entrepreneurs still unable to access the big world of television media.

The portfolio currently includes **11 start-ups** all with management aged just over thirty and for the most part active in Italy.

The start-ups included in the AD4Ventures portfolio were founded between 2010 and 2019.

2021 saw the great event of the **exit of Deporvillage** (a company operating in sports products e-commerce): a total initial investment of 2.7 million euros in TV campaigns (of which 1 million euros in Italy and 1.7 million in Spain) was followed by an exit of **34 million**, i.e. a return on investment equal to 12 times the initial capital.

The investment decisions made by AD4 Ventures' management are increasingly based not only on the analysis and validation of the start-up's business, but also on considerations relating to the sustainability aspects of the companies analysed.

In this regard, mention must be made of **Pascol** among the latest investments: environmentally sustainable beef e-commerce, traceable and only from extensive farming.

The company, founded in Italy in 2019 by two young entrepreneurs (under 30) and Università Cattolica di Milano Management graduates, promotes high-quality beef, directly from the mountain pasture of Valtellina to your front door.

Ad4V's decision to invest in Pascol results directly from some sustainability aspects that are at the centre of the start-up's philosophy: protecting habitats (the products come only from small farms integrated with the territory, most of which take their livestock to the mountain pastures, contributing to the conservation of alpine farmsteads and biodiversity); the creation of shorter supply chains (Pascol is supplied exclusively by Italian farmers, who are obliged to purchase all the raw materials used on the farm within regional borders); helping small producers (Pascol pays them about 30% more than market prices and offers them free livestock and agricultural advice).

These elements follow the guidelines provided by the UN in September 2021 in the first Food System Summit, aiming to raise all countries' awareness of critical environmental and social issues in current food supply chains.

Another important investment in this area is **Termo**, a company in which Ad4V has increased its shareholding. Operating in green tech, the start-up is committed to reducing residential energy consumption with high-value-added connected services: it installs the latest generation of high-efficiency HVAC products and acts as general contractor for large-scale energy redevelopment building projects.

AD4VENTURES INVESTMENT PORTFOLIO AT 31ST DECEMBER 2021



Leading mobile payment solution



On line flower delivery



Fashion social App



Cooking and dining e-commerce



Online Italian food specialities shop



On line sporting goods shop



Home furniture flash sales



Second hand luxury marketplace



Baby and kids e-commerce



Hotels by the hour around the world



Digital platform leader in HVAC



Customizable unique travel experience



Sustainable meat from extensive farming



EXIT



IPO



EXIT



EXIT

The commitment of MFE in Spain to social welfare is reflected in the **12 Meses** project. Over 2021, its activities were directed mainly towards the most vulnerable groups in society (such as children), equality in every area and protecting the environment.

This prevention and information activity was also made possible thanks to continuous exchange of ideas and opinions with various associations and non-profit organisations.

We would also highlight the creation of the **"Valor Mediaset"** brand in 2020, which aims to involve the most important advertising investors in Corporate Social Responsibility campaigns.

In 2021, for the second year running, the **"For a Future with Water"** information project was pursued, an awareness-raising campaign on the need of future generations for adequate water resources.

The campaign aims to achieve this goal by promoting positive use of current water resources.

Finally, in 2021 Mediaset España guaranteed **free advertising space for NGOs** amounting to an estimated value of **10.4 million euros**.

SOCIAL UTILITY INITIATIVES

MEDIAFRIENDS

Mediafriends Onlus, a Non-Profit Organisation (NPO), was established on June 18, 2003 by Reti Televisive Italiane S.p.A., Arnoldo Mondadori Editore S.p.A. and Medusa Film S.p.A.

We would highlight that in compliance with Legislative Decree no. 117 of 3 July 2017, as amended, which implements the delegation for the reform of the third sector contained in Law no. 106 of 6 June 2016, Mediafriends has undertaken the revision of its Bylaws in order to implement the provisions of the Third Sector Code updated with the amendments made by the corrective Legislative Decree 105/2018.



Mediafriends will enrol in the **Single Third Sector Register (RUNTS)** with the changes to its Bylaws (change of name to Mediafriends Ente Filantropico and changes to bylaws in accordance with the provisions issued) in accordance with the provisions in force, that is, after the effective operation of the RUNTS and, as permitted for non-profit organisations, with effect from the fiscal year following the EC authorisation pursuant to art. 101 paragraph 10 of the CTS (enrolment under the new name and with new Bylaws must be completed by 31 March of such following year), with maintenance up until that point of enrolment in the register of non-profit organisations and the tax consequences thereof.

Mediafriends is a tangible expression of the MFE Group's vision of corporate social responsibility. The association focuses exclusively on **achieving social solidarity** and does not distribute, even indirectly, profits and advances or any funds, savings and capital throughout the duration of the Company's existence, unless the destination or distribution are required by law or are donations by Mediafriends in favour of other non-profit organisations which, by bylaws or regulations, are part of the same unitary structure; it uses profits or advances to perform institutional activities and anything else directly connected to them.

Mediafriends Onlus carries out the conception, **planning, realisation and promotion of events**, especially television, aimed at collecting resources for charity and the **financing of targeted projects** in the following sectors:

- ▢ Social, health and socio-health assistance;
- ▢ Charities;
- ▢ Education and training;
- ▢ Protection, promotion and enhancement of culture, art and things of artistic and historical interest;
- ▢ Protection and enhancement of the environment;
- ▢ International cooperation.

Mediafriends is responsible for **identifying and promoting opportunities for exchange between the world of business and the third sector**, in order to promote mutual growth and the well-being of society. It also aims to better coordinate communication skills and deepen relations in the world of entertainment and culture in order to raise public awareness and solicit donations to fund targeted projects by third sector NGOs.

The process of identifying the Associations and projects to be supported through fundraising activities includes a series of **steps**, starting from the **identification of a theme** chosen among those envisaged by the Bylaws and of one or more Associations that have projects in progress and meet the budget, diligence and transparency requirements, verified through MFE's Supplier Certification Office.

The second step involves **analysis of the project estimates** provided by the Association through adequacy analysis of the costs presented. At this point, if the evaluation criteria are positive, **a contract is drafted between the Association and Mediafriends**, which regulates the mutual obligations during the fundraising period and afterwards when Mediafriends checks the implementation of the project, in accordance with the provisions of the contract itself. Starting from 2018, with the advent of the new **"Self-regulation code for the management of numbers used for telephone fundraising for socially beneficial purposes"**, which provides for fixed and variable costs for each campaign, Mediafriends has redesigned the way it operates in fundraising campaigns and has introduced a new method, in addition to the one just described, whereby when fundraising for an Association the latter collects the money directly while Mediafriends only provides support and communication campaigns.

The Association is in any case obliged to provide Mediafriends with due notification and reporting of the proceeds.

In the first case, usually followed over the years, the Bylaws state that the money raised by Mediafriends will be allocated to the Association through the Mediafriends **Advisory Committee**, with three positions expressed by the Members of Mediafriends, by Mediafriends and by a representative of the Association. The Advisory Committee distributes the funds raised, indicating the time frames and methods.

Mediafriends then **checks the reports** from the Association and **monitors the progress of the project funded**. However, according to the above-mentioned new method, Mediafriends still maintains the obligations of the beneficiary Association to report the proceeds as described above.

Over the years, Mediafriends has supported numerous TV and other events to raise funds for the projects of non-profit associations. The most notable of these is **Fabbrica del sorriso** (the smile factory). At 31 December 2021, over **75 million euros** have been raised and distributed, allowing **177 associations** to implement **299 charity projects** in Italy and around the world.

To do this, Mediafriends called on the close collaboration of the MFE Group. Firstly, Mediafriends relies on the continuous work of five Group employees, who design events and coordinate with both external bodies (third sector, institutions, etc.) and the departments within the company.

Fundraising initiatives and activities follow one after another throughout the year: fundraising events, field initiatives in collaboration with recipient groups and broadcasting events.

These events were promoted on television and on the web, with the collaboration of the various structures of the Group: the presentation of programme projects with services created by journalists in the News Department, fundraising spaces with commercials created by the Creative Department, presence in programmes with the collaboration of the production structures of the Entertainment, News, Sport and Publitalia'80 Departments.

Lastly, the **Mediafriends site** and Mediafriends slot on the **TGCOM24 site**, as well as the **Facebook Page of Fabbrica del Sorriso**, hosted campaigns for charities and numerous videos produced on some of the most important social issues.

2021 was also profoundly marked by the pandemic. After a short period of relaxation in the situation, despite the vaccination campaigns, it affected all activities from as early as the planning phase. During the year, Mediafriends carried out three awareness-raising and fundraising campaigns, linked to the Covid-19 emergency and its collateral effects.



The first, which began on 6 December 2020 and ended on 6 January, was the **“Alimentiamo la speranza”** fundraising campaign promoted by Mediafriends together with **Banco Alimentare**. Thanks to a TV spot produced specifically for this initiative, the launch of appeals on TV programmes and radio support from the Group's stations, €106,700 was collected, which enabled Banco Alimentare to distribute food amounting to over 1,500,000 meals to people in need.

From 4 July to 11 September, together with the **Italian Red Cross**, Mediafriends promoted a freephone telephone number that anyone in distress could call to request psychological support or a response to practical requests such as home delivery of groceries or medicines.

The project had the goal of giving the elderly (already tried by the long months of lockdown due to the pandemic) psychological and practical support to face the summer months, well known as being the most complicated for people who often live alone or in areas where services are limited over the summer, and on the other hand allow young people to make themselves useful with a word of comfort or help for those who need it most. The extensive organisational structure of the Red Cross and the possibility of running a social communication campaign on the Group's networks, once again entrusted to the voice of Gerry Scotti, allowed this initiative to be communicated nationally. In the space of just over two months, about 20,000 calls were received by the Italian Red Cross national response centre, of which most were for information purposes. The rest concerned food, psychological support, telephone companionship, requests for medication and home grocery delivery, while the average age of the people who used the service was between 67 and 80 years.



It should also be noted that the Italian Red Cross recorded 2907 people who enrolled in the “volunteer programme” as a result of the initiative developed with Mediafriends. The average age of these new volunteers is 35.



Due to the pandemic, many non-profit organisations have seen a dramatic reduction in resources from donations precisely when their role in responding to the same important social needs as always and the new requirements resulting from the Covid-19 crisis is vital. In partnership with **Fondazione Italia Sociale** - a private law foundation created to promote the development of the Third Sector in Italy with the aim of collecting private resources to be distributed to national social and public projects - Mediafriends developed a project to support

the non-profit. This took the form of a television campaign that began in September 2021 which aims to support and promote the Third Sector for greater awareness of its role and its importance to society with the help of two infomercials (**“Io sono”** and **“Rewind”**), produced by the Mediaset Creative Department. The campaign will end in the spring of 2022 and will be followed by research into the relationship between the Third Sector and

Companies, to find a common language and foster collaboration based on dialogue, knowledge and mutual trust. The report will be presented by June 2022.

In November, Mediafriends supported the **Associazione Italiana Editori “#io leggo perché”** campaign, which saw, in a terrible year, the purchase and donation of more than **450,000 books** to Italian school libraries by the public and publishers.

Activities in local areas, particularly in connection with the **“A Regola d’Arte” (ARdA)** project, addressed to disadvantaged Italian and foreign children living in the suburbs of Italian cities and seeking to promote integration and social development through music and rugby, were drastically reduced due to the pandemic and the restrictions introduced over the months and in the various regions to contain the spread of the virus. During the first half of the year, the 5 centres in Milan, those of L’Aquila and Palermo, had to suspend all planned activities due to the lockdown. The only exception was the “Famiglia Murialdo” centre in Naples, which developed 60 hours of sports and music activity with its 50 young people.



In the summer, when the force of the pandemic relaxed considerably, the decision was taken to organise **six summer camps** for a total of **70 hours of activity** involving about **250 young people**.

Though the activity of “A regola d’Arte” suffered a setback in the first half of the year, artistic and charitable collaboration between Mediafriends and the **Fondazione Cassa dei Risparmi di Forlì** was reconfirmed in the same period. Over time, this

partnership has enabled funding for various social projects throughout the country thanks to the artistic initiatives organised by the Fondazione.

In particular, we would highlight the **“Dante. The vision of art”** exhibition at the Musei di San Domenico in Forlì supporting the “A regola d’Arte” project from April to July. Part of the revenues from ticket sales went towards opening 4 new centres in Milan, Lecce, Forlì and Rome, which have been operational since October. Despite the difficulties resulting from the pandemic, this major extension to the project meant that more than 300 children were able to take advantage of courses from the “A regola d’Arte” project.



The **“Scuola di vita”** project was launched in January, after a long planning phase. This is aimed at young people in difficulty, stalled by academic failure, bad life choices or challenging family situations. The goal is to offer a real possibility not only of entering the world of work, but of making full use of personal interests and discovering talent. The project identifies young men and women according to their needs, characteristics and motivations and “sets them to work” for 6 months with a master of trades, a craftsman in a broad sense, identified

on the basis of their ability to convey a passion for work and a lifestyle as well as technical expertise. The master of trades is remunerated for their training efforts and the young people all benefit from a paid 6-month apprenticeship.

4 internships started in 2021: in February a tailoring course with a young woman that ended in August; two cooking ones, the first with chef Cesare Battisti of the Ratanà restaurant in Milan and the other with chef Claudio Sadler, which will end in the early months of 2022. Then in December the fourth course started at a historic Milanese cycle design and sales workshop.

The project, planned to run for at least two years, conceived, supported and promoted by Mediafriends in partnership with **Comunità Nuova Onlus**, will on its conclusion be accompanied by a qualitative analysis of the results achieved, conducted by experts in the sociological and educational field in order to evaluate overall strengths and areas for improvement. The project was initially presented in the episode of the **"Cotto e mangiato"** programme that went out on Italia 1 on 25 October: chef Battisti and the young apprentice cooked together and explained how the "Scuola di Vita" project works in a restaurant.

The **"Orchestra giovanile"** project was launched in September 2020 with the aim of creating an orchestra that brings young people in a difficult area together in the space of four years. It was further defined with the choice and registration of the **"Orchestra giovanile 4/8"** trademark, where 4 is the name of the area of Milan where the group is active and 8 (of four octaves) recalls the "Ottava nota" Music School that runs this project together with Mediafriends. During 2021, **64 hours of lessons** were held involving more than **60 young people** as well as **two concerts**: the first at the end of the 2020/2021 course, the second for the Christmas holidays.



At the end of October, on the third anniversary of the terrible **"Vaia storm"** that destroyed much of the Paneveggio forest in Trentino, Mediafriends launched an initiative with Fondazione Alberitalia to lend the forest new life, rebuilding the landscape and habitat for the local fauna. The reforestation project involves the planting of **6/8,000 seedlings** in an area of about four hectares. The operation isn't to resolve an emergency situation alone, but is also preventative: the choice of trees will make the forest more resilient, with greater

capacity to resist future adversities. The **Trento Provincial State Forestry Agency** will also play an important role in this operation. Mediafriends considers it essential to take concrete action to address climate change that is increasing the frequency of abnormal weather events. It is supporting the project, which will run for two years, through various channels: from raising awareness to fundraising, with infomercials, in-depth reports in programmes broadcast on the Group's networks and ad hoc initiatives around the country. At the end of November, the children's fable **"Doremì, l'uccellino che non sapeva volare"** by Francesco Vecchi, published by Book Road, appeared in bookshops for fundraising purposes. The seedlings are set to be planted for the first time in May 2022.

Mediafriends has for years supported the **Gorgonzola Festival del Cinema Nuovo**, an international competition for short films featuring people with disabilities. It promotes it through communication campaigns organised in collaboration with the Mediaset Creative Department. It helps organise the event, which is held every two years and had its last edition in 2018. The events of the pandemic stopped the 2020 edition so, with the aim of keeping interest in the Festival alive and starting to talk about the next



edition in 2022, a cinema course was organised in October 2021 for social centres and cooperatives dedicated to disability together with the **Romeo Della Bella Foundation** and in collaboration with the **Istituto Cinematografico Michelangelo Antonioni in Busto Arsizio**. **65 non-profit organisations** enrolled and about **100 people** took part in the **15 total teaching hours** of the **8 streamed meetings**.

Broadcasting activity is also intense, aiming to show the different faces of the Third Sector and communicate the world of non-profits through social media channels. Three pieces were produced: "Dante. La visione dell'Arte" for the "A regola d'Arte" project, "Il concerto" for the Orchestra giovanile 4/8 and "Obiettivo Alberi".

Also on the social media channels (FB/Twitter/Instagram/LinkedIn) more than **230 content items** were published on the Mediafriends website, in the Tgcom24 slot and on the Group's new intranet site.

Reporting work on the projects of Associations supported by Mediafriends continued in 2021. They are monitored up to their completion through reports, on-site visits (journalists, external auditors appointed by Mediafriends), certification for the individual Associations and the production of videos.

Mediafriends also appointed Dr Andrea Franzoso, already an internal auditor for major companies and author and web content producer, to check some of the projects financed by the 2018 edition of Fabbrica del Sorriso and others developed in 2019. Dr Franzoso went to the non-profits financed and drew up a written report afterwards plus some web videos demonstrating the genuine social impact of the TMA, IL PARCO DEL MULINO, OSPEDALE MEYER, BANCO ALIMENTARE and ORCHESTRA GIOVANILE 4/8 projects.



In 2021, the Mediaset News Department again used the footage to produce the **"Fabbrica del Sorriso. Una storia speciale"** programme, broadcast by Rete 4 on 24 December. This analysis of the results of the project financed performed by people outside the structure and the company provides a guarantee of the impartiality and independence of the findings, while the "Fabbrica del Sorriso, Una storia speciale" episode allowed viewers to see the real impact and situations where the donations made were used.

Mediafriends has always carried out training and communication activity for those who work in the Third Sector, with in-depth explorations of topics such as social communication, fundraising and storytelling applied to the various areas of communication. As part of Reinventing, a training and networking event for the world of non-profits held in Milan on 7 and 8 October 2021 at the Palazzo delle Stelline, Mediafriends organised the round table **"ACCENDIAMO LA TV – Il nuovo ruolo della televisione generalista nelle raccolte fondi per il terzo settore"**.

Mediafriends develops intense relational activity with many Associations that apply to be able to use the communication services or to submit projects to be supported. Over the past year, more than **200 meetings** were recorded with Third Sector Associations, some in person and the majority streamed.

Together with Publitalia'80, Mediafriends manages a **pool of social communications**, offering space, free of charge, for the broadcasting of social infomercials for Third Sector Associations.



THE ENVIRONMENT

COMMITMENT TO ENVIRONMENTAL PROTECTION

The Group's commitment to the environment is also referred to within the **Code of Ethics**³⁰, with special reference to the conduct and provisions on environmental protection, which highlight the central role of environmental protection as a key factor in the company.

The MFE Group is inspired by the principles of respect and protection of the environment and the local territory, and their impact on the health of humans and other living species. To achieve this goal, all MFE business activity complies with the **highest standards of compatibility and environmental safety**.

As proof of this commitment, the Group has adopted a specific Corporate Organisational Guideline (**O.G. "Requirements for environmental protection"**) which describes the activities carried out for the collection and disposal of waste produced, which is treated according to the principles of selective separation and recycling of waste wherever possible and as required by current laws and best operating practices.

EU TAXONOMY

REGULATORY CONTEXT

Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020³¹ introduced the classification and reporting system of the European Taxonomy to direct investments **towards activities**

³⁰ The specific provision has been confirmed in the new Code of Ethics adopted by the Group and its subsidiaries in 2019: Art. 26 (Environmental protection) "1. The MFE Group considers protecting the environment to be a key factor in the company and is inspired by the principles of respect for and protection of the environment and the local territory, due both to their intrinsic value and their impact on the health of humans and other living species. To this end, the MFE Group is committed to observing the regulations in force and works so that all its business activity complies with the highest standards of environmental safety and compatibility.

² Particular attention is dedicated to the collection and disposal of waste produced by the company, which wherever possible is treated according to the principles of selective separation and recycling of waste, to reduce the impact on the environment to a minimum and as required by current laws and best operating practices."

³¹ European Parliament and Council, REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

defined as environmentally sustainable, facilitating the transition to a climate-neutral economy, more resilient to the effects of climate change and attentive to the use of resources.

For the purposes of this legislation, an activity that contributes substantially to achieving one or more of the **6 environmental objectives** without causing significant harm to any of the others is considered “environmentally sustainable”. These objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water resources
4. Transition to a circular economy
5. Pollution prevention and reduction
6. Protection and restoration of biodiversity and ecosystems

Specifically, for the purposes of this Regulation, to qualify as environmentally sustainable (or “eco-sustainable”), an economic activity must jointly satisfy a series of **conditions**:

- ▣ contributing substantially to one or more of the six environmental objectives referred to in Article 9 of the Regulation;
- ▣ complying with the technical screening criteria established by the Commission for each individual environmental objective;
- ▣ not causing significant harm to the other environmental objectives (according to the “do no significant harm” principle);
- ▣ being carried out in compliance with the minimum safeguards (in line with the OECD guidelines and the United Nations/ILO guiding principles on business and human rights).

Pursuant to the regulatory requirements set out in the Delegated Act relating to Article 8 of EU Regulation 2020/852, the MFE Group is required to include information on how and to what extent its activities are associated with environmentally sustainable economic activities according to the EU Taxonomy in its Non-Financial Disclosure.

For this first year of application, a disclosure must be prepared that includes the share of **taxonomy-eligible economic activities** and those that are not taxonomy-eligible, in relation to its turnover, capital expenditure and operating expenses.

As of the date of publication of this document, only the Delegated Acts relating to the first two environmental objectives (climate change mitigation and climate change adaptation) have been published, providing a description of EU taxonomy-eligible economic activities and the technical screening criteria associated with them. It is therefore specified that the boundary of analysis for the data included in this disclosure refers only to these two objectives.

As this is the first year of application of a new regulation at international level, all the criteria and assumptions made and included in this paragraph are based on the information and requirements currently available, which may be subject to future revisions also in accordance with the development of the legislation in force.

THE MFE GROUP APPROACH

In line with the legislative requirements, both the “statistical classification of economic activities in the European Communities” (NACE) and the descriptions of the activities listed in Annex I and Annex II of the Delegated Climate Act have been analysed to determine the eligibility of economic activities, regardless of whether one or all of the technical screening criteria are met.

For this reason, MFE Group activities are not associated with economic activities eligible for the climate change mitigation objective. Broadcasting (TV and Radio) and film production and distribution activities alone were instead **eligible for the climate change adaptation objective**. The taxonomy-eligible economic activities identified are:

▣ 8.3 - Programming and broadcasting activities

▣ 13.3 - Film, video and TV programme production, music and sound recording activities

The Group's main revenue-generating activity, the sale of advertising space, is not among those identified as taxonomy-eligible.

The appropriate analyses were prepared on this basis to identify the financial information required by the Taxonomy and produce the economic KPIs of revenues, capital and operating expenses, given below.

The alignment of these activities will be determined on the basis of compliance with the four conditions indicated above for the individual economic activities identified as eligible. The results of this analysis will be presented in future reports in accordance with the regulations.

In awareness of the development of EU Taxonomy legislation and the possibility of development in how it is applied, the Group will evaluate the possibility of refining the methodology adopted for this first year of reporting.

PERFORMANCE INDICATORS

	Revenues	CAPEX	OPEX
8.3 Programming and broadcasting activities	7%	84%	54%
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	1%	9%	2%
A. EU Taxonomy Eligible Activities	8%	93%	55%
B. EU Taxonomy Non-Eligible Activities	92%	7%	45%
TOTAL (A+B)	100%	100%	100%

Methodology:

The values provided reflect a prudent approach in interpreting the new Regulation. Activities related to the management of signal transmission networks and the sale of advertising space are considered as non-eligible.

The numerator of the KPI relating to turnover refers to the main items relating to other characteristic revenues, including the sale of broadcasting rights and television productions, net of any Intercompany transactions. The denominator, on the other hand, considered the total value of the Group's net revenues for the year 2021, as indicated in the Consolidated Income Statement.

Capital expenditure refers to increases in television and movie broadcasting rights and other tangible and intangible fixed assets (e.g. Assets in progress and advances, plant and machinery), as indicated in the respective items of the Group Cash Flow Statement for the year 2021. Only the values referring to companies that carry out activities identified as “taxonomy-eligible”, i.e. broadcasting (TV and Radio) and film production and distribution, were considered in the numerator.

The denominator of the operating expenses indicator includes short-term leasing, maintenance and repair of corporate assets (including networks, broadcasting, television studios, and television and movie broadcasting rights). The numerator of the performance indicator relating to operating expenses includes the same expense items as the companies that carry out activities identified as “taxonomy-eligible”, or broadcasting (TV and Radio), film production and distribution.

MANAGEMENT OF ELECTROMAGNETIC EMISSIONS

The MFE Group Italia³² has always been committed to **respecting the sector legislation on electromagnetic emissions**.

Elettronica Industriale S.p.A., a subsidiary of the MFE Group, is required to present documentation to the local authorities certifying compliance with the field limits of plants for the installation of new plants or for the modification of existing plants.

In 2021, 889 requests were made to modify plants, compliant with current regulations, including compliance with the population exposure limits for electromagnetic fields.

These activities allow the Group to monitor the impact produced by any changes made to the plants throughout the area and ensure the non-existence of any negative effects due to radio-television signal emissions. The applications must obligatorily contain all electromagnetic impact assessments of the plants subject to the authorisation request.

The **Electromagnetic Impact Analysis (EIA)** for larger plants are extremely thorough and include “pre-existing electromagnetic background” levels and the impact of that individual plant. The reference standards for the Electromagnetic Impact Analysis are those reported in Law 36/2001 and include the maximum permitted levels to which the population can be subjected³³.

Furthermore, while complying with regulatory limits, Elettronica Industriale S.p.A. continuously assesses any specific provisions set by individual municipalities as well as any indications of any provincial, state and international location plans for transmission sites.

As regards the assessment of the overall impact of the transmission sites (within which Elettronica Industriale S.p.A. plants also operate), the role of the **ARPA departmental agencies (Regional Agency for Environment Protection)** must also be taken into consideration, which is responsible for monitoring activities through periodic analysis and sampling of the plants, with particular attention to more prone units of the company.

As part of managing relations with public bodies, Elettronica Industriale S.p.A. always provides absolute availability for inspections and collaborates with the ARPA, even in a preventive manner, using comparison activities during meetings with those public bodies.

The most sensitive plants have been monitored in recent years by the regional agencies (ARPAs) without penalties being imposed on Mediaset.

During 2021, the Regional Environmental Protection Agencies carried out 91 checks in the first half of the year and 798 in the second half. These checks revealed that the electromagnetic field limits had been exceeded in sites where MFE equipment was also present. It was however exceeded by less than one tenth of the legal limit and so no requests for reduction for compliance or fines were made by the authorities.

In this year and until 2022, following the **transition to new frequencies** caused by the release of the '700 band for telephone companies, new applications were made to authorise all plants, which will have to comply with the new frequency allocation plan. This will result in further analysis of the electromagnetic fields envisaged by the applicants and the Regional Environmental Protection Agencies. The total number of plants envisaged by the new National Frequency Allocation Plan will be lower (from 5 to 3) compared to the current number of plants in operation, with a resulting decrease in the electromagnetic impact in the majority of cases. The most

³² The issue of electromagnetism is taken into consideration only in Italy as the MFE Group in Spain does not directly manage the signal transmission network.

³³ The maximum exposure limits allowed by current legislation are 6 V/m in housing and related outbuildings and 20 V/m in public places (see also par. 3.3).

sensitive plants have been monitored in recent years by the regional agencies (ARPAs) without penalties being imposed on MFE.

With respect to the impact of the **Covid-19 pandemic** on our activities and the main initiatives to ensure business continuity, we would point out that the main effect concerned the organisation of work and relations with organisations throughout Italy.

In particular, priority was given to web-based communication (encouraging the use of e-mail, telephone contacts and also the use of online videoconferencing software).

At a second stage, contact was resumed, including face-to-face contact and in some cases inspections of installations.

In general, through the use of smart working, it was possible to safeguard business continuity and the maintenance of operations.

The equipment managed by the **RadioMediaset** company is generally housed at stations that it does not own.

The appointed RadioMediaset Office independently, or with the support of specialist companies and/or the tower operator itself, provided with the technical documentation necessary, draws up the applications to present to the local authorities for authorisation to change existing equipment and/or activate new equipment.

The procedure adopted by the Group for the radio station in order to monitor electromagnetic pollution and safeguard the community is divided into the following activities:

- ▢ Execution of an Electromagnetic Impact Analysis (EIA) for each plant it intends to install ex novo or whose emission characteristics are to be modified by specialised third-party companies and personnel in possession of the qualifications required by current legislation, in order to ensure compliance with the exposure limits, attention thresholds and quality objectives for electromagnetic emissions as required by current legislation;
- ▢ Selection and contracting of the aforementioned counterparties in line with the provisions of the current company guidelines;
- ▢ Submission of the request for installation and operation of radio equipment (including the aforementioned EIA) to the Single Contact Point for Productive Activity (SUAP) of the municipality responsible for that area by a company lawyer or by the company/professional who carried out the aforementioned analysis, by delegation of a company representative;
- ▢ Assessment of the EIA by the Regional Agency for Environmental Protection (ARPA) for that area. Issue of the authorisation for installation and operation of radio equipment by the competent Municipality, subject to obtaining permission from the local ARPA;
- ▢ Continuous monitoring of the operation of Group radio equipment by dedicated department via verification of the data acquired by the equipment through telemetry. Where anomalies are detected that could cause the equipment to operate at higher energy levels than those envisaged, the department will promptly alert the competent maintenance companies in order to resolve any anomalies found;
- ▢ Periodic checking on the operation of the systems by specifically contracted maintenance companies
- ▢ In recent years, a complete mapping of all the radio equipment managed by the MFE Group in Italy was performed by a specialised third-party company, aimed at assessing the risks pertaining to individual systems and preparing the related RADs (Risk Assessment Documents). Measurements were carried out on the overall level of electromagnetic emissions from the stations where radio equipment operated by the Group is installed in Italy (these were cumulative measurements, bearing in mind that there may be several systems belonging to various radio companies at a single location) and, where necessary,

measurements on the emissions level of the Group's systems (narrow measurements), in order to ensure compliance with the electromagnetic emission threshold imposed by current legislation. Where anomalies were detected, installers/maintenance technicians were promptly alerted to resolve them.

During the year, 7 communications were submitted to ARPA for equipment of less than 20 W and 28 applications for authorisation for equipment of greater than 20 W, for a total of 42 assessments (EIA). There was also 1 test report (post-activation checks requested by the authority) and 17 sites were monitored by ARPA (periodic checks on the territory), for a total of 41 plants.

During the base year, the ARPA identified non-compliance with the required attention thresholds at 3 sites due to multiple exposures. This involved 10 managed systems and others belonging to third parties, for which assessments to meet legal requirements are still underway. In the course of 2021, 2 notification reports were issued that envisage a fine of €25,838.43 each concerning an alleged lack of permit. An appeal was filed with the competent court. The appointed RadioMediaset Office also gathers the data for drawing up the Risk Assessment Document, including the electromagnetic field levels, which allow appropriate interventions for remedying the most important issues to be identified and developed. 2021 saw 244 monitoring operations, 231 Plant Risk Assessment Documents prepared and 2 RADs for owned sites for these purposes.

There were no risks to station workers since the electromagnetic levels detected are completely within the thresholds prescribed by law.

In any case, in an effort to further reduce risk, the power of the transmitting plants is reduced during any work at height on the pylon/pole, thus keeping the exposure of workers to electromagnetic fields to a minimum.

As far as the impact of the **Covid-19** pandemic is concerned, it should be noted that work was always carried out continuously, taking the appropriate and necessary health precautions, even if that work was slowed by the relevant national and regional regulations.

When carrying out activities externally and with the presence of other staff, measures were adopted to preserve personal health, such as the temporary assignment of the same vehicle always to the same worker and the instruction to coordinate with other site users during checks in order to limit presence to a few people. The compulsory use of masks and gloves was always observed, even in the most isolated locations. Finally, the standard information sheet on Risks to Workers at Technological Sites and Interference Risks was supplemented with a section on Risk Assessment of COVID-19 infection and related Prevention and Protection Measures.

WASTE MANAGEMENT

In order to minimise its impact on the local territory, the MFE Group, including foreign investee companies, constantly monitors its consumption of raw materials and the waste produced by its activities.

The Group mainly produces waste connected to its specific activity, such as mixed packaging materials, toner, electrical and electronic equipment and bulky waste (e.g. sets), and hazardous waste composed of materials from ordinary maintenance activities (e.g. neon lights and batteries). Lastly, it is worth mentioning the possible production of hazardous waste due to the hospital service.

WASTE BY TYPE (TONs)	2021	2020
Bulky Waste	758	564
Mixed-Material Packaging	697	956
Plastic	256	6
Broken equipment, other than that indicated in 16 02 09 to	124	42

16 02 13		
Paper and Cardboard Packaging	129	97
Other (hazardous)	10	6
Other (non-hazardous)	131	99
Total	2,105	1,770

All refuse produced is managed in compliance with current regulations on the environment (Legislative Decree 152/2006) and waste collection is managed using appropriate bins that have been approved for hazardous waste.

The MFE Group also adopts oversight activities on the correct administrative and legal management of the refuse through the **supervision of the transport process**, in close coordination with the suppliers and in compliance with the law.

The verification of the authorisations and the administrative management of the waste for all premises that are part of the Cologno Monzese headquarters are carried out using specific software (ECOSWEB).

It should also be noted that the **separate collection of urban waste** has always been present within the company.

The Group produced approximately 2,104 metric tons of waste in 2021. In particular, hazardous waste represents less than 1% of the total waste produced, with the rest non-hazardous.

WASTE DIVIDED BY TYPE AND DISPOSAL METHOD (METRIC TONS) FOR THE MFE GROUP

	2021			2020		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Recycle	5.00	33.00	38.00	4.00	44.00	48.00
Composting	-	-	-	-	-	-
Recovery[*]	5.00	2,046.00	2,051.00	2.00	1,705.00	1,707.00
Dump[**]	-	15.00	15.00	-	15.00	15.00
Other	-	-	-	1.00	-	1.00
Total	10.00	2,094.00	2,105.00	6.00	1,764.00	1,770.00

[*] Including recovery through energy production R-13 – R-5.

[**] Preliminary deposit before one of the operations referred to in points D1 to D14 (excluding temporary deposit, before collection, in the place where they are produced)

The **MFE Group in Spain** monitors the consumption of paper, CDs and toners in all its offices. This monitoring focuses specifically on the Fuencarral and Villaviciosa offices in Madrid, where all activities related to audiovisual production are concentrated, and involves around 96% of the workforce.

In 2021, all waste generated by the MFE Group in Spain was managed appropriately, promoting recycling activities according to national legislation.

In 2021, Mediaset España continued with work to eliminate non-biodegradable plastic waste in the canteen and adjoining bar.

In compliance with the regulations governing hazardous and non-hazardous waste, the Group has appointed a specialised third party company for its management.

Waste electrical and electronic equipment is managed by technical warehouse workers, while organic waste produced by the canteen is collected and separated by kitchen personnel according to the type of material.

Hazardous waste included batteries, fluorescent tubes and printer material.

MANAGEMENT OF ENERGY CONSUMPTION AND EMISSIONS

The main energy sources used by the MFE Group, in Italy and Spain and in the other foreign investee companies, for the performance of its activities are divided into four types: electricity, natural gas, diesel and petrol.

The largest proportion of energy consumption is due to **electricity**, used mainly for the supply and operation of radio towers, servers, data centres and uninterruptible power supplies for technical equipment, as well as for the air conditioning and lighting of the Group's plants. Replacement of printers in Group offices due to obsolescence continued in 2021. Products were selected favouring models that provide the same performance with a lower environmental impact. The adoption of LED light arrays for television studios also continues.

In some locations, electricity is also used to power the heating and cooling units and for powering data centres. In 2021, around 326 TJ of electricity was consumed, approximately 1% less compared to 2020. This decrease in energy consumption is also due to the effect of the pandemic situation and the consequent decrease in activity related to the presence of staff in offices.

ENERGY CONSUMPTION WITHIN THE GROUP BY SOURCE (TJ)*

	2021	2020
Electricity purchased	326	330
Natural gas	33	31
Diesel	24	26
Petrol	3	2
Total	386	388

[*] Source: Lower Calorific Value of natural gas equal to 0.034 GJ/m³, average density of diesel oil equal to 0.84 kg/litre, Lower Calorific Value of petrol equal to 42.82 GJ/ton, average density of petrol 0.74 kg/litre, Lower calorific value of diesel oil equal to 42.78 GJ/ton, average density of diesel oil 0.84 kg/litre (Sources: NIR: Italian Greenhouse Gas Inventory 1990-2017 - National Inventory Report 2019).

To provide a more meaningful representation of the MFE Group's energy consumption, the source of the conversion coefficients used for the calculation was updated during the year. For the figures published previously, please refer to the 2020 Sustainability Report published in the "Sustainability" section of the [mfemediaforeurope.com](https://www.mfemediaforeurope.com) website.

GREENHOUSE GAS EMISSIONS (TONS OF CO₂) FOR THE GROUP [*]

	2021	2020
Scope 1[**]	4,084	3,828
Scope 2[**] - Location-based	27,528	30,393
Scope 2[**] - Market-based	34,442	35,477

[*] Scope 1 emissions are expressed in metric tons of CO₂ equivalent. Scope 2 emissions are expressed in tons of CO₂, but the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂ equivalent) as can be deduced from the reference technical literature.

[**] 2021 data: Natural gas emission coefficient equal to 2.02266 kgCO₂e/Sm³, diesel oil emission coefficient equal to 2.54603 2,54603 kgCO₂e/l, petrol emission coefficient equal to 2.16802 kgCO₂e/l (source: DEFRA 2020. UK Government - GHG Conversion Factors for Company Reporting).

2020 data: Natural gas emission coefficient equal to 2.02266 kgCO₂e/Sm³, diesel oil emission coefficient equal to 2.54603 2,54603 kgCO₂e/l, petrol emission coefficient equal to 2.16802 kgCO₂e/l (source: DEFRA 2020. UK Government - GHG Conversion Factors for Company Reporting).

To provide a more meaningful representation of the MFE Group's emissions, the source of the emission factors used for the calculation was updated during the year. For the figures published previously, please refer to the 2019 Sustainability Report published in the "Sustainability" section of the [mfemediaforeurope.com](https://www.mfemediaforeurope.com) website.

In particular, it should be noted that all electricity purchased by the **MFE Group in Spain** (equal to about 15.56 GWh in 2021) is certified and comes from renewable sources through Guarantees of Origin. This consumption is mainly due to the technical equipment of the studios, including recording, transmission and post-production equipment, as well as computer equipment and air conditioning in IT rooms.

Activity to achieve greater efficiency in terms of the above consumption continued in 2021, above all by replacing the above equipment which is most energy inefficient and obsolete.

In particular, work continued on:

- ▢ replacing high-consumption lights with more energy-efficient models;
- ▢ replacement of the most obsolete computers;
- ▢ installation of new solar panels on buildings;
- ▢ Fuel consumption (petrol and diesel) in 2021 amounted to 3.7 TJ, mainly due to the company car fleet and some generators.

Natural gas is used to heat offices, laboratories and warehouses only, comprising around 8% of total energy consumption. It saw a 5% increase compared to 2020.

However, the consumption of **diesel and petrol** in 2021 amounted to about 27 TJ, mainly due to the company car fleet and the operation of a few generators.

The MFE Group company fleet in Italy consists of cars for long-term hire and a specifically owned car fleet in Spain.

In 2021, the Group's activities generated greenhouse gas emissions due to direct energy consumption (natural gas, petrol and diesel) and indirect energy consumption (electricity) of the Group itself. In particular, a high proportion of the greenhouse gas emissions are due to Scope 2 emissions, for which MFE is indirectly responsible, as it derives from the electricity supply purchased externally. However, the zero contribution of the MFE Group in Spain to these type of emissions (according to the Market-based approach) is noteworthy, since all electricity of the Group is covered by certificates of guarantee of origin.

The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches to calculating Scope 2 emissions: "location-based" and "market-based". The "location-based" approach envisages the use of a national average emission factor related to the specific national energy mix for the production of electricity (emission coefficient used for Italy of 315 gCO₂/kWh and for France of 56 gCO₂/kWh - Source: TERNA, International Comparisons 2021). The "Market-based" approach envisages the use of an emission factor defined on a contractual basis with the electricity supplier. Given the absence of specific contractual agreements between MFE Group companies in Italy and the electricity supplier (e.g. purchase of Guarantees of Origin), the emission factor relating to the national "residual mix" was used for this approach (emission coefficient used in Italy of 459 gCO₂/kWh and for France of 59 gCO₂/kWh - Source: Association of Issuing Bodies, European Residual Mixes 2019, 2020). Note too that the companies of the MFE Group in Spain do not use Scope 2 emissions for the "market-based" approach since they purchase electricity from renewable sources certified with Guarantees of Origin. In Italy, it should be noted that as part of the 2021 tender for 2022 Electricity supply for the Group's utilities, the decision was taken to purchase energy from renewable sources with guarantees of origin.

Finally, the direct emissions of Scope 1 generated directly within the Group due to the use of fuels for heating, generators and the car fleet amount to approximately 4,084 tCO₂eq.

We would highlight the fact that in Italy, sustainable mobility initiatives were launched to this end in 2021, an area in which the Group, after having introduced various measures in previous years to improve employee transport to the main company premises, has focused its commitment on renewing the company car fleet. It has developed a project that will be completed in 2022 and involves the construction of major car park charging station infrastructure at its Cologno Monzese headquarters. This will facilitate conversion of the company fleet to hybrid or full-electric models, capable of producing positive impact in reducing CO₂ emissions from company cars.

In reference to the sustainable management of greenhouse gas emissions, it should be noted that the **MFE Group in Spain** identifies, measures and manages its emissions and establishes appropriate measures for their reduction. In addition to quantifying the emissions generated, the company also makes this information public, which demonstrates its degree of awareness and transparency in this sector. The commitment of the MFE Group in Spain to transparency is reflected in its participation in the **Carbon Disclosure Project (CDP)** initiative since 2009, with which the Group agrees to publicise its objectives and the methods implemented to reduce greenhouse gas emissions.

Furthermore, it should be noted that in order to reduce greenhouse gas emissions as much as possible and raise awareness among its employees, the MFE Group in Spain offers its staff a **shuttle service** linking the company's premises with metro stations over a wide range of hours in order to encourage greater use of public transport.

In this context, we would highlight the fact that the car fleet owned by Mediaset España includes 1 minibus for transporting employees and a fleet of cars for long-term hire, used exclusively by the group's senior managers, comprising 37 diesel cars, 8 petrol and 14 hybrid.

ADDITIONAL INFORMATION

TECHNOLOGICAL INNOVATION AND DEVELOPMENT

In 2021, the Group's Technology Department pursued research and innovation activities to define technologies and commercial requirements that will underpin the production processes of the Group companies' various business units. These activities are geared toward pursuing the following objectives:

- ▢ Creating prototypes or proof of concept for the development and validation of emerging technologies useful for the development of core business projects or for the innovation of the Group's organisational processes.
- ▢ Participating in defining technical specifications and commercial requirements with international television standardisation bodies. DVB Project³⁴; EBU³⁵; SMPTE³⁶.
- ▢ Having a presence within domestic and international associations for draft and publishing technical specifications for TV receivers: HDTF³⁷; CRTV³⁸; FAME³⁹.
- ▢ Participating in regulatory and EU round tables for the development of digital television in Italy and Europe.
- ▢ Providing technological support for training, information-gathering and dissemination concerning the company's primary trends in technological innovation.
- ▢ Researching the technological context of the media world with the aim of outlining development scenarios with national and international research observatories.

Projects and Experiments in 2021

Proof of Concept DVB-I⁴⁰:

In 2021, validation and testing continued of the DVB-I standard with the development of the proof of concept (p.o.c) technology activated in 2019. Additional Phase-2 use cases were added, tested and validated by a growing number of TV receiver manufacturers, broadcasters, operators and audiovisual content carriers along with other important supply chain players as part of extensive end-to-end experiments.

Phase 2 of the p.o.c. enabled additional functionalities (use cases) to be developed and additional skills to be acquired to develop the emerging distribution platform through the Internet Protocol (IP).

The purpose of the p.o.c is to outline the functional and operational requirements for a future launch of multiplatform hybrid television services, which will occur once the refarming of the 700 Mhz spectrum is complete in mid-2022.

In July 2021, the outcomes of Phase 2 of the project were extensively demonstrated in through the entire end-to-end production chain: from the production of television content adapted to style a list of experimental DVB-I services. Additional user experience features have been secured: channel-changing times (zapping time), synchronisation and latency of services offered between DTT and OTT platforms, channel banners, content information, content guide, parental control, content protection for free/freemium TV linear streaming services

³⁴ DVB Project: Digital Video Broadcasting Project

³⁵ EBU: European Broadcasting Union, specifically 5G-Media Action Group (5G-MAG)

³⁶ SMPTE: Society of Motion Picture & Television Engineers

³⁷ HDTF: HD Forum Italia

³⁸ CRTV: Confindustria Radio Televisione

³⁹ FAME: Forum on Advanced Media in Europe

⁴⁰ DVB-I: Digital Video Broadcasting over IP network. This is the new IPTV standard.

The positive outcomes of Phase 2 were publicly unveiled in November 2021 at the HD Forum Italia National Conference in Rome, where they garnered the interest of Italian regulator AGCOM, which actively participated in the work of the Conference.

The third experimentation phase is now commencing, with the inclusion of a new set of business requirements focused on just as many functional use cases, which are being developed as part of Phase 3. This will be completed and the outcomes unveiled, with related technical demonstrations, in May 2022.

Alongside the DVB-I P.o.C., activities also continued in 2021 to consolidate the collection of Commercial Requirements for the interoperability of current and future interactive services in the HbbTV/DVB-I sphere, in anticipation of the updated version of the HbbTV 2.0.4 standard, to be published in 2022.

Progetto Addressable Advertising 2.0:

Mediaset is continuing to invest in projects aimed at integrating linear-channel advertising with digital tools: this integration will allow investors to accurately measure the audience of their advertising campaign by relying on the quality of the linear channels, while also enabling viewers to receive advertising that is more contextualised and relevant to their interests regardless of the device in use.

Specifically, two projects were conducted as part of this program in 2021. The first has been aimed at integrating Hybrid Linear Digital Advertising capabilities with the Mediaset application ecosystem, making it possible both to improve the delivery of digital adverts on connected TV sets and to increase the number of TV sets available: the first campaigns enabled by the new technology were aired as early as December 2021. Mediaset is the second broadcaster in Europe to boast this technology, which serves as confirmation that it wishes to strengthen its position as a technical leader in the Italian connected-TV landscape.

The second project has made it possible to increase the level of automation in interactions between the concessionaire and advertisers by developing, in collaboration with a leading vendor in the sector, an innovative booking application that is made available to the sales force and fully integrated with the advertising delivery systems, making it possible to launch a campaign in just a few minutes after the customer's request.

Transition to IP technology in Mediaset's production centres

Mediaset has completed its transition to tapeless⁴¹ production processes, which took a place against a background of new transportation architecture and signals routing using IP technology.

The digitisation of productions, in addition to allowing a significant optimisation of the quality of the audiovisual product, helps achieve the efficiency targets both in terms of the production itself and of the logistics during the storage, transportation and recovery of materials for productions and broadcasts.

In 2021 in particular, following on from the work carried out during previous years at Cologno Monzese (Milan) and Palatino (Rome), the project was completed at the Elios production centre for the upgrade of the production chain and the storage of all internal productions.

This process of development and innovation of IP technology infrastructure was completed in 2021 with the delivery of an ambitious project to create new IP Video Centres, which enable RTI to directly manage contribution and transportation services when it comes to connection switching between production centres.

⁴¹ Tape-to-file technology, which consists of dematerialising the use of physical magnetic media (tapes) for video-magnetic recording in favour of files (bits) that run virtually over advanced IP telematic networks

Starting from 2022, these new Video Centers will enable significant recoveries in terms of efficiencies and significant development of the tools and internal skills for managing the core business processes relating to the contribution/emission/distribution of video signals.

700 Mhz Head End Post Refarming Project

In 2021, Mediaset invested in technological infrastructure for the generation, distribution and transmission of the DTT digital terrestrial and DTH satellite television signal with the implementation of the "Head End" project, through its subsidiary Elettronica Industriale. The project aimed to enhance transmission efficiency, to adapt HD and UHD television formats and to improve the audiovisual quality of its broadcasts by building a new over-the-air transmission infrastructure in which it brought its assets and skills in-house. This operation has multiple strategic advantages:

- ▣ Continued improvement in TV signal quality: the new Head End chain is at the forefront of technology and is compatible with the most cutting-edge next-generation encoding technology standards (HEVC). Compression algorithms use artificial intelligence and machine learning techniques that allow for ever increasing image quality in all possible forms: HD and UHD-4K, as well as a dynamic colour range (SDR-HDR) and multi-channel audio components (NGA).
- ▣ Increased transmission efficiency in view of the refarming of the 700MHz band by adopting more efficient compression algorithms and laying the groundwork for DVB-T2 second generation digital video broadcasting technology. In 2022, national TV broadcasters will be legally required to release frequencies in the 694-790 MHz band (the "700 MHz refarming"), which will instead be allocated for 5G mobile services. This process will limit the number of frequencies that Mediaset can currently use to broadcast its channels. The increased efficiency introduced by the new Head End system will allow for a significant reduction in the use of radio frequency spectrum to accommodate the reduced number of available frequencies. Despite the reduced availability on the electromagnetic spectrum, the transmission of all current and future Mediaset channels will see an enhancement in their quality and their image and sound definition.
- ▣ Compatibility with the latest interactive and hybrid (broadcast-broadband) standards: the new Head End system supports full compatibility with the HbbTV standard, which was rolled out in Italy in 2017 and has been expanding rapidly in terms of its prevalence on TV platforms and its functionality. This allows viewers to connect to the interactive world of Mediaset by connecting their TV sets to the internet and access streaming services in a simple, intuitive and bidirectional way. The new Head End features that can be enabled through HbbTV include targeted advertising: DVB-TA⁴², which will allow Mediaset to more efficiently roll out Addressable Advertising 2.0, thus replacing an audio-video broadcast stream of adverts with a broadband stream of adverts seamlessly tailored to each user. This functionality will be introduced in 2022 under commercial and vertical agreements with TV manufacturers.
- ▣ Compatibility with the DVB-I protocol: the new Head End system is designed to expand and support the new emerging linear transmission standards via DVB-I broadband.

New Flexi-work Organisation

⁴² DVB-TA: Digital Video Broadcasting Target Advertisement. Standardised technology for user ad profiling

For some time, Mediaset has been rolling out a programme to update the technological equipment used by its staff with the aim of creating a modern, secure working environment that can improve operational efficiency in various scenarios and in particular with flexible working.

This technology scheme, which began in 2018 with the introduction of a new platform of packages and application services to support operations, continued to be rolled out in 2020 with the introduction of new communication tools and features based on "market standard" collaboration solutions both for individual use (which has been essential during the most acute phases of the public health crisis) and in office meeting rooms. This has also been aided by the release of a new corporate Intranet site which serves as a single, centralised hub for corporate information and access to applications.

Additional initiatives were launched in 2021 to reduce risk from increased security threats, as well as to increase staff training and improve device management capabilities. In particular, the use of conditional/multi-factor access authentication has been extended, and IT protection measures have been strengthened to combat spam and email impersonation.

Device management platforms also continued to be replaced, with the introduction of a new solution for all device types. This option will allow for a more modern management of device configuration policies, improving the user experience through self-service functions and substantially strengthening the security of the IT devices used by the Group's staff.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

MFE – MEDIAFOREUROPE N.V. (the “Company” or “MFE”) is a public limited company existing under Dutch law (Naamloze Vennootschap) since 18 September 2021, following the transfer of the registered office to the Netherlands (the “Transfer”). The name of the company, which at the time of the transfer was Mediaset N.V., was changed by decision of the shareholders’ meeting of 25 November 2021 to MFE – MEDIAFOREUROPE N.V., becoming effective on the same date.

The Company has its principle place of business in Italy, in Cologno Monzese (Milan), Viale Europa 46, and its tax residency in Italy. Since 1996 it has been listed on Mercato Telematico Azionario (Euronext Milan since 25 October 2021) managed by Borsa Italiana S.p.A., the company that organises and manages regulated Italian markets (the “Italian Stock Exchange”).

Following the Transfer, the company elected the Netherlands as its home member state, for the purposes of Article 2(1) of the Transparency Directive (Directive 2004/109/EC), informing the market pursuant to Article 5:25a(3) of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

As a company with its statutory seat in the Netherlands, MFE, from the date when the Transfer became effective, is no longer subject to Borsa Italiana’s Corporate Governance Code, but instead to Dutch Corporate Governance Code (version of 8 December 2016, in effect since 1 January 2017) (“DCGC”) see <https://www.mccg.nl/publicaties/codes/2016/12/8/corporate-governance-code-2016>, unofficial English version.

The purpose of the DCGC is to facilitate an effective and transparent system of controls and balancing in listed companies and, to this end, govern relations between management and control boards and shareholders (including the Shareholders’ Meeting).

The DCGC is intended for companies that have opted for a two-tier corporate governance structure, in which management and control of company operations are assigned to a management board and supervisory board respectively.

The DCGC also applies to companies that only have a Management Board (one-tier governance structure). In this case, the management board comprises executive directors and non-executive directors and the latter carries out controls on the management activities of the executive directors.

Transfer of the registered office to Amsterdam (Netherlands)

On 23 June 2021, an extraordinary Shareholders’ Meeting of the Company resolved to transfer the registered office from Milan to Amsterdam while keeping tax residency in Italy, through the adoption of the legal form of a *naamloze vennootschap* governed by Dutch law, called Mediaset N.V..

On 18 September 2021, with all necessary conditions contemplated being met, the notary deed necessary for the Transfer was stipulated and became effective.

The Company has, since long time, pursued the objective of creating a pan-European group in the entertainment and content sector which, on the strength of its leadership position on own reference markets (Italy, Spain and Germany) is structured in such a way as to increase the competitive edge of its own business, and increase the scope of its action to reach out to other European countries, also through appropriate operations to achieve growth by external lines. The purpose of the Transfer is to help achieve this objective, in continuity with the strategic rationale underlying the MFE project approved by shareholders in the Extraordinary Meeting of 4

September 2019, and, firstly to create the conditions suitable for future combinations. In this context, the Netherlands was chosen, in order to have the Company's registered office in a jurisdiction which, for various reasons, is ideal for the objective. Specifically, the choice of the Company's registered office was based on finding a system that can foster the internationalisation process and which can, like the Netherlands among others: (a) facilitate a more realistic valuation of the Company by the stock exchange and more in general by the international business community, which still sees broadcasters as "local" businesses, and therefore strictly related to and dependent on valuations of the domestic economic context; (b) consolidate the Company's ability to raise capital and financial resources necessary to support the development of new business projects and facilitate operations for integration with new partners; (c) offer a legal system, that is well-known and appreciated by market operators and investors at international level, capable of enhancing the pan-European dimension of the Company's target business, while still maintaining its identity and historical presence on current reference markets; (d) allow, on the one hand, the adoption of a governance model in line with international best standards; and (e) on the other hand, provide wider-ranging protection for investors, and also guarantee a high level of certainty in terms of the law and contractual/business relations and consequently, the feasibility of the internationalisation project.

BOARD OF DIRECTORS

Nomination and composition

Following the Transfer, MFE opted for the one-tier governance system, with only a Management Board. Operations, carried out by Executive Directors, are supervised by Non-Executive Directors. With this system, there is no independent supervisory body. Therefore, on 18 September 2021, the statutory board of auditors - required under Italian law in the so-called management and control system, which had been in office up until the Transfer, ceased to exist.

Pursuant to the Articles of Association, the Board of Directors comprises one or more Executive Directors and one or more non-Executive Directors. The exact number of Directors, as well as the number of Executive and Non-Executive Directors, is decided by the Board of Directors. The majority of members of the Board of Directors must be Non-Executive Directors.

In accordance with the Articles of Association of the Company, the Directors are appointed by the General Shareholders' Meeting. The appointment of each Director may not last for more than four years. The term of office may not run beyond the end of the first annual Shareholders' Meeting held in the fourth year following the appointment, unless the director steps down or is removed from office beforehand.

The current Board of Directors comprises 15 Directors, elected by the General Shareholders' Meeting of 23 June 2021, before the Transfer. The term of office is for three years and will last up to the date of the General Shareholders' Meeting that will approve the financial statements of the Company for the year ended 31 December 2023.

The Board, with the Transfer taking effect, confirmed Fedele Confalonieri as Chairman and Pier Silvio Berlusconi as Chief Executive Officer.

The Board also confirmed Marco Giordani as Chief Financial Officer and Emanuela Bianchi as Secretary of the Board of Directors.

The Board of Directors comprises the following persons:

Members, date of birth, gender	Office	Date first appointment*	Date of appointment or reappointment**	End of the appointment***
Fedele Confalonieri (06/08/1937), M	Chairman (Non-Executive Director)	16/12/1994	23/06/2021	31/12/2023
Pier Silvio Berlusconi (28/04/1969), M	Chief Executive Officer (Executive Director)	28/07/1995	24/06/2021	31/12/2023
Marina Berlusconi (10/08/1966), F	Non-Executive Director	28/07/1995	23/06/2021	31/12/2023
Stefania Bariatti (28/10/1956), F	Non-Executive Director	23/06/2021	23/06/2021	31/12/2023
Marina Brogi (15/07/1967), F	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Raffaele Cappiello (17/09/1968), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Costanza Esclapon de Villeneuve (28/09/1965), F	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Giulio Gallazzi (08/01/1964), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Marco Giordani (30/11/1961), M	Chief Financial Officer (Executive Director)	20/03/2001	23/06/2021	31/12/2023
Gina Nieri (02/12/1953), F	Executive Director	28/09/1998	23/06/2021	31/12/2023
Danilo Pellegrino (18/09/1957), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Alessandra Piccinino (31/08/1962), F	Non-Executive Director	29/04/2015	23/06/2021	31/12/2023
Niccolò Querci (10/05/1961), M	Executive Director	22/04/2009	23/06/2021	31/12/2023
Stefano Sala (23/09/1962), M	Executive Director	29/04/2015	23/06/2021	31/12/2023
Carlo Secchi (04/02/1944), M	Non-Executive Director	20/04/2006	23/06/2021	31/12/2023

Directors ending their term of office during the reporting year

Andrea Canepa (21/11/1961), M	Non-Executive Director	27/06/2018	27/06/2018	23/06/2021
Francesca Mariotti (16/03/1973), F	Non-Executive Director	27/06/2018	27/06/2018	23/06/2021

* The date of the first appointment of each director means the date when the director was appointed for the first time (in absolute terms) to the Board of Directors of Mediaset S.p.A.

** The current Board of Directors has been elected by the General Shareholders' Meeting of 23 June 2021. On 18 September 2021 the Company transfers its registered office to the Netherlands and has been converted into a Dutch N.V.

***The term of office will end on the date of the General Shareholders' Meeting to approve the financial statements of the Company for the year ended 31 December 2023

Curricula Vitae

FEDELE CONFALONIERI

Born on 6 August 1937 in Milan. He graduated with a degree in Law from Milan University. He is a member of the Advisory Board of Confindustria and Assolombarda. He is Chairman of MFE-MEDIAFOREUROPE N.V. and Mediaset S.p.A.. He is a Board Director of the daily newspaper "Il Giornale", Chair of the Milan Cathedral Heritage Association Veneranda Fabbrica del Duomo di Milano and member of the General Council of the industry association Confindustria Radio Televisioni. He is also Director and Deputy Chairman of the Board of Mediaset España Comunicación S.A..

PIER SILVIO BERLUSCONI

Pier Silvio Berlusconi was born in Milan on 28 April 1969. He began his professional career in 1992 working for Publitalia in the marketing area, moving on to the Italia 1 television network. In November 1996, he became head of scheduling and programme coordination for Mediaset networks. In 1999, he was appointed general deputy manager of RTI content and in April 2000 became Chairman and CEO of RTI. From April 2000 to September 2021, he was Deputy Chairman of the Mediaset Group. Since April 2015, he has been CEO of Mediaset (now MFE-MEDIAFOREUROPE). Since February 2020, he has been Deputy Chairman and CEO of Mediaset Italia S.p.A.. Since June 2020, he has been Chairman of Medusa Film S.p.A. He is also a board director of the companies: Arnoldo Mondadori Editore S.p.A., Fininvest S.p.A. and Publitalia S.p.A.

STEFANIA BARIATTI

Stefania Bariatti was born in Milan on 28 October 1956. She is full professor of international law at the Faculty of Law, Milan University, a member of the Governing Council of UNIDROIT, International Organisation for the Unification of Private Law, and a member of the Board and Chair of the Antitrust Technical Committee of the Italian Banking Association, ABI. She has been a board member of universities and non-profit foundations and a board member of listed companies since 2013. She is currently on the board and on the board committees of A2A S.p.A. and BNL S.p.A.. She has represented Italy at the European Union and the Hague Conference on Private International Law and has assisted the European Parliament and European Commission on drafting legislation in the sector of judicial cooperation in civil law matters. Since 2011, she has been part of the Group of experts of the European Commission on insolvency law. She is co-director and on the editorial staff and scientific committee of various Italian and international scientific journals, a member of numerous Italian and international associations and research centres and is the author of over 150 published works. She is a member of the Milan Bar Association.

MARINA BERLUSCONI

Marina Berlusconi was born in Milan on 10 August 1966. She joined the company at a very young age and has always been deeply interested and involved in the management and development of the Group's economic and financial strategies. In July 1996, she took the position of deputy chair of Fininvest, which she held until October 2005, when she was appointed chair of the holding. Since February 2003 she has been the Chair of Arnoldo Mondadori Editore S.p.A.

MARINA BROGI

Marina Brogi was born in Rome on 15 July 1967. After graduating in Political Economy at Bocconi University in 1988 with Professor Tancredi Bianchi, she completed her studies at the London Business School. She is a full professor of the Economics of Financial Intermediaries at the Faculty of Economics, La Sapienza University, Rome, where she was vice president between 2011 and 2017 and currently lectures in International Banking and Capital Markets and Bank Corporate Governance. She is Chair of the Technical and Scientific Committee of the Italian Association of Financial Industry Risk Managers (AIFIRM). She is a member of the CFA Institute Systemic Risk Council. From 2014 to 2016 she was a member of the Securities and Markets Stakeholder Group of ESMA. She has been a member of the Scientific Committee of the Confindustria Research Centre. She has acted as commissioner in a number of public competitions for CONSOB, has been called on as an expert by the Ministry for the Interior, and has been heard by the XI Senate Commission on Employment and the VI Commission on Finance of the Chamber of Deputies. Since 2008, she has been a member of the management and supervisory Boards of listed and non-listed companies and financial intermediaries.

RAFFAELE CAPIELLO

Raffaele Capiello was born on 17 September 1968 in Rome. He graduated in law from La Sapienza University, Rome, with honours. Since 1992 he has provided legal advice, also at judicial level, on corporate, banking, finance and competition law, for the law firm of Professor Libonati in Rome, also as a partner in the Libonati-Jaeger partnership, until 2010 when he opened his own practice in Rome. He lectures in Commercial Law at the School for the Legal Profession at Rome's La Sapienza University (2013/2019), and in Insolvency Law on the Master's course in receivership, at the University of Niccolò Cusano (since 2018). He was a member of the Rome Section of the Financial Banking Arbitrator (2015/2021). He has held (and continues to hold) positions in insolvency procedures for the Insolvency Court, for the Ministry of Economic Development and for the Bank of Italy. He has acted as Extraordinary Director for Stefanel S.p.A., Cotorossi Group, Cogolo Group, Altiforni and Ferriere di Servola Group and Cavorinvest s.p.a. - all in extraordinary administration. He has been the Liquidator of Il Manifesto soc coop in receivership, and Receiver in the Creditor Arrangement of Acqua Marcia RE spa.. He has held the position of independent director for financial and listed companies. He currently holds the following offices: Minority-appointed Independent Director of B&C Speakers S.p.A., listed on the Milan Stock Exchange; Member of the Advisory Committee of Fondo Tessalo, a closed-end reserved alternative investment fund managed by DeA Capital Real Estate SGR S.p.A.; He is a minority-appointed Independent Director of MFE-MEDIAFOREUROPE N.V., listed on the Milan Stock Exchange, and a minority-appointed independent Director of Avio S.p.A., listed on the Milan Stock Exchange.

COSTANZA ESCLAPON DE VILLENEUVE

Costanza Esclapon De Villeneuve was born in Florence. She is the founder and Chair of Esclapon & Co., a strategic communications consulting company, and was Director of Communications and External Relations of the State Broadcaster Rai, from 2012 to 2016. She previously held the position of Director of External Relations for Wind and Alitalia and was head of the press office at Intesa Sanpaolo and at Enel. She has taught Communication at La Sapienza University, Rome. She received the Bellisario Award in 2012 and is a board member of Fai, Enel S.p.A. and Prelios Sgr.

GIULIO GALLAZZI

Giulio Gallazzi was born in Bologna on 8 January 1964. He graduated in Business Management in 1987, and was awarded a Master's in 1990 from SDA Bocconi, Milan. He was later a Visiting Scholar at Harvard Business School.

He is the founder and current Chairman and C.E.O. of SRI Group, an international holding that controls nine operating companies linked by strong strategic business interdependencies, with headquarters in London and operational offices in Milan, Rome, Brussels, Luxembourg, Shanghai, Beijing (PRC) and Dubai (UAE), as well as numerous Joint Ventures established in 15 countries globally. Today, the Group is a landmark for European SMEs focused on internationalisation. The SRI Group is active in Business Development Advisory Services, Corporate Finance, International Business Management, and Corporate and Governance Restructuring. Over the last few years, Giulio Gallazzi has overseen proprietary investments in private equity in Fintech Banking and Insurance, Digital Life Sciences and high industrial technology, gaining considerable expertise in strategic management change, from a traditional economy to the digital economy, in both international finance and industry. Between 2014 and 2016 he was a director of Ansaldo STS - a leading Italian company in the field of rail and metropolitan signalling technology. He was formerly a Director of the Carige Group (2016-2018), where he was appointed Chair of the Board following a governance crisis, to lead the company through to the new Shareholders' Meeting. Besides being on the board of MFE-MEDIAFOREUROPE N.V., he has been a member of the Board of Directors of ASTM S.p.A., one of the leading motorway operators (the second operator worldwide) and active in large infrastructure engineering. He is board director of Danieli & C., a leading group in plant and steel making at worldwide level. He has published a number of works and articles on business development and sustainable finance. In his youth, he had an important sporting career: he was Europe's American football champion with the Italian national team in 1987, which he also captained, and in 1986 was the Italian champion with the Bologna Warriors. In 1988 he was voted MVP of the Championship.

MARCO GIORDANI

Marco Giordani was born in Milan on 30 August 1961. He holds a degree in Business Management from Luigi Bocconi University, Milan. He has been Chief Financial Officer of the Mediaset Group (now MFE Group) since 2000. He is Chairman of Monradio S.r.l., RadioMediaset S.p.A., Virgin Radio Italy S.p.A and Mediaset Investment N.V.. He is also CEO of R.T.I., Board Director of MFE-MEDIAFOREUROPE N.V., Mediaset España Comunicación S.A., Publitalia '80 S.p.A., Medusa Film S.p.A. and Mediaset S.p.A., and is also on the Executive Committee of MFE-MEDIAFOREUROPE. From 1998 to 2000 he was a member of the Equity Interests Control division of IFIL S.p.A., and was then appointed to the Board; he is a member of the Executive Committee of LA RINASCENTE S.p.A., and Director of S.I.B. (Società Italiana Bricolage). In 1991 he became Finance Manager of the RINASCENTE Group and Chief Financial Officer in 1997.

GINA NIERI

Gina Nieri was born in Lucca on 2 December 1953 and has two daughters. She earned a degree in Political Sciences from Pisa University and specialised in journalism and mass communication at Luiss University, Rome. She has worked in commercial television since 1977, firstly as General Secretary of FIEL, the first association of "free" broadcasters. She then joined FRT – the Federation of Radio and Television Operators – as Director remaining until 1990, when she joined the FININVEST GROUP as Manager for Relations with Trade Associations. Currently at the MEDIASET Group, she holds the position of Director of Institutional and Legal Affairs and Strategic Analysis. Since April 2015, she has been a Director and member of the Executive Committee of MEDIASET S.p.A. (now MFE-MEDIAFOREUROPE N.V.). In April 2022, she was confirmed as Director of Mediaset España Comunicación S.A.. In 2020 she was reappointed as Vice President of RTI. Since February 2020 she has been a Director of MEDIASET S.p.A. (formerly MEDIASET ITALIA S.p.A.), the Italian holding company of the MFE-MEDIAFOREUROPE N.V. Group. In April 2020 she was reappointed as a Director of PUBLITALIA'80 S.p.A. In June 2021 she was confirmed as a Director and member of the Executive Committee of Mediaset SPA, which became Mediaset N.V. on 18 September of the same year with the move of the headquarters to the Netherlands, and

which on 25 November 2021 assumed its current name of MFE-MEDIAFOREUROPE N.V. She was a member of the Consultation Committee of BORSA ITALIANA. She is on the General Council of CONFINDUSTRIA and ASSOLOMBARDA. She is on the Chairman's Committee of the Master's in Marketing, Digital Communication and Sales Management of PUBLITALIA. Since June 2019 she has been Deputy Chair of CERRE (Centre on Regulation in Europe). She is a member of the Board of Directors of Class CNBC S.p.A.. From 2000 to 2005, she was a member of the Board of Directors of ALBACOM S.p.A with a Mediaset share. She participates in work groups at the European Commission, on matters concerning protection of minors, also on the internet, pluralism of the media, disinformation, management of the radio spectrum, copyright, and regulation of the market and digital services. On 27 December 2012 she was awarded the title "Commendatore dell'Ordine al Merito della Repubblica Italiana" (Commander of the Order of Merit of the Italian Republic).

DANILO PELLEGRINO

Danilo Pellegrino was born in Milan on 18 September 1957, and studied Business Management at Cattolica University, Milan. In 1975, he joined Magneti Marelli S.p.A., a Fiat Group company where he held various positions in the Administration and Control Area. He joined the Fininvest Group in 1988. He is currently CEO of Fininvest S.p.A. and holds the following positions in the Group's companies: He is Chairman of Alba Servizi Aerotrasporti S.p.A. and of ISIM S.p.A., Deputy Chairman of Teatro Manzoni S.p.A., Milan, and director of A.C. Monza. He is a member of the Board of Directors of Arnoldo Mondadori Editore S.p.A.

ALESSANDRA PICCININO

Alessandra Piccinino was born in Naples on 31 August 1962. She was awarded a Degree with Honours in Economics from Naples University, and completed her education with a Master's Degree in European Advanced Studies at the College of Europe, Brussels, Belgium. She worked for over twenty years for the American Group Dow Chemical, holding various positions in finance and administration with responsibility for several countries (1987-2009). She was CFO of Axitea, an Italian leader in security, held by an English private equity firm (2010-13). She has been Financial Advisor for Fintech and Insurtech companies, angel investor and member of Italian Angel for Growth (IAG), a network of business angels. She was consultant for FIA (the International Automobile Federation) in 2018. She was Chief Financial and Operating Officer at Moleskine, a leading lifestyle brand with a global presence, and part of the D'Ieteren Group, Belgium (2019-2021). Since September 2021 she has been Chief Financial Officer of Lifestyle DESIGN, a federation of international brands in the design and luxury furnishings sector, including Poltrona Frau, Cassina, Luxury Living, Janus, Ceccotti, Cappellini, Karakter, Luminaire e Interni, all controlled by the US group Haworth. Since 2012, she has been a Board Director of listed and non-listed companies, including: Ansaldo STS SpA (2015-16), Mediaset SpA (2015-18), American School of Milan (2012-2020) of which she was the Chair. Since 2017 she has been independent non-executive director of Italgas Reti SpA, a leading operator in natural gas distribution in Italy and Europe; since 2018, she has been independent non-executive director of Pierrel SpA, a supplier of services to the pharmaceutical industry; since 2020 she has been on the Steering Committee of Italian Angel for Growth; since June 2021 she has been non-executive independent director, Chairman del Audit Committee and member of the Related Parties Committee of MFE – MEDIAFOREUROPE N.V., a financial holding of Mediaset Group.

NICCOLO' QUERCI

Niccolò Querci was born in Florence on 10 May 1961. He was awarded a degree in Law from Siena University in 1986 and a Master's in Business Communication in 1988. Since 2007, he has been Director of Human Resources and Operations of the Mediaset Group (now Gruppo MFE) and Deputy Chairman of Publitalia '80 S.p.A. and,

since the end of 2014, Director of Procurement. From 2006 to 2010 he was Chairman of Media Shopping S.p.A.. Since 2003 he has been Managing Director of R.T.I. S.p.A. for Human Resources, General Services and Safety. Since 2001 he has been Deputy Chairman of R.T.I. S.p.A.; from 1999 to 2006 he was Director of artistic resources, productions, entertainment and sport and, until 2008, he was Manager for diversified and new business activities of the Group. From 1992 to 1999 he was Assistant and Chief Secretary of Silvio Berlusconi with various organisational duties. From 1989 to 1992 he was Key Account Manager and assistant Chairman and Chief Executive Officer of Publitalia '80, and Account Executive from 1987 to 1988 at P. T. Needham.

He is also Board Director of MFE-MEDIAFOREUROPE N.V., and on the Executive Committee of Mediaset S.p.A. and of Mediaset España Comunicación S.A.

STEFANO SALA

Stefano Sala was born in Milan on 23 September 1962. He is married and has three children. He holds a degree in business management from "Luigi Bocconi" University in Milan. Board Director of MFE-MEDIAFOREUROPE N.V. (from April 2015) and member of the Executive Committee, Board Director of RTI S.p.A. (from April 2017), CEO of Publitalia '80 S.p.A. (from April 2014), and Commercial CEO of Publitalia '80 S.p.A. from December 2012 to March 2014), Chairman and Chief Executive Officer of Digitalia '08 S.r.l. (from February 2022 and CEO from December 2012), Chairman of Publieurope Ltd (from 1 September 2021 and CEO of Publieurope Ltd from April 2017), Chairman of Mediamond S.p.A. (from June 2020 and Deputy Chairman from February 2015), Board Director of RadioMediaset S.p.A. (from June 2016), Board Director of Mediaset Italia S.p.A. (from February 2020), Chairman of Videowall S.r.l. (from August 2019), Board Director of Auditel (from May 2020). From January 2009 to November 2012 he held the position of Chairman and Chief Executive Officer of GroupM Italy. Between March 2006 and December 2008 he was Chairman and Chief Executive Officer of Mediaedge: Cia Italy and Executive Vice President of GroupM Italy. From January 2004 to February 2006, he was Chairman and Chief Executive Officer of Mindshare Italy; earlier, from May 2001 to December 2003, he was Managing Director of Media Insight/Mindshare Italy. From April 1999 to April 2001 he was Managing Director of CIA Italy. From April 1995 to March 1999 he was Sales manager with Cairo Pubblicità. From March 1991 to March 1995, he worked with Telepiù Pubblicità as Media Centre Director and previously as Sales Manager and Sales Executive.

CARLO SECCHI

Carlo Secchi was born in Mandello del Lario (Lecco) on 4 February 1944. He is Emeritus Professor of European Economic Politics at Bocconi University Milan, where he was also Rector from 2000 to 2004. He was a member of the European Parliament during the fourth legislature (1994-1999), where he was Deputy Chair of the Economic and Monetary Commission. He was a Senator of the Italian Republic during the twelfth legislature (1994-96). He is on the steering committees of technical and scientific foundations and institutes. He is Deputy Chairman of ISPI (Institute for the Study of International Politics, Milan). He is a member of the Board of Directors of MFE-MEDIAFOREUROPE N.V.. In 2014, he was appointed chair of the supervisory board of Pirelli S.p.A. Since 2009, he has been European coordinator of the TEN-T priority projects (Atlantic Corridor). He has written numerous books and papers on trade and international economics, on economic integration and European matters. He is a member of the Commission for Ethics and Integration in Research of Italy's National Research Council.

On 24 June 2021, the Board of Directors established that Marina Brogi, Stefania Bariatti, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Alessandra Piccinino and Carlo Secchi met the requirements for independence set out in Article 148(3) of the Consolidated Law on Finance ("TUF").

The Non-Executive Directors on 26 April 2022, confirmed that Marina Brogi, Stefania Bariatti, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Alessandra Piccinino and Carlo Secchi met the requirements for independence, set out in best practice 2.1.7 and 2.1.8 of the DCGC, as indicated in thereport of the Non-Executive Directors.

The composition of the Board of Directors complies with legal provisions and the Policy on diversity, approved by the Board of Directors on 18 September 2021. In particular, as regards gender quotas, the Directors of the least represented gender number six, out of a total of fifteen Directors, and number five out of a total of ten non-Executive Directors. With regards to the DCGC best practice provisions on the composition of the Board of Directors, we refer to the paragraph regarding compliance with the DCGC.

Role of the Board of Directors

The Board of Directors is entrusted with the management of the Company. Executive Directors carry out the day-to-day management of the Company's business.

Non-Executive Directors shall monitor Executive Directors' fulfilment of their duties, and the general performance of operations and related business.

The Board of Directors may delegate powers and duties to individual Directors or to Committees with at least two Directors as members.

Until 18 September 2021, MFE was an Italian company, and therefore subject to the Italian regulations and the Italian Corporate Governance Code.

During 2021, 15 Board meetings were held (of which 5 since the Transfer date; since this date the Company has been subject to the DCGC).

Until the Transfer date, the Board of Directors resolved, among others, on the strategic, industrial and financial plans of the Company and its Group, periodically monitoring the adoption of these plans; it also resolved on the definition of strategic objectives and the nature and level of compatible risk, monitoring implementation during the year; it reviewed and approved the Group's three-year financial and economic forecasts; it resolved on the adequacy of the organisational, administrative and general accounting structure of the Company and strategic subsidiaries, with particular reference to the internal audit and risk management system, and also on the general performance of operations; it resolved on the amendment to Article 7 of the Articles of Association regarding the elimination of the voting majority pursuant to Article 127-quinquies of the TUF, and on the transfer of the Company's registered office to Amsterdam (Netherlands) and the adoption of new Articles of Association, conforming to Dutch law; it resolved on the Company's Policy for the remuneration of directors and key managers; it reviewed the functioning of the Board and its committees; it assessed work plan prepared by the Head of the Internal Auditing Department; it reviewed periodic reports on the accounts.

Following the Transfer, the Board of Directors resolved, in particular on the financial reporting policy, with reference to additional quarterly reporting; it resolved on related parties transactions and the Policy on financial risk management; it approved the establishment of the Audit Committee, Nomination and Remuneration Committee, Environmental Social and Governance Committee and Related Parties Transactions Committee, and the adoption of their regulations as well as the appointment of their members; it approved appointments to positions within the company; it resolved on the adoption in 2018 of the 2018-2020 medium/long-term loyalty and incentive plan; it resolved on the proposal to introduce a two-tier share structure with class A and B shares, to change the company name and on related amendments to the articles of association; it approved the Interim Financial Report at 30 September 2021.

The Board also monitored the COVID-19 health emergency during the year, assisted by the Audit Risk and Sustainability Committee (now the Audit Committee), evaluating the performance of operations and correct implementation of the safety measures adopted by the Group to protect workplace health and safety.

As in previous years, the Board of Directors was not managed or coordinated by a majority shareholder.

Table indicating directors attending meetings

Director	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Environmental Social and Governance Committee	Related Parties Transactions Committee
Confalonieri Fedele	14/15	1/4				
Berlusconi Pier Silvio	15/15	1/4				
Bariatti Stefania	8/8			1/1		
Berlusconi Marina	6/15					
Brogi Marina	14/15			1/1		2/2
Cappiello Raffaele	15/15		1/1			
Esclapon de Villeneuve Costanza	14/15					2/2
Gallazzi Giulio	15/15					
Giordani Marco	15/15	4/4				
Nieri Gina	15/15	4/4				
Pellegrino Danilo	15/15					
Piccinino Alessandra	6/8		1/1			2/2
Querci Niccolo'	15/15	4/4				
Sala Stefano	15/15	4/4				
Secchi Carlo	15/15		1/1	1/1		

Directors ending their term of office during the reporting year

Canepa Andrea	7/7
Mariotti Francesca	5/7

Committees existing up to the date when the Transfer became effective

	Control, Risk and Sustainability Committee	Remuneration Committee	Governance and Appointments Committee	Related Parties Committee
Bariatti Stefania		2/2		
Brogi Marina	6/6	7/7		2/2
Canepa Andrea		4/5		
Cappiello Raffaele	1/6		6/6	

Esclapon de Villeneuve Costanza	6/6			
Gallazzi Giulio				2/2
Mariotti Francesca		5/5	6/6	
Piccinino Alessandra	1/1			
Secchi Carlo	7/7	2/2	6/6	2/2

The Board of Directors also approved in writing some resolutions concerning, among others, the determination of fees and establishment of an Executive Committee, appointments to company positions, the approval of company Policies and Procedures, and the regulation of the Board, the establishment of secondary offices in Italy and appointment of a Director, the conversion of ordinary shares of the Company into class B shares and the issue and listing of ordinary class A shares.

Chairman

The General Shareholders' Meeting of 23 June 2021 appointed Fedele Confalonieri as Chairman of the Board of Directors. On 18 September 2021, the Board of Directors confirmed Fedele Confalonieri as Chairman of the Board of Directors. In this position, Mr. Confalonieri is authorised to represent the Company, to chair meetings of the Board of Directors and General Shareholders' meeting; he has the casting voting in Board Decisions and ensures that activities of Committees are coordinated with those of the Board.

Chief Executive Officer

On 24 June 2021, the Board of Directors appointed Pier Silvio Berlusconi as Deputy Chairman and Chief Executive Officer. On 18 September 2021, following the Transfer, the Board of Directors confirmed Pier Silvio Berlusconi as Chief Executive Officer with powers, among others, of ordinary and extraordinary administration up to the maximum limit of a value of Euro 15,000,000.00 per transaction, with the exception of powers exclusively held by the Board of Directors and Executive Committee.

Executive Committee

On 18 September 2021, the Board of Directors confirmed the establishment of an Executive Committee and appointed as members: the Chief Executive Officer, Pier Silvio Berlusconi (Chairman), and the Executive Directors Marco Giordani, Gina Nieri, Niccolò Querci and Stefano Sala, giving this Committee powers, among others, to review in advance material investments and/or transactions of subsidiaries not budgeted for and of an amount between Euro 5 million and Euro 65 million, with the exclusion of companies controlled by listed subsidiaries of the Company not managed or coordinated by it.

Non-Executive Directors

Non-Executive Directors shall monitor Executive Directors' fulfilment of their duties, and the general performance of the Company's operations and related business. Moreover, Non-Executive Directors have the duties assigned to them by the Board of Directors or pursuant to the Articles of Association.

The Non-Executive Directors met, in the absence of the Executive Directors, on 26 April 2022, and carried out the evaluations indicated in points 2.2.6 and 2.2.7 of the DCGC and they have approved their Report pursuant to provision 5.1.5. of the DCGC.

Regulations of the Board of Directors

Pursuant to the Articles of Association, the Board shall draw up regulations governing its decision-making procedure.

On 18 September 2021, the Board of Directors approved the aforesaid regulations⁴³ which govern, among others, the periodic assessment of the Board's composition and functioning, the duties and responsibilities of executive and non-executive directors, the Board meetings and conflicts of interest of Directors. These regulations are in addition to provisions concerning the Board and each Director contained in applicable laws and regulations, as well as the Articles of Association.

Diversity Policy

On 18 September 2021, the Board of Directors of the Company, following the Transfer, reviewed the *Diversity Policy* in compliance with DCGC *best practices*.

The guidance and recommendations in the Policy are functional to achieving the objective of having on the Board members that can ensure the role given to them is performed effectively. The Company believes this is only possible by taking action, both during the application and appointment stage, which involves various entities with different duties (internal committees, the Board, the Shareholders' Meeting), and after the appointment, and therefore while board members perform their duties as part of the ongoing management of activities. To this end, the professional skills necessary to achieve this result must be clearly defined *ex ante* - and possibly reviewed over time to take account of any new situations or changes to be addressed - and the selection of candidates for the position of Directors and their appointment must take into account these guidelines and recommendations. The Board of Directors appreciates and promotes diversity on the Board of Directors and in the Company as a whole. Different expertise and backgrounds reflect the diversified nature of the environment in which the Company works and its shareholders operate, improving effectiveness through a diverse approach and way of thinking, guiding innovation and accelerating growth.

The Board of Directors, assisted by the Nomination and Remuneration Committee, is responsible for monitoring the results of adopting the Diversity Policy and updates to it.

Board evaluation

For the results of the evaluation pursuant to DCGC, reference is made to the Report of the Non-Executive Directors.

Board induction

In order to promote a greater knowledge, among others, of internationalisation strategies and specific business and corporate governance issues, the Company organised induction sessions for Non-Executive Directors, in keeping with consolidated company practices. These meetings, which also involved management and external

⁴³ The Regulations of the Board of Directors are available on the Company's website.

consultants, specifically explained the legal and corporate governance framework of the envisaged Transfer, as well as the Company's proposals on corporate governance and amendments to the articles of association, including among others, the introduction of a dual class share structure.

BOARD COMMITTEES

Up until the date when the Transfer became effective, the Board of Directors had board committees in place, in compliance with Borsa Italiana's Corporate Governance Code (the Control, Risk and Sustainability Committee, Governance and Appointments Committee, Remuneration Committee) and the Related Parties Committee.

On 28 September 2021, following the Transfer, the Board of Directors established four board committees: the Audit Committee, the Nomination and Remuneration Committee and, on a voluntary basis, the Environmental Social and Governance Committee and the Related Parties Transactions Committee.

Audit Committee

The Audit committee comprises the Non-Executive, Independent Directors Alessandra Piccinino, who is Chair, Raffaele Cappiello and Carlo Secchi, and was established by the Board of Directors on 28 September 2021.

The Board of Directors also approved the regulations⁴⁴ of the Committees that establish its operation and duties.

Pursuant to provision 1.5.1 of the DCGC, the Committee deals with preparatory work concerning the supervision of the integrity and quality of the Company's financial reporting, and the effectiveness of its internal risk management and control systems.

In particular, the Committee assists the Board of Directors, advising on the following matters:

- (a) the Company's compliance with applicable laws and regulations;
- (b) revision of the Company's internal risk management and control systems;
- (c) recommendations to appoint the independent auditors;
- (d) relations with internal and external auditors, as well as compliance with their recommendations and observations;
- (e) the Company's disclosure of financial and non-financial information;
- (f) Company financing;
- (g) the Company's use of ICT, including IT security risks;
- (h) the Company's tax policy; and
- (i) the monitoring and evaluation of reporting on the Company's ESG objectives and programmes.

The Committee shall report to the Board of Directors on its decisions and results. This report shall include at least the information indicated in provision 1.5.3 of the DCGC.

The report includes information on how functions have been performed by the Audit Committee during the financial year, and also provides information about the composition of the Audit Committee, the number of Audit Committee meetings held and the main topics discussed.

The report also includes the following information:

⁴⁴ The regulations of the Audit Committee are available on the Company's website.

- (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems, as indicated in the best practice provisions 1.2.1 - 1.2.3 of the DCGC;
- (b) the methods used to assess the effectiveness of internal and external audit processes;
- (c) significant observations on financial reporting; and
- (d) the way in which material risks and uncertainties are discussed, according to the best practice provision 1.4.3 of the DCGC, together with a description of the most important results of the Audit Committee.

Until 18 September 2021, MFE was an Italian company, and therefore subject only to Italian law and Borsa Italiana's Corporate Governance Code.

During 2021, the Audit Committee met once and authorised the appointment of the auditors Deloitte Accountants B.V. to carry out audit activities in order to issue a Consent Letter for the Prospectus prepared to issue category A shares; it also positively rated the outcome of the process for evaluations relating to the approval of the interim report at 30 September 2021.

Before the Transfer, the Audit Committee was called the "Control, Risk and Sustainability Committee" and had met 7 times. Among other activities, the Control, Risk and Sustainability Committee systematically provided assistance during the year, ensuring adequate preparation for the evaluations and decisions of the Board (and concerning the internal control and risk management system) regarding the approval of periodic financial reports, including the annual financial statements.

The Committee also carried out preparatory activities regarding the Non-Financial Statement, which was drawn up pursuant to Legislative Decree 254/2016, and notified the Board of its positive assessment of the analysis and contents of the document, as regards sustainability issues that are material for the Group, considering related activities and characteristics and, overall, the data and information gathering process. It also reviewed the update made by the Risk Officer to the assessment and procedures for managing main company, strategic and process risks, of the Group, which are based on "Enterprise Risk Management", and reviewed the annual audit plan of the Independent Auditors, giving a favourable opinion of the annual audit plan, and acknowledged the summary reports issued by the Internal Auditing Department.

Audit activities were periodically reviewed with the head of Internal Auditing Department, who took part in all meetings, during which the main results and corrective actions were discussed with the Committee.

The Committee specifically reported to the Board of Directors on activities carried out.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the Non-Executive Independent Directors Stefania Bariatti, who is Chair, Marina Brogi and Carlo Secchi, and was established by the Board of Directors on 28 September 2021, combining the duties of the selection and appointment committee and those of the remuneration committee.

The Board of Directors also approved the regulations⁴⁵ of the Committee, that establish its operation and duties.

As regards appointments, the Committee carries out preparatory activities to support the decisions of the Board, reporting on the findings of analyses and on preparatory activities pursuant to provisions of Article 2.2.5. of the DCGC, including activities concerning the *diversity policy* and maximum number of positions held by directors. The Committee also assists the Board of Directors in the evaluation activities relating to the Board itself and its committees.

⁴⁵ The regulations of the Nomination and Remuneration Committee are available on the Company's website.

The Committee has the following functions regarding remuneration:

- ▢ pursuant to provision 3.1.1 of the DCGC, it submits a clear, transparent proposal to the Board of Directors on the policy for the remuneration of Board Directors. The Board of Directors presents the policy (which shall include the matters indicated in section 2:135a of the Dutch Civil Code) to the Shareholders' Meeting, for adoption;
- ▢ it prepares the remuneration report pursuant to Article 2:135b of the DCC and provision 3.4.1. of the DCGC;
- ▢ periodically evaluates the adequacy, overall consistency and actual adoption of the Policy concerning individual Board Directors, adopted by the Company, submitting related proposals to the Board of Directors;
- ▢ it gives a prior, non-binding opinion on proposals concerning the remuneration and performance target setting related to the variable component of the CEO's remuneration package;
- ▢ it makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

As regards remuneration, during 2021, the Committee, in particular resolved on the Remuneration Policy, the medium/long-term Incentive and Loyalty Plan for 2021-2023, the Report on the 2021 remuneration and compensation policy, the preliminary evaluation of the attainment of the 2018/2020 LTI Plan's economic objectives for 2018, and the remuneration of performance objectives (SIA) for 2021 of the variable component of the Deputy Chairman's and CEO's remuneration packages.

The Committee specifically reported to the Board of Directors on activities carried out.

Environmental Social and Governance Committee

The Environmental Social and Governance Committee comprises the Non-Executive, Independent Directors Marina Brogi, Chair, Stefania Bariatti and Giulio Gallazzi, and was established on a voluntary basis by the Board of Directors on 28 September 2021.

On the same date, the Board of Directors approved the regulations⁴⁶ of the Committees that establish its operation and duties. The Environmental Social and Governance Committee gives the Board of Directors initial advice, to support it in drawing up the Company's environmental, social and governance policies, in compliance with its strategy. For this purpose, the Environmental Social and Governance Committee may bring specific environmental, social and governance objectives to the attention of the Board of Directors. The decision to pursue or otherwise these objectives and the related implementing programmes are brought to the attention of the Board of Directors and management of the Company. The monitoring and evaluation of the attainment of the Company's environmental, social and governance objectives and the implementation of related programmes are assessed periodically by the Audit Committee and the results are included in its report to the Board of Directors.

Related Parties Transactions Committee

The Related Parties Transactions Committee comprises the Non-Executive, Independent Directors Costanza Esclapon de Villeneuve, Chair, Marina Brogi and Alessandra Piccinino, and was established by the Board of Directors on 28 September 2021 on a voluntary basis, as it is not mandatory under Dutch laws and regulations.

⁴⁶ The regulations of the Environmental Social and Governance Committee are available on the Company's website.

On the same date, the Board of Directors approved the Policy on related-party transactions (later amended on 21 December 2021), and the⁴⁷ regulation of the Committee (later amended on 21 December 2021) establishing its operation and duties:

1. The Committee shall periodically evaluate the Company's Policy on Related Party Transactions and submit any proposals to amend it, to the Board of Directors;
2. if a transaction qualifies as a Material Related Party Transaction, the Committee shall give the Board of Directors a non-binding opinion, before the transaction is carried out;
3. the Committee shall review Related Party Transactions carried out by the Company that do not qualify as Material Related Party Transactions based on quarterly reports made available by the Committee.

Where:

"Material Related Party Transaction" means a Transaction with a Related Party where (i) the information on the Transaction is inside information as defined in Article 7(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and (ii) the Transaction has not been carried out as part of the normal activities of the Company or has not been carried out under normal market conditions; and

"Excluded transactions" mean:

- (a) Transactions between the Company and Subsidiaries;
- (b) Transactions which, considered separately but carried out, over a period of twelve months, with the same Related Party and which are uniform, have a cumulative value of no more than (i) Euro 300,000.00 (three hundred thousand) if the counterparty is one natural person and (ii) Euro 500,000.00 (five hundred thousand) if the counterparty is a legal person;
- (c) Transactions concerning the remuneration of directors or some parts of their remuneration assigned or due pursuant to Article 135 of the DCC;
- (d) Transactions offered to all shareholders under the same conditions, guaranteeing an equal treatment for all shareholders and protecting the interests of the Company and its related activities.

With reference to the transactions indicated above (point b), the Board of Directors established that the Transactions conform to the usual activity of the Company and are carried out under normal market conditions, and are therefore excluded from the Policy on Related Party Transactions.

During 2021, the Committee periodically reviewed the Related Party Transactions carried out by the Company in the reporting period, and gave a favourable opinion on proposals to amend the Policy on related party transactions.

The Committee specifically reported to the Board of Directors on activities carried out.

CONFLICT OF INTERESTS

A Director that has a conflict of interest or has an interest which appears to possibly give rise to a conflict of interests shall declare the nature and extent of the interest to other Directors and if, in relation to the matter concerned, the Director has a direct or indirect personal interest in conflict with the interests of the Company and its business, s/he may not take part in the resolution or decision-making process of the Board of Directors. If the conflict of interest involves all Directors, the Board of Directors may in any case take decisions.

⁴⁷ The regulations of the Related Parties Transactions Committee are available on the Company's website.

During 2021, no transactions in conflict with Directors were reported.

REMUNERATION

Information on the remuneration of Directors and members of Board committees is provided in a specific report on remuneration, contained in this document.

DISCLOSURE PURSUANT TO THE DECREE IMPLEMENTING ARTICLE 10 OF THE EU DIRECTIVE ON PUBLIC PURCHASE OFFERS

Structure of share capital

Pursuant to the Dutch Decree *Besluit artikel 10 overnamerichtlijn*, the following information is provided:

a) the authorised share capital of MFE is equal to Euro 779,610,192.24, divided into 1,181,227,564 ordinary class A shares (with a nominal value equal to Euro 0.06 each) and into 1,181,227,564 ordinary class B shares (with a nominal value equal to Euro 0.60 each); all shares carry the same equity rights, the same treatment and, save for voting, the same administrative rights.

The share capital issued and subscribed is equal to Euro 777,186,257.34, divided into 2,322,056,213 shares, of which 1,140,828,649 ordinary class A shares (with a nominal value equal to Euro 0.06 each and carrying one voting right each), and 1,181,227,564 ordinary class B shares (with a nominal value equal to Euro 0.6 each and carrying 10 voting rights each) including - at 27 April 2022 - 40,398,915 class B treasury shares (without voting rights). Treasury shares do not carry the right to assign ordinary class A shares.

The shares are listed on Euronext Milan.

	Number of shares	Percentage of share capital	Listing
B Shares	1,181,227,564	50.87%	Euronext Milan
A Shares	1,140,828,649	49.13%	Euronext Milan

As regards the rights and obligations connected with each category of share, in the case of the issue of shares, each shareholder shall have an option right in proportion to the overall nominal value of their shares. This right is not envisaged in the case of the issue of:

- (a) shares issued for non-cash contributions; or
- (b) shares issued for employees of the Company or a company of the group.

Each shareholder is authorised to attend, speak at, and to the extent permitted, exercise voting rights at the ordinary Shareholders' Meeting, and be represented by written proxy. In this regard, reference is made to Article 7 of the Articles of Association.

For all information concerning the rights associated with each share category, reference is made to the Articles of Association and other information in the section in the "structure of share capital", available on the Company's website.

- b) All shares are registered. Share certificates are not issued. There are no restrictions on the transfer of shares.
- c)

Shareholder	Number of shares	Share capital per nominal amount		
	% MFE B + MFE A	% MFE B + MFE A	% MFE B	% MFE A
Fininvest S.p.A.	50.08%	49.33%	49.17%	51.02%
Simon Fiduciaria S.p.A.	19.52%	19.24%	19.18%	19.86%
Vivendi S.A.	4.69%	4.63%	4.61%	4.77%

d) Shares carrying special control rights have not been issued.

e) No employee shareholding scheme has been established other than the medium-long incentive plans, so there is no specific procedure for the exercise of voting rights by employees.

f) All outstanding ordinary class A and B shares carry voting rights. Each ordinary class A share carries the right to one vote and each ordinary class B shares carries the right to ten votes.

The right to vote for treasury shares held by the Company is suspended pursuant to Dutch law and the Articles of Association.

g) On 22 July 2021, the global settlement agreement reached by the Company, Fininvest S.p.A. and Vivendi S.A. was concluded, ending their disputes, with the parties waiving all pending proceedings and lawsuits. In particular, Fininvest acquired 5.0% of the share capital of Mediaset (now MFE) held directly by Vivendi, at the price of Euro 2.70 per share (considering the coupon detachment and relative payment, on 19 July and 21 July 2021 respectively). As part of wider-ranging agreements, Vivendi committed to gradually selling on the market the entire share of 19.19% of the Company held by Simon Fiduciaria over a five-year period. Fininvest has the right to purchase any unsold shares in each 12-month period, at the annual price established.

On 18 November 2021, the Company, Fininvest and Vivendi agreed to amend some parts of agreements reached on 3 May 2021 and 22 July 2021, to take account of the dual class share structure introduced (see the Press Release published on 18 November 2021 and available on the Company's website). With reference to Vivendi's commitment to sell the entire share currently held by Simon Fiduciaria in Mediaset on the market over a five-year period, current agreements establish that a fifth of ordinary class A shares and ordinary class B shares are sold each year (starting from 22 July 2021) at a minimum price of €1.375 in year 1, €1.40 in year 2, €1.45 in year 3, €1.5 in year 4 and €1.55 in year 5 (unless Vivendi authorises the sale of these shares at a lower price); in any case, Vivendi will be entitled to sell its quota of ordinary class A and/or ordinary class B shares held through Simon Fiduciaria at any time, if their price reaches €1.60. The above does not affect Fininvest's right to purchase any unsold shares in each 12-month period, at the new annual price established.

h) The appointment, suspension and withdrawal from office of Board Members are governed by Article 14 of the Articles of Association. The amendment to the Articles of Association is governed by Article 37.

i) The powers of Board Directors are defined in the Articles of Association and in the Regulations of the Board. As regards, in particular, the possibility of shares being issued or repurchased, the Board may decide to issue shares if and to the extent that it has been authorised to do so by the ordinary Shareholders' Meeting. This authorisation may be given on each occasion for a maximum of five years and may be extended on each occasion for the same maximum period of five years. The authorisation shall establish the number of shares which may be issued by resolution of the Board. The issue of shares is subject to the provisions in Articles 2:96

and 2:96a of the DCC. The Shareholders' Meeting of 25 November 2021 resolved to authorise the Board of Directors for a period of eighteen months, starting from the date of said meeting, to:

- a) issue ordinary class A shares, assigning the right to subscribe to said for a maximum of 1,181,227,564 shares;
- b) limit or exclude the right of pre-emption of all shareholders in relation to the above.

This authorisation was exercised to issue initial ordinary class A shares in favour of subjects that are already shareholders at the record date. The Board may use this authorisation in one or more tranches to issue ordinary class A shares in favour of subjects that, at the record date, held purchase rights to shares based on existing stock option plans.

j) The Company is not party to significant agreements that become effective, or end, in the event of a change in control of the company following a public purchase offer.

k) The Company has not entered into any agreement with a Board Director or employee that envisages compensation in the event of resignation or dismissal without just cause, or in the event of resignation or dismissal or in any case the termination of employment as a result of a public purchase offer pursuant to Article 5:70 of the Dutch Financial Supervision Acts.

SHAREHOLDERS' MEETING

The Ordinary Shareholders' Meeting (the "Meeting") is held each year, at the latest in June. Additional Shareholders' Meetings will be held when deemed necessary by the Board, without prejudice to the provisions in Articles 2:108a, 2:110, 2:111 and 2:112 of the DCC.

Convening the Shareholders' Meeting

The Shareholders' Meeting is convened by the Board of Directors or the Chairman no later than forty-two days prior to the meeting. The agenda of the Shareholders' Meeting is drawn up in compliance with applicable provisions of the DCC and the DCGC.

The shareholders and/or other subjects entitled to take part in the Shareholders' Meeting that, individually or jointly, meet the requirements in Article 2:114(a)(2) of the DCC, may request the Board to include points on the agenda of the Meeting as indicated in Article 30.5 of the Articles of Association.

All notices and announcements for Shareholders' meetings and all other notices to shareholders and parties entitled to take part in Shareholders' Meetings will be provided in compliance with legal provisions and regulations applicable to the Company, also due to the listing of shares on relevant stock exchanges. The notice and documentation concerning items on the agenda are published, in accordance with law, on the Company's website and according to other procedures established by applicable regulations.

Shareholders' Meetings are held in Amsterdam (Netherlands) or at Haarlemmermeer (including Schiphol Airport – Netherlands), at the discretion of the parties convening the shareholders' meeting.

The notice convening the meeting includes the information required by law.

With specific reference to ordinary and extraordinary shareholders' meetings held during the reporting year, pursuant to Article 106(4) Law Decree no. 18 of 17 March 2020 on "Measures to strengthen the national health service and provide economic support for families, workers and businesses connected with the COVID-19 emergency", amended with modifications by Law no. 27 of 24 April 2020, and extended by Law Decree 183/2020(6)(3) converted with amendments by Law no. 2 of 26 February 2021 and, subsequently pursuant to the Dutch emergency act concerning COVID-19, the Company arranged for participation in the Shareholders'

Meeting entirely through the Designated Representative (after the Transfer, the Agent) Computershare S.p.A.. At the extraordinary Shareholders' Meeting held on 25 November 2021, shareholders were given the possibility to request an attendance card to follow the meeting by audio cast, without the possibility of speaking.

Each shareholder entitled to participate in the Shareholders' Meeting may be represented, through written proxy, in accordance with law. The notice convening the Shareholders' Meeting must contain all the relevant information.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or his substitute. However, the Board may also appoint another person to chair the Shareholders' Meeting. If the chair of the Shareholders' Meeting is not decided, the Shareholders' Meeting will elect a chair, on condition that, up until the time when the chair is selected, this position is held by a member of the Board designated for this purpose by the directors present at the Shareholders' Meeting.

Generally, all directors take part in Shareholders' Meetings.

The independent auditors of the Company are authorised to take part in and speak at Shareholders Meetings.

During the Shareholders' Meeting convened to approve the Financial Statements, the Board reports on activities carried out and on the reports comprising the annual financial report, made public beforehand in accordance with law and regulations, and also replies to requests for clarifications from shareholders.

All decisions of the Shareholders' Meeting are passed by the absolute majority of votes cast at the Meeting, regardless of the share capital present or represented. In the case of equal votes, the proposed resolution will be rejected. Each ordinary class A share carries the right to one vote. Each ordinary class B shares carries the right to ten votes. The notice convening the Shareholders' Meeting indicates, among others, how shareholders may exercise their rights before the Shareholders' Meeting. In determining how many votes are cast by shareholders, how many shareholders are present in person or represented, or to what extent the capital subscribed by the Company is represented, the shares for which votes cannot be cast in accordance with law, are not considered.

The Shareholders' Meeting has all powers established by law and by the Articles of Association.

The Company Secretary will keep a list of parties attending each ordinary Shareholders' Meeting. With reference to each participant or party represented entitled to vote, the list will consider the name, number of votes exercised and, if necessary, the name of their representative.

The minutes of the Shareholders' Meeting are kept by or under the supervision of the Secretary of the Company and made available on the Company's website no later than three months after the end of the Meeting. From the time when the minutes are published, shareholders have three months to suggest amendments or additions, after which the minutes will become final and will therefore be adopted.

Relations with Shareholders and the Engagement Policy

The financial communication programme in 2021, following travel restrictions due to the health emergency, was carried out through virtual events with investors from different countries. Conference calls in audio webcasting (available as podcasts on the Company's website) regarding financial results were held quarterly, and the Company took part, through its representatives, in various sector conferences held through streaming. These activities integrated the daily interaction with the numerous investors who come into contact with the Company through the Investor Relations Team.

Economic and financial information (financial statements, interim reports and additional periodic financial information, presentations to the financial community and the trading performance of financial instruments issued by the Company) as well as information of interest to shareholders in general (press releases, the

composition of company boards, minutes of shareholders' meetings as well as documents and information on corporate governance, compliance and whistleblowing) are available on the Company's website. The Non-Financial Statement is also available on the same site.

In its meeting of 18 September 2021, the Board of Directors adopted the "Policy to manage engagement with shareholders in general". To establish ongoing relations with shareholders based on an understanding of reciprocal roles, the Board appointed Marco Giordani, Chief Financial Officer of the Group, as Head of shareholder relations. For this purpose the Chief Financial Officer is assisted by the following two departments that report directly to him:

- ▢ Corporate Affairs Department, which monitors relations with Retail Investors and Institutional Bodies (AFM, Consob, Borsa Italiana);
- ▢ the Investor Relations Department, which oversees relations with the Financial Community (Financial Analysts, Institutional Investors and Rating Agencies).

Contact information for the Corporate Affairs Department and the Investor Relations Department is available on the Company's website.

CODE OF ETHICS

The Company has a Code of Ethics - approved by the Board of Directors on 18 September 2021 coherently in view of Dutch law/regulations - which sets out the values that MFE acknowledges, accepts and shares, at all levels, in its business activities.

The provisions of the Code of Ethics convey the fundamental principles and values that inspire the Company and Group, and also indicate the general obligations of diligence, fairness and loyalty that must characterise work activities and conduct in the workplace.

MFE and its subsidiaries, in carrying out their activities, comply with laws and regulations in force in all countries where they operate, and they act in compliance with principles of loyalty, fairness, responsibility, freedom, the dignity of the person and respect for diversity, rejecting all forms of discrimination.

The Code of Ethics was adopted with the aim of defining and/or confirming values, compliance with which is fundamental for performing activities properly, for a reliable management and image, convinced that ethics in doing business lies behind a business's success.

The principles and provisions of the Code of Ethics, which form a basic value common to all Group companies, are binding for the members of company boards, for all persons that are employed by the Group and who operate in any way with Group companies in any capacity, regardless of their relationship of employment, which may also be temporary.

During all stages of its growth, the Group has pursued as a primary goal the protection of its stakeholders' interests, and has also been committed to the social dimension - considered as a real investment for businesses.

The Code of Ethics represents, among others, a foundation for company compliance programmes, based on specific corporate procedures, and the Group's overall internal control system. MFE ensures information on the Code of Ethics and its adoption is provided and circulated to all target subjects, so that everyone operating - in any capacity - for the Group, carries out their activity and/or duties strictly complying with the principles and values of the Code of Ethics.

The Code of Ethics is published with sufficient prominence on the MFE Group website, in the "Compliance 231" section (<https://www.mfemediaforeurope.com/it/governance/compliance-231/>). In the Code of Ethics, in order

to protect corporate interests, it's also provided for the application of sanctions against those who are responsible for violations of the provisions indicated on it and of the corporate procedures in place from time to time. It also provides that such violations or any unlawful conduct may be reported using the appropriate tools prepared in accordance with the applicable legislations in the countries in which the Group companies work⁴⁸.

Inside information

The Procedure to Manage and Report Inside Information (the "Procedure") was adopted pursuant to the Market Abuse Regulation (Regulation (EU) No 596/2014), in order to comply with laws and regulations, also at European level, applicable to insider trading. On 18 September 2021, the Board approved the update to the Procedure, in view of the Transfer of the Company, acknowledging, among others, that the competent authority for the purposes of delays in disclosing inside information is still the Supervisory Authority for the Italian market, CONSOB.

The Procedure governs the internal management of inside information concerning the Company and its subsidiaries, and its disclosure to the public, as well as the operation of the "Insider List". The Inside Information Procedure is an essential element of the internal control and risk management system of MFE and is part of the rules and regulations adopted by it to prevent the commission of offences and crimes.

The Procedure applies, and is binding, to the directors, statutory auditors and employees of MFE and its Subsidiaries, as well as to external parties acting in the name and on behalf of the Company and its Subsidiaries - with the exclusion of the listed subsidiary Mediaset España Comunicación S.A., which is required to keep its own Insider Register, and oversee related obligations and disclosures to the relevant market - which, in any capacity, have access to information concerning MFE and its subsidiaries.

The directors of the Company and in general all other recipients of the Procedure are required to keep documents and information acquired while carrying out their duties confidential, with particular reference to inside information. Notices to the authorities and public are issued according to the terms and procedures of applicable regulations, in compliance with the principle of fair disclosure and as required by the Procedure. The Company has notified the Procedure to its own personnel and to the personnel of its Subsidiaries, also publishing it on its intranet and website, and has also continued to provide training for competent entities on the process to manage inside/significant information.

Internal Dealing

The Internal Dealing Procedure was adopted pursuant to the Market Abuse Regulation (Regulation (EU) No 596/2014). On 18 September 2021, the Board approved the update to this procedure, amended on 1 March 2022, in view of the Transfer of the Company. Based on this Transfer, the competent authority for the purposes of notices on transactions concerning financial instruments by relevant parties and persons closely related to them is the Supervisory Authority for the Dutch Market the AFM. The purpose of the Internal Dealing Procedure is to govern, on a mandatory basis, the conclusion, also through third parties, of transactions in financial instruments of the Company by relevant parties and persons closely related to them, and related disclosure. The Internal Dealing Procedure is an essential element of the internal control and risk management system of MFE and is part of the rules and regulations adopted by the Company.

In particular, an "Internal Dealing Officer" was appointed from the Corporate Affairs Department of MFE, to among others provide and update the list of names of relevant parties and persons closely linked to relevant

⁴⁸ The Italian holding Mediaset SpA and its Italian subsidiaries have adopted in 2019 a specific whistleblowing system, in accordance with the provisions of Law 30 November 2017, n. 179.

persons, inform the relevant parties of their identification, notify the AFM of the information received by the relevant parties and the resignation of any member of the Board of Directors, systematically file the documentation, concerning the identification of relevant parties and persons closely linked to relevant parties, to AFM and monitor the changes of the regulations on internal dealing.

Lastly, in compliance with the Regulation on Market Abuse and the Internal Dealing Procedure, it's forbidden significant persons from performing transactions within 30 calendar days from the announcement of the draft annual financial statements and interim financial report which the company publishes in accordance with law or on a voluntary basis (Black Out Periods).

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Companies with their registered office in the Netherlands whose shares are listed on a regulated market or equivalent system are required, in accordance with Dutch law, to indicate in their annual reports whether they adopt the provisions of the DCGC and, if they do not adopt certain provisions, shall indicate the reasons for not doing so.

The Company has a governance system comprising a single management board, the Board of Directors («one-tier Board»). Therefore, pursuant to and for the purposes of provisions in section 5 of the DCGC and relative Guidance, the principles that refer to members of the supervisory board are applicable to Non-Executive Directors, and the principles that refer to members of the management board are applicable to Executive Directors.

For the 2021 financial year, the Company declares it has essentially complied with the DCGC, providing the following explanations and considerations with reference to the following provisions:

Principle 2.1.7 (iii) of the DCGC: for each shareholder or group of connected shareholders, that directly or indirectly hold more than ten per cent of the company's shares, there can be no more than one member of the supervisory board (Non-Executive Directors in the one-tier system) that is affiliated or represents them, as provided for in provision 2.1.8, sections vi. and vii. In the Board of Directors have been appointed two Non-Executive Directors, Marina Berlusconi and Danilo Pellegrino, directors of the controlling shareholder Fininvest S.p.A., as Chair and CEO respectively.

The Company nevertheless considers the composition of the Board to be appropriate, in view that it is consistent with the historic composition of the Board and fully reflects the ownership structure, with a reference shareholder that holds the majority of the shares.

Principle 2.1.9 of the DCGC: (independence of the Chairman): principles 2.1.8, 2.1.9 and 5.1.3 of the DCGC require the Chairman to be an independent director. The current Chairman, Fedele Confalonieri, is a Non-Executive Director, who does not qualify as independent. However, this appointment is considered appropriate because of its historic continuity and considering his exclusive experience and authority demonstrated in past years, also in the interest of all shareholders. It was agreed in July 2018, as part of the agreement to terminate the executive employment contract of the Chairman Fedele Confalonieri, an "end-of-office severance package" in advance by exception payable when the Chairman should cease to hold or not be renewed in his current position. The Company does not consider this to be a deviation from the DCGC because the principle 3.2.3 of the DCGC is only applied to the Executive Directors.

Principle 2.2.2 of the DCGC (appointment and reappointment periods): some Non-Executive Directors have been Directors for over 8 years. The Company however does not consider this to be a deviation from the DCGC, as the Company only became subject to the DCGC with effect from its conversion into a Dutch NV and the Company therefore applies the periods of principle 2.2.2 from that moment onwards.

Principle 2.2.4 of the DCGC (succession plan): the Board of Directors does not consider it necessary at present to adopt a succession plan, given the stable shareholder structure capable of ensuring, if necessary, a rapid appointment process, and the consolidated expertise and managerial abilities of the directors and front line managers, capable of ensuring business continuity.

Principle 2.3.2 of the DCGC: if the supervisory board comprises more than four members, it shall appoint an audit committee, a remuneration committee and a selection and appointments committee from its members. The Company has combined the roles of the latter two committees, in a single committee called the Nomination and Remuneration Committee. Given its organisational structure, the Company believes that channelling expertise into a single committee facilitates the performance of the duties assigned to it.

Principle 2.3.6 (ii) of the DCGC (Deputy Chairman of the Board of Directors): pursuant to Article 15.2 of the Articles of Association of the Company, the Board of Directors may appoint one or more Non-Executive Directors as Chairmen for a period to be determined by the Board. However, the Company did not appoint any Director as Deputy Chairman of the Board of Directors.

CONFORMITY STATEMENT

The Board of Directors is responsible for preparing the annual report in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge:

- the financial statements as included in this report provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries;
- the management board report provides a true and a fair view of the state of affairs at the balance sheet date and developments during the 2021 financial year of the Company and its affiliated companies whose figures have been included in the consolidated financial statements, together with a description of the material risks and uncertainties that the Company faces.

April 27th, 2022

Board of Directors:

Fedele Confalonieri
Chairman

Pier Silvio Berlusconi
Chief Executive Officer

Marco Giordani
Executive Director and Chief Financial Officer

Stefania Bariatti
Non-Executive Director

Marina Berlusconi
Non-Executive Director

Marina Brogi
Non-Executive Director

Raffaele Cappiello
Non-Executive Director

Costanza Esclapon de Villeneuve
Non-Executive Director

Giulio Gallazzi
Non-Executive Director

Gina Nieri
Executive Director

Danilo Pellegrino
Non-Executive Director

Alessandra Piccinino
Non-Executive Director

Niccolo' Querci
Executive Director

Stefano Sala
Executive Director

Carlo Secchi
Non-Executive Director

STATEMENT BY THE BOARD OF DIRECTORS

The Internal Control and Risk Management System an essential element of the Corporate Governance system of MFE and the Group it heads (hereinafter also the "MFE Group"), is made up of the set of people, tools, organizational structures, and company rules aimed at allowing a healthy management of the Group, correct and consistent with the corporate objectives, through an adequate process of measurement, management and monitoring of the main risks and the structuring of adequate information flows to ensure the circulation of information and the coordination of the various actors.

This system was developed and defined taking into consideration the indications of the Dutch Corporate Governance Code ("The Dutch Corporate Governance Code"), the reference "best practices" and the international frameworks "COSO - Internal Control" and "COSO - Enterprise Risk Management", issued by the Committee of Sponsoring Organizations of the Treadway Commission and updated, respectively, in 2013 and 2017.

The Internal Control and Risk Management System of the MFE Group is divided into "three levels of control":

First level: entrusted to the individual operating units, which identify and assess the risks and define specific mitigation actions for their management, ensuring the correct execution of transactions / operations. These control activities are delegated to the primary responsibility of the operational management and are considered an integral part of every corporate process.

Second level: entrusted to specific company functions other than line / operational functions, which contribute to the definition of risk measurement methods, as well as their identification, assessment and monitoring. Furthermore, they provide support to the first level of control in the definition and implementation of mitigation actions for the main risks. These control functions monitor specific compliance risks with current laws / regulations, both transversal and specific to the sector, and applicable both nationally and internationally, supporting the management and top management in defining the response strategies to these risk factors, in compliance with the decisions taken by the Governance bodies. Among the second level of control the Risk Office function contributes to the periodic process of identification, assessment and monitoring of corporate risks based on applying the ERM (Enterprise Risk Management) methodology, which uses COSO ERM 2017.

Third level: entrusted to the Internal Auditing Department, it is aimed at assessing the adequacy of the design and the effective functioning of internal control system the as a whole, also by monitoring line controls as well as second level control activities.

MFE's Internal Auditing Department assists the Board of Director in maintaining effective controls by independently and

objectively evaluating the adequacy and effectiveness of the organization's internal control and risk management

systems. Criteria established under 'Internal Control – Integrated Framework', the Treadway Commission's Committee of Sponsoring Organizations (COSO framework), are used by MFE's Internal Auditing Department to analyze and make recommendations to the Board of Directors concerning the effectiveness of the Company's internal control framework.

Based on risk assessments performed, the Board of Directors, under the supervision of the Non Executive Directors and the Audit Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of the financial statements of MFE

In addition, the Board of Directors is responsible for MFE's enterprise risk management under the supervision of the Non Executive Directors and Audit Committee. Through oversight and framework setting, MFE's Risk Office function ensures that the Group-wide risk profile is managed in line with MFE's risk appetite, and stakeholder

expectations are managed both under normal business conditions and adverse conditions caused by unforeseen events. The Board of Directors is informed in a timely manner of risks to the Company's economic/statutory solvency, reputation, reliability of financial reporting or operations.

In preparing the consolidated financial statements, MFE's directors and management have adopted a going concern basis on the reasonable assumption that the Company is and will be able to continue its normal course of business in the foreseeable future.

Relevant facts, circumstances and risks relating to the consolidated financial position on December 31, 2021, were

assessed in order to reach the going concern assumption.

The main areas assessed were financial performance, capital adequacy, financial flexibility, liquidity, and access to capital markets, together with the factors and risks likely to affect MFE's future development, performance, and financial position.

Commentary on these areas is set out in the Directors' Report on Operation in the section "Disclosure of the main risks and uncertainties to which the Group is exposed" in this Annual Report.

Management concluded that the going concern assumption is appropriate on the basis of the financial performance of the Company, its continued ability to access capital markets, adequate solvency ratios, and the level of leverage and Cash Capital at Holding.

MFE's risk management and control systems provide reasonable assurance for the reliability of financial reporting

and the preparation and fair presentation of MFE's published financial statements. They cannot, however, provide absolute assurance that a misstatement of MFE's financial statements can be prevented or detected.

On the basis of the above, MFE's Executive Board states the following with respect to risks to the Company's financial reporting:

- ▢ The report provides sufficient insights into any failings with regards to the effectiveness of the internal risk management and control systems;
- ▢ MFE's risk management and control systems provide reasonable assurance that the Company's financial reporting does not contain any material inaccuracies;
- ▢ Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- ▢ The report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report.

The statements in this section are not statements in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act.

Based on the above and the assessment performed, the Board of Directors believes that, as of 31 December 2021, the Group's and the Company's internal control over financial reporting is considered effective and that:

- the *"Disclosure of the main risks and uncertainties to which the group is exposed"* paragraphs provide sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to paragraph *"Disclosure of the main risks and uncertainties to which the Group is exposed"* of the management board report);

- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (please refer to note "Presentation basis and accounting standards for the preparation of the Financial Statements" of both consolidated and Company only financial statements at 31 December 2021); and
- the management board report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (please refer to paragraph "Disclosure of the main risks and uncertainties to which the Group is exposed" of the management board report).

April 27th, 2022

Marco Giordani

Executive Director and Chief Financial Officer

NON-EXECUTIVE DIRECTORS REPORT

This report has been prepared in accordance with paragraph 5.1.5. of the Dutch Corporate Governance Code (the "Code").

It bears noting that, until the transfer of its registered office to Amsterdam (the "Netherlands") came into force on 18 September 2021 (the "**Transfer**"), MFE-MEDIAFOREUROPE N.V. ("MFE" or the "Company") was a listed joint-stock company with its registered office in Italy. As a consequence, it was subject to Italian law and adhered to the Corporate Governance Code endorsed by the Italian Corporate Governance Committee. Since the Transfer date, the Company – which has elected to adopt the one-tier governance model – is subject to Dutch law and the Code.

Under the one-tier model, both Executive and Non-Executive Directors sit on the Board of Directors. The Articles of Association require that Non-Executive Directors are in the majority.

Non-Executive Directors

There are ten Non-Executive Directors on MFE's Board of Directors: Fedele Confalonieri (Chairman), Stefania Bariatti, Marina Berlusconi, Marina Brogi, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Danilo Pellegrino, Alessandra Piccinino and Carlo Secchi. In addition, there are five Executive Directors.

The table below shows the main personal details of each Non-Executive Director:

Member, Age, Gender, Nationality	Principal positions	Date first appointment*	Date of current appointment**	End of office***
Fedele Confalonieri 84, M, Italian	Chairman	16/12/1994	23/06/2021	31/12/2023
Marina Berlusconi 55, F, Italian	Non-Executive Directors	28/07/1995	23/06/2021	31/12/2023
Stefania Bariatti 65, F, Italian	Chairman of the Nomination and Remuneration Committee Member of the Environmental Social and Governance Committee	23/06/2021	23/06/2021	31/12/2023
Marina Brogi 54, F, Italian	Chairman of the Environmental Social and Governance Committee Member of the Nomination and Remuneration Committee Member of the Related Parties Transactions Committee	27/06/2018	23/06/2021	31/12/2023
Raffaele Cappiello 53, M, Italian	Member of the Audit Committee	27/06/2018	23/06/2021	31/12/2023
Costanza Esclapon de Villeneuve 56, F, Italian	Member of the Related Parties Transactions Committee	27/06/2018	23/06/2021	31/12/2023

Giulio Gallazzi 58, M, Italian	Member of the Environmental Social and Governance Committee	27/06/2018	23/06/2021	31/12/2023
Danilo Pellegrino 64, M, Italian	Non-Executive Directors	27/06/2018	23/06/2021	31/12/2023
Alessandra Piccinino 59, F, Italian	Chairman Audit Committee Member of the Related Parties Transactions Committee	29/04/2015	23/06/2021	31/12/2023
Carlo Secchi 78, M, Italian	Member of the Audit Committee Member of the Nomination and Remuneration Committee	20/04/2006	23/06/2021	31/12/2023

* The date of the first appointment of each director means the date when the director was appointed for the first time (in absolute terms) to the Board of Directors of Mediaset S.p.A.

**The current Board of Directors has been elected by the General Shareholders' Meeting of 23 June 2021. On 18 September 2021 the Company transfers its registered office to the Netherlands and has been converted into a Dutch N.V.

***The office will end on the date of the Shareholders' Meeting that approves the financial statements of the Company as at 31 December 2023

Additional information on the professional background of each Non-Executive Director and their attendance at Board meetings can be found in the Corporate Governance Report in the section entitled "Role of the Board of Directors".

Some Non-Executive Directors have been Directors for over eight years. The Company however does not consider this to be a deviation from the DCGC, as the Company only became subject to the DCGC with effect from its conversion into a Dutch NV and the Company therefore applies the periods of principle 2.2.2 from that moment onwards.

Supervision

Pursuant to Article 16.4 of the Company's Articles of Association, Non-Executive Directors must supervise the performance of duties by the Executive Directors and the management of the Company's business and related affairs, as well as discharging such other duties as may be assigned to them by the Articles of Association or the Board of Directors.

Since the Transfer date, the Non-Executive Directors – in addition to supervising the above-mentioned duties of the Executive Directors – also oversee the definition and implementation of the Company's long-term value creation strategy and its associated risks, as well as the Company's policies and their implementation. With respect to the latter, they have focused on the effectiveness of the risk management and internal control system and the integrity and quality of financial information, while also ensuring that they constantly receive a complete and adequate flow of information from the Executive Directors, the Audit Committee and the Company's management in order to be able to perform their supervisory role.

The matters to be resolved by the Board of Directors are first examined in detail by the Non-Executive Directors at specific meetings attended by the management of the Company concerned and, where necessary, by external consultants.

The oversight activities of the Non-Executive Directors, both during the above-mentioned meetings and the meetings of the Board of Directors and during the meetings of their Committees, included supervising:

-  the periodic monitoring of strategic risks in accordance with the Enterprise Risk Management methodology;
-  the assessment of the materiality matrix for the Sustainability Report at 31 December 2021;

- ▢ the preparatory activities underlying the Board's evaluations and decisions relating to, among other things, the approval of the Annual Report and the preparation of the Sustainability Report at 31 December 2021;
- ▢ the review of the Audit plan, the activities of the Internal Auditing Department – including in terms of validating that the Company's Internal Control and Risk Management System is functioning and adequate, pursuant also to the provisions of the Code – and the update of the Internal Auditing Department's mandate;
- ▢ the periodic review of the Related Party Transactions entered into by the Company;
- ▢ the review of extraordinary transactions and proposals to amend the Articles of Association;
- ▢ the review of the General Compensation Policy and the Compensation Report, which is then proposed to the Board to be submitted to the Shareholders' Meeting;
- ▢ Environmental, Social and Governance issues and their integration within the corporate strategy, as well as analysis of the positioning of sustainability within the group and the project to identify a sustainability path – the latter also relates to market trends and international best practices, with the defining of the guidelines and macro-objectives to be followed;
- ▢ the existence – never detected during the reference period – of any conflicts of interest or potential conflicts of interest that may exist with regard to a transaction that is of material importance for the Company and/or for the Director concerned;
- ▢ the independence of Non-Executive Directors and the number of offices they hold.

The Non-Executive Directors have constantly monitored the implementation and correct application of the Company's policies, recommended to the Board proposals for these to be amended in line with the Code best practices applicable since the Transfer.

In particular, on 18 September 2021 the Board of Directors updated the Diversity Policy, Engagement Policy, Management and Disclosure of Inside Information Procedure and Internal Dealing Policy and, more recently, on 21 December 2021, updated the Related Parties Transactions Policy.⁴⁹

The Non-Executive Directors also conducted an evaluation of the Board of Directors, the Committees, the Chairman of the Board of Directors and individual Directors, as required by the Code.

Each of the Non-Executive Directors attend the meetings of the Committees of which they are members, as established by the Board pursuant to the Articles of Association and in compliance with the applicable provisions of the Code. These Committees, which carry out oversight and support tasks as well as forward proposals to the Non-Executive Directors and the Board of Directors, are as follows: Audit Committee; Nomination and Remuneration Committee; Environmental, Social and Governance Committee; and Related Parties Transactions Committee.

Additional information on the membership, duties, meetings, attendance and activities of the Committees can be found in the Corporate Governance Report in the sections entitled "Role of the Board of Directors" and "Board Committees".

The Non-Executive Directors received a report from each of the Committees on their activities carried out in view of meeting of 26 April 2022..

The Non-Executive Directors met, without the Executive Directors, on 26 April 2022 to evaluate, among other things, the functioning and composition of the Committees and the Board of Directors, the independence and performance of the Non-Executive Directors and to share the findings that emerged and which are summarised in this report, as required by the Code applicable to the Company since 18 September 2021.

⁴⁹ These Policies are available on the Company's website.

Independence of Non-Executive Directors

A majority of Non-Executive Directors must meet the independence requirements set forth in the Code.

At its meeting held before the Transfer on 24 June 2021, the Board of Directors, pursuant to Article 2 of the Italian Corporate Governance Code, held that seven of the Non-Executive Directors qualified as independent (pursuant to Article 148, paragraph 3 of the Consolidated Finance Law).

At its meeting of 26 April 2022, the Non-Executive Directors confirmed this finding which did not undergo any variations with respect to the previous one. The Non-Executive Directors also note that there are two Non-Executive Directors affiliated with a shareholder that holds 10% or more of the Company's shares, rather than only one as provided for by the Code.

As a consequence, the Company departed from the provisions of paragraph 2.1.7 of the Code in the case of those Non-Executive Directors. Therefore, in accordance with the "comply or explain" principle established by the Code, the reasons for these choices have been explained in the section of the Corporate Governance Report entitled "Compliance with the Dutch Corporate Governance Code".

That said, the majority of Non-Executive Directors are Independent Directors, as prescribed by paragraphs 2.1.7 and 2.1.8 of the Code, the provisions of which - it bears noting - only became applicable to the Company on 18 September 2021.

Evaluations by Non-Executive Directors

The Non-Executive Directors conducted an evaluation of the functioning, composition and size of the Board of Directors and Committees, as well as of the Chairman of the Board of Directors and the individual Executive and Non-Executive Directors to determine, among other things, whether there is a good balance and mix of industry knowledge, education and training, financial expertise, work experience, management skills and diversity.

The Nomination and Remuneration Committee established the procedures for this evaluation in compliance with the provisions of the Code, with the evaluation taking the form of individual questionnaires. The Nomination and Remuneration Committee identified the Corporate Affairs Department as the internal corporate function responsible for confidentially collecting and managing the feedback from the individual assessments. The main findings that emerged were shared during the meeting of Non-Executive Directors held on 26 April 2022 are stated below.

The Non-Executive Directors favourably evaluated both the membership and the functioning of the Board, in particular, in relation to the membership, and the mix of skills assured by the presence of different professional figures. The number and frequency of the Board meetings and the effectiveness of the Board's activity was generally deemed satisfactory. Overall, the clear illustration of the items on the agenda was judged satisfactory, as were the document support generally provided before the meetings and the occasions for the Non-Executive Directors to gain additional insights. The interaction between Non-Executive and Executive Directors in relation to the implementation of the Board's resolutions was particularly appreciated. With regard to the Non-Executive Directors, the evaluation carried out by the same was unanimously positive, with praise given for competence, openness to discussion and clear interventions. The CEO was particularly appreciated, with reference to his leadership, corporate vision and strategic direction of the Group. Some Non-Executive Directors, considering the recent transfer of the company headquarters to Amsterdam, expressed the need for additional training activities, particularly on the Corporate Governance system of the Netherlands. The Non-Executive Directors appreciated the contribution made by the Committees as well as their composition, which was deemed substantially adequate. The Committees carried out their assigned duties effectively, reporting regularly on their

activities to the Board. Each Committee, as a whole, has the technical expertise and experience necessary to carry out its functions. Additional information on the role, membership, and activities of the Committees can be found in the Corporate Governance Report.

Committee Reports

In compliance with paragraph 2.3.5 of the Code, each Committee provided the Non-Executive Directors with a summary report on the activities carried out from the date of their establishment up to the date of this report, in accordance with the powers assigned to them⁵⁰.

On 18 September 2021, the Board of Directors established:

- ▣ an Executive Committee, formed by the following Executive Directors: Pier Silvio Berlusconi (Chairman), Marco Giordani, Gina Nieri, Niccolò Querci and Stefano Sala.

-The Committee discharged its the activities entrusted to it and passed a number of resolutions in writing, including to appoint Directors to the Boards of Directors of subsidiaries and to grant specific powers, as well as issuing signatory powers to subsidiaries. The Executive Committee also conducted an evaluation of its own functioning and of that of the Board of Directors and of individual Executive Directors.

On 28 September 2021, the Board of Directors established:

- ▣ an Audit Committee, formed by the following Independent Non-Executive Directors: Alessandra Piccinino (Chair), Raffaele Cappiello and Carlo Secchi.

- From the date of its establishment up to the date of this report, the Committee met five times (for the attendance by each Director during 2021, see the Table of each Director's attendance at individual meetings contained in the section entitled "Role of the Board of Directors" of the Corporate Governance Report).

- The Committee discharged its responsible activities – with the involvement, where necessary, of the Independent Auditors, the Director of Internal Auditing and the Chief Financial Officer – with a particular focus on supervising the Company's internal risk management and control systems and the proposed Audit Plan, on discharging the preparatory activities underlying the Sustainability Report 2021 and the assessment of the Annual Report 2021, and on the disclosure of financial and non-financial information by the Company.

For all other activities carried out by the Committee, reference should be made to the "Board Committees" section of the Corporate Governance Report.

- ▣ a Nomination and Remuneration Committee, which carries out both the duties of the Selection and Appointments Committee and those of the Compensation Committee, and which is formed by the following Independent Non-Executive Directors: Stefania Bariatti (Chair), Marina Brogi and Carlo Secchi.

- From the date of its establishment up to the date of this report, the Committee met four times (for the attendance by each Director during 2021, see the Table of each Director's attendance at individual meetings contained in the section entitled "Role of the Board of Directors" of the Corporate Governance Report).

- The Committee discharged its the activities entrusted to it with a particular focus on: reviewing the rules and regulations for the Medium/Long-Term Incentive and Loyalty Plan 2021/2023 and the criteria for allocating shares against the rights assigned to beneficiaries in 2019 (Medium/Long-Term Incentive and Loyalty Plan 2018/2020), following the introduction of the dual-class share structure approved by the Extraordinary Shareholders' Meeting on 25 November 2021; forwarding a proposal to the Board of Directors regarding the General Compensation Policy and issuing a non-binding prior

⁵⁰ The responsibilities of the Committees are set forth in their Regulations, which were approved by the Board of Directors on 28 September 2021 and published on the Company's website.

opinion on remuneration proposals; preparing the remuneration report pursuant to Article 2:135 b of the Dutch Civil Code and paragraph 3.4.1. of the Code; the evaluation activities of the Board itself, its Committees, the Chairman and the individual Directors.

For all other activities carried out by the Committee, reference should be made to the "Board Committees" section of the Corporate Governance Report.

 an Environmental Social and Governance Committee, formed by the following Independent Non-Executive Directors: Marina Brogi (Chair) Stefania Bariatti and Giulio Gallazzi.

- From the date of its establishment up to the date of this report, the Committee met three times.

- The Committee discharged the activities entrusted to it with a particular focus on analysing the positioning of sustainability within the group and identifying a sustainability path – the latter also related to market trends and international best practices, with the defining of the guidelines and macro-objectives to be followed;

 a Related Parties Transactions Committee, formed by the following Independent Non-Executive Directors: Costanza Esclapon de Villeneuve (Chair), Marina Brogi and Alessandra Piccinino.

- From the date of its establishment up to the date of this report, the Committee met three times (for the attendance by each Director during 2021, see the Table of each Director's attendance at individual meetings contained in the section entitled "Role of the Board of Directors" of the Corporate Governance Report).

- The Committee discharged the activities entrusted to it, with a particular focus on periodically examining the Related Party Transactions entered into by the Company on the basis of the quarterly reports made available to the Committee, and on issuing a favourable opinion on the amendments proposed to the Related Party Transactions Policy in which they were recommended for approval to the Board.

For all other activities carried out by the Committee, reference should be made to the "Board Committees" section of the Corporate Governance Report.

REMUNERATION POLICY

INTRODUCTION

This remuneration policy approved by the Board of Directors on 27 April 2022, as drawn up by the Nomination and Remuneration Committee of the Board of Directors on 14 April 2022, sets out the principles and guidelines with respect to the remuneration of MFE-MEDIAFOREUROPE N.V. (hereafter MFE) for the year 2022.

The Remuneration Policy is based on the conviction that there is a close connection between the remuneration of the Chief Executive Officer, the Executive Directors, company performance and the creation of value over the medium and long term.

In this regard, the pursuit of a Remuneration Policy capable of directing business strategy and ensuring full consistency between overall "management" compensation and company performance is a key element for meeting investor expectations and strengthening the confidence of all stakeholders.

Following the Redomiciliation to the Netherlands, the MFE Remuneration Policy has been designed taking into account all applicable laws and regulations, such as Art. 2:135a of the Dutch Civil Code (DCC), the Dutch Corporate Governance Code (DCGC), and the Articles of Association of the Company.

Executive Summary: Key elements of the Remuneration Policy for CEO, Executive Directors and non Executive Directors

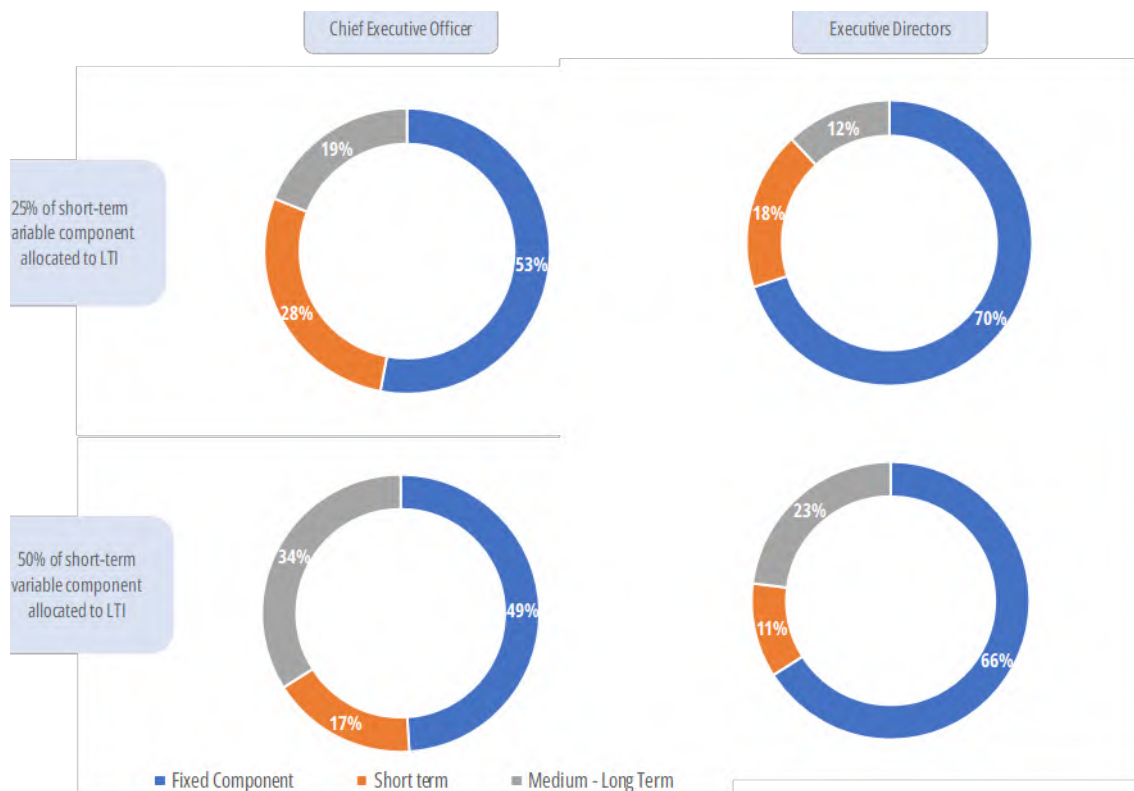
Fixed Component	Purposes and Main Characteristics	- Compensates responsibilities assigned, experience and distinctive skills possessed. - Is in line with the best market practices and such as to guarantee an adequate level of retention.	
	Amount	CEO	1,408,000
		Executive Directors	Pay linked to the significance of the position.
Variable short-term component	Purposes and Main Characteristics	- Ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives. - The system of correlation with the Company's results ensures financial balance and the incentive function of the plan. - The upfront allocation of a portion of the medium-long term component aims to encourage sustainable performance over time.	
	Mechanism of correlation with Group results	Group Net Profit and Italy EBIT	
	Amount	CEO	1,000,000 Maximum incidence of short term incentive on fixed remuneration: 67%
		Executive	480,000 Maximum incidence of short term

		Directors	incentive on fixed remuneration: 32% (average)
	Performance Objectives	CEO	Net Financial Position (50%), Group EBIT (50%) and ESG Scorecard (10%)
		Executive Directors:	Defined according to the scope of assigned responsibility + ESG Scorecard
	Reference	Budget (which corresponds to a 100% payout).	
	Payout scale	Performance range: 91% - 105% Payout range: 10% – 125% (0 if performance <91%)	
	Claw-back and Malus	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.	

Variable, medium/long-term component	Purposes and Main Characteristics	- Ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Executive Directors and the alignment of the objectives of management with those of the shareholders. - Under the plan, recipients may choose to convert 25% or 50% of their short term target bonus to the long term incentive plan into rights to receive shares of the Company; at the same time, the Company attributes a corresponding number of rights to the beneficiary (by means of a matching right).	
	Amount	Depending on the short-term portion that the recipients choose to convert, which is doubled by means of the matching right. Maximum incidence of long-term incentive on fixed remuneration: AD 89%; AE 43% (average)	
	Performance Objectives	Free Cash Flow of the Group over the three-year period (45%), Net Profit of the Group over the three-year period (45%), relative Total Shareholders Return (10%).	
	Reference	Three-year forecast for economic and financial indicators (which corresponds to a 100% payout); Competitor panel for TSR.	
	Payout scale	Performance range: 75% - 125% Payout range: 50% – 125% (0 if performance <75%)	
	Vesting	The performance is assessed with a time horizon of three years for each assignment cycle.	
	Lock-Up	20% of the shares earned are subject to a lock-up period of two years.	

	Claw-back and Malus	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.
Non -Executive Directors	Amount	40,000 (raised to 60,000 for the Chairman). Fee of 20,000 (raised to 30,000 for the Chairmen) is added for the members of each internal board committee

Theoretical pay mix



GOVERNANCE MODEL

Bodies and/or individuals involved

The MFE Remuneration Policy is defined clearly and transparently through a shared process involving the Board of Directors, the Nomination and Remuneration Committee, the Shareholders' Meeting and the relevant company department (Central Human Resources and Operations Department).

The Board of Directors, following proposals by the Nomination and Remuneration Committee, establishes the general compensation policy for the Chief Executive Officer and the other Executive Directors. The Executive Directors do not participate in the discussion and approval of the Remuneration Policy by the Board of Directors.

The Shareholders' Meeting approves the Remuneration Policy at least every four years and in case of any amendments. From 2020, the resolution of the Shareholders' Meeting on the Remuneration Policy is binding, while the Remuneration Report is subject to a non-binding advisory vote by the Shareholders' Meeting. The Board of Directors is directly responsible for the implementation of the remuneration policy of the Chief Executive Officer and the other Executive Directors for the position they hold in MFE. The authority to establish remuneration for Non-Executive Directors is vested in the Shareholders' Meeting.

As provided for by Art. 2:135a (4) and (5) DCC, any temporary derogations from remuneration policies can only apply in exceptional circumstances, such as where derogation from the Remuneration Policy is necessary to pursue long-term interests and overall sustainability or market longevity and must nevertheless be in line with the principles which guide the Company Remuneration Policy. In such case, the Board of Directors will pass a resolution for a temporary derogation in remuneration matters, as referred to in chapter 3 of this Remuneration Policy, after receiving the opinion of the Nomination and Remuneration Committee and consulting the Related Parties Transactions Committee. Also to this effect, the Board of Directors consults experts of professional renown and know-how, after having ascertained their independence and freedom from any conflicts of interests.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee includes three non-executive and independent directors (Stefania Bariatti – Chariman, Marina Brogi, Carlo Secchi) whose term in office lasts until the expiry of the mandate of the entire Board of Directors. Among them are experts in financial matters.

The Committee, concerning **remuneration**, fulfils the following tasks:

- ▢ in accordance with provision 3.1.1 of the Dutch Corporate Governance Code ("Code"), submits a clear and understandable proposal to the Board of Directors concerning the remuneration policy to be pursued with regard to the Directors. The Board of Directors should presents the policy (it should include the matters referred to Section 2:135a of the Dutch Civil Code – DCC) to the Shareholders' Meeting for adoption;
- ▢ prepares the remuneration report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the DCGC;
- ▢ periodically reviews the adequacy, overall cohesion and actual application of the policy adopted by the Company for each Director, submitting the related proposals to the Board of Directors;
- ▢ gives a prior non-binding opinion on proposals relative to the compensation and on establishing performance goals related to the variable part of the compensation package of the Chief Executive Officer;
- ▢ makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

Intervention by Independent Experts

On a regular basis, both the relevant company department (Central Human Resources and Operations) and the Nomination and Remuneration Committee analyse the fairness and competitiveness of the remuneration packages of the Chairman, the Chief Executive Officer, in overall terms and for each component. They also consult independent outside advisors free from conflicts of interest and/or companies specialised in executive remuneration that are recognised for their reliability and for the comprehensive nature of their databases used for national and international comparisons and their use of standard methodologies to assess the complexity of assigned roles and powers.

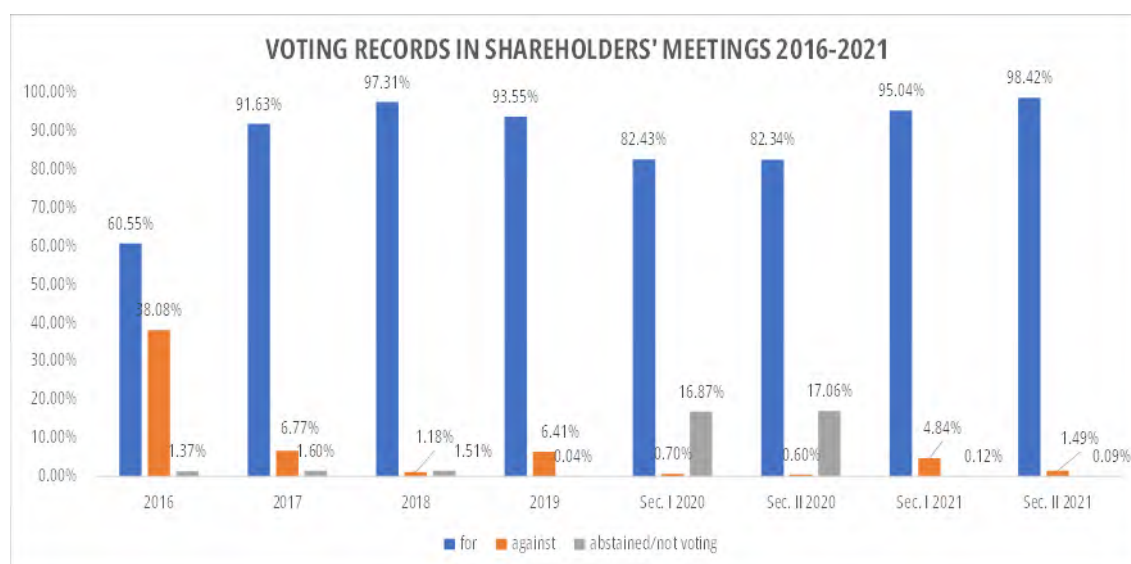
Voting record on the Remuneration Policy

In recent years, the Nomination and Remuneration Committee has paid increasing attention to the voting record of the Shareholders' Meeting on the Remuneration Policy and has given increasing importance to the recommendations on remuneration expressed by proxy advisors. In doing so, it has developed engagement activities and gradually introduced improvements in its policies so as to guarantee maximum alignment with international best practices.

In 2020, the Shareholders' Meeting was for the first time convened to pass a consultative vote on the second section of the Report on Remuneration, relating to the compensation paid in 2019.

Despite there being essentially zero votes against, conversations with the Proxy Advisors and consideration of their recommendations led the Group to increase the level of disclosure within this Report, with particular reference to the targets of the incentive systems, a feature that also distinguishes this year's Report.

This improvement trajectory has led to a gradual increase in shareholder consent, as shown in the following graph.



* The votes of the years 2016-2019 refer to the Remuneration Report in its entirety, starting from 2020, separate voting has been introduced for the two sections

Main changes in the Remuneration Policy

Compared to the previous Policy approved by the Shareholders' Meeting on 23 June 2021, this remuneration policy incorporates some changes introduced in compliance with the applicable legislation following the redomiciliation to the Netherlands and aimed at making further improvements with respect to international best practices and the Company's strategy. In particular, the new remuneration policy provides for non-financial

indicators, of an ESG nature, as part of the short-term incentive system, thus incorporating within the remuneration systems the Group's sustainability strategy, oriented to protect the environment and maintain the levels of excellence achieved in the field of the enhancement of human capital and diversity. Furthermore, following the output of a benchmark carried out by a leading consultancy firm, which compared the remuneration of the CEOs to a peer of European companies, the re-determination of the CEO's remuneration has been planned in order to make it more consistent with market levels. The increase concerned the short-term variable component of the remuneration (raised to 1 million euros), whose impact on the total remuneration was not aligned with the peers; in this way, also due to the allocation of a portion of the short-term incentive to the long-term system and the attribution of the matching by the Company, a greater alignment between performance and remuneration will be guaranteed, as well as a paymix in line with market best practices. The amendment made to the regulation relating to the medium / long-term incentive system has also been implemented, aimed at making the system consistent with the new share structure introduced in December 2021, which provides for the structuring of the share capital in a double category of shares. Finally, the Remuneration Policy redefines the limit on the number of monthly payments related to the severance period and makes a disclosure of pension contributions relating to directors, in accordance with the provisions of Dutch legislation.

SCOPE AND PRINCIPLES OF THE REMUNERATION POLICY

The Remuneration Policy is inspired by the following objectives and guiding principles:

- ▢ Alignment with the business strategy
- ▢ Attraction and retention of valuable staff
- ▢ Link with performance and value creation
- ▢ Consistency and fairness

Alignment with the business strategy	Values, skills and conduct aligned with the business strategy are reinforced by having an overall compensation structure that includes a balanced package of fixed and variable, material and non-material components. This allows for an appraisal of the responsibilities and criticalities of the position held, the quality of the professional contribution and the results achieved in the short and medium/long term.
Attraction and retention of valuable resources	MFE believes the Remuneration Policy is a key vehicle for attracting, retaining and motivating key staff and for contributing to the creation of sustainable value over the medium and long term for all stakeholders. To this end, the Remuneration Policy is structured to guarantee competitiveness with the outside market and to ensure internal equity, also consistently with the defined performance levels.
Link with performance and value creation	The use of a variable component of the remuneration, split into a short-term and a medium-long-term (share-based) component, makes the Remuneration Policy consistent with the creation of sustainable value for its shareholders and the growth of the market price of MFE's shares.
Consistency and fairness	Compensation tools are coherently structured to ensure fairness in terms of the level of responsibility assigned and contribution to the Group's performance.

The Remuneration Policy is defined consistently and in order to support the achievement of the Company's main strategic objectives:

- ▢ consolidating leadership in the nationwide core business by providing a distinctive broadcasting service model, maximising commercial value, streamlining production processes and overseeing regulatory and infrastructural development;
- ▢ evaluating development opportunities for supranational media activities (mainly in OTT, AD Tech and Content).
- ▢ the pursuit of sustainability-oriented growth, focusing on protecting the planet, valuing people through the recognition of diversity and the protection of their well-being, and on the dissemination of an ESG-oriented culture and values through its communication channels.

In order to do this, the Policy provides a steady balance between short and long-term, fixed and variable components, and benefits.

In a market as mature as free-to-air television, variable components aim to reward high profitability – which is essential for creating value for shareholders – and cash generation, and ultimately to support the company's growth strategy. Alongside these indicators, the specific performance objectives assigned to Key Management Personnel under the short-term incentive system based on each of their organisational responsibilities enable the Group to perform its key objectives, with particular reference to leadership in the advertising market and cost reduction. Starting from this year, in addition to the traditional financial indicators, non-financial indicators have been added, aimed at guiding and supporting the Group's sustainability strategy.

Using exclusively share-based medium/long-term incentive instruments helps to direct performance towards creating sustainable value over time. This aim is further supported by extending the vesting and lockup period to a total of 5 years, beginning 2021.

Consistency between Remuneration Policy and People Strategy

The Group's Remuneration Policy has been drawn up to be consistent with human resource management and enhancement policies, which recognise the essential role played by the professional contribution of the Group's people in ensuring business success and development. The Group therefore manages its human resources by respecting the personality and professionalism of each employee, enhancing and developing their professional skills and abilities, and protecting their mental and physical well-being (also in terms of occupational health and safety), all the while promoting loyalty, trust and rejecting all forms of discrimination and exploitation.

Each employee's pay is determined by an assessment carried out by the Human Resources Department and by the Business Managers which, to ensure that internal pay is competitive with the market benchmarks, considers the area of responsibility, the task performed and principles of fairness within the Group, as well as targeting the attraction and retention of key staff.

In assessing the fairness and competitiveness of remuneration packages, the Group uses the research tools and pay benchmarks provided by leading consultancy firms.

For variable components in particular, the Policy sets profitability targets to serve as a homogenous, coherent and consistent criterion for all compensation instruments used. For instance, this determines the entry point and/or penalty in each of the top manager and executive incentive systems, and is the parameter used as the basis for calculating the company bonus paid to the rest of the workforce.

In particular, from a Pay for Performance perspective, the penalties for only partially achieving the target productivity are proportional according to each employee's level of responsibility and thus the differing impacts they can have on the Group's profits (CEO 100%, Executive Directors and first and second-grade Executives 50%, Other Directors 25%, Middle Manager and Work Officer 0%).

In a total reward perspective all employees, regardless of their category, also benefit from numerous welfare and wellbeing services, including health care and supplementary pension plans.

COMPOSITION OF THE REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND THE OTHER EXECUTIVE DIRECTORS

Reference Peer Group

As part of the periodic assessment of the competitiveness of the CEO's remuneration, a reference Peer Group have been defined consisting of 11 European companies belonging to the Media & Entertainment sector listed on regulated markets for which a benchmark was commissioned.

The companies were identified on the basis of dimensional criteria (capitalization, turnover, number of employees). Among them there are four companies used in the sample defined for MFE's performance related to the TSR objective as part of the medium / long-term incentive system.

Peer Group	Atres Media, Tf1, Métropole Télévision, Nordic Entertainment Group AB, ProSiebenSat1 Media, Ströer SE & CO KGaA, itv PLC, RTL Group, Informa PLC, Publicis Group, Telecom Italia

Structure of Remuneration

The structure of the remuneration of the Chief Executive Officer and the other Executive Directors comprises the following components:

Fixed component	- it is defined with reference to the responsibilities assigned and distinctive competencies possessed. - it is monitored periodically against market benchmarks to guarantee an adequate level of retention.
Variable short-term component	ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives.
Variable medium/long-term component	it ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Board of Directors and the alignment of the objectives of management with those of the shareholders.
Benefits	include non-monetary forms of remuneration, complementing the other remuneration elements; they provide for competitive advantage and address the various needs of the executive (welfare and improved quality of life).

Fixed component

The fixed remuneration of the Chief Executive Officer and the other Executive Directors is defined in relation to the responsibilities assigned, the complexity of the position, the experience and distinctive competence of each person. It is periodically monitored against market benchmarks, in particular through the use of remuneration databases prepared by a leading consulting firm specialising in remuneration, in order to ensure adequate retention. The weight of the fixed component, a distinctive characteristic of the Company, is instrumental in preventing actions based on short-term opportunities.

The fixed component is subdivided into:

- ▢ Gross annual compensation (GAC), related to the significance of the position, which the Chief Executive Directors and the other Executive Directors receive if they are employees of the company.
- ▢ Compensation the delegated bodies receive for the position of directors charged with specific tasks and the other Executive Directors as directors. For the latter, in addition, from time to time, the pertinent company body can set compensations for directors charged with specific tasks.

Variable short-term component

The Annual Incentive System adopted by MFE, called SIA, is applicable to the Chief Executive Officer, the other Executive Directors and all Group Executives. This system has the main objective of strengthening and guaranteeing the alignment between how individuals act and short-term company objectives.

The SIA plan is governed by a specific regulation, distributed to each participant, which sets out all the detailed principles of the underlying the system, including the accessory clauses provided by the best practices on incentive matters.

In particular, the plan provides that for each recipient, objectives will be set that relate to their own area of responsibility. The extent to which these individual objectives are achieved will determine the actual bonus paid out, taking into account the target value set for each manager. Deductions may be made to this target value if certain productivity thresholds are not met, as illustrated below.

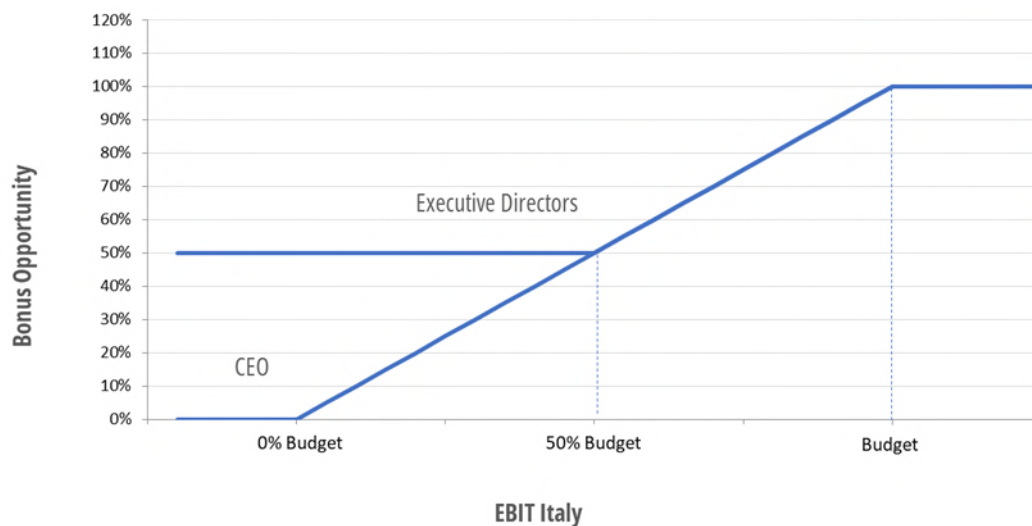
Mechanism of correlation

Starting from 2019, a single correlation mechanism will apply to both the Chief Executive Officer and the other Executive Directors, between the Group's economic results and the amount of incentives payable; this can determine any reduction in their target value, based on the performance of two parameters of the financial statements: Group Net Profit and EBIT Italy.⁵¹ In addition to being consistent with the principle of internal equity, this single mechanism makes it possible to align the managerial actions towards achieving challenging and shared performance targets among all system recipients.

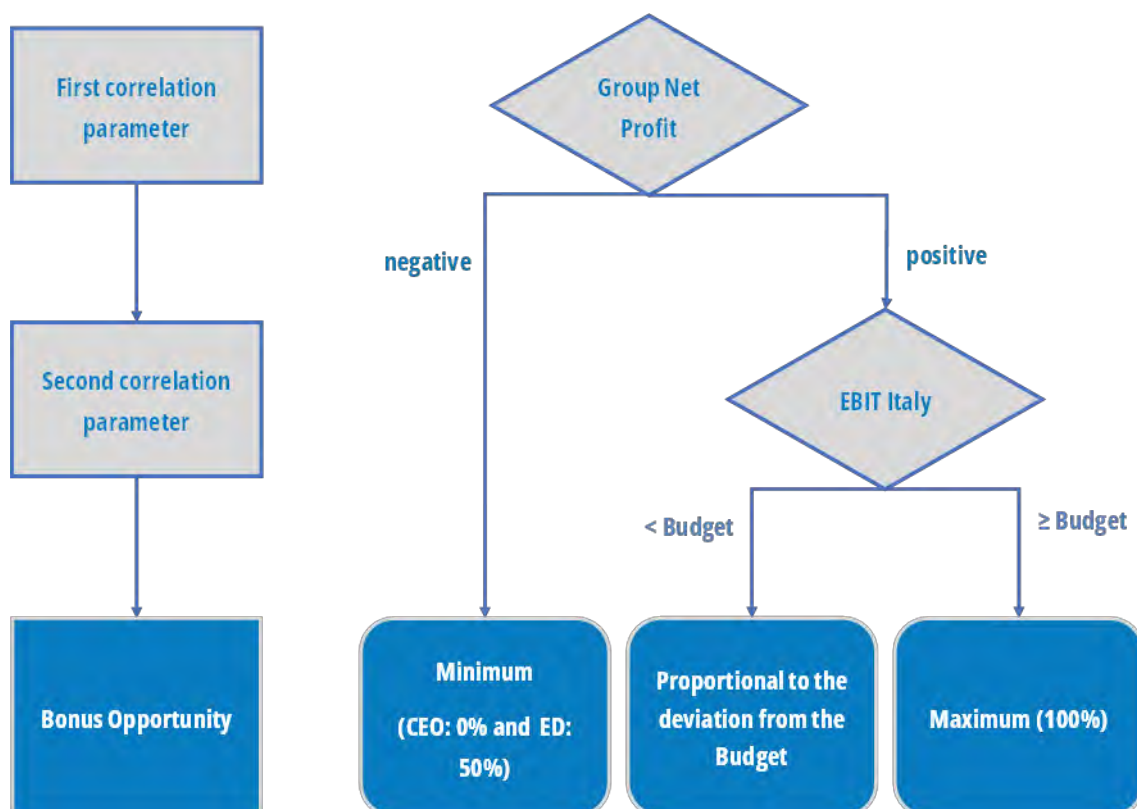
In particular:

- ▢ If Group Net Profit is negative, the short-term variable component will be reduced to zero for the Chief Executive Officer and will be reduced by 50% for other Executive Directors.
- ▢ If Group Net Profit is positive, the target value may be reduced based on the extent to which EBIT Italy deviates from the corporate budget value, subject to the following scale:

⁵¹ For this calculation, pro-forma EBIT was used net of the components of the variable incentive systems based on the profitability parameter



This correlation mechanism with the Company's financial results, as described above and illustrated in the following diagram, therefore allows the actual bonus opportunity to be reduced if the Company's financial results are unsatisfactory; this can be reduced to zero for the Chief Executive Officer and by 50% for the other Executive Directors.

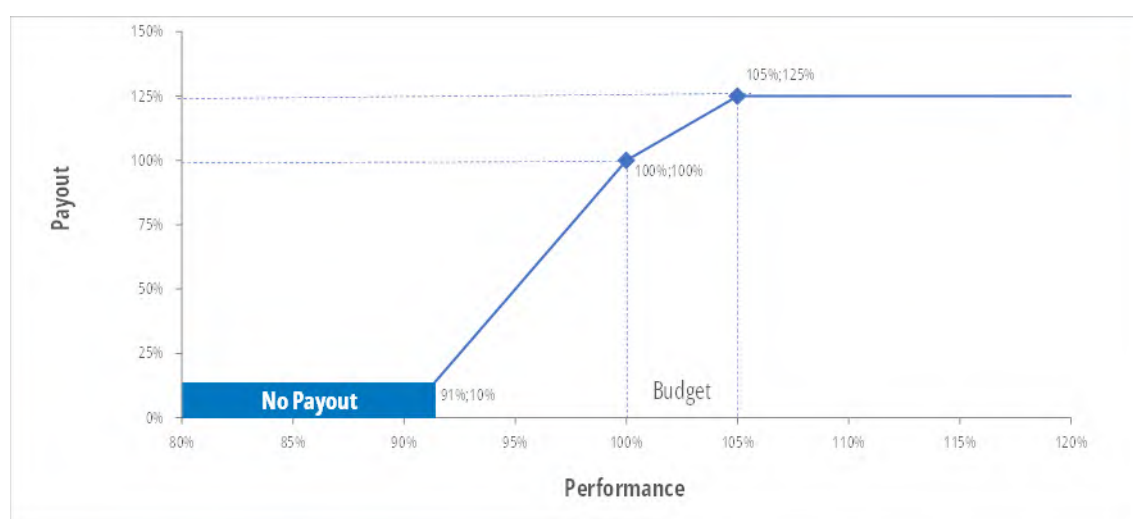


Set objectives

Depending on the responsibilities associated with the role, quantitative objectives of a mainly financial nature, set out in a specific sheet and each with a defined relative weight, are assigned to each recipient of the system, as explained in the following paragraphs.

For the purpose of paying the incentive, once any penalty has been applied through the target correlation mechanism to the Company's results, the relative performance in percentage terms is measured independently for each objective. A correlation scale is applied to it, which determines the relative payout level. This scale rewards performance at least equal to 91%, which corresponds to the payment of 10% of the value of the bonus associated with each objective. On the other hand, the maximum payment is earned when a performance of more than or equal to 105% is achieved; this level corresponds to the payment of 125% of the bonus value associated with each objective.

The following graph illustrates the correlation between performance and payout: this scale applies to all objectives set for incentive system recipients:



The quantitative objectives are set for the Chief Executive Officer and for the other Executive Directors depending on the responsibilities related to the role.

Starting from 2022, alongside the traditional indicators of an economic / financial nature, non-financial indicators have been added, linked to the sustainability strategy pursued by the Company and related to the Environmental Social and Governance areas. These indicators make up the "ESG" objective which has a total weight of 10% on the objective sheet and is composed of the following scorecard:

Area	Weight	Objective	Target	Performance→ Payout Scale
Environment	2.5%	CO2 Emissions	15,000 Ton (about - 60%)	Standard – see the graph above
Social	2.5%	Average Italy Pay Equality	93%	≥ 98% → 125% 97% → 120% 96% → 115% 95% → 110% 94% → 105% 93% → 100% 92% → 90% 91% → 80% 90% → 70% 89% → 60% 88% → 50% < 88% → 0%
Social	2.5%	Hours of training on ESG issues	3,300 h	Standard – see the graph above
Governance	2.5%	Number of Managers with SIA ESG KPIs	10	≥ 25 → 125% ≥ 22 → 120% ≥ 18 → 115% ≥ 15 → 110% ≥ 12 → 105% ≥ 10 → 100% ≥ 8 → 80% ≥ 6 → 50% ≤ 5 → 0%

The objectives proposed for the Chief Executive Officer and the other Executive Directors who are a beneficiary of the SIA plan are outlined below:

Correlation parameters on the Company's performance for re-determining targets if necessary	GROUP NET PROFIT	
	EBIT ITALY	
Position	Target	Weight
CEO	Group EBIT	45%
	Group Net Financial Position	45%
	Objective ESG	10%
Key Management Personnel		
Position	Target	Weight
Chief Financial Officer and CEO of RTI	Group Net Financial Position	30%
	EBIT of Radio Business Unit	30%
	EBIT of Digital Business Unit	30%
	Objective ESG	10%
Director of Institutional and Legal Affairs and Strategic Analysis	Costs of the Institutional and Legal Affairs and Strategic Analysis Department	90%
	Objective ESG	10%
Director of Human Resources and Operations	Operating costs of the Operations Area	25%
	Cost of labour Italy	25%
	Costs & investments of the Technology Dept.	20%
	Procurement savings	20%
	Objective ESG	10%
CEO of Publitalia'80 and Chairman of Digitalia'08	Consolidated advertising revenues indexed to market	75%
	Concessionaire costs	15%
	Objective ESG	10%

To each indicator, the performance-payout correlation scale is applied, which may cancel, reduce or increase by up to 125% the payout associated with the achievement of each objective.

The target performance objective of each indicator is represented by the annual budget value approved by the Board of Directors, which is associated with a 100% payout. These values are not explained as they are price-sensitive information.

Plan clauses

The Plan regulation provides for a **malus** clause that gives the Company the right not to award the bonus, in whole or in part, in the event of deterioration of the Group's financial position and/or if the performance objectives were determined based on data that have subsequently proved to be manifestly incorrect. In the latter case, a **claw-back** clause is also provided, which also applies if it is found that performance targets have been achieved on the basis of fraudulently falsified data.

Furthermore, if extraordinary circumstances occur that have a material impact on the importance and cohesion of the performance objectives, the Company's Board of Directors will be able to evaluate whether to make relevant adjustments to the final assessment of the correlation parameters and/or the performance objectives set, with the aim of keeping the substantive and economic content of the Plan unchanged.

Variable, long-term component

On 23 June 2021, the Shareholders' Meeting approved a medium-long-term incentive plan with similar characteristics and aims to the previous plan approved in 2018; the main objectives are as follows:

- ▢ to ensure the growth of the value of the Company by aligning the interest of management with those of the shareholders;
- ▢ to motivate management to achieve results that can be sustained over time;
- ▢ to ensure the loyalty of key personnel in order that they remain within the Group;
- ▢ to ensure an adequate level of competitiveness of the compensation in the employment market.

With a view to continuing the process of improving the remuneration policies and systems undertaken in recent years, the plan that will be submitted to the Shareholders' Meeting for approval will contain innovative elements, including performance targets and a lock-up mechanism, which will make it possible to ensure greater alignment with international best practices and the recommendations introduced by the Corporate Governance Code. In March 2022, the Board of Directors approved the amendments to the Regulation of the Medium-Long-term Incentive Plan, aimed at making the plan consistent with the new share structure adopted by MFE in December 2021, which provides for a double category of shares (MFE A and MFE B).

The Plan is intended for the Chief Executive Officer and other Executive Directors, with a major impact on value creation for the Group and shareholders. Recipients, of which there have been 29 on average in recent years, are selected by the Board of Directors on the proposal of the Nomination and Remuneration Committee.

The plan consists in granting rights to receive free common A and B shares of MFE (so-called performance shares) at the end of a three-year vesting period, on condition of achieving pre-determined performance levels. More specifically, the plan provides for the attribution of base rights and of matching rights.

Base rights are determined depending on the choice of each recipient to assign one quarter or one half of the target bonus of his/her short-term incentive plan to the medium-long-term incentive system. In particular, in the face of the double share structure of MFE, half of the deferred SIA target bonus determines the allocation of base rights to receive type A MFE shares, while the other half determines the allocation of base rights to receive type B MFE shares.

The beneficiary receives one additional matching right for each base.

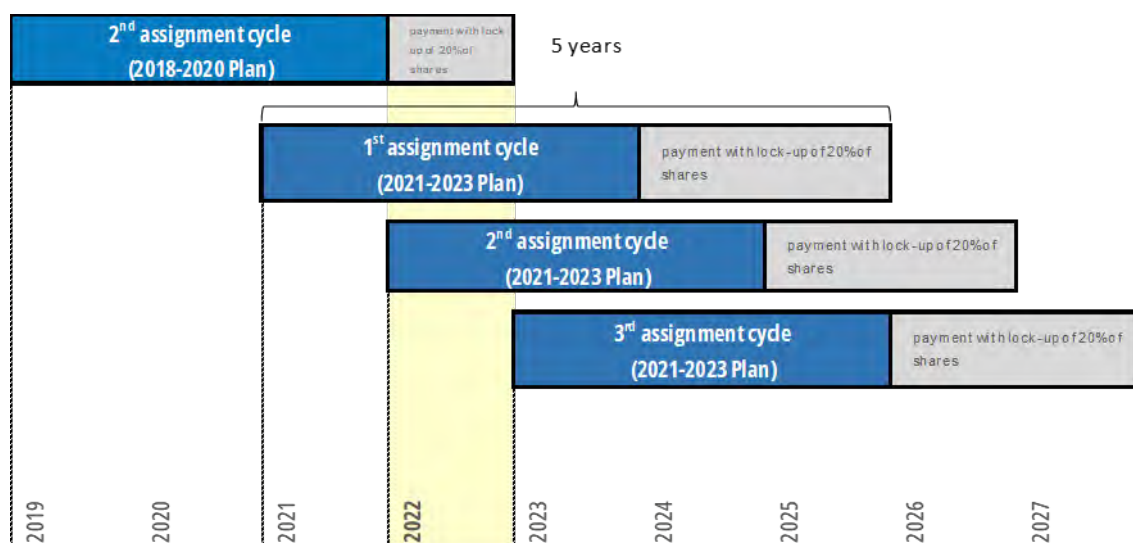
The actual vesting of performance shares and shares granted as a matching right is subject to:

- ▢ continuity of the employment relationship during the three-year vesting period
- ▢ degree of achievement of the performance objectives of the plan.

The plan operates over three three-year granting cycles with assignment of the rights in the years 2021, 2022, and 2023 and provides, at the end of the 36-month vesting period, for a 24-month lock-up period for 20% of shares. This ensures that the interests of management are better aligned with the long-term interests of shareholders, as the total period for the vesting and holding of shares is five years.

The graph below shows the operating mechanism of the Plan, also in relation to the implementation of the medium-long term incentive plan in force in 2018 and 2019. The Group, on the other hand, did not initiate the

third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency. Upon the proposal of the Nomination and Remuneration Committee and in consideration of the negative impact of these events of the Group's economic and financial results, the Board of Directors of Mediaset S.p.A. approved the suspension of the third cycle.



In 2022, the rights relating to the first three-year cycle of the LTI will be allocated and the shares relating to the first cycle of the 2018–2020 plan will be assigned.

Objectives set for the Chief Executive Officer and for the other Executive Directors

For all recipients, the plan sets out the following performance objectives:

	Indicator	Weight
Performance objectives	Three-year Group net profit	45%
	Three-year Group Free Cash Flow	45%
	Relative TSR as compared to a reference panel of 4 other media companies	10%

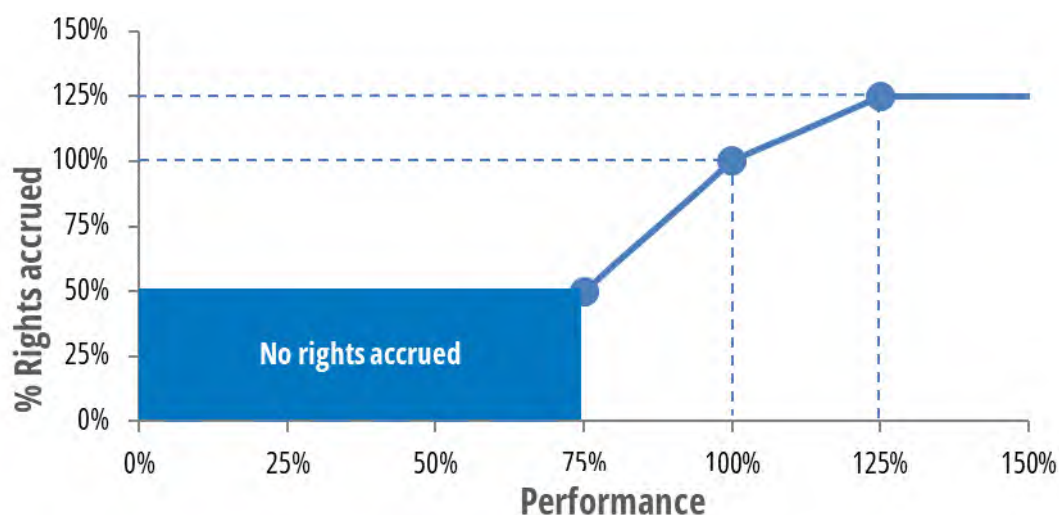
For economic and financial indicators, the performance achieved will be determined according to the three-year target defined by the multi-year plans approved by the Board of Directors.

As for the market-based indicator, the performance achieved will relate to the positioning of the Company's TSR compared to that of companies included in the sample of 4 other European media competitors, consisting of AtresMedia, TF1, ProSieben and iTV. In particular, performance under this indicator will be calculated based on the positioning of MFE's TSR, as reported in the following table:

MFE's Positioning	Performance
Best TSR	125%
2 nd TSR	115%
3 rd TSR	100%
4 th TSR	75%
Worst TSR	0%

The TSR has been calculated with the weighted averages of the TSR of MFE A and MFE B shares, according to their weight on the composition of the share capital.

The medium/long-term incentive system rewards a performance range (calculated as the weighted performance average of the three objectives) between 75% and 125%, corresponding respectively to the vesting of 50% and 125% of the assigned rights. In the event of intermediate results, a share of the rights will vest.



Plan clauses

The LTI regulation includes a **malus** clause that allows the Company not to award or pay out, in whole or in part, any shares that have not vested, if the financial or balance sheet situation of the Group deteriorates significantly. In addition, there are **claw-back** clauses in the event that rights mature on the basis of data that turn out to be incorrect or forged.

Benefits

To complement the compensation package, MFE offers **non-monetary benefits** mostly in the area of social security and assistance and to supplement the provisions of national employment agreements: supplementary health care plan, insurance for accidents, life and permanent disability caused by illness, company vehicle. In keeping with best practices, a third-party civil liability insurance policy (D&O) is also offered to Executive Directors covering their duties in their capacity both as managers and directors.

Pension Schemes

The Executive Directors receive the pension contribution in accordance with the provisions of the legislation in force in Italy, in proportion to their annual remuneration. Contributions are paid to the National Institute of Social Security (INPS), that will pay a pension when the pension requirements are met. The Company integrates the legal treatment through the payment of € 7,200 per year to a private supplementary pension fund.

Other payments

The Executive Directors, with the exception of the Chief Executive Officer, are the beneficiaries of a non-compete agreement which provides for a consideration paid annually and based on the duration and scope of the obligation derived from the agreement. By this agreement, beneficiaries undertake not to perform their activity in competition with those carried out within the sphere of their responsibilities in the Group, in Italy and in foreign countries where the Group has operations, under penalty of returning all the shares received under the non-compete agreement.

These agreements, that are entered into during the working relationship, have been in force for several years. The Company has established that starting from 2017 any new non-compete agreements signed will provide for the payment to be made at the end of the employment relationship, at which time the non-competition constraint will become effective.

No payment is envisaged of discretionary bonuses rewarding performance that refer to previously planned objectives, which will be managed through short and long-term incentive plans.

In the event an Executive Director has to be rewarded for the exceptional results obtained as part of extraordinary transactions (concerning for example revision of the Group's scope), such decision will be the subject of specific resolution by the Board of Directors, after having received the opinion of the Nomination and Remuneration Committee. However, payments cannot exceed the annual target value under the short-term incentive system.

Pay mix

The following graphs illustrate the overall pay mix, target and maximum, of the Chief Executive Officer and of the other Executive Directors, determined by the remuneration components described in the previous paragraphs.

The pay mix composition is shown in the different scenarios that may occur:

-  based on the individual choice of the short-term incentive share (SIA) to be allocated to the medium/long-term incentive system (LTI);
-  based on the values that the short and medium-long-term incentive can take, based on the performance obtained.

For the purposes of the representation, full satisfaction of the conditions for access to the incentive system are assumed, excluding therefore any ex-ante penalties on the target.

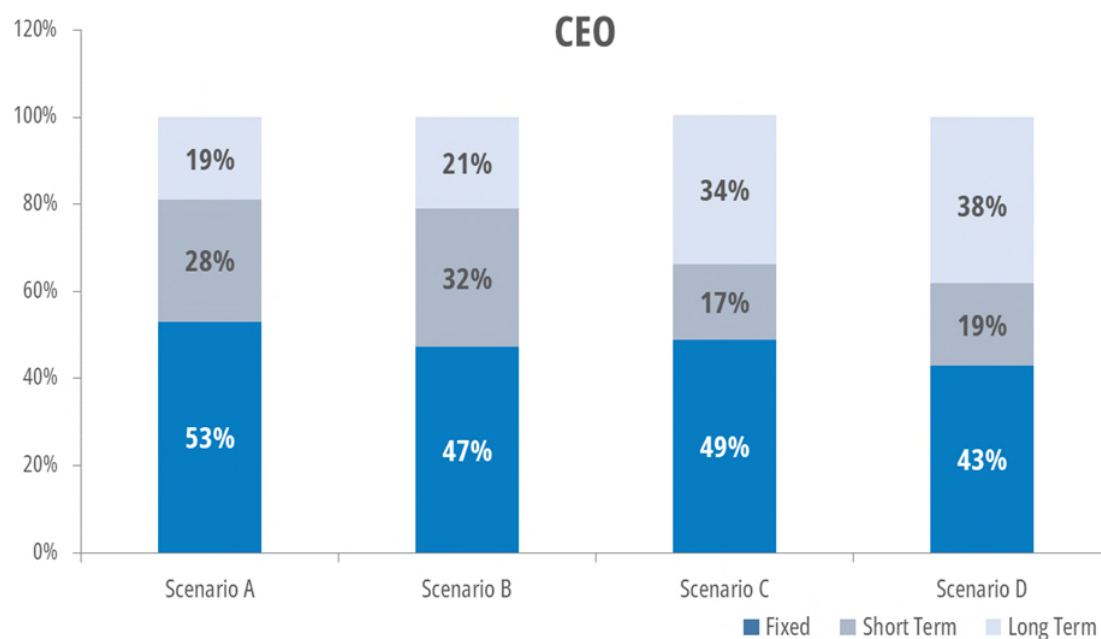
More specifically, the pay mix results of the following four cases are presented:

		Performance of Variable Incentive Systems	
		Target	Maximum
Share of SIA allocated to LTI	25%	Scenario A	Scenario B
	50%	Scenario C	Scenario D

If the company-wide or individual objectives are not met or are insufficiently met, both the short- and medium/long-term variable components can be completely cancelled, which means that remuneration will comprise the fixed components only.

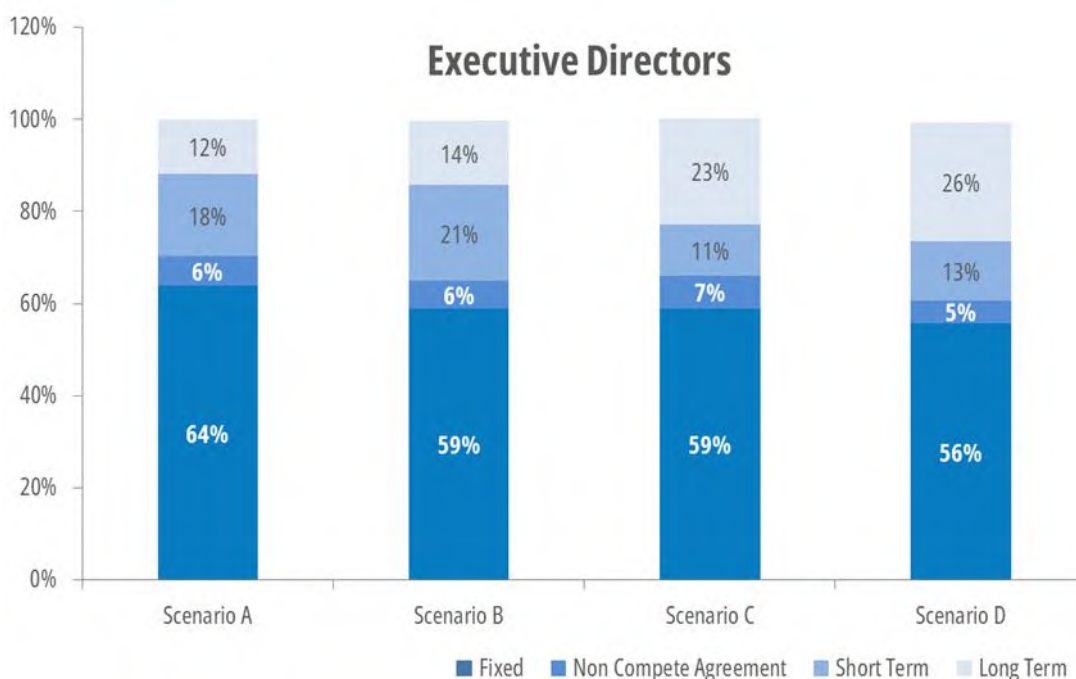
Pay-mix of the Chief Executive Officer

The following graphs show the overall pay-mix of the Chief Executive Officer in the four scenarios examined.



Pay-mix of other Executive Directors

As in the previous paragraph on delegated bodies, the following graphs show the overall pay-mix of the Executive Directors in the four scenarios examined.



Pay in the event of the termination of a position or work relationship

As managers of the Company, the Executive Directors have a permanent contract related to their employment relationship in MFE's subsidiaries. The Company policy is to not set in advance the financial aspects of any early termination of the work relationship or mandate. However, consistently with market practice, it is provided that the compensation paid in case of termination/resolution of the work relationship does not exceed 12 months of overall compensation, in addition to the amounts provided for by the applicable legislation on termination of employment in case the respective member is an employee of the Company⁵². In this respect, the methods for determining the amount to be disbursed under the Medium/Long-Term Incentive Plan are described in the Plan Regulations. The Regulations determine that a terminated employee can be classed as a bad leaver or a good leaver depending on the reason that their employment was terminated, which then affects their payout levels.

⁵² This amount includes the indemnity related to the notice period which is from 8 to 12 months on the basis of the years of seniority in the Company, in addition to a supplementary indemnity up to 24 months.

REMUNERATION OF CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Currently, Non-Executive Directors receive a fixed annual remuneration for the office of Non-Executive Directors and an additional remuneration for participation in internal board committees.

There is no variable compensation component.

The fixed annual remuneration set by the Shareholders' Meeting on 23 June 2022, is equal to 40,000 euros, (raised to 60,000 for the Chairman) to which a fee of 20,000 euros (raised to 30,000 for the Chairmen) is added for the members of each internal board committee. The members of the Board of Directors are entitled, pursuant to the Articles of Association, to the reimbursement of expenses made for office reasons. With reference to the Chairman, as part of the overall revision agreement of the form of the employment relationship reached in July 2018⁵³, the current remuneration package was defined with the provision of an additional fixed component paid by Mediaset S.p.A. and benefits⁵⁴.

Pension contributions are recognized to Non-Executive Directors in accordance with the legislation in force in Italy, in proportion to the emolument received. The severance treatment provided for in the event of early termination of the mandate must not exceed 12 months of the annual emolument received. A third-party civil liability insurance policy (D&O) is also offered to Non-Executive Directors covering their duties.

⁵³ As announced to the market on 27 July 2018, as part of the agreement to terminate the executive employment contract of Fedele Confalonieri, an "end-of-office severance package" was agreed in advance and by exception, payable when the Chairman should cease to hold or not be renewed in his current position. This amount, equal to € 8.5 million gross, was also set in recognition of the extraordinary contribution that the Chairman has made to the Group since its foundation.

⁵⁴ The amount relating to this additional component is equal to € 1.8 million. Further information is available in the press release dated 27 July 2018, available on the MFE Corporate website.

REMUNERATION REPORT

REPORT ON THE REMUNERATION PAID

The Remuneration Report Provides a description of the implementation of the policy for 2021 for the Chairman, the Chief Executive Officer, the other Executive and Non-Executive Directors, considering transparency and compliance with the laws and regulations currently in force.

No deviations or derogation from the decision-making process for the implementation of the Remuneration Policy approved by the Shareholders' Meeting on 23 June 2021 has took place in 2021. Therefore, the remuneration paid has been consistent with the approved Remuneration Policy, which has contributed to the long-term performance of the Company. The following paragraphs shows the performance levels achieved with respect to the individual objectives of the short and medium-long-term variable components, identified in coherence with the group's strategy.

First and Last Name	Office	Fixed Compensation in MFE	Compensation form participation in Committees in MFE	Fixed Compensation from subsidiaries and associates	Compensation form participation in Committees from subsidiaries and associates	Variable Compensation	Variable non equity Compensation (Bonus)	Pension****	Non-monetary benefits	Total	Fair Value of equity compensation
Fedele Confalonieri	CHAIRMAN	930,000		975,000	64,000			16,489	19,246	2,004,735	
Pier Silvio Berlusconi	CEO	1,040,000		371,175 *		312,500		114,867	3,368	1,841,910	159,579
Stefania Barilanti	NON EXECUTIVE DIRECTOR	20,000	25,000							45,000	
Marina Berlusconi	NON EXECUTIVE DIRECTOR	40,000						6,400		46,400	
Marina Brogi	NON EXECUTIVE DIRECTOR	40,000	76,000					4,927		120,927	
Raffaele Cappiello	NON EXECUTIVE DIRECTOR	40,000	34,000					4,080		78,080	
Costanza Esclapon De Villeneuve	NON EXECUTIVE DIRECTOR	40,000	33,000							73,000	
Giulio Gallazzi	NON EXECUTIVE DIRECTOR	40,000	16,000					13,236		69,236	
Marco Angelo Giordani	EXECUTIVE DIRECTOR	40,000		1,132,902 *	68,000	250,000	200,000	519,978	5,647	2,216,527	127,663
Gina Nieri	EXECUTIVE DIRECTOR	40,000		1,070,285 *	40,000	180,000	200,000	507,333	5,589	2,051,206	95,747
Daniilo Pellegri****	NON EXECUTIVE DIRECTOR	40,000								40,000	
Alessandra Piccinino	NON EXECUTIVE DIRECTOR	20,000	25,000							45,000	
Niccolò Querci	EXECUTIVE DIRECTOR	40,000		1,174,333 *	52,000	266,907	200,000	545,309	5,764	2,284,313	51,864
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000		1,845,495 *		486,000	200,000	817,514	4,925	3,393,935	287,242
Carlo Secchi	NON EXECUTIVE DIRECTOR	40,000	68,000					16,489		124,489	
Andrea Canepa **	NON EXECUTIVE DIRECTOR	20,000	16,000					2,560		38,560	
Francesca Mariotti **	NON EXECUTIVE DIRECTOR	20,000	33,000					5,840		58,840	

*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

** The Non Executive Directors ended their mandate to advise in June 2021

*** Payment order in favor of Fininvest Spa

**** F. Confalonieri held the position of Executive Chairman of Mediaset SpA until 23 June 2021

***** For employment relationships it includes the portion relating to "TFR", equal to 6.90% of the overall remuneration, provided for by Italian law

Fixed component

In the financial year 2021, a fixed remuneration consistent with the approved Remuneration Policy was paid to the Chairman, the Executive Directors and the Non-Executive Directors.

Short-term variable component

The 2021 financial year was characterised by excellent results, with a net result in strong growth compared to the previous year, thanks to a decisive recovery in advertising revenues and a consolidation of leadership in audiences after a difficult year, in which the Covid emergency had caused a contraction in the advertising market and negatively affected the Group's economic performance.

The application of the short-term incentive system for the Chief Executive Officer and for the Executive Directors fully reflects the excellent performances achieved: as part of the annual incentive system, both parameters relating to the Group's results were exceeded, resulting in the application of full targets. The following table

summarises the performance and payout achieved during the year for each target assigned to the CEO and to each Executive Director;

Ruolo Aziendale	Target	Peso	Performance	Payout
CEO	EBIT di Gruppo	50%	152%	125%
	Posizione Finanziaria Netta di Gruppo	50%	131%	125%
Chief Financial Officer e Amministratore Delegato RTI	Posizione Finanziaria Netta di Gruppo	40%	131%	125%
	Risultato Operativo Business Radio	30%	141%	125%
	Risultato Operativo Direzione Business Digital	30%	440%	125%
Dir. Divisione Affari Istituzionali, Legali e Analisi Strategiche	Costi Dir. Affari Istituzionali, Legali e Analisi Strategiche	100%	104%	120%
Direttore Centrale Risorse Umane e Operazioni	Costi operativi Area Operazioni	30%	101%	105%
	Costo del lavoro Italia	30%	100%	100%
	Costi e Investimenti Dir. Tecnologie	20%	103%	115%
	Saving Approvvigionamenti	20%	108%	125%
AD Publitalia'80 e Digitalia'08	Ricavi pubblicitari consolidati indicizzati rispetto al mercato	80%	102%	110%
	Costi della Concessionaria	20%	100%	100%

Medium long-term variable component

During 2021, on 14 September, in implementation of the first cycle of the 2021-2023 Medium / Long Term Plan, the Company's Board of Directors assigned 855,226 rights to the Chief Executive Officer and the Executive Directors, in addition to 876,314 rights assigned to them in 2019. In addition, in the month of October in implementation of the first cycle of the 2018-2020 plan, following the assessment of the achievement of the three-year performance by the Board of Directors, they were assigned 800,514 Mediaset shares.

In particular, the performance of the three-year period 2018-2020 was equal to:

- ▢ Cumulative Group Net Result for the three-year period 2018-2020: performance 107%
- ▢ Cumulative Group Free Cash Flow for the three-year period 2018-2020: performance 144%
- ▢ Average Performance: 125%, which determined the vesting of 100% of the rights assigned

The following table shows the details of the rights and financial instruments assigned under the medium-long term incentive system:

First and Last Name	Plan	Financial Instruments assigned during the preceding financial years not vested during the financial year		Financial Instruments assigned during the year				Financial Instruments vested during the financial year and that can be attributed		Financial Instruments for the financial year	
		Number and type **	Vesting Period	Number and type **	Fair value at the allotment date	Vesting Period	Allotment date	Market Price at the allotment date	Number and type	Value at maturity date	Fair Value
Pier Silvio Berlusconi	21-23*			189,000	2.533	14/09/2021 - 30/09/2024	14/09/2021	2.6455			159,579
	18-20*	180,684	12/03/2019 - 31/03/2022		2.811						179,285
	18-20								191,740	480,232	
Marco Giordani	21-23*			151,200	2.533	14/09/2021 - 30/09/2024	14/09/2021	2.6455			127,663
	18-20*	144,546	12/03/2019 - 31/03/2022		2.811						143,427
	18-20								153,392	384,186	
Gina Nieri	21-23*			113,400	2.533	14/09/2021 - 30/09/2024	14/09/2021	2.6455			95,747
	18-20*	108,410	12/03/2019 - 31/03/2022		2.811						107,571
	18-20								95,870	240,116	
Niccolo' Querci	21-23*			61,426	2.533	14/09/2021 - 30/09/2024	14/09/2021	2.6455			51,864
	18-20*	117,444	12/03/2019 - 31/03/2022		2.811						116,535
	18-20								52,728	132,063	
Stefano Sala	21-23*			340,200	2.533	14/09/2021 - 30/09/2024	14/09/2021	2.6455			287,242
	18-20*	325,230	12/03/2019 - 31/03/2022		2.811						322,712
	18-20								306,784	768,371	

* As for the rights already assigned under existing stock option/grant plans (2019 and 2021 Incentive Plan), each right assigned is considered a category B right and a category A right is attributed for each of them.

** The Company, as deliberated by the Board of Directors on 8th September 2020, did not initiate the third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency.

In 2021 no shares in the Company's capital have been repurchased to be used for the Plan, because shares were already in the Company's possession.

Other payments

During the year, in parallel with the excellent economic-financial results of the core business, milestones of exceptional importance were also achieved. In recognition of the commitment made in this regard by the Executive Directors, they were awarded an extraordinary bonus of € 200,000 each. In particular, the reasons for this award refer to:

- ▢ the constant supervision of legislative and regulatory activities both at EU and national level aimed at defending and promoting an institutional environment enabling the growth and competitiveness of the Group, which led to the approval of the new rules on pluralism, the directives on media services and copyright, Digital Services Act and Digital Market Act;
- ▢ the launch, once the dispute with Vivendi had been resolved, of the Group's international development project with the transfer of MFE's headquarters to the Netherlands, which will make it possible to achieve the goal of affirming MFE as a pan-European broadcaster;
- ▢ the expansion of the Group's advertising revenue perimeter, extended to the OTT Dazn platform, assignee of the Serie A sports rights for the next three years, which will consolidate the leadership position of the Group's Dealer by offering new revenue opportunities;
- ▢ the effectiveness with which the health emergency was dealt with, which saw the maximum protection of staff health reconciled with unaltered editorial and productivity levels, in a critical context such as that in which a broadcaster operates which, to ensure its operations cannot be separated from continuous and daily physical supervision at broadcasting centers and television studios.

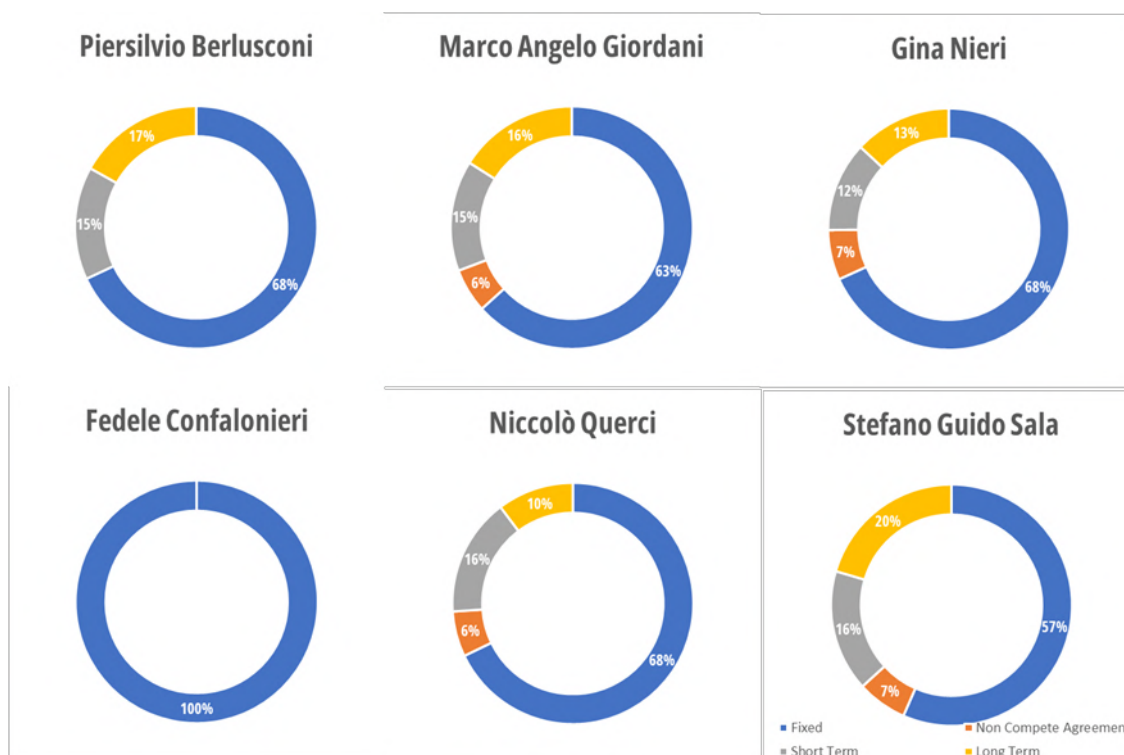
This extraordinary bonus has been approved by the Board of Directors, on the opinion of the Remuneration and Nomination Committee, in line with the provisions of Art. 4.7) of the 2021 Remuneration Policy, as:

- ▢ the results of exceptional importance are in no way attributable to the objectives assigned to the recipients in the short and medium / long-term incentive systems;
- ▢ the proposed amount is below the annual reference target values of the short-term incentive system.

The company and the subsidiaries have not granted any loans, advances or guarantees to any board member of MFE. In addition to this, no claims for the repayment, wholly or in part, of a bonus have taken place.

Pay mix

The final paymix levels⁵⁵ are as follow:



COMPARISON BETWEEN THE COMPENSATION OF DIRECTORS, THE RESULTS OF THE GROUP AND THE AVERAGE COMPENSATION OF EMPLOYEES

This paragraph draws a comparison between the compensation of the Directors of the Company, the economic and financial performance of the Group, the average compensation of the Group's employees and the pay ratio over the past 5 years.⁵⁶ The significant improvement in the Group's economic and financial performance compared to 2020 was reflected, in terms of pay for performance, in an increase in the overall remuneration received by the Executive Directors, determined in particular by the application of the short-term incentive

⁵⁵ Final paymix levels do not include the One-off extraordinary bonuses paid out during the year

⁵⁶ The remuneration of Directors does not include fees for participation in the Committees. The value of the LTI is calculated by evaluating the rights assigned during the year at the fair value on the grant date. The average remuneration of employees (RGA) was calculated by adding the Gross Annual Remuneration (RAL) and the short-term variable component (SIA).

system, which constitutes the main direct link between remuneration and performance. The increase in total remuneration in 2021 compared to 2020 is also influenced by the return to full application of the medium / long-term incentive plan, whose 2020 cycle had been cancelled due to the crisis caused by the pandemic emergency and the failure to implement of the cross-border merger transaction.

	% change	2021	2020	2019	2018	2017
MFE Performance						
EBIT Itay	399%	192.10	38.50	91.30	-182.90	-19.10
Group Net Profit	169%	374.10	139.30	190.30	471.30	90.50
Group Free Cash Flow	63%	507.00	311.80	265.90	211.70	116.90
Directors Remuneration						
Fedele Confalonieri	2%	1,905,000	1,875,000	1,875,000	2,943,274	3,767,744
Piersilvio Berlusconi	32%	2,202,411	1,668,777	2,207,214	2,196,260	2,151,139
Marco Angelo Giordani	43%	2,005,892	1,401,269	1,816,316	1,805,778	1,497,438
Gina Nieri	31%	1,785,527	1,364,455	1,613,449	1,346,667	1,211,922
Niccolo' Querci	24%	1,836,832	1,478,053	1,727,100	1,411,462	1,229,443
Stefano Guido Sala	37%	3,433,222	2,506,447	3,262,961	2,925,664	2,699,177
Marina Berlusconi	0%	40,000	40,000	40,000	28,000	16,000
Marina Brogi	0%	40,000	40,000	40,000	20,000	
Stefania Bariatti		40,000				
Raffaele Cappiello	0%	40,000	40,000	40,000	20,000	
Costanza Esdaplou De Villeneuve	0%	40,000	40,000	40,000	20,000	
Giulio Gallazzi	0%	40,000	40,000	40,000	20,000	
Alessandra Piccinino		20,000			8,000	16,000
Daniilo Pellegrino	0%	40,000	40,000	40,000	20,000	
Carlo Secchi	0%	40,000	40,000	40,000	28,000	16,000
Average Employee Compensation						
	2%	63,815	62,321	62,924	63,629	63,406
Pay Ratio						
		35	27	35	35	34



ANNUAL REPORT 2021

**Consolidated
Financial Statements and
Explanatory Notes**

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF INCOME

INCOME STATEMENT	Notes	2021	2020
Revenues from sales of goods and services	6.1	2,861.3	2,612.3
Other income	6.2	53.0	24.4
Personnel expenses	6.3	(499.0)	(470.1)
Purchases, services, other costs	6.4	(1,516.0)	(1,330.2)
Amortisation, depreciation and impairments	6.5	(481.2)	(566.7)
Total costs		(2,496.2)	(2,367.0)
OPERATING RESULT		418.0	269.7
Financial expenses	6.6	(49.0)	(60.5)
Financial income	6.7	71.6	56.7
Result from investments accounted for using the equity method	6.8	114.7	20.0
PROFIT BEFORE TAX		555.4	285.9
Income taxes	6.9	(100.6)	(66.6)
NET PROFIT FOR THE YEAR	6.10	454.8	219.3
Attributable to:			
- Equity shareholders of the parent company		374.1	139.3
- Non-controlling interests		80.7	80.0
Earnings per share (euro)	6.11		
- Basic		0.16	0.06
- Diluted		0.16	0.06

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021	2020
NET PROFIT FOR THE YEAR (A):	6,10	454.8	219.3
Comprehensive income/(loss) that may be subsequently reclassified to profit and loss		16.9	(9.8)
Effective portion of gains and losses on hedging instruments (cash flow hedge)	9.5	20.9	(12.1)
Share of other comprehensive income of associates and joint ventures	9.4	1.0	(0.6)
Tax effects	9.4	(5.0)	2.9
Comprehensive income/(loss) that will not be reclassified to profit and loss		(65.8)	48.8
Actuarial gains and losses on defined benefit	9.4	0.7	(1.9)
Gains and losses on options valuation	9.4	(83.9)	(43.9)
Other gain or losses of Investments at FVOCI	9.4	34.6	79.0
Tax effects	9.4	(17.2)	15.5
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX EFFECTS (B)		(48.9)	39.0
TOTAL COMPREHENSIVE INCOME (A)+(B)		405.9	258.3
attributable to:			
- Equity shareholders of the parent company		333.0	166.1
- non-controlling interests		72.9	92.2

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Property, plant and equipment	7.1	324.2	335.1
TV and movie rights	7.2	844.9	932.7
Goodwill	7.3	803.2	803.2
Other intangible assets	7.5	555.2	534.8
Investments in associates and joint venture	7.6	436.3	473.2
Other financial assets	7.7	832.1	749.7
Deferred tax assets	7.8	407.1	475.1
TOTAL NON-CURRENT ASSETS		4,203.0	4,304.0
CURRENT ASSETS			
Inventories	8.1	42.5	47.9
Trade receivables	8.2	795.6	826.4
Tax receivables	8.3.1	43.5	44.9
Other receivables and current assets	8.3.2	229.2	216.6
Current financial assets	8.4	18.4	68.8
Cash and cash equivalents	8.5	315.6	447.9
TOTAL CURRENT ASSETS		1,444.9	1,652.4
TOTAL ASSETS		5,647.9	5,956.4

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31/12/2021	31/12/2020
SHARE CAPITAL AND RESERVES ⁽¹⁾			
Share capital	9.1	777.2	614.2
Share premium reserve	9.2	275.2	275.2
Treasury shares	9.3	(374.5)	(389.7)
Revaluation reserves	9.4	(33.7)	(10.1)
Retained earnings and other reserves	9.5	1,643.5	2,039.3
Net profit for the year		374.1	139.3
Group Shareholders' Equity		2,661.8	2,668.3
Non-controlling interest in net profit		80.7	80.0
Non-controlling interest in share capital, reserves and retained earnings		487.8	417.3
Non- controlling interest		568.5	497.3
TOTAL SHAREHOLDERS' EQUITY		3,230.3	3,165.6
NON-CURRENT LIABILITIES			
Post-employment benefit plans	10.1	59.2	66.7
Deferred tax liabilities	7.8	105.7	95.7
Financial liabilities and payables	10.2	831.7	1,156.9
Provisions (non current portion)	10.3	46.7	41.3
TOTAL NON CURRENT LIABILITIES		1,043.3	1,360.6
CURRENT LIABILITIES			
Due to banks	11.1	363.1	449.5
Trade and other payables	11.2	597.0	638.6
Provisions (current portion)	10.3	72.3	72.7
Current tax liabilities	11.3	17.4	8.6
Other financial liabilities	11.4	83.4	78.2
Other current liabilities	11,5	241.2	182.6
TOTAL CURRENT LIABILITIES		1,374.3	1,430.2
TOTAL LIABILITIES		2,417.7	2,790.7
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,647.9	5,956.4

(1) For information on reclassifications due to relocation, refer to note 9 "Share capital and reserves"

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES:	notes	2021	2020
Operating Result		418.0	269.7
+ Depreciation, amortisation and impairments	6.5	481.2	566.7
+ Other provisions and non-cash movements	12.1	20.9	48.4
+ Change in trade receivables		30.8	36.9
+ Change in trade payables		31.6	(43.9)
+ Change in other assets and liabilities	12.2	59.0	(16.3)
- Income tax paid		(50.0)	(40.4)
Net cash flow from/(used) in operating activities [A]		991.5	821.1
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from the sale of fixed assets		2.9	3.2
Payments for investments in TV and movie broadcasting rights		(437.6)	(417.3)
Payments in investments in other fixed assets		(58.9)	(73.9)
Payments for equity investments in associates and joint venture		(4.0)	(0.2)
Proceeds/(Payments) for hedging derivatives on financial assets	12.3	(22.4)	9.2
Proceeds/(Payments) for other financial assets	12.4	(80.2)	(73.7)
Dividends received	12.5	184.7	40.6
Business combinations net of cash and cash equivalents acquired	12.6	-	(7.6)
Net cash flow from/(used) in investing activities [B]		(415.4)	(519.7)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from financing	12.9	416.0	509.3
Financing repayments	12.9	(749.9)	(572.0)
Dividends paid	12.7	(342.1)	-
Changes in other financial liabilities	12.9	(16.9)	(25.0)
Interest (paid)		(9.6)	(9.9)
Changes in controlling interest	12.8	(5.9)	(1.0)
Net cash from/(used) in financing activities		(708.4)	(98.6)
CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		(132.3)	202.7
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]		447.9	245.1
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (F=D+E)		315.6	447.9

MFE - MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve (under Italian law) and other reserves	Treasury shares	Revaluation reserve	Retained earnings and other reserves	Net profit for the year	Total equity attributable to equity shareholders of the parent company	Total equity attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
Notes	9.1	9.2	9.4	9.3	9.4	9.5	-	-	-	
Balance at 31/12/2019	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)	-	-	-
Share based payment reserve evaluation	-	-	-	-	3.5	(4.3)	-	(0.8)	-	(0.8)
(Purchase)/sale of treasury shares	-	-	-	11.6	-	-	-	11.6	-	11.6
Gains/(losses) from transaction of treasury shares	-	-	-	-	-	(7.3)	-	(7.3)	-	(7.3)
Changes in controlling stake on subsidiaries	-	-	20.9	-	-	-	-	20.9	-	20.9
Business combinations	-	-	-	-	-	-	-	-	(3.4)	(3.4)
Other changes	-	-	-	-	(0.1)	(0.1)	-	(0.2)	(3.9)	(4.1)
Comprehensive income/(loss)	-	-	(0.6)	-	27.4	-	139.3	166.1	92.2	258.3
Closing balance at 31/12/2020	614.2	275.2	545.7	(389.7)	(35.2)	1,518.7	139.3	2,668.3	497.3	3,165.6
Opening balance at 01/01/2021	614.2	275.2	545.7	(389.7)	(35.2)	1,518.7	139.3	2,668.3	497.3	3,165.6
Reclassification due to Relocation (1)	-	-	(545.7)	-	25.1	520.6	-	-	-	-
Pro forma opening balance at 01/01/2021	614.2	275.2	-	(389.7)	(10.1)	2039.3	139.3	2,668.3	497.3	3,165.6
Allocation of the parent company's 2020 net profit	-	-	-	-	-	139.3	(139.3)	-	-	-
Dividends paid	-	-	-	-	-	(341.8)	-	(341.8)	-	(341.8)
Increase in share capital (Resolution of 25/11/2021)	162.9	-	-	-	-	(162.9)	-	-	-	-
Share based payment reserve evaluation	-	-	-	-	-	(0.8)	-	(0.8)	-	(0.8)
(Purchase)/sale of treasury shares	-	-	-	15.2	-	-	-	15.2	-	15.2
Gains/(losses) from transaction of treasury shares	-	-	-	-	-	(11.1)	-	(11.1)	-	(11.1)
Changes in controlling stake on subsidiaries	-	-	-	-	-	(1.2)	-	(1.2)	-	(1.2)
Business Combinations	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	23.5	(23.4)	-	0.1	(1.7)	(1.6)
Comprehensive income/(loss)	-	-	-	-	(47.1)	6.0	374.1	333.0	72.9	405.9
Closing balance at 31/12/2021	777.2	275.2	-	(374.5)	(33.7)	1,643.5	374.1	2,661.8	568.5	3,230.3

(1) For information on reclassifications due to relocation, refer to note 9 "Share capital and reserves"

EXPLANATORY NOTES

1. GENERAL INFORMATION

MFE-MEDIAFOREUROPE N.V. ("MFE" or "The Company") is a listed joint-stock company (naamloze vennootschap) subject to Dutch law and registered in the Dutch Commercial Register (CCI number: 83956859). It was incorporated on 26 november 1987. Its registered office (statutaire zetel) is at Prinsengracht 462 in Amsterdam (the Netherlands) and its headquarters and tax residence are at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. Its ultimate controlling party is Fininvest S.p.A. The MFE ordinary shares are listed on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., with tickers symbol MFEA and MFEB.

As reported in the subsequent note 4, on 20 September 2021 was completed the transfer of the Company's. (previously Mediaset S.p.A.) registered office from Italy to the Netherlands as Mediaset N.V (changed into MFE-MEDIAFOREUROPE N.V. on 25 November 2021).

MFE is a multinational media group, mainly operating in the television industry in Italy and Spain. In Italy, Mediaset is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels - both linear and non-linear/OTTV - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In Spain, MFE is the main shareholder of Mediaset España, with an interest of 55.69% at 31 December 2021. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

The Group is also the largest shareholder, having secured a total aggregate ownership interest of more than 25% of voting rights in ProSiebenSat.1 Media SE following the latest tranche acquired in January 2022. ProSiebenSat.1 Media SE is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It is listed on the Frankfurt Stock Exchange.

2. PRESENTATION BASIS AND ACCOUNTING STANDARDS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

These consolidated financial statements are:

- prepared in accordance with International Financial reporting Standard (IAS/IFRS) as adopted by the European Union (EU) and comply with the financial reporting requirement included in Part 9 of the Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC) effective year-end 2021 have been adopted by the EU. Consequently, the accounting policies applied by the Company also fully comply with IFRS as issued by the IASB.

- prepared by the Board of Directors of the Company and authorised for issue on 27 april 2022 and will be submitted for adoption to the Annual General Meeting of Shareholders on 29 June 2022.
- prepared on the historical costs basis unless certain financial instruments which have been measured at fair value in accordance with IFRS 9 and IFRS 13.
- presented on a going-concern basis, having the Directors verified that there are no financial, operational or other indications pointing to any critical issues that could affect the Group's ability to meet its obligations in the foreseeable future. The risks and uncertainties regarding the business are described in the Directors' Report on Operations. The way in which the Group manages its financial risks, including liquidity and capital risk, is described in the section entitled "Disclosure on financial instruments and risk management policies" in these Explanatory Notes.
- presented in Euro, which is the functional currency used for the majority of the Group's operations.

The amounts shown in this note are expressed in millions of euro.

Finally, following the relocation of the parent company MFE-MEDIAFOREUROPE N.V. to the Netherlands, the structure of these (and subsequent) consolidated financial statements have been modified from the previous year to reflect the legislation now applicable.

2.1 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements and the Explanatory notes to the consolidated financial statements, management is required to make estimates and judgements mainly necessary to measure certain assets and liabilities and evaluate contingent assets and liabilities. The application of accounting policies requires Judgments that impact the amount recognised. Additionally amounts recognised are based on factors that are by default associates with uncertainty. Where applicable, the estimates and judgments are described per note within the consolidated financial statements.

The preparation of this consolidated financial statements didn't require significant judgments but only estimates.

The most significant area involving **significant estimates** and the relative explanatory note are the following:

- Assumptions used in impairment testing (note 7.4 Assessment of recoverability of goodwill and other non-current assets)
- Estimating the useful life of tangible and intangible assets (note 7.1 Property, plant and equipment; 7.2 Television and Movie Rights; 7.5 Other intangibles assets)
- Assessment of the recoverability time of past tax losses (note 7.8 Deferred tax assets and liabilities)
- Assessment of credit risk for trade and financial receivables (note 8.2 Trade receivables)
- Assumptions for discount rates, future salary increase and life expectancy to calculate the employees defined benefit plan (note 10.1 Post Employment Benefits Plans)
- Assessment of the likelihood and estimating timing and potential cash flow relating to claims and litigations (note 10.3 Provisions and contingent liabilities)

The estimates used in preparing this consolidated financial statements have mainly been used to assess the recoverable amount of the cash generating units (CGUs) to which goodwill or other assets with definite or indefinite useful lives are allocated for the purposes of periodic testing as required by IAS 36. In accordance with

IAS 36, these assets should be measured at their recoverable value, using the higher of (i) their value in use or (ii) their fair value less costs of disposal. Estimating the value in use involves, first, identifying the expected future cash flows that each asset or cash generating unit (CGU) will produce in its current condition, based on the five-year plans (2022-2026) drawn up on the basis of the guidelines approved by the Board of Directors on 29 March 2022, and, second, determining an appropriate discount rate.

The main uncertainties that could influence this estimate relate to determining the Weighted Average Cost of Capital (WACC) and the growth rate (g-rate) of the cash flows beyond the explicit period, the development of the industry markets and, therefore, the assumptions made in forecasting the expected cash flows for explicit period and the cash flows used to determine the Terminal Value. Estimating fair value, on the other hand, involves applying the measurement criteria and techniques envisaged by IFRS 13 to determine - using one or more measurement techniques designed to maximize the observable inputs - the price that would be received, as at the measurement date, from the sale of an asset or a group of assets in an orderly transaction between market participants on the main market for those assets.

As regards 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 observable at the date of this consolidated financial statements. Therefore, there were no significant impacts in terms of impairments on the recognised assets.

In addition to the above, the main forecasting data take into account provisions for risks and charges and bad debt provisions, the useful life of assets (tangible, intangible and television broadcasting rights), recoverability assessments regarding the carrying amount of equity investments in associates, and the fair value of financial assets and liabilities measured using the fair value method.

The impairment and recoverability testing of the deferred tax assets recognized in the financial statements as at 31 December 2021, with particular reference to the prior years' tax losses generated in the Italian consolidated tax perimeter, took into consideration the taxable income on the basis of the five-year plans (2022-2026) used for impairment testing for the explicit period and, through extrapolation from the latter of the expected taxable income for the subsequent periods. Impairment testing also took into consideration the effects of the temporary differences on which deferred tax liabilities are recorded. In light of the tests conducted on this basis, the recovery period has been set at between eight and nine years.

The estimates and assumptions above are periodically revised and the impacts of each change are recognised in the income statement.

With regard to the **impacts of COVID 19** on the financial statements, the Group continued during 2021 to manage the various phases of the health emergency, ensuring the total operational continuity of all the main core and development activities and recorded economic results and a cash flow generations higher not only to 2020 but also to the 2019 pre-pandemic.

3. SUMMARY OF ACCOUNTING STANDARDS AND MEASUREMENT BASIS

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS FROM 1 JANUARY 2021

Since 1 January 2021, a number of new accounting standards and/or amendments and interpretations of standards previously in force have become applicable.

On **28 May 2020**, the IASB published an amendment entitled **Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)**". The document extends by a year the applicability of the 2020 amendment, which allowed lessees to recognise COVID-19-related rent concessions without having to analyse contracts to assess whether these concessions met the definition of "lease modification" under IFRS 16. Therefore, lessees applying this option were eligible in 2020 to recognise the effects of the rent concessions directly in the income statement, from the date on which the concessions takes effect. The 2021 amendment, which is available only to entities that have already adopted the 2020 amendment, apply from 1 April 2021, but early adoption is permitted. The introduction of this new amendment has had no impact on the Group's consolidated financial statements.

On **27 August 2020**, in light of the reform to interbank interest rates such as IBOR, the IASB published the document "**Interest Rate Benchmark Reform — Phase 2**", which contains amendments to the following standards:

- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases

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 on future cash flows. 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.

All amendments came into force on 1 January 2021 and the introduction of this new amendment has had no impact on the Group's consolidated financial statements.

Financial statements

The **Consolidated Statement of Financial Position** has been prepared according to the requirements of presenting current and non-current assets and liabilities separately. An asset is defined as current when it satisfies any of the following criteria:

- it is expected to be realised, or intended to be sold or consumed, in its normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be realised within twelve months after the end of the reporting period; or

- it is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All assets other than those meeting one of the criteria set out above are classed as non-current.

A liability is defined as current when it satisfies any of the following criteria:

- it is expected to be settled in its normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be settled within twelve months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets (liabilities) are classified as non-current assets (liabilities).

The **Income Statement** has been prepared by allocating costs based on their nature, using the same methodology as the Group's internal reporting and in line with the prevailing international practices in the industry. Income is presented as Operating Result and Profit Before Tax. *Operating Result* is the difference between Revenues from sales of goods and services, Other income and operating costs (the latter of which include non-monetary costs relating to amortisation, depreciation and impairments of current and non-current assets, net of any reversal).

The **Comprehensive Income Statement** shows the cost and revenue items, after tax, which are recognised directly to shareholders' equity reserves as required or permitted by the various International Accounting Standards. These items are further divided into those that may be reclassified to the income statement in the future and those that cannot be reclassified. Each type of significant shareholders' equity reserve shown in the statement is accompanied by a reference to the explanatory notes below, which contain related information and breakdowns, and changes on the previous financial year.

The **Cash Flow Statement** has been prepared using the indirect method, whereby Operating Result is adjusted to take into account non-cash revenue, deferrals or accruals of past or future operating cash receipts or payments, and income or expense items associated with investing or financing cash flows. Investments in television broadcasting rights are included within investment activities. Similarly, receipts and payments from the hedging of cash flows for foreign currency payments of television broadcasting rights are given the same classification as the hedged item, falling under cash flow from investments activities. Income and expenses relating to medium/long-term financing transactions and related hedging derivatives, as well as dividends paid, are included within financial activities.

The **Statement of Changes in Shareholders' Equity** shows the changes that have taken place in shareholders' equity items in relation to:

- allocation of the profit of the Group Parent and subsidiaries for the period to shareholders;
- breakdown of comprehensive income/loss;
- amounts relating to transactions with shareholders;
- purchases and sales of treasury shares;
- impact from any changes to accounting standards.

CONSOLIDATION PRINCIPLES AND AREA

The Consolidated Financial Statements includes the financial information of MFE-MEDIAFOREUROPE N.V. and of the Italian and foreign companies over which MFE is entitled to exercise direct or indirect control, meaning that the investor is able to influence its returns (exposure or rights to variable returns) by exercising power, meaning that it is able to direct the relevant activities of the controlled entity - i.e. the activities that significantly affect the investee's returns.

Generally, the majority of the voting rights entails control. In support of this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers other relevant facts and circumstances to determine whether it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights arising from contractual agreements;
- voting rights and potential voting rights held by the Group.

The assets and liabilities, and the expenses and income of the **subsidiary**, are consolidated line-by-line, meaning that they are included in their entirety in the consolidated financial statements. The carrying amount of these equity investments is offset against the corresponding portion of equity of the investee companies, recognising each individual asset and liability item and its fair value at the date of acquisition of control (Purchase Method), or when the Full Goodwill Method is applied (an option that can be exercised separately for each individual business combination) by also recognising the amount of goodwill not belonging to the Group with an offsetting entry of the non-controlling interest in equity. The Group has not yet taken up this option. Any remaining difference, if positive, is recorded under the non-current asset item “*Goodwill*” and, if negative, is recognised as income in profit and loss.

In the case of acquisitions of equity investments with the same ultimate parent company (business combination under common control), which are excluded from the scope of obligatory application of IFRS 3, and in the absence of specific IAS/IFRS standards or interpretations for these types of operations, the principle of *carry-over method* is generally considered to apply, taking into account the provisions of IAS 8. According to that principle, the assets and liabilities must be transferred to the acquirer's financial statements for the amounts recorded in the consolidated financial statements as at the date of the transfer of the ultimate parent company of the parties that carry out the business combination, with any difference between the consideration paid for the equity investment and the carrying amount of the assets recognised in the relevant Group shareholders' equity reserve.

In preparing the consolidated financial statements, all receivables, payables, costs and revenues between consolidated companies, as well as unrealised profits on intercompany operations, have been eliminated.

The amounts of shareholders' equity and income for the period of the consolidated companies belonging to non-controlling shareholders are identified and shown separately in the *Consolidated Statement of Financial Position* and the *Consolidated Statement of Income*.

In the event of a loss of control, the difference between the fair value of consideration received and the carrying amount of consolidated net assets is recognised in profit and loss. If the set of activities discontinued constitutes a material business (a business sector or a business unit), this difference is classified to Net profit/(loss) from discontinued operations., together with the profit or loss generated by the discontinued activities up until the date of deconsolidation. Changes resulting from purchases or sales of non-controlling interests held in subsidiary companies are treated as transactions with shareholders, as long as they do not result in a loss of control. Consequently, the difference between the fair value of the consideration paid or received for these transactions and the adjustment made to non-controlling interests is recognised under *Reserves for non-*

controlling transactions (including under “Other Reserves”) of the Group equity. Likewise, in accordance with IAS 32, transaction costs must also be recognised in shareholders’ equity.

The assets and liabilities of *foreign companies* that fall within the scope of consolidation and that originate in currencies other than the Euro, including goodwill and fair value adjustments of the assets and liabilities identified at the time of allocation of the price paid in a business combination, are translated using the spot exchange rates at the financial statement reporting date; income and costs, on the other hand, are translated at the average exchange rate for the year. Any translation differences that arise from applying these methods are recognised under a special shareholders’ equity reserve until the equity investment is sold.

The **associates** and **joint ventures** are recognised in the consolidated financial statements using the equity method, as described in the *Equity investments* item below.

Pursuant to IAS 28, an *associate* is a company in which the Group is able to exercise significant influence, but not control or joint control, by participating in decisions regarding the financial and operational policies of the investee.

On the other hand, with reference to IFRS 11, a *joint venture* is an arrangement whereby the parties that have joint control have rights to the net assets of the arrangement (shareholders’ equity).

Joint control is defined as the *contractually agreed* sharing of control of an arrangement, which exists only when the significant decisions relating to the activity require the *unanimous consensus* of all parties sharing control.

Goodwill

The goodwill resulting from the acquisition of control of an equity investment or of a business unit is the excess of the acquisition cost, understood as being the consideration transferred in the business combination, plus the fair value of any equity investment that was previously owned in the acquired business, over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business at the date of acquisition.

For the purposes of calculating goodwill, the consideration transferred in the business combination is calculated as the sum of the fair values of the assets transferred and the liabilities assumed by the Group at the date of acquisition and of the equity instruments issued in exchange for the control of the acquired entity, also including the fair value of any contingent considerations subject to conditions established in the acquisition agreement.

Any goodwill adjustments may be recognised in the measurement period (which cannot be more than one year from the date of acquisition) that are due to either subsequent changes in the fair value of the contingent considerations or to the calculation of the fair value of the assets and liabilities acquired, if recognised only provisionally at the date of acquisition and when these changes are calculated as adjustments based on additional information regarding facts and circumstances existing at the date of the business combination.

Any subsequent differences compared to the initial estimate of the fair value of liabilities for **contingent considerations** are recognised in the income statement, unless they derive from additional information existing at the acquisition date (in which case they can be adjusted within 12 months from the acquisition date). Likewise, any rights to receive back some parts of the consideration paid if certain conditions arise must be classified as assets by the acquirer.

The **transaction costs** for business combinations are recognised in the accounting period when they are incurred, with the exception of those incurred for issuances of debt securities or shares that must be recognised in accordance with IAS 32 and IFRS 9.

In the case of **acquisition of controlling interests of less than 100%**, the goodwill and the corresponding non controlling interest in the goodwill can be calculated at the acquisition date either with

respect to the percentage control acquired (partial goodwill) or by measuring the fair value of the non controlling interests in equity (full goodwill method).

The measurement method can be chosen from time to time for each transaction.

For **step acquisitions of controlling interests** the acquirer must recalculate the fair value of the previously held interest, up till that time, recognised, depending on the case, in accordance with IFRS 9 – *Financial Instruments*, in accordance with IAS 28 – *Investments in Associates and Joint Ventures* or in accordance with IFRS 11 – *Joint arrangements*, as if it had been sold and reacquired at the date when control was acquired, recognising any gains or losses resulting from that measurement in the income statement. In addition, in these circumstances any amount previously recognised in shareholders' equity as *Other comprehensive income and losses* must be reclassified to the income statement, except where the investment is designated as a financial asset measured at FVOCI without recycling to profit and loss.

In the case of disposal of controlling interests, the remaining amount of goodwill attributable to the interests is included in the calculation of the gain or loss from disposal.

The goodwill recognised as a result of **business combinations taking place before 1 January 2010** has been treated in accordance with the criteria laid down in the previous version of IFRS 3, which required:

- for *acquisition of controlling interests of less than 100%*, calculation of goodwill based on the proportional amount of the fair value of the identifiable net assets acquired;
- for *step acquisitions of controlling interests*, the calculation of goodwill as the sum of the fair values generated separately with each transaction;
- the inclusion of transaction costs in the amount of the acquisition cost;
- the recognition of contingent considerations at the acquisition date only if their payment was considered probable and their amount could be reliably determined; if detected later, these were recognised as an increase in goodwill.

CHANGES IN ACCOUNTING ESTIMATES

In accordance with IAS 8, these items are recognised in the income statement on a prospective basis starting from the accounting period in which they are adopted.

NEW EU-ENDORSED IFRS ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE GROUP

The endorsed standards issued but not yet effective at the date of preparation of the Group's financial statements are listed below. The Group does not intend to adopt these principles in advance. The directors do not expect the adoption of these amendments to have any significant effect on the Group's consolidated financial statements.

On 12 February 2021, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates—Amendments to IAS 8**". The amendments are intended to enhance the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial

statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply from 1 January 2023, but early adoption is permitted.

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

- **Amendments to IFRS 3 Business Combinations:** these 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:** These 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:** These amendments clarify 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.

New IFRS accounting standards, interpretations and amendments not yet endorsed by the European Union

The standards issued but not yet endorsed at the date of preparation of the Group's financial statements are listed below. The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

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. The amendments will enter force on 1 January 2023; however, companies may choose to adopt them early.

On **7 May 2021**, the IASB published an amendment entitled "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The amendment clarifies how deferred taxes should be recognised for particular transactions for which an entity recognises both an asset and a liability of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early adoption is permitted. The directors are currently evaluating the possible effects of the introducing this amendment for the Group's consolidated financial statements.

4. KEY INFORMATION RELATING TO THE SCOPE OF CONSOLIDATION

IFRS 10 requires an investor, when assessing whether it controls an investee, to focus on the activities that significantly affect the investee's returns and to take into account substantial rights only; i.e. rights that give the ability to influence the company's material decision-making.

As required by IFRS 10, paragraph B80 et seq., the control requirement was reassessed this year to verify the conditions that had led to classification of subsidiaries, associates and joint ventures. No events or circumstances arose in 2020 to alter the conclusions reached in previous financial years as regards the following companies:

- The companies Boing S.p.A. (51% shareholding), Mediamond S.p.A. (50% shareholding), Fascino S.r.l. (50% shareholding), Tivù S.r.l. (48.16% shareholding) and European Broadcaster Exchange Ltd (EBX) (25% shareholding) are joint ventures of the Group, as arrangements whereby the parties that have joint control of the arrangement have rights over the net assets of the arrangement, which are therefore accounted for by using the equity method.

The most significant transactions regarding the scope of consolidation occurred during the year are listed below.

Incorporation, acquisition of new companies, capital increases and sale of subsidiaries or interests in subsidiaries

On **2 March 2021**, the company Aninpro Creative S.L., in which Mediaset España S.A. holds a 51% stake, incorporated the company **Be a Tiger SLU**.

On **18 March 2021**, Mediaset España acquired an additional 20% stake in the company **El Desmarque Portal Deportivo, S.L.**, bringing its percentage share of ownership to 80%.

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

In **June**, the Mediaset España Group sold its 40% stake in **Melodia Producciones S.L.**

On **19 July 2021**, the liquidation process of the company **Aunia Publicidad Interactiva SLU**, in which Publiespaña S.A. had a 50% stake, was concluded.

Incorporation, acquisition of new companies, capital increases and sale of non-controlling interests

As a result of the acquisitions made in **January** by Mediaset España (3.4% of share capital) and in **December 2021** by MFE-MEDIAFOREUROPE (0.36% of share capital), the Group's total equity investment in **ProSieben Sat1 Media SE** as at 31 December 2021 stood at 23.89% (24.60% of voting rights).

On 5 March 2021, RTI S.p.A. sold its residual 3.9% equity interests in **ProSiebensat.1 Digital Content LP** and **ProSiebensat.1 Digital Content GP Ltd**.

Following equity market sales during 2021, the stake held by RTI S.p.A. in **Telesia S.p.A.** changed from 6.7% on 31 December 2020 to 4.07% on 31 December 2021.

The main transactions relating to AD4Venture's business are shown below.

On **25 June 2021**, the MFE Group reached agreement to sell its stake in the company **Deporvillage**, consisting of the 6.85% stake held through subsidiary RTI S.p.A. and the 12.29% stake held through Advertisement 4 Adventures SLU. The closing of the transaction took place during the month of August.

In **July 2021**, following the lack of conversion of a convertible loan, the stake held by RTI S.p.A. in the company **Style Remains Gmbh** decreased from 5.16% to 4.92% of share capital.

On **3 August 2021** RTI S.p.A. acquired a 2.59% stake in **ITRAVEL GROUP S.A.**, a company operating in the online travel services business.

During the **second quarter**, the stake held by Advertisement 4 Adventures SLU in **BYHOURS TRAVEL SL** changed from 5.31% to 5.52%

During the **second quarter of 2021**, the stake held by RTI S.p.A. in **Satipay S.p.A.** changed from 1.01% to 0.82% of share capital. During the **third quarter**, this stake then decreased again to 0.80%.

During the second quarter of 2021, **21 Button APP SL**, in which RTI S.p.A. and Advertisement 4 Adventures SLU were both stakeholders, was merged with **PEOOPLE UNLIMITED SL**. Following this transaction, RTI now holds a 0.0142% stake, whereas Advertisement 4 Adventures SL holds a 0.15% stake.

During the **second quarter of 2021**, the stake held by RTI S.p.A. in **Spotted GMBH** changed from 16.67% to 4.62%.

On **27 September 2021**, RTI S.p.A. increased its stake in the company **Termo S.p.A.** from 8.78% to 9.28% of share capital.

On **18 October 2021** RTI S.p.A. acquired a 5,50% in the company **Pascol S.r.l.**, a Italian e-commerce company trading in eco-sustainable, traceable and exclusively-bred beef.

During **November 2021**, subsidiary Advertisement 4 Adventures SLU acquired a 6.12% stake in the company **Pensium SL**.

In **December 2021**, the stake held by RTI S.p.A. in **Letisan S.r.l.** decreased from 8.70% to 8.30%.

The table below shows the main income statement , statement of financial position figures for the subsidiaries that have material non-controlling interests, as required by IFRS 12, paragraph 12, and paragraph B10 of the Operating Guide.

**Mediaset
España Group**

Minorities stake	44.3%
Minority interests in net profit	80.2
Minority interests in share capital, reserves and retained earnings	564.1
Current assets	560.0
Non-current assets	1,148.2
Current liabilities	287.5
Non-current liabilities	145.3
Revenues	876.3
Profit or (loss) for the year	181.0
Other Comprehensive Income Statement items	(17.5)
Comprehensive Statement of Income	165.3
Cash flow from operating activities	370.2
Cash flow from investing activities	(216.5)
Cash flow from financing activities	(185.9)
Dividends paid	-

The table below shows the main figures from the income statement, statement of financial position for the main associates and joint ventures, based on the carrying amount of the equity investments held in those companies and to their contribution to the Group's profits, as required by IFRS 12, paragraph 20 and paragraphs B12 and B13 of the Operating Guide.

	El Towers Group	Boing S.p.A.	Mediamond S.p.A.
Current assets	96.0	16.8	124.1
Cash and cash equivalents	19.6		
Non-current assets	1,928.1	8.3	4.0
Current liabilities	78.8	12.1	120.8
Current financial liabilities:	4.6	0.0	0.1
Non-current liabilities	976.1	0.4	6.1
Non-current financial liabilities	737.5	0.0	0.1
Revenues	275.4	29.1	207.6
Profit or (loss) for the year	248.7	0.4	1.8
Other Comprehensive Income Statement items	2.4		
Comprehensive Statement of Income	251.0	0.4	
Amortisation and depreciation	94.0	2.7	0.1
Income taxes	18.1	0.2	0.2
Dividends paid	374.8		

EITowers, is a subsidiary of the F2iSGR private equity fund, 40% owned by MFE-MEDIA FOR EUROPE N.V. It is a company based in Lissone (MB). The EI Towers Group is one of the largest operators in integrated service network infrastructure for electronic communications, serving radio and television broadcasters and mobile and wireless telecommunications providers under long-term agreements. Under a multi-year full-service agreement running from 1 July 2018 to 30 June 2025 and renewable for a further seven years subject to renegotiation of a new price during the agreement's last 12 months, EI Towers offers hosting, assisting and maintenance services, the design of transmission equipment and broadcast contribution management to Elettronica Industriale, the MFE Group network operator, and provides hosting and maintenance services for the radio broadcasting equipment of the Group's broadcasters.

Project to transfer the Registered Office to the Netherlands

On **23 June 2021**, the Extraordinary Shareholders' Meeting of Mediaset S.p.A (called by unanimous resolution of Mediaset's Board of Directors on 26 April 2021) resolved to propose to transfer the Company's registered office to Amsterdam, the Netherlands, by adopting the Dutch-law corporate form of *naamloze vennootschap* and by adopting new bylaws in accordance with Dutch law (the "Transfer"). A total of 81.81% of the share capital was represented at the Shareholders' Meeting by shareholders holding a proxy. Of the shares represented, 95.57% voted in favour of the proposal.

This Transfer is regarded as fundamental to the Group's strategy of accessing an ecosystem (with a governance model inspired by the best international standards and in line with that adopted by Mediaset until now) capable of generating the following benefits for Shareholders:

- engender a more realistic appreciation of the Company among the stock market and the international business community more generally, which still tends to consider broadcasters as "local" businesses that are closely bound by and dependent on domestic economic concerns;
- strengthen Mediaset's ability to raise the capital and financial resources necessary to develop new business projects and to facilitate integration with new partners;
- operate within a legal system that is internationally known and appreciated by market operators and investors and capable of enhancing the pan-European dimension of the business to which Mediaset strives, while also preserving its identity and historical presence in its current markets;
- ensure that investors are extensively protected by providing a high degree of legal certainty, certainty in their contractual/commercial relations and, consequently, certainty that the internationalisation project will be fulfilled.

Following the Transfer, the shares of parent company remain listed on the electronic stock market (MTA) organised and managed by Borsa Italiana S.p.A.; The actual head office also remains in Italy and all operational activities of the Group continue to be carried out at the usual offices. The tax residence of the parent company also remain unchanged. There will therefore be no change in how direct and indirect taxes are paid in Italy.

The Transfer took place without any interruption of existing legal relationships.

Shareholders of Mediaset S.p.A. who did not vote in favour of the Transfer exercised their statutory right of withdrawal, at a price of EUR 1.881 per share (EUR 2.181 per share minus the extraordinary dividend of EUR 0.30 per share which, on the same date as the Transfer was approved, the Shareholders' Meeting resolved to pay out) no later than fifteen days after the Shareholders' Meeting resolution was registered in the Companies' Register, with this registration taking place on **1 July 2021**. The effective date of withdrawal depended on the completion date of the Transfer, subject to certain conditions precedent being met. The statutory period for

exercising right of withdrawal (pursuant to Article 2437 paragraph 1 letter c) of the Italian Civil Code) ended on 16 July 2021, the right of withdraw was validly exercised on a total of 3,881 shares in Mediaset S.p.A.

On **20 September 2021**, once it was verified that all conditions precedent for the transfer of the Company's registered office to the Netherlands had been met, a Dutch notarial deed was signed and the transfer was completed accordingly. With the completion of the transfer, the new Bylaws of the company came into effect and it took on the name Mediaset N.V.

On **25 November 2021**, Mediaset's Shareholders' Meeting was held and approved the change of the Company's name to MFE-MEDIAFOREUROPE N.V. with immediate effect from the date of the meeting,

Shareholders also approved the introduction of a dual-class share structure with different voting rights. The new shareholding structure can be summarised as follows:

- Share capital is formed by ordinary A class shares and ordinary B class shares.
- Each outstanding share was converted into one ordinary B class share.
- All shareholders existing at a given reference date (the "Record Date") gained the entitlement to be allotted one ordinary A class share for each ordinary B class share held.
- Each ordinary A class share has a nominal value of EUR 0.06 and each ordinary B class share has a nominal value of EUR 0.60 (compared to the previous value of EUR 0.52). Both the issue of ordinary A class shares and the adjustment in nominal value of ordinary B class shares were funded from the Company's available reserves.
- Accordingly, each ordinary A class share entitles the holder to one vote and each ordinary B class share entitles the holder to ten votes.
- Both classes of shares carry the same property rights (i.e. right to dividends).
- Both classes of share remain listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana S.p.A.
- All shareholders will be treated equally in the event of any voluntary or mandatory public takeover bid in future.

On **2 December 2021**, the Italian Stock Exchange (Borsa Italiana) issued Order No. 8,812 of 2 December 2021, admitting the Ordinary A-Class Shares for listing on Euronext Milan pursuant to Article 2.4.2 of the Regulations of the markets organised and managed by the Italian Stock Exchange. Likewise, the Dutch Financial Markets Authority (Autoriteit Financiële Markten) approved, by decision of **3 December 2021**, the prospectus prepared by the Company to allot the Ordinary A-Class Shares and the admission for listing and trading of those shares same on Euronext Milan pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "Prospectus"). The Prospectus has been published on the "Governance - Dual Class Share Prospectus" section of the website of MFE-MEDIAFOREUROPE and in the additional manners required by applicable laws and regulations.

Following these approvals, the shareholder resolution to amend the Bylaws came into effect. Therefore, the Company has promptly taken steps to complete the necessary formalities to implement the Bylaws amendment and to issue the Ordinary A-Class Shares.

On **10 December 2021**, all issued MFE shares converted into ordinary B class shares on a 1:1 basis. The difference between the nominal value of MFE's previously issued ordinary shares (EUR 0.52 each) and the nominal value of the ordinary B class shares (EUR 0.60 each) was funded from the Company's available reserves. On **13 December 2021**, ordinary A class shares were gratuitously allotted to holders of ordinary B class shares (other than the Company) on a 1:1 basis and the trading of ordinary A class shares commenced on Euronext

Milan. The nominal value of Ordinary A-Class Shares (EUR 0.06 each) was funded from the Company's available reserves.

On **15 December 2021**, the ordinary A class shares were allotted to the accounts of their holders through the authorised intermediaries registered in the centralised management system of Monte Titoli S.p.A..

At the end of the conversion of existing MFE shares into Ordinary B-Class Shares and the issue and allotment of Ordinary A-Class Shares described above, the share capital of MFE now stands at EUR 777,186,257.34. This is formed by 2,322,056,213 Shares, of which 1,140,828,649 Ordinary A-Class Shares and 1,181,227,564 Ordinary B-Class Shares.

5. 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 Directors' Report on Operations, 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, as at 31 December 2021 and 2020 respectively.

The tables have been prepared on the basis of specific sub-consolidated financial statements in which the carrying amount 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.

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

The consolidated net revenues for the two operating segments are provided without specific details of their nature since this information, already reported at Group level (see note 6.1 and 6.2), is not considered to be relevant given the location of the group's activities in the same macro-economic area (South Europe). The breakdown between advertising revenues and other revenues streams, more useful for understanding the business trend in the two business areas, is however already reported in the Directors' Report on Operations.

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

2021	ITALY	SPAIN	Eliminations/ Adjustments	MFE GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues and other income from external customers	2,036.4	877.8	-	2,914.3
Inter-segment revenues	1.9	(1.5)	(0.4)	-
Consolidated net revenues	2,038.4	876.3	(0.4)	2,914.3
%	70%	30%		100%
OPERATING RESULT	192.1	225.3	0.6	418.0
Financial income/(losses)	19.7	2.9	0.0	22.6
Result from investments accounted for using the equity method	111.6	3.0	0.0	114.7
PROFIT BEFORE TAX	323.5	231.3	0.6	555.4
Income taxes	(52.0)	(48.4)	(0.2)	(100.6)
NET PROFIT FOR THE YEAR	271.5	182.8	0.5	454.8
Attributable to:				
- Equity shareholders of the parent company	272.8	181.0	(79.8)	374.1
- Non-controlling Interests	(1.3)	1.8	80.2	80.7
OTHER INFORMATION				
Assets	4,457.6	1,708.2	(517.9)	5,647.9
Liabilities	1,987.8	432.8	(2.9)	2,417.7
Investments in tangible and intangible non current assets (*)	276.6	119.4	-	396.0
Amortisation, depreciation and impairments	366.9	114.9	(0.6)	481.2
Other non monetary expenses	25.8	3.4	-	29.3
(*) Includes the change in "Advances for television rights acquisitions"				

2020	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues and other income from external customers	1,798.9	837.9	-	2,636.8
Inter-segment revenues	1.6	(1.2)	(0.3)	-
Consolidated net revenues	1,800.5	836.6	(0.3)	2,636.8
%	68%	32%		100%
OPERATING RESULT	38.5	230.5	0.7	269.7
Financial income/(losses)	(2.1)	(1.8)	(0.0)	(3.8)
Result from investments accounted for using the equity method	17.3	2.6	0.1	20.0
PROFIT BEFORE TAX	53.8	231.4	0.8	285.9
Income taxes	(16.0)	(50.4)	(0.2)	(66.6)
NET PROFIT FOR THE PERIOD	37.7	181.0	0.6	219.3
Attributable to:				
- Equity shareholders of the parent company	39.2	178.7	(78.6)	139.3
- Non controlling Interests	(1.5)	2.3	79.2	80.0
OTHER INFORMATION				
Assets	4,749.0	1,725.2	(517.9)	5,956.4
Liabilities	2,179.9	613.3	(2.5)	2,790.7
Investments in tangible and intangible non current assets (*)	352.3	98.7	-	450.9
Amortisation, depreciation and impairments	418.6	148.8	(0.7)	566.7
Other non monetary expenses	23.2	2.3	-	25.5

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

The following table shows the cash flow statement for each geographical area.

Cash Flow Statement (geographical breakdown)	ITALY		SPAIN	
	2021	2020	2021	2020
Operating Result	192.1	38.5	225.3	230.5
+ Depreciation, amortisation and impairments	366.9	418.6	114.9	148.8
+ Other provisions and non-cash movements	26.4	47.4	(5.5)	1.0
+ Change in working capital	41.9	0.8	79.4	(24.1)
- Income tax paid	(6.0)	(2.6)	(44.0)	(37.8)
Net cash flow from/(used) operating activities [A]	621.3	502.6	370.2	318.5
CASH FLOW FROM INVESTING ACTIVITIES:				
Proceeds from the sale of fixed assets	0.7	0.7	2.3	2.5
Payments for investments in television rights	(328.4)	(318.4)	(109.4)	(98.9)
Payments for investments in other fixed assets	(51.2)	(62.1)	(7.6)	(11.8)
Proceeds/(Payments) for hedging derivatives	6.6	9.3	(29.0)	(0.1)
Payments for equity investments in associates and joint venture	(4.0)	(0.2)	-	-
Proceeds/(payments) in other financial assets	10.2	(12.6)	(90.3)	(61.2)
Dividends received	167.2	36.5	17.5	4.1
Business combinations net of cash and cash equivalents purchased	-	(2.7)	-	(4.9)
Net cash flow from/(used) in investing activities [B]	(198.9)	(349.5)	(216.5)	(170.3)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from financing	416.0	450.0		48.9
Financing repayments	(572.0)	(601.0)	(177.9)	
Dividends paid	(340.6)		(1.5)	-
Changes in other financial liabilities	(16.8)	(22.3)		(2.8)
Interest paid	(7.9)	(9.0)	(1.7)	(0.9)
Changes in controlling interest	(1.2)	0.4	(4.7)	(1.4)
Net cash flow from/(used) in financing activities [C]	(522.5)	(142.5)	(185.9)	43.9
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	(100.1)	10.6	(32.2)	192.2
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]	126.7	116.1	321.2	129.0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR [F=D+E]	26.6	126.7	289.0	321.2

NOTES ON THE MAIN ITEMS OF THE STATEMENT OF INCOME

6. INCOME STATEMENT

6.1 REVENUES FROM SALES OF GOODS AND SERVICES



The revenues from sales and services are recognised, respectively, when control is actually transferred as a result of the transfer of ownership or provision of the service.

In particular, the main streams of revenue generated by the Group's activities are recognised and reported according to the following criteria:

Advertising revenues (TV and other advertising revenues) are recognised at the moment the advertisement or commercial spot appears; Revenues from the sale of advertising under barter operations and, correspondingly, the costs of the merchandise, are recognised at fair value to take into account the estimated realisable value of the merchandise.

The **sale of assets** are recognised at the moment they are shipped or delivered (depending on how the actual transfer of control is governed by specific contractual provisions and terms of trade);

Marketing of television broadcasting rights and productions, even for limited use periods, which result in the transfer of control of the asset to the sub-licensee, are fully recognised from the start of the period of the transferred use (or when the sub-licensee can start benefitting from the right to use them);

Pay streaming service: income from pay TV subscriptions is recognised as accrued on a time basis from the contract start date.

Revenues are shown net of returns, discounts, allowances and premiums, as well as any directly linked tax charges.

The main types of activities that fall within each major revenue stream are given below.

Revenues from the sale of **television advertising** include the revenues, net of agency commissions, from the sale of advertising space on free-to-air networks by Publitalia '80 S.p.A.; revenues from the sale of advertising space on pay-TV channels broadcast via digital terrestrial technology by Digitalia '08 S.r.l.; and revenues from the sale of advertising space on Spanish broadcasters of the Mediaset España Group by Publiespaña S.A. and Publimedia S.A.

Other advertising revenues relate to amounts due to the Group as revenues from radio advertising space on proprietary websites granted exclusively to the subsidiary Mediamond, as well as revenues for teletext commercial services and advertising revenues from non-TV media, earned by Publieurope Ltd. and Publimedia S.A. and revenues collected for third parties.

Revenues from the **sale of TV rights and television productions** mainly include revenues from the multi-platform sale of content and the sale of movie rights for home video and television.

Revenues from the Group's **Pay streaming service** mainly refer to the non-linear content and services on Infinity streaming platforms in Italy and on Mitele PLUS in Spain.

Revenues from the **sales of goods** relate to advertising bartering activities.

Revenues from **construction and maintenance of television equipment** mainly relate to the income for the use of transmission capacity on digital terrestrial television networks. This item also includes revenues from the sale of equipment by Elettronica Industriale S.p.A. to external customers.

Movie distribution revenues refer to the rental of movies to cinema operators throughout Italy by Medusa Film and Telecinco Cinema.

Other revenues mainly includes royalties relating to merchandising, income from telephone traffic originating from the interaction with various TV productions on the Mediaset and Mediaset España networks, and the sale of multimedia content and services to telephone service providers.

The breakdown of these revenues is provided below, highlighting the main types at a consolidated level; the same detail by nature is not considered relevant at the level of the two operating segments of reference given the location of the group's activities in the same economic macro-area (South Europe). The breakdown between advertising revenues and other revenues, which is more useful for understanding the business trend in the two areas of Italy and Spain, is however reported in the Directors' Report on Operations.

	2021	2020
TV advertising revenues	2,376.7	2,083.0
Other advertising revenues	184.8	149.6
Marketing of TV rights and productions	141.8	180.0

Pay streaming service	30.1	32.3
Sale of goods	-	10.6
Construction, rental and maintenance of TV equipment	75.7	81.7
Film distribution revenues	8.7	33.7
Other revenues	43.4	41.4
Total	2,861.3	2,612.3

The increase in **TV advertising revenues** is due to the strong recovery in investment by advertisers in Italy and Spain. In particular in Italy, Tv Gross Advertising Revenues from the Mediaset free channels, increased by 14,8% in respect to 2020, +3,8% than the 2019 pre—pandemic; in Spain the increase of Gross TV Advertising revenues of the Mediaset Espana free channels grew by 8,7% compared to 2020.

The increase of the **Other advertising revenues** is due both to the growth in revenues from other media managed by the Group, related to Mediaset website and proprietary radio broadcasters managed under sublicense from the associated company Mediamond and to the advertising sales activities carried out on the basis of third-party concessions in particular related to those managed by Digitalia concerning the advertising collection of the Italian Serie A Football championship TV rights held by Dazn for three seasons starting from 2021-2022.

The year-on-year decrease in revenues from the **Marketing of TV rights and television productions** can mainly be attributed to the lower proceeds, particularly in Spain, under the agreements to sublicense SVOD rights in cinema and TV productions to third-party operators, and from the absence during the second half of the year from the proceeds under the exclusive agreements to sublicense the Cinema and TV Series Premium channels to Sky.

The decrease in revenues from the **Sale of goods** is due to the sale to third parties of the marketing and telesales activities that had been operated under the Mediashopping brand up to 31 October 2020.

The year-on-year decrease in revenues from the **Construction, rental and maintenance of television equipment** can mainly be attributed to the discontinuations of transmission capacity leasing agreements with third party operators that reached their end date during the course of the year.

The reduction in **film distribution** revenues relates to the substantial interruption of activities caused by the pandemic-induced closure of film theatres in both Italy and Spain and, later, the resumption of activities in the second half of the year. During the first half of 2020, income was taken from the Medusa film distribution business, such as the January 2020 releases of “Tolo Tolo”, directed by Checco Zalone and produced by Taodue, and “Odio l’Estate”, directed by the trio of Aldo, Giovanni and Giacomo.

Revenue breakdown by geographical area

Below is a breakdown of revenues by geographical area, according to the customer's country of residence:

	2021	2020
Italy	1,925.8	1,735.7
Spain	834.6	765.6
EU countries	77.9	89.7
North America	9.0	12.1
Other countries	14.0	9.3
Total	2,861.3	2,612.3

Concentration of revenues

None of the revenues generated from individual customers amounts to or exceeds 10% of the net consolidated revenues.

6.2 OTHER INCOME



Other income are recognised when control is actually transferred as a result of the transfer of ownership or provision of the service. This item mainly includes non-core revenues and income, revenues from leases, property rentals and contingent assets.

Government grants (grants related to income) obtained for investments in cinema installations and productions are recognised in the financial statements when there is reasonable certainty that the company will satisfy all the conditions required to obtain them and that they will actually be received. The grants are recognised in the income statement over the same period in which the related costs are recognised.

	2021	2020
Gain from disposal of fixed asset	0.3	0.4
Income from rentals and leases	2.8	1.8
Government grants	4.0	5.1
Other income	45.9	17.1
Total	53.0	24.4

The change in **Other income** mainly relates to the receipt of EUR 26.8 million in damages from Dailymotion under the settlement agreement signed on 3 May 2021 which put an end to the dispute between the MFE Group and the Vivendi Group.

6.3 PERSONNEL EXPENSES



Personnel expenses consist of the remuneration in cash or in kind paid to employees for the services provided (other than retirement or post employment benefits). In particular, this item comprises: Wages, salaries and productivity bonuses accrued during the year, holidays accrued and not taken by employees, one-off bonuses, social security and welfare contributions. Personnel expenses are defined by employment contracts. No actuarial assumptions are required to determine their amount. As "short-term" labour costs, these must be entirely recognised for the year to which they refer.

Medium/long-term incentive plans include share-based payments recognised pursuant to IFRS 2, as indicated in chapter 15 Share-based payments.

	2021	2020
Ordinary remuneration	264.6	254.0
Overtime	13.2	12.3
Special benefits	28.0	22.8
Additional salary period (13th and 14th salary period)	36.2	36.5
Accrued and unused holiday	1.2	0.0
Total wages and salary	343.2	325.7
Social security contributions	98.9	95.4
Post-employment benefit plans	0.4	0.4
MLT incentive plans	3.4	3.5
Other personnel expenses	53.1	45.1
Total personnel expenses	499.0	470.1

MLT incentive plans includes expenses accruing to the year 2021 for medium/long-term incentive plans awarded by the parent company in 2019 and 2021.

Other personnel expenses include leaving incentives and short-term benefits for employees (other than wages, salaries, contributions and paid leave), such as medical assistance, company cars, canteen and other free or subsidised goods and services. The item also includes compensation paid to salaried directors that are employees of Group companies, totalling EUR 4.5 million (EUR 4.4 million at 31 December 2020), of which EUR 3.7 million relating to the Mediaset España Group (EUR 3.6 million at 31 December 2020).

The following table shows the details of the **group's average workforce**, determined on a full time equivalent (FTA) basis based on the business sector to which they belong attributable to the two main geographical areas, Italy and Spain in which the Group's activities are carried out. It should be noted that no employee works in the Netherlands as the actual headquarters and operating activities of the Group continue to be located in Italy and Spain.

AVERAGE WORKFORCE	2021	2020
Italy	3.280	3.334
Spain	1.585	1.564
Total	4.865	4.898

6.4 PURCHASES, SERVICES AND OTHER COSTS



Costs are recognised in the income statement when they refer to goods and services used during the year.

	2021	2020
Purchases	81.5	90.0
Change in inventories of raw materials, semi-finished and finished products and increase in internal work	2.2	(20.7)
Consultants, contractors and services	220.4	222.3
Making and purchases of productions	477.0	369.4
Broadcaster fees and guaranteed minimums	62.9	28.4
Advertising space and external relations	18.5	21.2
EDP Services	18.6	20.4
Research, training and travel expenses	6.6	4.9
Other services	380.9	358.0
Total cost for services	1,184.9	1,024.4
Rentals	164.4	160.0
Accruals/(Utilizations) of provisions	25.8	22.0
Other operating expenses	57.2	54.5
Total purchases, services, other costs	1,516.0	1,330.2

The item **Purchases** includes the expenses for the purchase of consumables for administrative and production activities (such as sets, costumes, awards) and the acquisition of television broadcasting rights (such as news and live events) with a term of less than 12 months for EUR 47.6 million (EUR 59.7 million at 31 December 2020).

With reference to **Cost for services**:

- the item **Consultants, contractors and services** refers to professional service and advisor, corporate bodies fees, collaborators and temporary work expenses, artistic and journalistic collaborations.
- the item **Making and purchases of production** refers to direct costs related to the creation of in-house productions and for purchase of productions from third parties. The amount of these costs increased compared to the previous year in which, due to the prolonged lockdown periods, strong optimization and savings in programming costs had been carried out in both Italy and Spain, but remain substantially at the same level as the year before the pandemic (equal to 471.3 million euros) despite the costs associated during the 2021 with sport events acquired and broadcast (the Italian Cup and the European Football Championships broadcast by Mediaset Espana);
- **Other services** mainly refer to trade association costs for the use of intellectual property rights equal to EUR 104.6 million (EUR 95.9 million in 2020), maintenance of transmission equipments and network, building and information systems

equal to EUR 76.2 million (EUR 72.5 million in 2020), utilities equal to 36,7 (EUR 30,3 million in 2020), commissions and costs for marketing services equal to EUR 50.9 millions (EUR 46.2 in 2020), other provision of services (technical, security, logistics) equal to EUR 98.0 millions (94.0 in 2020).

Rentals includes EUR 115.4 million in costs relating to television signal transmission and the rental of tower for the two geographical areas of business (EUR 117.5 million at 31 December 2020), EUR 12.3 million in royalties (EUR 11.5 million at 31 December 2020) and EUR 22.1 million relating to rents mainly for television studios and equipment and office space (EUR 17.6 million at 31 December 2020).

Accruals/(Utilizations) of provisions includes provision (net of the reversal of the excess funds accrued in previous years) for onerous contracts in relation to some television productions or to reflect future expenses due to business restructuring plans.

Other operating costs include indirect tax charges, donations and associative contributions and concession fees of which the main part relating to the contribution of 3% of the gross advertising sales of the Mediaset España Group in accordance with the industry sector law on funding public television.

6.5 AMORTISATION, DEPRECIATION AND IMPAIRMENTS

	2021	2020
Amortisation of TV and movie rights	386.1	455.3
Amortisation of other intangible assets	40.3	43.4
Amortisation of tangible assets	54.8	62.9
Impairments /(Reversal) of TV and movies rights	0.5	0.6
Impairments /(Reversal) of fixed assets	0.0	0.2
Impairments/(Reversal) of receivables	(0.5)	4.2
Total amortisation, depreciation and impairments	481.2	566.7

For commentary on changes in depreciation, see the explanatory notes related to Tangible fixed assets and Intangible fixed assets below..

6.6 FINANCIAL EXPENSES



Financial expenses are recognised on an accrual basis in the income statement during the year in which they occur, by accruing interests, discounts and other financial expenses even if not paid at the reporting date, and deferring those already paid in the period but pertaining to future years.

Financial expenses include:

- interest expense on financial liabilities, measured at amortised cost;
- financial expenses for leases recognised under IFRS 16 'Leases';
- exchange differences arising from hedges of assets and liabilities denominated in foreign currencies;

	2021	2020
Interests on financial liabilities	(8.4)	(9.4)
From derivative instruments	(0.0)	(0.1)
Other financial charges	(22.5)	(4.9)
Foreign exchange losses	(18.0)	(46.1)
Total	(49.0)	(60.5)

Interests on financial liabilities includes interests relating to financial liabilities accounted under IFRS 16 (Lease) for an amount of EUR 1,5 million.

Other financial expenses include the financial expenses associated with the collar contract entered into to hedge the fair value of the equity investment in ProSiebenSat.1 Media SE.

6.7 FINANCIAL INCOME



Financial income are recognised on an accruals basis in the income statement for the year in which they mature.

Dividends are recognised in the accounting period in which the resolution approving their distribution is passed.

	2021	2020
Interests on financial assets	0.3	0.7
Income from derivative instruments	20.7	1.6
Other financial income	4.1	1.4
Dividends from FVTOCI investments	27.6	
Foreign exchange gains	18.8	52.9
Total	71.6	56.7

Income from derivative instruments includes income of EUR 20.4 million for the early termination in January 2021 of the reverse collar contract entered into in April 2020 by the parent company to hedge a further share purchase in ProSiebenSat1 Media SE, with this transaction considered to be highly probable at the signing date of the agreement.

Dividends from FVTOCI (Fair Value To Other Comprehensive Income) investments refer to the dividends due to MFE by the investee ProSiebenSat1 Media SA.

Foreign exchange gains and losses include the effects of derivatives relating to the hedging of foreign currency exposure connected to commitments for the future acquisition of TV rights (for the component not included in the hedging relationship), and the effect of derivatives used to hedge against fluctuations in the exchange rates on items recognised in the financial statement items (receivables and payables denominated in foreign currencies).

6.7.1 Financial Income/Expenses recognised according to IFRS 9

The table below summarises the financial income and expenses recognised in the income statement, classified by IFRS 9 category

IFRS 9 CATEGORIES AT 31 DECEMBER 2021	From interests	From changes in fair value	From Revaluation reserve	Foreign exchange gains/losses	Net income/(costs)
Financial derivatives	-	0.3	20.4	7.2	27.8
Liabilities at amortised cost	(9.2)	-	-	(6.3)	(15.6)
Financial activities at amortized cost	0.3	-	-	-	0.3
Total IFRS 9 Category	(8.9)	0.3	20.4	0.8	12.6
Other financial income/(expenses)					10.0
Total financial income (expenses)					22.6

IFRS 9 CATEGORIES AT 31 DECEMBER 2020	From interests	From changes in fair value	From Revaluation reserve	Foreign exchange gains/losses	Net income/(costs)
Financial derivatives	-	2.9	(1.3)	(13.5)	(11.8)
Liabilities at amortised cost	(10.4)	-	-	20.2	9.8
Financial activities at amortized cost	0.7	-	-	-	0.7
Total IFRS 9 Category	(9.7)	2.9	(1.3)	6.7	(1.4)
Other financial income/(expenses)					(2.5)
Total financial income (expenses)					(3.8)

Financial derivatives include net financial income and charges relating to derivatives used to hedge against the risk of fluctuating interest rates for medium/long term financial liabilities and against fluctuating exchange rates, as well as equity hedges.

Other financial income (expenses) primarily includes the effects of to the time discounting of post-employment benefit plans, interest relating to discounting of provisions for risks expiring after 12 months, and financial expenses on leases accounted for under IFRS 16. In particular, in 2021 this line item includes the dividend income attributable to the MFE Group from the investee ProSiebenSat.1 Media SE.

6.8 RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD



This item includes the portion of net result of companies accounted for by using the equity method, including any impairment or reversal, impairment of financial receivables for these investments recognised as other non-current financial assets, and gains/losses on equity investments not classified as FVTOCI instruments.

	2021	2020
Result of equity investments accounted for using the equity method	114.7	20.2
Gain/(loss) from sale of equity investments	-	(0.2)

Total	114.7	20.0

The result of Equity investments accounted for using equity method mainly included expenses and income related to the pro-quota of the results of equity investments in associates and joint ventures. In particular:

- ▢ income of EUR 99.6 million for the equity investment in **El Towers**. This income included the EUR 88.1 million pro-rata capital gain realised by El Towers following its sale of subsidiary Towertel.
- ▢ income of EUR 1.6 million for the equity investment in **La Fábrica de la Tele**;
- ▢ income of EUR 3.0 million for the equity investment in **Fascino PGT S.r.l.**
- ▢ income of EUR 0.9 million for the equity investment in **Unicorn Content S.L.**;
- ▢ income for the equity investment in **Mediamond S.p.A.** for EUR 0.9 million.

6.9 INCOME TAXES



Current income taxes are accrued, for each company, on the basis of the taxable income determined in accordance with current tax rates and laws currently in force, or essentially approved, at the end of the reporting period in the various countries, taking into account any applicable exemptions and tax credits due.

	2021	2020
Irap tax	9.9	3.7
Ires tax	5.5	0.0
Prior year tax	(0.5)	1.5
Withholding taxes	2.5	
Tax expenses (foreign companies)	27.7	34.3
Total current tax	45.1	39.6
Deferred tax assets	(17.2)	(6.6)
Utilization of deferred tax asset	65.2	36.9
Total deferred tax asset	48.0	30.2
Reversal of deferred tax liabilities	9.8	1.0
Deferred tax liabilities	(2.3)	(4.2)
Total deferred tax liabilities	7.5	(3.2)
Total	100.6	66.6

IRES and IRAP tax expenses comprise the IRAP and IRES taxes levied against the Group's tax-consolidated Italian tax consolidation perimeter, following the generation of taxable income during the period (the part exceeding the portion of taxable income that can be offset against tax losses carried forward).

Prior year tax mainly includes expense generated as a result of the recalculation of taxes upon submission of the income tax return with respect to the amount recognised in the financial statements for previous years.

Withholding taxes includes the impairment of the credit for foreign tax payments recognised after the dividend was received by investee ProSiebenSat.1 Media SA.

The items **deferred tax assets and liabilities** mainly show the financial movements for the year for the allocations and/or uses generated as a result of changes in the temporary differences between the taxable base and the carrying amount of assets and liabilities. Deferred tax assets include the utilisation of EUR 21.9 million following the taxable income generated during the years by companies included in the Italian tax consolidation arrangement.

Tax expenses (foreign companies) mainly relate to the taxes for the year recorded by the companies belonging to the Mediaset España Group.

The table below shows a reconciliation between the standard tax rate in force in Italy on companies taxable income for the tax years 2021 and 2020, and the effective tax rate of the Group.

	2021	2020
Current tax rate	27.90%	27.90%
IRAP tax non deductible expenses	0.45%	0.60%
Effects of companies with different tax rate	-2.96%	-5.03%
Withholding taxes	0.45%	-
Non deductible expenses and consolidation adjustment with no tax effect	-6.85%	-0.24%
Effective tax rate	18.09%	23.29%

6.10 NET PROFIT/(LOSS) FOR THE YEAR

The consolidated net profit attributable to the parent company's shareholders at 31 December 2021 increased to EUR 374.1 million, compared with a net profit of EUR 139.3 million the previous year.

6.11 EARNINGS/(LOSS) PER SHARE



Earnings per share are calculated by dividing the Group net profit by the weighted average of the number of outstanding shares, net of the treasury shares. The diluted earnings per share are determined by taking account in the calculation of the number of outstanding shares and the potential diluting effect from the allocation of treasury shares to the beneficiaries of stock option and incentive plans already vested.

The calculation of basic and diluted earnings per share is based on the following data:

	2021	2020
Net result for the period (millions of euro)	374.1	139.3
Weighted average number of ordinary shares (without treasury shares)	2,281,657,298	2,280,021,438
Basic EPS (euro)	0.16	0.06
Weighted average number of ordinary shares for the diluted EPS computation	2,282,834,923	2,281,644,430
Diluted EPS (euro)	0.16	0.06

For comparative purposes, in 2020 it was considered the capital increase required for the allocation of A-class and B-class shares.

Earnings per share are calculated by dividing the Group net profit by the weighted average of the number of outstanding shares, net of the treasury shares. The figure for diluted earnings per share 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.

NOTES ON MAIN ASSET ITEMS

7. NON-CURRENT ASSETS

The tables below show the changes over the last two years in the historical cost, accumulated amortisation and depreciation, impairments and the carrying amount of all main non-current assets.

7.1 PROPERTY, PLANT AND EQUIPMENT



Plant, machinery, equipment, buildings and land are recognised at purchase, production or transfer cost, including any transaction costs, any dismantling costs and direct costs necessary to make the asset available for use. These fixed assets, with the exception of land, which is not subject to depreciation, are depreciated on a straight-line basis in each financial year using depreciation rates set according to the remaining useful life of the assets.

Depreciation is calculated on a straight-line basis on the cost of the assets, net of any residual values (where significant), according to their estimated useful lives, with the following rates applied:

Type of fixed asset	Financial statement category	Amortisation rate
Buildings	Land and building	2% - 3%
Plant and equipment	Plant and equipment	10% - 20%
Constructions and equipment	Technical and commercial equipment	5% - 16%
Office furniture and machines	Other tangible assets	8% - 20%
Motor vehicles and other means of transport	Other tangible assets	10% - 25%

The recoverable value of the above is measured based on the criteria laid down in IAS 36, described in the note below "Assessment of recoverability of goodwill and other non-current assets (Impairment test)"

Ordinary maintenance costs are recognised in full in profit and loss. Incremental maintenance costs are allocated to each asset and depreciated over its remaining useful life.

Leasehold improvements are allocated to each class of assets and depreciated at the residual life of the lease contract or the residual useful life of the type of asset improved, whichever is lower.

Whenever individual components of a complex tangible fixed asset have different useful lives, they are recognised separately in order to be depreciated according to their individual useful lives (component approach).

In particular, according to this principle, the value of land and of the buildings on it are kept separate, and only the buildings are depreciated.

Gains and losses resulting from sales or disposals of assets are calculated as the difference between the sales price and the net book value of the asset, and are posted to the income statement under Other revenues and income and Other operating costs, respectively.

ORIGINAL COST								Total property, plant and equipment
	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	Owned property, plant and equipment	Property, plant and equipment - Right of use	
Balance at 1/1/2020	229.3	727.8	77.2	118.3	25.0	1,177.5	149.2	1,326.8
Business combination	-	-	0.1	0.1	-	0.2	-	0.2
Additions	1.4	15.4	0.9	3.2	25.6	46.4	5.3	51.7
Other changes	(0.5)	(2.9)	0.5	(0.2)	(16.7)	(19.8)	(14.1)	(34.0)
Disposals	-	(8.6)	-	(0.6)	-	(9.3)	(2.3)	(11.7)
Balance at 31/12/2020	230.2	731.6	78.7	120.7	33.9	1,195.0	138.0	1,333.0
Additions	1.5	15.9	0.5	1.7	23.0	42.7	4.8	47.5
Other changes	3.2	(28.0)	0.3	0.3	(19.7)	(44.0)	(4.5)	(48.5)
Disposals	(0.0)	(4.0)	(0.1)	(1.5)	-	(5.5)	(0.6)	(6.1)
Balance at 31/12/2021	235.0	715.5	79.5	121.2	37.1	1,188.2	137.7	1,325.9

AMORTISATION AND IMPAIRMENTS	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	Owned property, plant and equipment	Property, plant and equipment - Right of use	Total property, plant and equipment
Balance at 1/1/2020	(142.2)	(636.4)	(67.6)	(105.7)	-	(951.8)	(18.5)	(970.3)
Business combination	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Other changes	1.8	12.5	0.9	1.3	-	16.4	9.2	25.6
Disposals	-	8.3	-	0.6	-	9.0	1.0	10.0
Amortisation	(5.2)	(28.6)	(2.6)	(3.9)	-	(40.3)	(22.6)	(62.9)
(Impairments)/Reversal	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Balance at 31/12/2020	(145.6)	(644.1)	(69.3)	(107.7)	(0.1)	(966.9)	(31.0)	(997.8)
Other changes	-	36.9	0.2	3.9	0.1	41.0	4.7	45.7
Disposals	-	3.7	0.1	1.5	-	5.2	0.1	5.4
Amortisation	(5.6)	(24.9)	(2.3)	(3.9)	-	(36.8)	(18.0)	(54.8)
Balance at 31/12/2021	(151.2)	(628.4)	(71.4)	(106.4)	-	(957.4)	(44.2)	(1,001.6)

CARRYING AMOUNT	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	Owned property, plant and equipment	Property, plant and equipment - Right of use	Total property, plant and equipment
Balance at 1/1/2020	87.2	91.3	9.6	12.5	25.1	225.6	130.9	356.5
Business combination	-	-	0.1	-	-	0.1	-	0.1
Additions	1.4	15.4	0.9	3.2	25.6	46.5	5.3	51.7
Other changes	1.3	9.6	1.3	1.1	(16.7)	(3.4)	(5.0)	(8.4)
Disposals	-	(0.3)	-	-	-	(0.3)	(1.3)	(1.7)
Amortisation	(5.2)	(28.6)	(2.6)	(3.9)	-	(40.3)	(22.6)	(62.9)
(Impairments)/ Reversal	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Balance at 31/12/2020	84.6	87.4	9.2	12.9	33.8	228.0	107.0	335.1
Additions	1.5	15.9	0.5	1.7	23.0	42.7	4.8	47.5
Other changes	3.2	8.9	0.5	4.1	(19.6)	(2.9)	0.1	(2.8)
Disposals	(0.0)	(0.3)	-	(0.0)	-	(0.3)	(0.5)	(0.8)
Amortisation	(5.6)	(24.9)	(2.3)	(3.9)	-	(36.8)	(18.0)	(54.8)
Balance at 31/12/2021	83.7	87.0	8.0	14.8	37.1	230.7	93.5	324.2

Additions for the period to the classes of assets forming **owned property, plant and equipment**, amounting to EUR 59.4 million included EUR 42.7 million in purchases for the year and EUR 16.7 million for reclassifications of items classified as assets in progress and advances at the end of the previous year.

The main categories of additions can be summarised as follows:

- EUR 4.8 million referred to **Land and buildings**, mainly relating to the renovation of the offices at the Cologno Monzese premises as part of the project to transfer staff of Publitalia from the Milano Due office to the Cologno Monzese ones, and for the construction of a new employee car park area;
- EUR 24.8 million referred to **Plant and equipment**, mainly relating to EUR 12.0 million for the purchase of television broadcasting and recording facilities and radio bridges relating to the new digital terrestrial DVB-T2 technology; EUR 4.9 million for technological upgrades due to studio obsolescence; EUR 1.2 million for the television studio digitalisation process; EUR 1.2 million for the HD conversion of filming infrastructure; and EUR 1.5 million for the planning and creation of a new production studio;
- EUR 1.0 million referred to **Technical and commercial equipment** and other assets, mainly relating to purchase and replacement of hardware;
- EUR 23.0 million referred to increases in **Tangible assets in progress and advances**, mainly relating to EUR 5.8 million for the purchase of television broadcasting and recording facilities and radio bridges inherent to DVB-T2 technology; EUR 4.5 million for the television studio digitalisation process; EUR 1.1 million for the shared HP and IP production unit project, which will help to operate more studios; and EUR 1.5 million for the creation of electrical vehicle charging stations at the Cologno Monzese offices.

7.1.1 Right-of-use property, plant and equipment



Assets under the control of the Group through leasing contracts are classified as tangible assets in the caption “Right-of-use property, plant and equipment” at the value of the related financial liability, calculated based on the current value of future payments, discounted at the incremental borrowing rate for each contract. The payable is progressively reduced according to the repayment schedule for the amounts of principal included in the contractual instalments. The interest amount, on the other hand, is recognised in the income statement under financial expenses. The value of the asset recognised under tangible assets is depreciated on a straight-line basis according to the lease term, while also taking into account the likelihood of renewal of the agreement where an enforceable renewal option exists.

Fees for leasing contracts with a duration of 12 months or less and for contracts with a low-value underlying asset are accrued on a straight-line basis through profit or loss according to the duration of the contract.

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

The item “Right-of-use property, plant and equipment” is broken down below.

	Right-of-use property of buildings	Right-of-use of cars	TOTAL
Balance at 31/12/2020	98.1	9.0	107.0
Additions	2.4	2.4	4.8
Disposals	(0.5)	0.0	(0.5)
Amortisation and depreciation	(14.1)	(3.9)	(18.0)
Other changes	0.0	0.1	0.1
Balance at 31/12/2021	85.9	7.6	93.5

7.2 TELEVISION AND MOVIE RIGHTS



Television broadcasting rights are amortised on a straight-line basis, starting from the time when the asset is available for use and throughout the period of its expected utilization. The recoverable amount of the above is calculated based on the criteria laid down in IAS 36, described in the explanatory note 7.4 Assessment of recoverability of goodwill and other non-current assets (impairment test) below.

For television broadcasting rights, the amortisation method provides a reasonable and reliable reflection of the relationship between the various broadcasting opportunities available, the number of screenings permitted by contract and their actual broadcast. Based on the respective business models, straight-line amortisation is generally applied for the Italian television library, whereas descending amortisation is used for the Spanish television library. This different accounting reflects the different contractual conditions and the consequent methods of exploitation of the two main countries in which the Group operates.

When, irrespective of the amortisation already recognized, all runs made available under the related television broadcasting rights contracts have been broadcasted, the carrying amount is impaired in full.

The rights for sporting events to be transmitted in Pay or Pay Per View mode by DTT technology are amortised entirely (100%) when the event is broadcast.

Rights to sports, news and entertainment programmes are amortised entirely (100%) in the year when the right commences. Rights to long-running TV drama series are 70% amortised during the first twelve months after their availability date, with the remaining 30% amortised during the following twelve months.

Rights available for multiple means of use, to be utilised in distribution activities, are amortised according to international accounting best practice based on the ratio between the actual revenues achieved and the estimated total overall revenues from use of the right. This estimate is periodically revised to determine the amortisation to be recognised during the year.

	ORIGINAL COST	ACCUMULATED DEPRECIATION	ACCUMULATED IMPAIRMENTS	CARRYING AMOUNT
Opening balance at 1/1/2020	8,496.7	(7,297.1)	(224.9)	974.7
Additions	379.2	-	-	379.2
Reclassification from tangible assets in progress	51.7	-	-	51.7
Other changes	(348.5)	319.4	14.2	(14.9)
Disposals	(131.1)	128.9	-	(2.2)
Depreciation	-	(455.3)	-	(455.3)
(Impairments)/Reversal	-	-	(0.6)	(0.6)
Closing balance at 31/12/2020	8,448.1	(7,304.1)	(211.2)	932.7
Additions	297.9	-	-	297.9
Reclassification from tangible assets in progress	15.2	-	-	15.2
Other changes	(388.4)	341.0	35.2	(12.2)
Disposals	(93.2)	91.0	-	(2.3)
Depreciation	-	(386.1)	-	(386.1)
(Impairments)/Reversal	-	-	(0.3)	(0.3)
Balance at 31/12/2021	8,279.5	(7,258.2)	(176.4)	844.9

Additions for 2021 totalled EUR 313.1 million (EUR 431.0 million in 2020) and consisted of EUR 297.9 million of purchases for the year (EUR 379.2 million at 31 December 2020) and EUR 15.2 million (EUR 51.7 million as at 31 December 2020) of reclassifications of advances paid to suppliers (recognised as assets in progress and

advances at 31 December 2020). Italian segment investments during the year accounted for EUR 200 million of purchases. The remaining EUR 97.9 million referred to purchases made by the Mediaset España Group.

Other changes includes the EUR -5.1 million adjustment to the carrying amount of Pay broadcasting rights recorded during the financial year as a result of the utilization of provisions accrued during the impairment test carried out in 2018 in relation to the future commitments portion of pay Cinema and TV Series rights. The remaining change reflects contractual rights expired, contract cancellations and related payables, previous years' disposals and contracts voided.

Purchases for the year include EUR 20.8 million for broadcasting rights that will be available for broadcasting by the Group after 31 December. At 31 December 2021, broadcasting rights that were yet not available for broadcasting totalled approximately EUR 32.4 million (EUR 62.8 million at 31 December 2020) and mainly consisted of free-to-air and pay television rights to broadcast drama, cinema and entertainment productions.

7.3 GOODWILL

	Total
Balance at 1/1/2020	796.7
Additions from business combinations (discontinued operations)	6.5
Balance at 31/12/2020	803.2
Balance at 31/12/2021	803.2

Of the EUR 6.5 million in **Additions** in 2020, EUR 2.8 million were attributable to Publitalia '80 S.p.A. acquiring an 80% stake in Beintoo, with EUR 3.7 million attributable to Mediaset España Group acquiring the company Aninpro Creative S.L.

At 31 December 2021, goodwill was subject to the impairment testing procedure, required annually pursuant to IAS 36, as commented below.

7.4 ASSESSMENT OF RECOVERABILITY OF GOODWILL AND OTHER NON-CURRENT ASSETS (IMPAIRMENT TEST)



The carrying amounts of tangible and intangible fixed assets are periodically reviewed in accordance with IAS 36, which requires the assessment of the existence of any impairment loss, where indicators suggest that impairment may exist. In the case of goodwill, intangible assets with indefinite useful lives and intangible assets not available for use, impairment testing is carried out at least yearly, normally at the time of the preparation of the annual financial statements, but also at any time when there is an indication of potential impairment.

The recoverability of the carrying amounts is assessed by comparing them to the higher of their value in use in their current condition or the fair value of the assets (the price that would be received from their sale) less costs of disposal.

Value in use is measured by discounting the future cash flows expected from the use of the individual asset or the cash generating unit to which the asset belongs and from its disposal at the end of its useful life, based on the most recently approved business plans.

Fair value (less costs to sell) is measured in accordance with IFRS 13 (Fair value measurement) by quantifying the price that would be received to sell the asset or group of assets in an orderly transaction between market participants at the measurement date, taking into account any restrictions on the sale or use of the asset that such market participants would take into consideration.

This testing is carried out on the cash-generating units (CGU) to which goodwill and the other assets are allocated. The cash generating units are identified, in line with the organisational and business structures of the Group, as homogeneous aggregations that generate autonomous cash inflows from the continuous use of the assets attributable to them.

In line with the Group's organisational and business structure at 31 December 2021, and in continuity with 2020, the 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).

In the case of impairment, the cost is recognized in the income statement, first by reducing goodwill and then recognising any excess amounts, proportionally to the value of the other assets of the CGU concerned. With the exception of goodwill, impairment can be reversed for other assets when the conditions that resulted in the impairment loss have changed. In such case, the carrying amount of the asset can be increased within the limits of the new estimated recoverable amount, but no more than the value that would have been calculated if there had been no previous impairment losses.

The testing carried out at 31 December 2021, as described below, confirmed the recoverability of the carrying amounts for the Mediaset España, Free TV Italia and Radio CGUs as well as the recoverability of the carrying amount of Pay/SVoD series and movie rights which, together with connected future purchase commitments, had been subject to impairment losses and provision accruals by a total of EUR 162.7 million at 31 December 2018. Moreover, for the recoverability assessments carried out through value in use, specific sensitivities analysis have been performed. This was done by identifying the discount rates and year-on-year reductions in advertising revenue for each of the CGUs which – with all other cash flow items left unchanged (i.e. on the prudent assumption that costs and investments will remain unchanged) – eliminate the difference between the recoverable amount and the carrying amount. Also considering the significant headroom between the key variables (cash flows and discount rates) used in the impairment tests and the “breakeven” ones for the Group's main CGUs, no potential impairments have been identified over non-current assets in the consolidated financial statements at 31 December 2021. Preliminarily to impairment testing execution, the main available external and internal indicators were observed, identifying that market capitalization for MFE and its controlling investment Mediaset España, were lower than their carrying amounts. At the same time, the operational and management results in 2021 were higher than those considered in the budgetary forecast for all CGUs tested.

The following table shows the amounts and the allocation of goodwill to each CGU. The variation in this item in the last two years is shown in Note 7.3.

CGU	2021	2020
Mediaset España	657.7	657.7
Free TV Italy	145.6	145.6
Total Goodwill	803.2	803.2

Of the EUR 657.7 million in goodwill allocated to the **Mediaset España CGU**, EUR 363.2 million was generated following the takeover of the company by Mediaset in 2003 and EUR 294.5 million was generated from the business combinations later carried out by the Spanish company. The carrying amount of goodwill allocated to the Mediaset España CGU also includes assets with an indefinite useful life amounting to EUR 85.2 million, classified under “Other intangible assets” (pertaining to the value allocated to the “Cuatro” multiplex by the subsidiary Mediaset España in 2010 during the purchase price allocation process that followed the acquisition of the television operations of the Prisa Group).

The recoverability of the consolidated carrying amount of the Mediaset España CGU was confirmed by estimating the equity value of the Group’s interest based on the value in use of those operating assets and the current value attributable to other assets and liabilities. The results of this measurement process were approved by the Board of Directors of Mediaset España on 23 February 2022 and reported to the Board of Directors of MFE on 29 March 2022. The value in use of the Mediaset España CGU was assessed by estimating the future cash flow of the CGU’s operating activities, in particular in relation to the expected future trends in advertising revenue over the projection period based on external information on macroeconomic trends and the advertising market. The assessment assumes that market shares (audience and advertising investment) will largely remain stable, and applies a discount rate (WACC) of 7.64% and a perpetual growth rate substantially equal to 0, which is in line with the parameters used for impairment testing at 31 December 2020.

The recoverability of the goodwill and other assets of the Group in Italy relating to the **Free-to-Air Italy and Radio CGUs** and the **pay TV library** have been tested based on the methodology, process and assumptions approved by the Board of Directors of MFE on 1 March 2022, which examined the main indicators and the external and internal evidence related to these valuation, as well as the assumptions and guidelines on which the five-year plans 2022-2026 are based.

The recoverability of the goodwill and other assets (mainly consisting of television and movie broadcasting rights, and right to use television frequencies) allocated to the **TV Free Italia CGU** and the assets (mainly consisting of rights for the utilization of radio frequencies and trademarks) allocated to the **Radio CGU**, was tested by determining the value in use based on the discounted cash flows inferable from the business plans. The forecasts contained in the plans represent management’s best estimate, taking into account information available from the main external sources and forecasts of developments in the Group’s markets as prepared by the main specialist observers in terms of the expected performance of advertising revenues and the most recent economic outlooks for the explicit period.

The discount rate (WACC) used for the future cash flows of the TV Free Italia e Radio CGUs was 5.73%, which was obtained by updating - at the reporting date - the financial and market parameters underlying the calculation of the weighted average cost of capital after tax (cost of debt, risk free rate and market risk premium) using indicators (beta) and a financial structure (debt/equity ratio) inferable from a panel of comparables composed by FTA broadcasters operating in the Euro zone. The growth rate used to extrapolate the cash flows beyond the explicit periods was 1.6%, in line with the most recent Prometeia medium/long-term inflation forecast for Italy.

Sensitivity analyses were carried out for these CGUs, with changes being made to the following key parameters: i) reduction of advertising revenues, on the assumption that all other conditions are left unchanged (i.e. in the event of no cost or investment-cutting actions being taken to tackle the decline); and ii) discount rates (WACC), if all operational and business assumptions made in the base scenario are left unchanged (revenues, costs and investment). Based on these analyses, the following were determined:

- for the Free TV CGU, an equivalence between the recoverable amount and the carrying amount emerges, i) as across all years of the plan, gross advertising revenues will be around 4.5 percentage points lower than those contained in the base management scenario (using a discount rate of 5.73%); and ii) a WACC of 9.8%, based on a g-rate of 1.6% and cash flows equal to those considered in the base scenario.

- for the Radio CGU, a correspondence between the recoverable amount and the carrying amount emerges, i) as across all years of the plan, advertising revenues will be approximately 4 percentage points lower than those contained in the base management scenario (using a discount rate of 5.73%); and ii) a WACC of 6.9%, based on a g-rate of 1.6% and cash flows equal to those considered in the base scenario.

This recoverability of the Radio CGU's main assets (right for the utilization of radio frequencies) was also confirmed in an expert appraisal which at 31 December 2020 had estimated the fair value of the rights for the utilization of the radio frequencies held by the various Group broadcasters as at the reference date of the consolidated financial statements. This appraisal - in the absence of particular factors that may have caused a significant reduction in the value of the related assets during the year - supports the hypothesis that the carrying amounts recognised in the Group's consolidated financial statements at 31 December 2021 are recoverable.

Recoverability analysis of the **Pay TV CGU's** assets have been carried out, despite the absence of specific impairment indicators, by monitoring the fair value of intangible assets with a definite useful life (Series and Movie Pay/SvoD rights library), totally amounting to EUR 80 million at 31 December 2021. This library primarily consists of exclusive rights for the various broadcasting platforms purchased from American majors under multi-annual framework agreements, the last of which terminated in 2020. This monitoring was carried out by estimating the fair value of those rights, based on the values observable in the context of recent transactions and/or negotiations for those or similar rights.

7.5 OTHER INTANGIBLE ASSETS



Intangible fixed assets are assets without an identifiable physically form, which are controlled by the company and able to generate future economic benefits. These assets are recorded at purchase or production cost, including transaction costs, according to the criteria described above for tangible fixed assets. For purchased intangible assets whose availability for use and related payments are deferred beyond ordinary periods, the purchase value and the related payable are discounted by recognising the financial expenses implicit in the original price. Internally generated intangible assets, where relating to research costs, are recognised in the income statement during the period in which they are incurred. Development costs, which mainly relate to software, are capitalised and amortised on a straight-line basis over their estimated useful lives (three years on average), provided they can be identified, that their cost can be reliably calculated, and that the asset is likely to generate future economic benefits. Intangible assets with definite useful lives are amortised on a straight-line basis, starting from the time when the asset is available for utilization and throughout the period of its expected usefulness. The recoverable value of such assets is assessed according to the criteria established in IAS 36, as described in the Impairment of assets explanatory note above. Costs relating to rights for the utilization of television frequencies, to be used for setting up digital terrestrial networks acquired from third parties in accordance with applicable legislation, are amortised on a straight-line basis according to the expected duration of their use, beginning at the time the service is activated and ending 30 June 2032, based on the validity period of the definitive assignment order of right of utilization in Italy dated 28 June 2012. The television broadcasting license of the “Cuatro multiplex” was identified in the purchase price allocation process of the Prisa's Group television operations acquisition made by Mediaset Espana in 2010 as an intangible asset with an indefinite useful life in absence of objective elements relating to the legal duration of this license; accordingly, it is not systematically amortised, but is subject to impairment testing, at least every year. As of 1 January 2016, rights for the utilization of radio frequencies are amortised on a straight-line basis over a period of 25 years. The useful life of these rights was estimated as part of the evaluation processes for business combinations concerning the Group's radio broadcasting operations. A remaining useful life of up to June 2035 is envisaged for the authorisation to provide audiovisual services nationwide and for the consequent automatic numbering of generalist channels, with a view to the procedures and requirements for the authorisation's renewal.

ORIGINAL COST

	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other Intangible Assets	Total Other intangible assets
Balance at 1/1/2020	292.4	334.5	745.7	104.7	85.6	1,562.7
Business combination	-	-	-	-	1.4	1.4
Additions	4.8	2.0	0.5	12.5	0.1	19.9
Other changes	3.8	-	(36.0)	(57.5)	(0.2)	(89.9)
Disposals	(0.9)	-	-	(0.5)	-	(1.3)
Balance at 31/12/2020	300.2	336.5	710.2	59.2	86.9	1,492.8
Additions	3.1	-	0.7	73.7	0.4	77.9
Other changes	3.6	0.0	0.7	(20.5)	-	(16.1)
Disposals	(0.3)	-	(1.3)	-	-	(1.6)
Balance at 31/12/2021	306.6	336.5	710.3	112.4	87.3	1,553.0

ACCUMULATED AMORTISATION AND IMPAIRMENTS

	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other intangible assets	Total Other intangible assets
Balance at 1/1/2020	(276.8)	(200.8)	(351.0)	(36.6)	(85.3)	(950.2)
Business combination	-	-	-	-	(0.9)	(0.9)
Other changes	-	-	35.7	-	0.2	35.9
Disposals	0.9	-	-	-	-	0.9
Amortisation	(12.5)	(10.1)	(20.6)	-	(0.3)	(43.5)

(Impairments)/Reversals	-	-	-	(0.1)	(0.1)	
Balance at 31/12/2020	(288.4)	(211.0)	(335.9)	(36.6)	(86.2)	(958.1)
Other changes	0.0	0.0	(0.8)	0.0	(0.0)	(0.7)
Disposals	0.3	-	1.1	-	-	1.5
Amortisation	(8.8)	(10.7)	(20.2)	-	(0.5)	(40.3)
(Impairments)/Reversals	-	-	-	(0.2)	-	(0.2)
Balance at 31/12/2021	(296.9)	(221.7)	(355.7)	(36.7)	(86.7)	(998.0)
CARRYING AMOUNT						
	Patents and intellectual property rights	Trademarks	Rights/licenses of use and authorisations	Intangible assets in progress and advances	Other intangible assets	
Balance at 1/1/2020	15.7	133.5	394.6	68.0	0.2	612.4
Business combination	-	-	-	-	0.5	0.5
Additions	4.8	2.0	0.5	12.5	0.1	19.9
Other changes	3.8	-	(0.3)	(57.5)	0.4	(53.6)
Disposals	-	-	-	(0.5)	-	(0.5)
Amortisation	(12.5)	(10.1)	(20.6)	-	(0.3)	(43.5)
(Impairments)/Reversals	-	-	-	-	-	-
Balance at 31/12/2020	11.8	125.4	374.2	22.5	0.6	534.8
Additions	3.1	-	0.7	73.7	0.4	77.9
Other changes	3.6	0.0	(0.1)	(20.4)	(0.0)	(16.9)
Disposals	-	-	(0.2)	-	-	(0.2)
Amortisation	(8.8)	(10.7)	(20.2)	-	(0.5)	(40.3)
(Impairments)/Reversals	-	-	-	(0.2)	-	(0.2)
Balance at 31/12/2021	9.7	114.7	354.5	75.7	0.5	555.2

Additions to the item **Patents and intellectual property rights** totalled EUR 6.7 million. The figure includes EUR 3.6 million relating mainly to the purchase and upgrade of existing software, which in the previous year was recognised under Intangible assets in progress and advances.

The **Trademarks** item includes:

- The trademark of Spanish television broadcaster Cuatro for EUR 85.5 million. This asset was recognised as a result of the Purchase Price Allocation process carried out by Mediaset España Comunicación S.A. in 2011 in the context of the acquisition of the television operations of the Prisa Group. The amortisation period has been determined in 20 years.
- The trademark of the radio broadcaster Radio 105, valued for EUR 33.6 million. This asset was recognised following the final purchase price allocation of the acquisition of the radio broadcasting assets of the Finelco Group in 2016. The amortisation period has been determined in 25 years.
- The trademark of the radio broadcaster Radio Subasio, for a residual value of EUR 4.1 million, which was recognised following the final allocation of the purchase price paid for the acquisition of the radio broadcasting assets of the companies Radio Subasio and Radio Aut in 2017. The amortisation period has been set at 25 years from the acquisition date.

Rights/Licences of use and authorisations includes EUR 119.2 million for the for the utilization of television frequencies held by the subsidiary Elettronica Industriale S.p.A., used in Italy for the operation of domestic channels using digital terrestrial technology, as well as the television broadcasting license of the Cuatro Multiplex, measured at EUR 85.0 million during the allocation of the purchase price paid by the subsidiary Mediaset España in 2010, in relation to the acquisition of Prisa Group's television operations. The recoverability of the carrying amount of the rights for the utilization of frequencies held by Elettronica Industriale S.p.A. was confirmed in the impairment testing on the Free TV Italy CGU, as reported in Note 7.4 above. The recoverability of the carrying amount of the television broadcasting licence for the Cuatro Spanish Multiplex was confirmed in the impairment testing on the Mediaset España CGU, as also reported in Note 7.4.

The item also includes EUR 129.8 million in rights for the utilization of radio broadcasting frequencies held by Mediaset Group radio broadcasters (Monradio S.r.l., Radio Studio 105, Virgin Radio, Radio Monte Carlo, Radio Subasio and Radio Aut).

Intangible assets in progress and advances refer mainly to advance payments made to suppliers for the acquisition of broadcasting rights, for dubbing services and for options on programme production and to the launch of production. **Additions** for the period included advances paid to broadcasting rights owners and advances paid in relation to the production of long-running TV drama series and additions of EUR 27.3 million to obtain an authorisation to provide nationwide audiovisual services and to be allocated automatic DTT channel numbers LCN 27, LCN 49 and LCN 67 from the company Viacom International Media Networks S.r.l.

7.6 EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES



These equity investments are recognised by using the equity method in the consolidated financial statements, meaning they are initially recognised at cost at the time of acquisition.

The carrying amounts of these equity investments are adjusted after initial recognition, based on the pro-rata changes in the equity of the investee based on the financial information of those companies. The consolidated financial statements include MFE's share of the net profit or loss of the associates and JVs available at the time of preparation of the consolidated financial statements, whereby the result is determined using the accounting policies of MFE.

When there are losses attributable to the Group that are higher than the carrying amount of the equity investment, the carrying amount is impaired and appropriate provisions or liabilities are recognised for the amount of any additional losses, but only if the investor is committed to fulfilling legal or implicit obligations towards the investee or, in any case, to cover its losses. If no further losses are identified and the investee subsequently realises gains, the investor will only recognise the amount of the gains attributable to it after these have offset the losses not recognised.

After measurement using the equity method, the carrying amount of these equity investments, also including any implicit goodwill, if the conditions established by IAS 36 apply, must be tested for impairment.

In the case of impairment losses, the related cost is charged to the income statement. The original value can be restated in the following financial years if the conditions for the impairment loss no longer apply.

The following is a breakdown of equity investments, showing the ownership interest held and the carrying amounts of the equity investments measured by using the equity method for the two years compared. The measurements did not reveal any potential impairment loss. Reference should be made to Note 6.8 Result from equity investments for details on the economic effects for the period from investments accounted by using the equity method. The measurements have been made based on data from the financial statements and reporting packages available as at the approval date of these Consolidated Financial Statements.

	31/12/2021		31/12/2020	
	Stake %	carrying amount	Stake %	carrying amount
Associates				
El Towers S.p.A	40.0%	387.7	40.0%	437.0
Alea Media, S.A.	40.0%	0.3	40.0%	-
Alma Productora Audiovisual S.L.	30.0%	0.5	30.0%	0.3
Auditel S.p.A.	26.7%	0.9	26.7%	0.7
Bulldog Tv Spain S.L.	30.0%	1.4	30.0%	1.5
La Fabrica De La Tele SL	30.0%	3.0	30.0%	2.3
Producciones Mandarina S.L.	30.0%	1.9	30.0%	2.0
Studio 71 Italia S.r.l.	49.0%	0.1	49.0%	0.2
Superguida Tv S.r.l.	49.0%	0.9	49.0%	0.7
Titanus Elios S.p.A.	30.0%	2.5	30.0%	2.5
Unicorn Content S.L.	30.0%	1.9	30.0%	1.3
Altre		0.2		0.3
Total		401.3		448.8
Joint ventures:				
Boing S.p.A.	51.0%	6.4	51.0%	2.2
European Broadcaster Exchange (EBX) Ltd.	25.0%	0.5	25.0%	0.2
Fascino P.G.T. S.r.l.	50.0%	18.3	50.0%	17.8
Mediamond S.p.a.	50.0%	2.2	50.0%	1.4
Tivù S.r.l.	48.2%	7.6	48.2%	2.8
Total		35.0		24.4
Final balance		436.3		473.2

The carrying amounts of all these equity investments correspond to the pro-quota of the investees' net assets, without any amount of implicit goodwill included.

The following table provides key figures from the income statement and balance sheet for associates and joint ventures, as taken from the financial statements and reporting packages available as at the approval date of these Consolidated Financial Statements.

2021	Assets	Total shareholders' equity	Liabilities and Non- controlling interest	Revenues	Net Result
El Towers S.p.A. (*)	2.028,2	969.2	1.057,7	275.4	249.1
Alea Media S.A.	4.4	(0.9)	5.3	23.9	0.3
Alma Productora Audiovisual S.L.	2.5	1.6	0.9	5.2	0.7
Auditel S.r.l.	9.8	3.4	6.4	32.9	0.6
Boing S.p.A.	25.2	12.5	12.7	29.1	0.4
Bulldog Tv Spain S.L.	5.1	4.7	0.4	16.0	1.1
Campanilla Films SL	1.7	-	1.7	5.0	-
European Broadcaster Exchange (EBX) Ltd. (**)	4.6	1.7	2.9	5.9	1.0
Fascino P.G.T S.r.l. (***)	49.0	33.2	15.8	65.6	6.4
Fénix Media Audiovisual,S.L.	0.7	(0.3)	1.0	1.3	-
LaFabrica De La Tele SL	15.7	10.1	5.6	33.0	5.2
Mediamond S.p.A.	130.4	3.4	127.0	2.4	1.8
Pagoeta Media SLU	0.6	-	0.6	-	(0.1)
Titanus Elios S.p.A.(***)	18.4	8.3	10.1	4.6	2.1
Tivù S.r.l.	26.0	15.8	10.2	34.2	14.3
Studio 71 Italia S.r.l.	2.3	0.2	2.1	5.1	(0.3)
Superguida Tv S.r.l.	2.6	1.9	0.7	1.3	0.4
Producciones Mandarina S.L.	6.6	6.3	0.3	2.1	(0.3)
Unicorn Content S.L.	10.6	6.5	4.1	30.5	3.0

(*) consolidated figures

(**) Values expressed in pounds sterling

(***) Values as at 31/12/2020

2020	Assets	Total shareholders' equity	Liabilities and minorities	Revenues	Net Result
Ei Towers S.p.A. (*)	2,595.2	1,093.0	1,502.2	278.3	42.5
Alea Media S.A.	3.6	(1.2)	4.8	6.9	0.2
Alma Productora Audiovisual S.L.	1.8	0.9	0.9	2.9	0.1
Auditel S.r.l.	11.5	2.3	9.2	27.6	0.1
Boing S.p.A.	28.5	4.3	24.2	28.9	(7.8)
Bulldog Tv Spain S.L.	9.4	5.1	4.3	24.4	2.8
Campanilla Films SL	0.6	-	0.6	0.2	-
European Broadcaster Exchange (EBX) Ltd. (**)	2.8	0.7	2.1	3.0	-
Fascino P.G.T S.rl.	49.0	33.2	15.8	65.6	6.4
LaFabrica De La Tele SL	13.0	7.8	5.2	29.2	4.1
Mediamond S.p.A.	122.3	1.4	120.9	181.8	(2.3)
Pagoeta Media SLU	1.1	-	1.1	1.6	-
Titanus Elios S.p.A.	18.4	8.3	10.1	4.6	2.1
Tivù S.r.l.	11.4	5.8	5.6	13.3	3.3
Studio 71 Italia S.r.l.	2.2	0.5	1.7	3.3	(0.4)
Superguida Tv S.r.l.	2.3	1.5	0.8	1.0	0.2
Producciones Mandarina S.L.	6.8	6.6	0.2	0.8	(0.3)
Unicorn Content S.L.	7.1	4.3	2.8	23.2	3.3

(*) consolidated figures

(**) Values expressed in pounds sterling

The recoverability of the goodwill recognized in the consolidated statement of financial position of Ei Towers at 31 December 2021 was verified using the value in use determined by the investee based on the last-approved business plans.

7.7 OTHER FINANCIAL ASSETS



Equity investments other than investments in associates or joint ventures are classified in the “other financial assets” caption in non-current assets, are measured pursuant to IFRS 9 and are designated to the category of financial assets measured at fair value with changes recognised through other comprehensive income without recycling to profit and loss.

The risk resulting from any losses exceeding the shareholders' equity value is recognised in a specific provision to the extent that the investor is committed to fulfilling legal or implicit obligations towards the investee or, in any case, to cover its losses.

Dividends relating to equity investments are recognised in profit and loss.

This category also includes non-controlling interests acquired by the Group within “Ad4Ventures”, a venture capital with the aim of making medium-term non-speculative investments in new Italian businesses with high growth potential, operating in the technology and digital field. The fair value of these investments can be determined based on special valuation models, by taking account of the prices of recent transactions on the capital of those companies or by referring to market valuation in the event of investments in listed companies.

Financial receivables included in this caption are recognised at their amortised cost, using the actual interest rate method..

	Carrying amount at 31/12/2020	Changes in the consolidation area	Additions	Disposals	Fair Value Adjustments/ Impairment	Other changes	Carrying amount at 31/12/2021
Equity investments	672.0	-	117.9	(28.2)	36.3	3.0	800.9
Financial receivable (due over 12 months)	5.9	-	0.4	(0.9)	-	(3.0)	2.4
Other financial assets	8.6	-	-	-	-	-	8.6
Hedging derivatives	63.1	-	-	-	(42.9)	-	20.2
TOTAL	749.7	-	118.3	(29.2)	(6.6)	-	832.2

The year-on-year **additions** in **Equity investments** refer to EUR 115.3 million for the acquisition of a further 3.4% stake by Mediaset España S.A and a 0.36% stake by MFE-MEDIAFOREUROPE in Prosiebensat.1 Media SE and EUR 2.6 million in equity investments as part of the “AD4ventures” business.

Fair value adjustments/impairments reflects the fair value measurement of the equity investments recognised. As envisaged by IFRS 9, the Group has taken up the option to classify the relative fair value changes in a specific equity reserve without recycling to profit or loss in the future. Of this reserve, EUR 20.6 relates to the effects of 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 23.89% stake held by the Group in ProsiebenSat1 Media SE was worth EUR 780.1 million at 31 December.

The **disposal** refer to the sale of shares in Deporvillage that were held as part of the Ad4Venture business and the sale of a 3.9% stake in Prosiebensat.1 Digital Content LP and Prosiebensat.1 Digital Content GP Ltd.

The changes in **Hedging derivatives** mainly relate to the change in the non-current portion of the fair value of the put option hedging changes in the value of the equity investment held in Prosiebensat.1 Media SE. At 31

December 2021, the fair value of those options totalled EUR 12.2 million. This item also includes the non-current portion of the fair value of derivatives held to hedge against exchange rate changes.

7.8 DEFERRED TAX ASSETS AND LIABILITIES



Deferred tax assets and liabilities are calculated based on the temporary differences between the carrying amounts of assets and liabilities and the corresponding tax base, on the basis of the tax rates that will be in force at the time when the temporary differences will reverse. When the results are recognised directly within equity, the current taxes, the deferred taxes assets and the deferred taxes liabilities are also recognised within equity. The Group also recognises deferred tax assets on tax losses if future taxable income is expected which will allow the Group to use these amounts.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for future years.

The impairment and recoverability testing of the deferred tax assets recognised in the financial statements, with particular reference to the tax losses generated in the Italian consolidated tax perimeter, took into consideration the taxable income on the basis of the five-year plans used for impairment testing for the explicit period and, through extrapolation from the latter of the expected taxable income for the subsequent periods.

In the case of any changes in the carrying amount of deferred tax assets and liabilities arising from a change in tax rates or the related legislation, rules or regulations, the resulting deferred taxes are recognised in the income statement, unless they relate to items that have previously been directly recognised within equity. Deferred tax assets and liabilities are offset when it is lawful to offset current tax assets and liabilities, and when they refer to taxes due to the same Tax Authority and the Group intends to settle the current tax assets and liabilities on a net basis.

	2021	2020
Deferred tax assets	407.1	475.1
Deferred tax liabilities	(105.7)	(95.7)
Net position	301.4	379.4

The deferred tax assets and liabilities reported above have been calculated based on temporary differences between the carrying amounts of assets and liabilities and their corresponding taxable base.

Deferred tax assets and liabilities are measured based on the current tax rates applicable at the time the differences will reverse.

Tax assets and liabilities arising from actuarial valuations of defined benefit plans, changes in cash flow hedge reserves and from the effects of consolidation adjustments directly recognised within equity are coherently recognised directly within equity.

The following tables show the breakdown of changes in deferred tax assets and deferred tax liabilities for the last two years.

DEFERRED TAX ASSETS	Balance at 1/1	Amounts recognised to Profit and loss	Amounts recognised to OCI	Business combinations/	Other changes	Balance at 31/12
FY 2020	476.3	(33.3)	19.6	0.9	11.7	475.1
FY 2021	475.1	(48.0)	(20.1)	-		407.1
DEFERRED TAX LIABILITIES	Balance at 1/1	Amounts recognised to Profit and loss	Amounts recognised to OCI	Business combinations	Other changes	Balance at 31/12
FY 2020	(89.8)	3.2	(1.2)	(0.3)	(7.6)	(95.7)
FY 2021	(95.7)	(7.5)	(2.5)			(105.7)

Amounts recognised to Profit and loss, relating to *Deferred tax assets*, reflects the utilisation of EUR 22.2 million as a consequence of the taxable income generated during the year by companies adhering to the Italian tax consolidation agreement, in addition to the accruals and releases carried out during the period for temporary differences.

Amounts recognised to OCI includes the changes in deferred tax assets and liabilities in relation to the valuation reserves for cash flow hedging derivatives, derivatives hedging the fair value of financial assets and reserves for actuarial gains and losses.

Business combinations in 2020 reflected the recognition of deferred tax assets relating to the acquisition of Beintoo.

With regard to deferred tax assets, **Other changes** mainly referred in 2020 to reclassifications of deferred tax assets and liabilities.

The tables below show the breakdown of the temporary differences that gave rise to the deferred tax assets and liabilities for the last two years.

	Temporary differences	Tax effect 31/12/2021	Temporary differences	Tax effect 31/12/2020
Deferred tax assets related to:				
Property, plant and equipment	81.1	15.2	89.9	16.8
Intangible fixed assets	217.0	53.8	248.0	62.6
TV and movie rights	189.0	47.5	252.4	63.2
Provision for expected credit loss	29.1	7.0	25.5	6.1
Provisions	64.7	17.8	64.5	17.3
Post-employment benefit plans	9.8	2.4	40.6	9.7
Inventories	10.0	2.8	10.0	2.8
Hedging derivatives	34.0	8.3	83.7	20.8
Tax losses carried forward	798.2	191.6	890.6	213.7
Other temporary differences	39.0	9.3	33.9	8.1
Consolidation adjustments	184.7	51.5	192.9	53.8
Total	1,656.6	407.1	1,931.9	475.1

Deferred tax assets amount to EUR 407.1 million and include, in addition to the tax effects on the consolidation adjustments, EUR 49.6 million for temporary differences generated within the Mediaset España Group and EUR 357.2 million related to the companies adhering to the Italian tax consolidation perimeter. With regard to the latter component, EUR 190.4 million relates to the totality of IRES tax losses that can be carried forward without any time limit by the tax consolidation (EUR 793.3 million), which decreased compared to the amount at 31 December 2020 (EUR 885.7 million) in line with the recoverability assessment estimates made at the end of the previous year. *Tax losses carried forward* also include the deferred tax assets from the tax losses relating to Beintoo, a company acquired in 2020 and therefore not part of the tax consolidation.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for future years. With particular reference to deferred tax assets associated with the Italian tax consolidation arrangement containing IRES tax losses that can be carried forward without any time limit, the respect of recognition criteria and recoverability for those deferred tax assets at 31 December 2021 was tested by estimating the IRES-taxable income from the Italian tax consolidation arrangement based on the following assumptions:

- ▢ Profit before tax of Italian operations based on the 2022-2026 plans drawn up in the context of the impairment tests and based on the assumptions approved by Mediaset's Board of Directors on 29 March 2021;
- ▢ estimates of mainly tax variations, primarily relating to dividend income from subsidiaries and investees, higher tax amortisation of pay tv broadcasting rights impaired in 2018 and other tax-neutral components of profit or loss;
- ▢ extrapolation of the taxable income beyond the period covered by the business plans used for the impairment test considering hypotheses of growth and profitability in line with the assumptions (long-

term growth rate and cash flows used to determine the terminal value) adopted for impairment test purposes.

Based on this exercise, a recovery period of between eight and nine years was determined.

	Temporary differences	Tax effect 31/12/2021	Temporary differences	Tax effect 31/12/2020
Deferred tax liabilities related to:				
Property, plant and equipment	0.0	0.0	0.2	0.1
Intangible fixed assets	356.6	93.0	325.4	85.4
Provisions for risk and charges	-	-	0.6	0.1
Post-employment benefit plans	31.3	7.5	29.5	7.1
Hedging derivatives	10.4	2.5	-	-
Other temporary differences	11.0	2.7	13.2	3.0
Total	409.4	105.7	368.8	95.7

Intangible assets also include the tax effects of the final allocation of the purchase price paid for the acquisition of the Finelco Group (now Radiomediasset) in 2016; of the final allocation of the purchase price paid in 2018 for the acquisition of the companies Radio Subasio S.r.l. and Radio Aut S.r.l.; and of the acquisition of RMC Italia S.p.A. in 2019.

8. CURRENT ASSETS

8.1 INVENTORIES



The inventories of raw materials, semi-finished and finished products are measured at the acquisition or production cost, including transaction charges (FIFO method), or their estimated net realisable value based on market conditions, whichever is lower. Inventories also include television broadcasting rights acquired for use periods of less than 12 months and the costs of already completed television productions, as these rights are intended to be exploited in full on their first broadcast. These inventories are measured at actual cost of purchase or production

The item at the reporting date breaks down as follows:

	Gross amount	Write-downs	2021 Carrying amount	2020 Carrying amount
Raw and ancillary materials, consumables	0.2	-	0.2	0.1
Work in progress and semi-finished products	1.0		1.0	0.7
Finished goods and products	51.3	(9.9)	41.4	47.0
Total	52.4	(9.9)	42.5	47.9

- ▢ **Raw materials, ancillary materials and consumables** mainly include replacement parts for radio and television equipment.
- ▢ **Work in progress and semi-finished goods** mainly include production sets and television productions in progress.
- ▢ **Finished goods and products** mainly include television productions, mainly attributable to R.T.I. S.p.A. totalling EUR 17.0 million (EUR 17.2 million at 31 December 2020) and to the Mediaset España Group for a total of EUR 4.8 million;

It should be noted that the provision for **write-downs of finished products** includes the amount accrued in 2021 for television productions whose episodes were not broadcasted due to the continuation of the Covid-19 emergency.

8.2 TRADE RECEIVABLES

The item at the reporting date breaks down as follows:



Receivables are posted at their fair value, which — except where customers have been granted significantly extended payment terms — is the same as the value calculated using the amortised cost method. Pursuant to IFRS 9, trade receivables are classified within the categories provided for in the “held to collect” or “hold to collect and sell” business models. Their value at year-end is adjusted to their estimated realisable value and written down in the event of impairment, with expected credit loss measured using a time horizon of 12 months in the absence of any evidence of a significant increase in credit risk. For trade receivables the simplify approach has been applied. Receivables originating in non-EMU currencies are measured at the year-end spot rates issued by the European Central Bank. The recognition of the sale of receivables is subject to the requirements laid down by IFRS 9 regarding the derecognition of financial assets. As a result, all receivables sold to factoring companies, with or without recourse, if the latter include clauses that entail maintaining a significant exposure to the performance of the cash flows from the receivables sold, remain in the financial statements, even if they have been legally sold, with a corresponding recognition of a financial liability for the same amount. Factoring fees are classified under the item “Purchases, services, miscellaneous costs”.

	Balance at 31/12/2021	Due	Balance at 31/12/2020
	Total	Within 1 year	After 1 year
Receivables from customers	716.0	712.7	3.3
Receivables from related parties	79.6	79.6	63.0
Total	795.6	792.3	3.3
			826.4

The item includes EUR 20.2 million from Sky Italia S.r.l. and EUR 6.1 million from Telecom Italia S.p.A. for the licence to use free-to-air channels, and EUR 4.1 million from Netflix Inc and EUR 3.1 million from Amazon Digital UK Limited for the SVOD rights licence.

The breakdown of receivables from related parties is reported in Note 17 below (*Related-Party Transactions*).

Credit risk

The credit risk mainly originates from the advertising sales on the MFE 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 specifications of credit positions, an impairment loss 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 impairment losses are recognised 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 expected credit losses divided into the above classes.

RISK CLASSES AT 31 DECEMBER 2021	Gross receivables	Past due (days)				Total past due	Provision for expected credit losses	Net Receivables
		0- 30	30- 60	60- 90	More than 90			
ITALIAN ADVERTISING RECEIVABLES:								
Low	351.1	16.4	3.2	0.7	5.2	25.5	1.3	349.8
Medium	23.9	3.3	0.6	0.1	0.0	4.1	0.3	23.6
High	27.0	0.9	0.5	0.3	10.6	12.3	10.4	16.6
FOREIGN ADVERTISING RECEIVABLES:								
Low	200.0	9.9	(0.0)	(0.4)	0.3	9.7	3.1	197.0
Medium	25.4	0.6	-	0.0	0.2	0.8	0.2	25.2
High	17.7	1.6	0.1	0.0	2.6	4.3	2.6	15.0
OTHER RECEIVABLES:								
TELCO operators	43.8	0.9	0.1	0.0	2.0	3.0	1.5	42.3
Movie distribution area	15.2	9.6	0.3	0.7	4.5	15.0	6.7	8.5
Other customers	44.9	0.6	0.7	0.1	10.3	11.6	6.9	38.0
RECEIVABLES FROM RELATED PARTIES:								
Low	79.8	0.1	-	-	0.0	0.1	0.2	79.6

TOTAL TRADE RECEIVABLES	828.9	43.9	5.3	1.4	35.7	86.3	33.3	795.6

RISK CLASSES AT 31 DECEMBER 2020	Gross receivables	Past due (days)				Total past due	Provision for expected credit losses	Net Receivables
		0-30	30-60	60-90	More than 90			
ITALIAN ADVERTISING RECEIVABLES:								
Low	350.8	13.7	3.1	1.2	6.2	24.4	1.3	349.4
Medium	27.6	3.6	0.5	0.1	1.3	5.5	1.2	26.4
High	20.0	1.2	0.9	0.6	7.0	9.8	9.4	10.6
FOREIGN ADVERTISING RECEIVABLES:								
Low	231.0	35.9	5.1	1.1	0.1	42.3	2.7	228.3
Medium	23.9	2.4	0.3	0.0	0.4	3.0	-	23.9
High	5.8	0.1	0.1	0.0	5.2	5.5	5.0	0.8
OTHER RECEIVABLES:								
TELCO operators	58.3	0.1	0.1	0.4	2.7	3.2	1.5	56.8
Movie distribution area	28.3	15.2	0.2	0.7	9.9	26.0	7.0	21.3
Other customers	53.1	1.9	0.7	0.5	10.8	13.8	7.2	46.0
RECEIVABLES FROM RELATED PARTIES:								
Low	63.4	0.0	-	-	0.1	0.1	0.4	63.0
TOTAL TRADE RECEIVABLES	862.2	74.2	11.1	4.6	43.7	133.6	35.9	826.4

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

Regarding the main type of trade receivables generated by the advertising business in Italy, in terms of concentration, 18,8% of revenues were made with the top 10 customers.

The changes in the provision for expected credit losses are shown below.

	Balance at 1/1	Accruals	Utilizations/Reversals	Business Combination/Change in the consolidation area	Balance at 31/12
FY 2021	35.8	2.9	(5.4)	-	33.3
FY 2020	40.9	5.6	(11.1)	0.3	35.8

In addition, below is a table showing a detailed analysis of other financial assets, whose maximum credit risk exposure corresponds to the carrying amount.

	31/12/2021	31/12/20
Financial receivables	20.4	34.0
Other hedging derivatives	16.7	3.0
Trade receivables	795.6	826.4
Factoring receivables	135.1	99.6
Bank and postal deposits	315.5	447.8
Total financial assets	1,283.3	1,410.7

8.3 TAX CREDITS, OTHER RECEIVABLES AND CURRENT ASSETS

8.3.1 Tax receivables

This item, amounting to EUR 43.5 million (EUR 44.9 million at 31 December 2020) includes EUR 17.4 million relating to the net position towards the tax authorities to the Group's Italian companies adhering to the Italian tax consolidation agreement (EUR 32.0 million at 31 December 2020).

In addition, this item included EUR 7.2 million (EUR 8.3 million at 31 December 2020) representing the net IRAP tax position for Group companies with respect to advances paid, and EUR 18.6 million (EUR 4.3 million at 31 December 2020) for the tax credits of the subsidiary Mediaset España S.A..

8.3.2 Other receivables and current assets

	31/12/2021	31/12/2020
Other receivables	174.2	163.7
Prepayments and accrued income	55.0	52.9
Total	229.2	216.6

Other receivables mainly include:

- ▢ **advances** totalling EUR 16.8 million to suppliers, contractors and agents, paid to advertising professionals and suppliers, and to suppliers, artists and professionals involved in television productions (EUR 12.8 million at 31 December 2020).
- ▢ EUR 19.1 million **receivable from tax authorities** (EUR 46.1 million at 31 December 2020):
- ▢ **Receivables** totalling EUR 134.4 million due from **factoring companies** for the transfer of trade receivables without recourse, for which settlement by the factor, not occurred at the reporting date, had been collected in the first part of 2022 based on contractual terms. During the year, a total of EUR 1,007.3 million (EUR 920.2 million at 31 December 2020) of receivables were sold without recourse to factoring companies.

Prepayments and accrued income, of which EUR 6.2 million from the Mediaset España Group, mainly refers (EUR 22.2 million) to the already-incurred costs pertaining to the next financial year for the rights to broadcast **Coppa Italia matches in the 2021/22 season** as paid to Lega Nazionale Professionisti Serie A, and some matches from the **2021/22 UEFA Champions League** (EUR 14.7 million) and the **2022 UEFA Nations League** (EUR 1.9 million) as paid to the Union of European Football Associations.

8.4 CURRENT FINANCIAL ASSETS



Financial assets are recognised in the financial statements based on their transaction date and they are initially measured at cost, including the expenses directly connected with their acquisition.

At subsequent reporting dates, the financial assets (except for derivative financial instruments) are recognised at amortised cost, according to the actual interest rate method, net of impairment losses.

Financial assets not classed with the categories provided for in the “hold to collect” or “hold to collect and sell” business models are measured at fair value in each accounting period with their impacts recognised in profit and loss under the item “Financial (Expenses)/Income” or to a specific shareholders’ equity reserve and until they are realised or have suffered an impairment (this reserve is classified under “Valuation reserve”).

The fair value of securities listed on an active market is based on market prices at the reporting date.

The fair value of securities that are not listed on an active market and of trading derivatives is calculated by using the measurement models and techniques most widely adopted in the market, or by using the price supplied by several independent counterparts.

	31/12/2021	31/12/2020
Financial receivables (due within 12 months)	9.3	19.4
Financial assets for other hedging derivatives	8.2	1.3
Financial assets for equity hedging derivatives	0.4	48.1
Financial assets for derivatives with no hedging purpose	0.5	-
Total	18.4	68.8

Financial receivables (due within 12 months) mainly include EUR 2.6 million (EUR 5.2 million at 31 December 2020) for government grants for movie productions made by Medusa Film S.p.A. and Taodue, which had been approved but not paid at the reporting date; EUR 2.7 million (EUR 9.8 million at 31 December 2020) for cash pooling accounts managed by MFE-MEDIAFOREUROPE N.V. on behalf of associates and joint ventures; as well as EUR 2.5 million in receivables due from the company Alea Media and EUR 0.9 million due from Fenix Media Audiovisual S.L.

Financial assets for other hedging derivatives consisted exclusively of the current portion of the fair value of foreign exchange derivatives both for the hedging of future commitments to purchase broadcasting rights and for items recognised in the financial statements, in particular receivables and payables denominated in foreign currencies.

Financial assets for equity hedging derivatives relates to the current portion of the fair value of the put options agreed for the hedging of fair value changes in the equity investment held in ProSiebensat.1 Media SE. In the previous year, this item contained the fair value of a call option entered into under a reverse collar agreement in order to set a maximum price for the future acquisition of a further 4.1% stake in the share capital of ProSiebenSat.1 Media. This financial instrument has been early unwinded in January 2021, considering the conditions for which was stipulated were not present anymore.

8.5 CASH AND CASH EQUIVALENTS



This item includes petty cash, bank current accounts and deposits that are repayable on demand and other short-term and highly liquid financial investments that are readily convertible into cash, with an insignificant risk of a change in value.

Below is a breakdown of the item:

	31/12/2021	31/12/2020
Current accounts and demand deposits	315.5	447.8
Cash in hand	0.1	0.1
Total	315.6	447.9

Of the total amount, EUR 289.0 million referred to Mediaset España Group. A more detailed breakdown of changes in cash and cash equivalents is reported in the *consolidated statement* of cash flow.

NOTES ON MAIN SHAREHOLDERS' EQUITY AND LIABILITIES ITEMS

9. SHARE CAPITAL AND RESERVES

Due to the relocation in 2021 of the Parent Company to the Netherlands and the consequent conversion in a Dutch N.V., certain items presented in the Group Shareholders' Equity to comply with Italian law requirements (i.e. Legal Reserve) at December 31, 2020 have been reclassified, merged or renamed in order to align to the Dutch Civil Law requirements as per the transformation date of 20 September 2021. These reclassifications are shown in the Consolidated Statement of Changes in Shareholders' Equity and in the table below. For presentation purposes, the captions included in the Group Shareholders' Equity at December 31, 2020 within the Statement of Financial Position at December 31, 2021, have been adjusted to reflect the effects of such reclassifications also for the comparative figures.

Old description	Share capital	Share premium	Legal and other reserves (under Italian Law)	Treasury shares	Revaluation Reserves	Retained earnings	Net profit for the year	Total equity attributable to equity shareholders of the parent company	Total equity attributable to non controlling interest	TOTAL SHAREHOLDERS' EQUITY
New description	Share capital	Share premium		Treasury shares		Retained earnings and other reserves	Net profit for the year	Total equity attributable to equity shareholders of the parent company	Total equity attributable to non controlling interest	TOTAL SHAREHOLDERS' EQUITY
Stated figures	614.2	275.2	545.7	(389.7)	(35.2)	1,518.7	139.3	2,668.3	497.3	3,165.6
Reclassification	-	-	(545.7)		25.1	520.6				
Enhanced stated figures	614.2	275.2	-	(389.7)	(10.1)	2,039.3	139.3	2,668.3	497.3	3,165.6

The notes below are based on the composition of reserves after the above mentioned reclassification due to relocation.

9.1 SHARE CAPITAL

As at 31 December 2021, following the resolution of the Shareholders' Meeting of 25 November 2021 to amend the Bylaws of MFE-MEDIAFOREUROPE N.V., as described in note 4 **"Key Information relating to the Scope of Consolidation"**, the share capital is EUR 777.2 million, divided into 2,322,056,213 shares, of which 1,140,828,649 Ordinary A-Class Shares and 1,181,227,564 Ordinary B-Class Shares. The change on the previous year is due to the capital increase necessary to introduce the new share structure described above.

Ordinary Class-A Shares have a nominal value of EUR 0.06 per share and each confer one voting right, whereas Ordinary Class-B Shares each have a nominal value of EUR 0.60 per share and each confer ten voting rights. Ordinary A-Class and B-Class Shares grant their holders the same property rights, the same economic treatment and - except for voting - equal administrative rights.

9.2 SHARE PREMIUM RESERVE

At 31 December 2021, the **Share premium reserve** amounted to EUR 275.2 million. No changes occurred during the year.

9.3 TREASURY SHARES



Treasury shares are recognised at cost and recorded as a reduction of shareholders' equity.

Treasury shares includes the B-Class Shares of MFE-MEDIAFOREUROPE N.V. that were purchased pursuant to resolutions of ordinary shareholders' meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006 and 19 April 2007.

	FY 2021		FY 2020	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Balance at 1/1	42,034,775	389.7	43,283,164	401.3
Additions	3,881			
Disposals	(1,639,741)	(15.2)	(1,248,389)	(11.6)
Final balance	40,398,915	374.5	42,034,775	389.7

The year-on-year **decreases** relate to the loss of 1,634,155 treasury shares mainly relates to their assignment to employees following the allotment of rights under the medium-long term incentive plan issued by Mediaset S.p.A. in 2018, and for 5,586 treasury shares due to their assignment to former minority shareholders of Videotime S.p.A. following the 2018 merger transaction.

9.4 REVALUATION RESERVES



The **Valuation reserve for financial assets for cash flow hedging purposes** 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. This valuation is entered with changes recognised in other comprehensive income, within the items that may be subsequently reclassified to profit and loss.

The **FVTOCI (fair value through other comprehensive income) equity investments reserve** consists of the fair value measurement of equity investments included in the caption Other financial assets in non-current assets and classified 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 **Option time value reserve and Options intrinsic value reserve** were created to include changes in fair value for instruments hedging the fair value of equity investments; they provide - in line with the rules for the hedged item - that changes in other comprehensive income statement should be recognised without recycling to the profit and loss.

	31/12/2021	31/12/2020
Cash flow hedge reserve	7.7	(3.2)
FVTOCI equity investments reserve	25.8	(0.5)
Options time value reserve	(64.7)	(32.3)
Options intrinsic value reserve	(2.5)	25.9
Total	(33.7)	(10.1)

The table below shows the changes in these reserves over the year for equity attributable to shareholders of the parent company .

	Cash flow hedge reserve	FVTOCI equity investments reserve	Options time value reserve	Options intrinsic value reserve	Total Valuation reserve
Balance at 31/12/2020	(3.2)	(0.5)	(32.3)	25.9	(10.1)
Increase/(decrease)	2.6	-	-	-	2.6
Reclassification to profit or loss	(0.0)	-	(0.4)	(20.1)	(20.4)
Opening balance adjustment of the hedged item	0.1	-	-	-	0.1
Fair value adjustments	18.2	19.2	(42.0)	(10.3)	(14.9)
Deferred tax effects	(5.0)	-	(9.5)	-	(14.6)
Other changes	(5.0)	7.1	19.5	2.0	23.6
Balance at 31/12/2021	7.7	25.8	(64.7)	(2.5)	(33.7)

The item **Other changes** relating to FVTOCI equity investments reserve refers to the conversion into capital of receivables held in companies falling within the scope of the AD4Venture business.

The **Other changes** relating to the Options time value reserve and Options intrinsic value reserve refers to the reclassification to Retained Earnings following the unwinding of some tranches of the financial instruments hedging the financial investment in ProsiebenSat1 made during the year.

The changes in the reserves described above are reported in the Statement of Comprehensive Income gross of tax effects.

9.5 RETAINED EARNINGS AND OTHER RESERVES



The **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

The **Consolidation reserve** refers to the effects of the business combination under common control of Medusa S.p.A. acquired in 2007.

The **Reserve for transaction with non-controlling interest** refers to the differences between the considerations paid or received for the purchase or sale of minority shares held in subsidiaries with respect to the corresponding portion of their accounting net equity.

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 the parent company

The **Reserve for actuarial gains/(losses)** consists of components arising from the actuarial valuation of defined benefit plans, recognised directly through shareholders' equity. This valuation is entered with changes recognised in the other comprehensive income statement without recycling to profit and loss.

	31/12/2021	31/12/2020
Reserve from equity investments accounted for using the equity method	(6.9)	(7.9)
Consolidation reserve	(79.0)	(79.0)
Reserves for transaction with non-controlling interest	204.6	205.8
Stock option and incentive plans reserve	6.5	7.3
Reserve for actuarial gains/(losses)	(31.9)	(32.4)
Retained earnings	1,550.2	1,945.5
Total	1,643.5	2,039.3

Change in retained earnings and other reserves	31/12/2020	Increase/decrease	Deferred tax asset	Other changes	31/12/2021
Reserve from equity investments accounted for using the equity method	(7.9)	1.0			(6.9)
Consolidation reserve	(79.0)				(79.0)
Reserves for transaction with non-controlling interest	205.8	(1.2)			204.6
Stock option and incentive plans reserve	7.3	3.4		(4.2)	6.5
Reserve for actuarial gains/(losses)	(32.4)	0.7	(0.2)		(31.9)
Retained earnings	1,945.5	(371.8)		(23.5)	1,550.2
Retained earnings and other reserves	2,039.3	(367.9)	(0.2)	(27.7)	1,643.5

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.

The year-on-year change in the **Stock option and incentive plans** was driven by year-on-year **increase** of EUR 3.4 million for costs accrued under incentive plans issued by the Group in 2019 and 2021, and **Other changes** relating to the reclassification of the reserve following the assignment of treasury shares under the 2018 incentive plan following the allotment of assignment rights.

The change in **Retained earnings** mainly refers to the allocation of the previous year's profits of EUR 139.3 million, the distribution of EUR 341.8 million in dividends and to the reclassification of *Share capital* following the amendment to the Bylaws of MFE-MEDIAFOREUROPE N.V., which led to the introduction of a new shareholding structure divided into Ordinary A-Class Shares and Ordinary B-Class Shares, with par values of EUR 0.60 and EUR 0.06 per share respectively, as described in the section entitled "**Key Information relating to the Scope of Consolidation**".

10. NON-CURRENT LIABILITIES

10.1 POST-EMPLOYMENT BENEFITS PLANS



Employee benefits

Post-employment benefit plans

The Employee Leaving Indemnity (ELI), which is obligatory for Italian companies pursuant to article 2120 of the Italian Civil Code, is a type of deferred remuneration and is related to the length of the working lives of the employees and the remuneration received.

As a result of the Supplementary Pension Reform, amounts of ELI accrued up to 31 December 2006 will continue to remain within the company as a defined benefit plan (with the obligation of actuarial valuation of the accrued benefits). Amounts accruing from 1 January 2007 (except for employees in companies with less than 50 employees), according to the choice made by the employees, are either allocated to supplementary pension funds or transferred by the Company to the treasury fund managed by the Italian National Social Security Institute (INPS) and, from the time when the employees make their choice, shall constitute defined contribution plans no longer subject to actuarial valuation.

Employee benefits, which by Italian law are classified as leaving entitlements (TFR), are considered by IAS 19 to be post-employment benefits and must be recognised in the financial statements using actuarial valuations.

For the benefits subject to actuarial valuation, the ELI liability must be calculated by projecting forward the already accrued amount up to the future date of dissolution of the employment relationship and then discounting the amount to its present value, at the reporting date, using the actuarial "Projected Unit Credit Method". The discount rate used to determine the liability is the "Composite" interest rate curve for securities issued by corporate issuers with an AA rating.

From an accounting perspective, the actuarial valuation results in recognition in profit and loss under the item "Financial Expenses/Income", which represents the theoretical charge that the Company would incur if it requested a market loan for the amount of the ELI, and a current service cost under the item "Personnel expenses", which establishes the amount of the benefits accrued by the employees during the financial year, but only for companies of the Group with less than 50 employees that, consequently, have not transferred the amounts accrued from 1 January 2007 to supplementary pension schemes. The actuarial gains and losses that reflect the impacts from changes in the actuarial assumptions used are recognised directly in shareholders' equity without ever going through profit and loss and they are shown in the comprehensive income statement.

The valuation of the Group's obligations to its employees was carried out with the support of an independent actuarial:

- ▢ Projected estimate of the cost of employee leaving entitlements already accrued at the valuation date up to the moment at which employment contracts will terminate or the accrued amounts are paid in part as advances on entitlements.
- ▢ Discounting, at the valuation date, of the expected cash flows the Group will have pay to its employees in the future.
- ▢ Re-proportioning of the accrued benefits discounted based on length of service at the valuation date compared to the length of service expected at the hypothetical date of payment by the Group.

The valuation of employee leaving entitlements in accordance with IAS 19 was conducted specifically for the specific population of current employees, i.e. detailed calculations were made for each Group employee, without taking into account any future hires.

The actuarial valuation model is based on "technical bases" consisting of demographic, economic and financial assumptions relating to the valuation parameters.

The assumptions used are summarised below:

Demographic assumptions

Death probability

ISTAT life expectancy table broken down by age and sex, 2017-2019

Probability of leaving the Group

Retirement, resignation, termination and contract expiration percentages were taken from the observation of the company's historical data. The employee attrition probabilities used were broken down by age, sex and contractual job title (office workers, managers and executives/journalists). For staff on temporary contracts, the development time horizon was taken to the expiration date set in the contract, and it was assumed that there were no departures before the expiration date. The actuarial valuations took account of start dates for pension benefits specified by Decree Law 201 of 6 December 2011 "Urgent Provisions for the Growth, Fairness and Consolidation of the State Budget," (converted with amendments by Law 214 of 22 December 2011) and the regulations governing adjustment of requirements to access the pension system for increases in life

TFR advance

Frequencies of advances and average percentage of TFR requested in advance have been taken from the observation of historical data for each company of the Group

Supplementary retirement schemes

Those who fully transfer their TFR to supplementary pensions release the company from TFR obligations, and thus, are not the subject of valuation. For other employees, valuations were made taking into account the decisions actually made by employees, current as at 31 December 2021.

Economic-financial assumptions**Inflation rate**

The inflation scenario was taken from the most recent "Economy and Finance Document and Notes", using an inflation rate equal to 1.5% as the average scheduled inflation scenario.

Discount rates

Pursuant to IAS 19, the discount rate used was determined in relation to market returns on prime corporate bonds on the valuation date. In this regard, the "Composite" interest rate curve was used for securities issued by corporate issues with an AA rating in the "Investment Grade" category in the eurozone as of 31 December 2021 (source: Bloomberg).

The change in the post-employment benefits plans is as follows:

	2021	2020
Balance at 1/1	66.7	69.2
Service Cost	0.4	0.4
Actuarial (gains)/losses	(0.7)	1.9
Interest Cost	(0.3)	(0.2)
Indemnities paid	(7.0)	(4.8)
Balance at 31/12	59.2	66.7

The table below shows a sensitivity analysis on the amount of the liabilities following the change in the main demographic and economic and financial assumptions relating to the parameters involved in the calculation.

Sensitivity analysis

Economic and financial assumptions

	DBO	Service cost
+50 b.p.	57.4	0.4
-50 b.p.	61.1	0.4
+50 b.p.	60.3	0.4
-50 b.p.	58.0	0.4

Demographic/Actuarial assumptions

	DBO	Service cost
+50 b.p.	59.2	0.4
-50 b.p.	59.1	0.4
+50%	58.4	0.4
-50%	60.4	0.4
+50%	59.1	0.4
-50%	59.2	0.4

10.2 FINANCIAL LIABILITIES AND PAYABLES



Financial payables and liabilities are recognised at amortised cost, using the actual interest rate method. Financial liabilities related to IFRS 16 debt are recognised pursuant to international accounting standard IFRS 16 - 'Leases'.

	31/12/2021	31/12/2020
Due to banks (non current portion)	683.3	929.8
Payables to other lenders	0.1	0.1
IFRS 16 lease financial liabilities	81.6	91.6
Financial liabilities for other hedging derivatives (non current portion)	0.1	2.5
Financial liabilities for hedging derivatives on equity instruments	54.4	118.4
Other financial liabilities	12.1	14.5
Total	831.7	1,156.9

Due to banks (non current portion) refers to the portion of committed credit facilities maturing beyond 12 months and attributable to MFE-MEDIAFOREUROPE N.V. and Mediaset España S.A. These payables are recognised in the financial statements using the amortised cost method.

A breakdown of the **change** of EUR 246.5 million for the year is provided below:

- EUR 200 million nominal reclassified under Financial payables as the current portion of two credit facilities maturing in 2022;
- early repayment of a total of EUR 50 million under a credit facility maturing in December 2022;
- opening of a new EUR 100 million nominal credit facility with BPM (maturing in February 2026), with EUR 80.1 million recognised in financial liabilities and payables as the portion not due within 12 months;
- opening of a new EUR 75 million nominal credit facility with Mediobanca S.p.A. (maturing in June 2024), with EUR 74.3 million recognised in financial liabilities and payables as the portion not due within 12 months;
- drawdown of a EUR 100 million nominal credit facility with Intesa San Paolo (maturing in March 2025) entered into in 2020, with EUR 99.8 million recognised in financial liabilities and payables as the portion not due within 12 months;
- early repayment of EUR 74 million nominal under the loan taken out by MFE-MEDIAFOREUROPE N.V. with Credit Suisse;
- early repayment of EUR 178.1 million nominal under the loan taken out by Mediaset España S.A. with Credit Suisse;

Some loans are subject to financial covenants on a consolidated basis as shown in the table below. As agreed with the counterparties the calculating of the indices stipulated in the covenants, Net Financial Debt would be determined on the basis of the IAS/IFRS Accounting Standards in force on 31 December 2018 (excluding

liabilities to be recognised pursuant to IFRS 16) and excluding the payables relating to the loans contracted by the Group with Credit Suisse for the acquisition of the equity interest in ProsiebenSat1.

The method used to calculate the covenants also applies to contracts signed during 2021.

financing counterpart	covenant	checking period
Unicredit	Net Financial Position/EBITDA less than 2	6 months
	Net Financial Position/Equity less than 2	
Mediobanca	Net Financial Position/EBITDA less than 2	6 months
	EBITDA/Net Financial Charges equal or more than 10	
Intesa - S.Paolo 2019	Net Financial Position/EBITDA less than 2	6 months
BBVA 2019	Net Financial Position/EBITDA less than 2	6 months
	Net Financial Position/Equity less than 2	
BNL 2019	Net Financial Position/EBITDA less than 2	6 months
	Net Financial Position/Equity less than 2	
BPM 2019	Net Financial Position/EBITDA less than 2	6 months
Intesa - S.Paolo 2020	Net Financial Position/EBITDA less than 2	6 months
Unicredit 2020	Net Financial Position/EBITDA less than 2	6 months
	Net Financial Position/Equity less than 2	
BNL 2020	Net Financial Position/EBITDA less than 2	6 months
	Net Financial Position/Equity less than 2	
BPER 2020	Net Financial Position/EBITDA less than 2	6 months
	Net Financial Position/Equity less than 2	
BNL 2021	Net Financial Position/EBITDA less than 2	6 months
	Net Financial Position/Equity less than 2	
BPM 2021	Net Financial Position/EBITDA less than 2	6 months
Mediobanca 2021	Net Financial Position/EBITDA less than 2	6 months
	EBITDA/Net Financial Charges equal or more than 10	

Please note that the figures shown in the table above are those defined by contract with each counterparty and, therefore, may not be fully aligned with the main alternative performance measures identified by the Group in the Directors' Report on Operations.

If any financial covenants are breached, both for the loans and credit facilities, MFE-MEDIAFOREUROPE N.V. could be called upon to repay all amounts drawn. These parameters were met at the reporting date of these financial statements. Based on the current forecasts and also taking into account the current high levels of uncertainty and instability due to the unexpected international geo-political crisis triggered by Russia's invasion of Ukraine in late February, it is anticipated that these parameters will also be complied with at the next testing date.

At 31 December 2021, approximately 67.4% of all approved credit facilities were committed facilities (73.2% at 31 December 2020).

At 31 December 2021 MFE had in addition to the financial liabilities related to the investment in ProsiebenSat1, EUR 1,325 million in total committed credit facilities lines, of which EUR 500 million unutilised and readily available, and Mediaset España had EUR 165 million in unutilised and readily available committed credit facilities. As at the approval date of these Consolidated Financial Statements, the committed credit lines available to MFE are equal to EUR 1,425 million, including EUR 269 million falling due within the next 12 months, which is in the process of being renewed for EUR 100 million within the first half of 2022; the credit lines of Mediaset España falling due within 12 months are unchanged compared to 31 December 2021. It should be noted that on 30 March a club deal credit line of 300 million euros was stipulated with UNICREDIT, INTESA SANPAOLO, BNP PARIBAS, BANCO BPM and CAIXA BANK to finance the cash amount of the purchase and exchange offer on Mediaset España Comunicación shares.

The following table shows the effective interest rates and financial charges expensed in profit or loss for loans recognised using the amortised cost method and the fair value calculated on the basis of year-end markets rates.

	IRR	Financial charges	Fair Value
UniCredit 18/7/2017	0.78%	0.8	100.6
Intesa - S.Paolo 30/03/2020	0.49%	0.8	153.0
BNL 26/04/2020	0.27%	0.3	100.6
BPER 28/04/2020	0.18%	0.1	100.5
UniCredit 15/5/2020	0.17%	0.2	100.1
Credit Suisse 29/5/2019	0.30%	0.4	56.7
BPM 19/01/2021	0.67%	0.8	101.4
MEDIOBANCA 19/01/2021	0.84%	0.3	76.9

IFRS 16 leases liabilities refers to the non-current portion of payables for leasing recognised in accordance with IFRS 16.

Financial liabilities on other hedging derivatives refer primarily to the EUR 0.1 million non-current portion of the fair value of derivatives hedging interest rate risk.

Financial liabilities for hedging derivatives on equity instruments relates to the call option granted to the financial counterparty as part of the collar contract hedging the fair value changes in the equity investment held in ProsiebenSat.1 Media SE.

Other **liabilities** refers to the non-current portion of payables relating to the options to purchase non-controlling interests in subsidiaries.

10.3 PROVISIONS AND CONTINGENT LIABILITIES



Provisions for risks and charges are costs and charges whose existence is either certain or probable, whose amount or date of occurrence cannot be determined as at the reporting date. These provisions have been made only when there is a current obligation, resulting from past events, that can be of a legal or contractual nature, or arising from declarations or behaviour by the Company that create valid expectations in the persons concerned (implicit obligations). Provisions represent our best estimate of the amount that the enterprise would have to pay in order to settle the obligation; When they are significant, and the payment dates can be reliably estimated, the provisions are recognised at present values with the charges resulting from the passage of time posted to the income statement under the item "Financial (Expenses)/Income".

The following is a breakdown of the provisions and their changes compared to prior year:

	31/12/2021	31/12/2020
Balance at 1/1	114.0	128.4
Accruals	68.6	49.3
Utilizations/Reversals	(63.7)	(63.6)
Financial expenses	0.1	0.2
Change in the consolidation area	-	(0.2)
Balance at 31/12	119.0	114.0
Of which:		
Within 12 months	72.3	72.7
After 12 months	46.7	41.3
Total	119.0	114.0

Risk provisions at 31 December 2021 mainly refer to legal proceedings totalling EUR 32.6 million (EUR 33.1 million at 31 December 2020), staff disputes and business restructuring plan totalling EUR 25.7 million (EUR 3.2 million at 31 December 2020) and contractual risks totalling EUR 54.5 million (EUR 65.1 million at 31 December 2020), of which risks relative to the under-utilisation of artistic resources compared to contractual agreements totalling EUR 11.2 million (EUR 17.5 million at 31 December 2020).

Fininvest-Mediaset (now MFE)-Vivendi deal

On 3 May 2021, Fininvest, Mediaset and Vivendi reached a universal deal putting an end to their dispute, in which each of them withdrew all pending actions and complaints (as reported in detail in the Annual Report for the year ending 31 December 2020).

As part of this deal, Vivendi undertook to contribute to Mediaset's international development by voting to abolish the enhanced voting mechanism and to transfer Mediaset's registered office to the Netherlands. Mediaset and Vivendi also entered into good neighbour agreements in free-to-air and standstill television for a duration of five years. As part of this deal, Vivendi has also paid the Mediaset Group the compensation stipulated in the ruling that brought an end to proceedings no. 47205/2016 (EUR 1.7 million).

On 22 July 2021, Fininvest, Mediaset and Vivendi closed the universal agreement reached on 3 May 2021. In particular, Fininvest acquired from Vivendi a direct 5.0% shareholding in Mediaset for a price of EUR 2.70 per share (on account of the ex-dividend date and the payout date on 19 July and 21 July 2021, respectively), while Dailymotion, a subsidiary of Vivendi, paid EUR 26.3 million to settle its copyright litigation proceedings with RTI and Medusa, MFE Group companies.

Under wider agreements, Vivendi also committed to Fininvest that the entire 19.19% stake in Mediaset held by Simon Fiduciaria would gradually be sold on the market over a five-year period. Fininvest will have the right to buy any unsold shares in each 12-month period, at the price established annually.

Below is an update at 31 December 2021 of the main lawsuits pending and contingent liabilities associated with them, which were also reported in the financial statements of previous years and the interim statements for the year.

With reference to the notices of assessment served in 2004 and 2005 on Videotime S.p.A., now merged into Mediaset Italia S.p.A., the Supreme Court of Cassation ruled in the matter of value added tax, rejecting the grounds for the appeal concerning the non-VAT deductibility of purchases of gold tokens given as part of game show initiatives. This event had a EUR 0.3 million impact on the income statement for the year, with the sums in question having been accrued in previous years.

Regarding Mediaset España, an update of the main lawsuits pending and contingent liabilities associated with those reported in the financial statements at 31 December 2020 is provided below.

With reference to 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) for an alleged breach of Section 1 of the Spanish Competition Act and Article 101 of the Treaty on the Functioning of the European Union (TFEU), on 13 January 2020 (as reported in the Consolidated Financial Statements 2020) Mediaset España had filed an administrative appeal against the Decision, calling for its effects to be immediately suspended as an interim measure, both in terms of the order to discontinue the conduct penalised and the payment of the fine handed down. By ordinance of 4 September 2020, the Audiencia Nacional froze the order to pay the fine, but did not freeze the order to stop the conduct sanctioned. As a result, the ordinance was appealed by Mediaset España and subsequently rejected by ordinance of 17 November 2020. This was then challenged in the Court of Cassation. On 19 May 2021, the Supreme Court dismissed the appeal. The administrative dispute has continued to be processed and is pending a final resolution. The serious defects of the Decision, together with the sound factual, legal and economic arguments expounded (as also supported by the reports of independent experts), should lead the requested interim measures to be granted. In any case, they allow us to trust that the decision appealed will be annulled in the courts. As a consequence, the Consolidated Statement of Financial Position does not include any provision for this contingency, as the Directors and their advisers consider it not probable that this liability will ultimately materialise.

With reference to the proceedings related to the use of format "Pasapalabra", in its judgment dated 4 March 2019 (the "Judgment"), the Spanish Court of EU Trade Marks materially admitted the cumulative claims alleged by ITV Global Entertainment Limited ("ITV") against Mediaset España Comunicación, S.A. ("Mediaset") in 2014 and 2016 and threw out the counterclaim filed by Mediaset against ITV regarding the last of the claims.

In its claims, ITV demanded to be recognised as the owner of the European Union Trade Mark ("EUTM") "Pasapalabra", for Mediaset España to stop using the trade mark and for compensation to be paid for its alleged undue use.

Mediaset España, on the other hand, demanded for the claims of ITV to be thrown out and for its counterclaim to be admitted, with the aim of cancelling ITV's registration of the EUTM, and demanded for Mediaset España to be recognised as the owner of the EUTM given its contribution in getting the trade mark known throughout the past 14 years.

The Court ruled that ITV was the owner of the EUTM, despite acknowledging in its Judgment that it derived directly from the previous "Passaparola" trade mark, which was created by R.T.I. (Mediaset Italia)/Einstein Multimedia without any role played by ITV, with this circumstance alone suggesting that the registration of the EUTM by ITV was purely an act of bad faith.

By acknowledging ITV as the owner of the EUTM, the judgment sentenced Mediaset España to pay compensation of EUR 8.7 million for its supposed misuse of the EUTM since 2009.

As regards the litigation involving Mediaset España and ITV concerning ownership of the “Pasapalabra” trade mark, the ruling awarding ownership to ITV was appealed within the established deadline and was decided by the Provincial Court of Alicante in its judgment dated 16 January 2020. Although Mediaset’s claim to the ownership of the “Pasapalabra” trade mark was thrown out, the appeal judgement considered that, as the format’s title and trade mark had the same name (Pasapalabra), ITV cannot have its compensation doubled by adding together the compensation resulting from the above-mentioned proceedings 1181/2010 brought before the Court of Madrid with the proceedings brought before the Alicante Court of Trade Marks. Therefore, two key components of the judgment appealed were overturned:

- the sentence to pay compensation for the entire period from 3 August 2009 (when ITV applied to register the trade mark) to 1 February 2016 (when the application to register the trade mark was granted) was overturned, as the “reasonable compensation” to which ITV had been entitled was considered to have already been paid by the compensation ordered for the same period by the proceedings brought with the Court of Madrid.

- as for the compensation for the period from 2 February 2016 and the end of the Pasapalabra programme, the judgment ordered the relevant amount to be reduced to the amount payable as compensation for the use of the format during the same period according to the enforcement proceedings brought before the Court of Madrid.

This sentence was the subject of an appeal in cassation by Mediaset Espana to the Supreme Court, currently in the admission phase, as it believes that compensation should only be paid where damage exist, which is not the case here as, if any damage did exist, it would have been remedied by the compensation ordered in the above-mentioned proceedings 1181/10 brought before the first-instance Court of Madrid. Furthermore, if we look at the licencing policy applied by ITV, we see that it charges a single amount for the format, title and trade mark, and therefore the payment for the trade mark has therefore already been included in the compensation described above.

The present Consolidated Statement of Financial Position does not include any provision for this contingency, as the Directors, also supported by their advisers, consider it improbable that this liability will ultimately materialise and trust that a decision will be rendered in their favour.

11. CURRENT LIABILITIES

11.1 FINANCIAL PAYABLES



Financial payables (current and non-current) are recognised at amortised cost, using the actual interest rate method.

	31/12/2021	31/12/2020
Loans	222.1	449.5
Credit lines	141.0	-
Total	363.1	449.5

Loans refer to the current portion of committed credit facilities. The change on the previous year was due to the reclassification of the EUR 218 million nominal in credit facilities falling due within 12 months and the repayment of credit facilities totalling EUR 448 million.

All **Credit lines** are subject to floating interest rates and refer to short-term loans with a due date set formally at one year and are renewable. The fair value of credit lines is in line with their carrying amount. The change on the previous year is due to the greater use of this type of financing.

11.2 TRADE AND OTHER PAYABLES



Trade and other payables are measured at their nominal amount, which is usually close to their amortised cost; those originating in non-UEM currencies are translated at the year-end spot rates issued by the European Central Bank.

	Balance at 31/12/2021		Due	Balance at 31/12/2020
	Total	Within 1 year	After 1 year	
Trade and other payables	527.8	517.8	10.0	585.8
Due to related parties	69.2	69.2		52.8
Total	597.0	587.0	10.0	638.6

This item mainly include trade payables for the licensing of television and movie broadcasting rights for EUR 175.1 million (EUR 254.6 million at 31 December 2020) and payables for the purchase and production of TV programmes and amounts due to television artists and professionals for EUR 336.4 million (EUR 291.3 million at 31 December 2020).

Amounts due to related parties include payables to associates, affiliates and the parent company. Details of these payables are provided in Note 15 below (Related-Party Transactions).

11.3 CURRENT TAX LIABILITIES

This line item, amounting to EUR 17.4 million (EUR 8.6 million at 31 December 2020) includes payables to the tax authorities for companies not scoped into the tax consolidation arrangement, and taxes payable by foreign companies.

11.4 OTHER FINANCIAL LIABILITIES

	31/12/2021	31/12/2020
Payables to other lenders	50.8	44.6
IFRS 16 financial payables	17.7	19.4
Financial liabilities for other hedging derivatives	1.3	7.4
Financial liabilities for hedging derivatives on equity instruments	13.6	6.8
Total	83.4	78.2

Payables to other lenders mainly consist of payables towards factoring companies totalling EUR 0.7 million (EUR 2.2 million at 31 December 2020); cash pooling with associates and joint ventures totalling EUR 49.2 million (EUR 41.8 million at 31 December 2020); and loans totalling EUR 0.4 million (EUR 0.3 million at 31 December 2020) received to finance movie development, distribution and production operations.

In the line item **Financial liabilities for other hedging derivatives**, EUR 1.0 million refers to the non-current portion of the fair value of IRS derivatives hedging the interest rate risk associated with medium/long-term financial liabilities and EUR 0.3 million refers to the current portion of the fair value of derivatives hedging

foreign currency risk, for the hedging of both future commitments to purchase broadcasting rights and of items recognised in the financial statements, in particular receivables and payables denominated in foreign currencies.

Financial liabilities for hedging derivatives on equity instruments relate to the call option granted to the financial counterparty as part of the collar agreement hedging the fair value changes in the equity investment held in ProSiebensat.1 Media SE.

11.5 OTHER CURRENT LIABILITIES

	31/12/2021	31/12/2020
Due to social security institutions	18.8	18.7
Withholding tax on employees' wages and salaries	14.1	12.8
VAT payables	22.5	15.0
Other tax payables	13.9	8.5
Advances	6.0	5.3
Other payables	136.0	96.9
Accruals and deferred income	29.9	25.3
Total	241.2	182.6

Other payables consist primarily of amounts due to employees.

Accruals and deferred income includes EUR 7.3 million in deferred income for right-of-use TV rights licenses.

11.6 NET FINANCIAL POSITION

Below is the composition of the consolidated Net Financial Position, prepared in accordance with ESMA's "Guidelines on disclosure requirements under the Prospectus Regulation" of 4 March 2021, that shows the net current and non-current financial debt of the Group. For each of the items reported, reference is given to the relative explanatory note.

For a breakdown of changes in the net financial position over the year, see the section on the Group's balance sheet and financial structure in the Directors' Report on Operations.

With reference to Note 11.2 above regarding the waivers obtained by MFE from the counterparties of the loans, the adjusted Net Financial Position is also reported as used for the calculation of some indices, based on the covenants set forth in those agreements. The adjustments refer to the current and non-current portions of the financial liabilities recognised in accordance with IFRS 16 (leases) and payables relating to the loans entered into MFE and Mediaset España for the acquisition of the equity interest in ProSiebenSat1.

		31/12/2021	31/12/2020
Cash in hand	8.5	0.1	0.1
Current accounts and demand deposits	8.5	315.5	245.0
Liquidity		315.6	245.1
Current financial assets and receivables			
	8.4	12.9	31.0
Due to banks	11.1	(141.1)	(284.0)
Current portion of non current debt		(223.0)	(328.7)
Other current payables and financial liabilities	11.4	(68.6)	(24.0)
Current Net Financial Debt		(432.7)	(636.7)
Current Net Financial Position		(104.1)	(360.7)
Due to banks	10.2	(683.3)	(869.1)
Other non current payables and financial liabilities	10.2	(81.7)	(118.5)
Trade and other payables		-	-
Non current financial debt		(765.1)	(987.6)
Net Financial Position		(869.2)	(1,348.2)
Current portion of non current debt			73.6
IFRS 16 lease financial liabilities (current portion)		17.7	18.9
Financial payables (non-current)		80.8	373.9
IFRS 16 lease financial liabilities (non-current portion)		81.6	113.1
Net financial position (excluding IFRS 16 liabilities and ProSieben acquisition debt)		(689.1)	(768.8)

Below is a description of certain Net Financial Position items including reference, when needed, to the related explanatory notes for more details.

Current financial asset and receivables include EUR 9.3 million related to the financial receivables indicated in note 8.4 and EUR 3.6 million related to the fair value of derivatives hedging the foreign exchange risk, for the amount that exceeds the change in the foreign-currency payables hedged.

As indicated in note 12.4, **Other current financial liabilities and payables** includes payables to factors, cash-pooling with associates and joint venture and loans received to finance movie development, distribution and production operations, and the EUR 17.7 million current portion of the lease liabilities recognised in accordance with IFRS 16.

Current portion of non-current financial debt includes the EUR 222.0 million current portion of medium/long-term bank loans and the EUR 1.0 million current portion of the fair value of derivatives hedging the interest rate fluctuations (EUR 1.5 million at 31 December 2020).

As indicated in note 11.2, **Non-current financial payables and liabilities** includes the EUR 0.1 million non-current portion of the fair value of derivatives hedging interest rate fluctuation risk and the EUR 81.6 million non-current portion of the lease liabilities recognised in accordance with IFRS 16.

Liquidity risk

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

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

Through careful and prudent financial management, which is reflected in the policy adopted, and the constant monitoring of the ratio between granted credit lines and their use, as well as the balance between short-term debt and medium/long term debt, the MFE Group has subscribed an adequate level of credit lines, both in terms of quantity and quality. The Group's treasury activities are centralised in MFE-MEDIAFOREUROPE N.V. and Mediaset España Comunicación 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 any liquidity stress in case lenders may request repayment;
- ▢ keeping an average financial exposure during the year not higher than 80% of the total amount granted by the lenders;
- ▢ financial assets that can be readily available to meet any liquidity requirements.

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

The table below shows the Group's financial obligations, based on the contractual maturity dates and considering the worst case scenario at undiscounted values. Depending on the type of financial liability, it shows the nearest date when the Group may be asked to reimburse, making reference to the related explanatory notes for each class.

At 31 December 2021, "*current financial payables*" due within 3 months included EUR 141 million in credit facilities for very short term advances with a due date formally set at one year. Lastly, *current financial payables* include the interest expense on term loans due within one year.

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.

The difference between the carrying amounts and the total cash flows is mainly due to the calculation of interest on the contractual duration of the financial payables. In addition, for loans measured at amortised cost, interest is calculated using the nominal rate instead of the effective interest rate.

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 signing of the contract, while the year end rate means the spot rate at the reporting date.

BALANCE SHEET ITEM at 31 DECEMBER 2021	Carrying amount	Time Band					Total financial flows	Notes
		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)	683.3	-	-	-	695.8		695.8	11.2
Due to banks (current portion)	363.1	143.8	107.7	115.1	-	-	366.6	12.1
Financial payables to related parties	49.2	49.2	-	-	-	-	49.2	12.4
Due to suppliers for rights	175.1	133.4	14.6	17.1	10.0	-	175.1	12.2
Due to other suppliers	352.7	351.3	1.4	-	-	-	352.7	12.2
Due to related parties	69.1	69.1	-	-	-	-	69.1	12.2
Due to factoring companies	0.7	0.7	-	-	-		0.7	12.4
Due to lessors	99.3	5.5	4.4	7.8	46.4	35.9	99.9	12.4
Other payables and financial liabilities	13.2	0.9	-	-	12.2	-	13.2	12.4
Total	1,805.7	754.0	128.1	140.0	764.5	35.9	1,822.4	
DERIVATIVES:								
Hedging derivatives (foreign currency purchases)								
(measured at contract exchange rate)	(15.6)	156.0	-	-	129.7		285.6	8.7;9.4; 11.2;12.4
Hedge derivatives: (available foreign)								
(measured at year-end exchange rate)		(164.0)	-	-	(141.3)		(305.4)	
Hedging derivatives (interest rate risk)	0.3	0.3	0.3	0.6	1.6		2.8	8.7;9.4; 11.2;12.4
Total	(15.3)	(7.8)	0.3	0.6	(10.0)	-	(16.9)	

BALANCE SHEET ITEM at 31 DECEMBER 2020	Carrying amount	Time Band					Total financial flows	Notes
		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)	929.8	-	-	-	942.6		942.6	11.2
Due to banks (current	449.5	105.5	75.4	276.9	-	-	457.8	12.1
Financial payables to related parties	41.8	41.8	-	-	-	-	41.8	12.4
Due to suppliers for rights	254.6	196.6	17.9	25.2	14.9	-	254.6	12.2
Due to other suppliers	331.1	329.7	1.4	-	-	-	331.1	12.2
Due to related parties	52.8	52.8	-	-	-	-	52.8	12.2
Due to factoring companies	2.2	2.2	-	-	-		2.2	12.4
Due to lessors	111.0	3.7	7.1	8.3	52.6	49.9	121.5	12.4
Other payables and financial liabilities	15.2	0.7	-	-	14.5	-	15.2	12.4
Total	2,188.1	733.0	101.7	310.4	1,024.6	49.9	2,219.8	
DERIVATIVES:								
Hedging derivatives (foreign currency purchases)								
(measured at contract exchange rate)	3.3	186.3	0.9	0.2	41.3		228.6	8.7;9.4; 11.2;12.4
Hedging derivatives (available foreign currency)								
Hedging derivatives (interest rate risk)	3.5	0.3	0.4	0.7	2.6		4.0	8.7;9.4; 11.2;12.4
Total	6.9	4.0	0.4	0.7	0.9	-	5.9	



The Group is exposed to financial risks linked to:

- Exchange rate fluctuations, primarily in relation to the acquisition of television broadcasting rights in currencies other than the Euro and secondarily in relation to merchandise acquisitions;
- Interest rate fluctuations for long-term variable-rate loans;
- Fair value fluctuations for equity instruments.

As mentioned on the section on Accounting standards, amendments and interpretations applied from 1 January 2019, the hedge accounting provisions in IFRS 9 became applicable at the start of the year.

Financial risks and related hedging instruments

MFE has defined specific policies for the management of the Group's financial risks, aimed at reducing its exposure to exchange rate risks, interest rate risks and liquidity risks. To optimise the structure of operating costs and resources, this activity is centralised within the group parent Mediaset S.p.A., which has been entrusted with the task of collecting the information regarding the positions exposed to risk and hedging them.

MFE-MEDIAFOREUROPE N.V. and Mediaset España directly operate in their own specific markets, controlling and managing financial risk for their subsidiaries. The selection of the financial counterparts focuses on those with a high credit standing while, at the same time, ensuring a limited concentration of exposures towards them.

Exchange rate hedging

The Group uses derivatives - mainly forwards - to hedge risks arising from foreign currency fluctuations both for highly probable future purchases and for payables relating to purchases already made.

For the MFE Group, the exchange risk is linked to the possibility of the currency rates changing from the time the acquisition of assets in a foreign currency has become highly probable (authorised purchase negotiations over broadcasting rights) to the moment when those assets are recorded in the financial statements; therefore, the hedging goal is to set the exchange rate of the price in euro at the approval date of the transaction (hedge accounting as set out in the IAS/IFRS). Hedge accounting is therefore maintained, over all payables, until the payables are settled. In this case, the exchange rate hedging objective is to set the equivalent euro price of the non-euro denominated payable so as to eliminate the effects of exchange rate fluctuations and pre-determine the settlement value of the non-euro denominated payables.

Derivatives are classified under current financial assets and liabilities, and are recognised at fair value.

Fair value of the currency forwards is calculated as the present value of the difference between the notional amount measured at the forward contract rate and the notional amount measured at the fair forward rate (the end exchange rate calculated at the reporting date).

Fair value is adjusted to take account of the creditworthiness of the counterparty risk in the event of positive fair value and of the creditworthiness of MFE-MEDIAFOREUROPE N.V. and Mediaset España S.A. in the event of negative fair value. Lastly, please note that the adjustment for creditworthiness is only calculated for derivatives with maturity more than 4 months from the measurement date.

For the purposes of hedge accounting, MFE designates hedging instruments as those related to the hedging of currency exposures linked primarily to commitments for future purchases of television broadcasting rights to be made in foreign currency (forecast transactions), for which the relationship between the derivative and the hedged item, as well as the high level of probability/effectiveness connected to the actual occurrence of the hedged event is formally documented. This relationship is also documented for the hedging of non-euro payables.

The effective portion of the fair value adjustment of the derivative that has been designated and that can be qualified as a hedging instrument is recognised directly in shareholders' equity, while the ineffective part is recognised in profit and loss.

The accounting treatment of these operations is the cash flow hedge. According to this rule, the effective portion of the change in value of the derivative is recognized in a shareholders' equity reserve. In the case of hedging of commitments for rights purchases, this reserve is used to subsequently adjust the cost of the asset (basis adjustment). Cash flow hedges are also established to hedge payables denominated in foreign currencies. In this event, the hedged item (the payable in foreign currencies) is converted at the spot exchange rate at the reporting date, with the effect recognised in the income statement in accordance with the change attributable to the spot element. In this event, the hedged item (the payable in foreign currencies) is converted at the spot exchange rate at the reporting date, with the effect recognised in the income statement in accordance with the change attributable to the spot element.

Interest rate hedging

Interest rate risk arises from adverse movements in the interest rates that are applicable to the interest flows associated with the Group's medium-to-long term financial liabilities. The derivatives used to hedge this risk include Interest Rate Swaps and Options.

The fair value of interest rate swaps is calculated based on the current value of the expected future cash flows and the fair value of collar derivatives is calculated using the Black & Scholes formula.

For the purposes of hedge accounting, MFE designates hedging instruments as those instruments for which the relationship between the derivative and the hedged item is formally documented. As required by IFRS 9, hedge accounting can be applied where an economic relationship exists between the hedged item and the hedging instrument and where the effect of the credit risk is not greater than the fluctuations in the value of the economic relationship at the time the hedge is established and during the lifetime of the hedging relationship.

Equity instrument fair value hedging

To hedge the risk of fair value changes caused by fluctuations in equity instrument market price, MFE uses put and call options (hedging instruments) which are stipulated within a fair value hedge relationship.

Pursuant to accounting principle IFRS 9, paragraph 6.5.15, and in order to determine the fair value, the intrinsic value (hedge relationship) and the time value of the option (cost of hedging) are separately identified. The hedge relationship is "time period-related", whereby the time period is allocated throughout the duration of the contract.

Having chosen to recognise the fair value changes of the hedged item in the other comprehensive income statement without recycling to profit or loss, the fair value changes attributable to the time value and, if appropriate, the ineffectiveness of the hedge relationship will – as for the hedged item - not be classified within the income statement but through the other comprehensive income statement.

11.7 HEDGING DERIVATIVES

The following is a breakdown of the financial assets and liabilities relating to hedging derivatives, reported earlier in Notes 7.7 (Other Financial Assets), 8.4 (Current Financial Assets), 10.2 (Financial Liabilities and Payables) and 11.4 (Other Financial Liabilities), with the aim to show the net position for the Group.

	31/12/2021	
	Assets	Liabilities
Foreign currency forward contracts	16.0	0.3
IRS contracts	-	(1.1)
Collar on equity instruments	12.6	(68.0)
Total	28.6	(68.7)

The table below shows the notional amount of derivatives designated as hedging foreign exchange risk associated with both forecast acquisitions of broadcasting rights and existing contracts.

	31/12/2021	31/12/2020
United States Dollars (USD)	343.7	271.0
Total	343.7	271.0

With reference to the hedging of forecast acquisitions of broadcasting rights, the derivative contracts held at 31 December 2021 were subscribed with maturities reflecting the expected time period within which these fixed assets will be formalised by contract and recognised in the financial statements. The economic effect will be reflected in the amortisation of the assets as of the commencement date of the rights.

The following table shows the time-horizon for the reference currency (US dollars), when cash flows are expected to materialize.

	within 12 months	12-24 months	after 24 months	Total
2021	183.7	69.8	90.2	343.7
2020	225.7	52.6	0.1	278.3

Exchange Rate Risk

The Group's exposure to exchange rate risk mainly stems from the acquisition of television and movie broadcasting rights in currencies other than the Euro, mainly in US dollars, carried out in their respective areas of operation by R.T.I. S.p.A. and Mediaset España Comunicación S.A..

In compliance with the Group's policies, the companies adopt an approach to exchange rate risk management aimed at eliminating the effect of exchange rate fluctuations while setting in advance the cost which the rights will be recognized upon acquisition.

Exchange rate risk emerges from the early stages of negotiations for entering into any contract and continues up to payment of the amount due for the acquisition of the broadcasting rights. From an accounting standpoint, from the date the derivatives contract is entered into until the date the asset is recognized, the MFE Group applies the hedge accounting methodology documenting by way of the hedging relationship, the risk hedged and the purposes of the hedging, periodically checking the hedge effectiveness.

During the period between the date on which the purchase commitments were defined and the date on which the hedged television rights were recognised, the "cash flow hedge" method is used in accordance with IFRS 9. Based on this method, the effective portion of the change in the fair value of the derivative is accounted for in a reserve in Shareholders' Equity, which is used to adjust the initial cost of the TV right in the Financial Statements (basis adjustment), generating an impact on profit and loss when the hedged item, i.e. the TV right, is amortised.

Once the Group's broadcasting right is recognized, and after the date the payable is due but before it is settled, the Group takes out a cash flow hedge in which:

The hedged item (the payable in foreign currencies) is converted at the spot exchange rate at the reporting date, with the effect recognised in the income statement.

Changes in the intrinsic element of the hedging instrument are recognized in other comprehensive income and this change is then reversed to the profit or loss.

The types of derivatives mainly used are forward and option contracts. The fair value of forward contracts on currencies is determined as the discounted difference between the notional amount calculated using the contractual forward rate and the notional amount calculated using the forward exchange rate at the reporting date adjusted for creditworthiness.

The effectiveness test is intended to show the high correlation between the technical and financial characteristics of the hedged risk (maturity, amount, etc.) and those of the hedging instrument through the application of specific retrospective and prospective tests, using the dollar off-set and volatility reduction measure methods, respectively.

The expectation of future cash flows subject to hedging is shown in a specific table illustrating the changes in the cash flow hedge reserve.

Sensitivity analysis

Financial instruments exposed to EURO/USD exchange rate risk, mainly comprising payables for the acquisition of broadcasting rights and exchange rate derivatives, were the subject of a sensitivity analysis at the reporting date. The carrying amount of the financial instruments was adjusted by applying a symmetrical percentage change to the period-end exchange rate, equal to the 1-year implicit volatility of the reference currency published by Bloomberg, equal to 5.58% (6.39% for 2020).

This sensitivity analysis of the derivatives under cash flow hedge accounting had an impact on the changes in spot values recognized in a Shareholders' Equity Reserve, while the change resulting from the forward points impacts the Income Statement, in compliance with the method defined by the hedging relationship.

The table below summarises the changes in the Net profit for the year and in the Consolidated Shareholders' Equity, deriving from the sensitivity analysis carried out net of the relevant taxes calculated on the basis of the standard tax rate in force at the reporting date:

	EUR/USD exchange rate at 31 December	change	rectified EUR/USD exchange rate	through Profit and Loss	through Equity	Total Shareholders' Equity
2021	1.1326	5.58%	1.1957	0.1	(9.1)	(9.0)
		-5.58%	1.0695	(0.1)	10.2	10.0
2020	1.2271	6.39%	1.3055	0.1	(4.8)	(4.6)
		-6.39%	1.1487	(0.1)	5.4	5.3

Interest Rate Risk

The management of the financial resources of the MFE Group involves the centralised cash-pooling with the parent company MFE-MEDIAFOREUROPE N.V. and with Mediaset España Comunicación S.A. for its subsidiaries. These companies are tasked with obtaining funding from the market by entering into medium/long term loans and opening committed and uncommitted credit lines.

Interest rate risk mainly originates from variable rate financial payables, which expose the Group to cash flow risk. The management objective is to limit the fluctuation of financial expenses that impact the financial result, limiting the risk of a potential rise in interest rates.

Within this context, the Group pursues its objectives using derivatives entered into with third parties aimed at setting in advance or reducing, the change in cash flows due to the market change in interest rates on medium/long-term debt. The timeframe considered significant for managing interest rate risk is defined as a minimum term of 18 months of residual duration of the operation.

From an accounting standpoint, from the date the derivatives contract is entered into until the date the asset is recognized, the MFE Group applies the hedge accounting methodology documenting by way of the hedging relationship, the risk hedged and the purposes of the hedging, periodically checking the hedge effectiveness.

Specifically, the cash flow hedge methodology set out by IFRS 9 is used. According to this method, the lower of the change in the fair value “clean” of derivatives - that is, the fair value less accrued interest - and the fair value of the underlying, whichever is smaller, is recognized to an equity reserve. The difference between this value and the total fair value is recognized in the Income Statement at each valuation date. Both the fair value and the clean fair value are adjusted to take account of creditworthiness.

The effectiveness test is intended to show the high correlation between the technical and financial characteristics of the hedged liabilities (maturity, amount, etc.) and those of the hedging instrument through the application of specific retrospective and prospective tests, using the dollar off-set and volatility reduction measure methods, respectively.

The fair value of the interest rate swaps (IRS) is calculated based on the present value of expected future cash flows.

The expectation of future cash flows subject to hedging is shown in a specific table illustrating the changes in the cash flow hedge reserve.

The Group has collar derivatives in place to hedge variable rate medium/long term loans.

The main features about derivatives instruments regarding MFE-MEDIAFOREUROPE N.V.

	Fixed rate	Variable rate	Floor	Validity	Maturity
Interest Rate Swap - UNICREDIT - EUR 100 million notional	-0.35%	Euribor 3M/360	-0.70%	15/05/2020	14/05/2022
Interest Rate Swap - BNL - EUR 100 million notional	-0.28	Euribor 3M/360	-0.80%	21/07/2020	17/04/2023
Interest Rate Swap - UBI BANCA - EUR 100 million notional	-0.34	Euribor 3M/360	-0.70%	31/07/2020	30/04/2023
Interest Rate Swap - INTESA SANPAOLO - EUR 150 million notional	-0.18	Euribor 3M/360	-1.00%	31/03/2020	28/03/2025

Sensitivity analysis

Financial instruments exposed to interest rate risk were subjected to a sensitivity analysis at the reporting date. The assumptions upon which the model is based are illustrated below:

Medium-to-long term payables were subject to a change of 50 bps upwards and 20 bps downwards at the date of re-fixing the internal rate of return measured during the year.

Short and medium/long revolving payables and other current financial items were subject to a recalculation of the amount of financial expenses by applying a change of 50 bps upwards and 20 bps downwards to the values recorded to the financial statements.

The fair value of interest rate swaps (IRS) was recalculated applying a non-symmetrical shift (+50 bps; -20 bps) to the interest rate curve at the reporting date. The ineffective portion was calculated based on the fair value recalculated using the adjusted interest rate curve.

It was not possible to apply a symmetrical change of 50 bps as the very short-term interest rate curve at the reporting date was negative.

The table below summarises the changes in the Net profit for the year and in the Consolidated Shareholders' Equity, deriving from the sensitivity analysis carried out net of the relevant taxes calculated on the basis of the standard tax rate in force at the reporting date:

	change	through Profit and Loss	through Equity	Total Shareholders' Equity
2021	+50 b.p.	(0.8)	0.2	(0.6)
	-20 b.p.	(0.8)	(0.8)	(1.6)
2020	+50 b.p.	(3.0)	6.9	3.9
	-20 b.p.	(2.5)	-	(2.5)

Price Risk

Sensitivity analysis

To hedge the risk of fair value changes caused by fluctuations in the share price of ProSiebenSat.1 Media SA, MFE-MEDIAFOREUROPE N.V. and Mediaset España SA entered into collar contracts (purchase of put options and sale of call options) hedging their own equity investments, aimed at containing share price fluctuations within a 90%-120% range of their initial value.

Looking at the hedges agreed by MFE-MEDIAFOREUROPE N.V., the first effect of the hedges is to set a maximum-level gain based on the strike price of the call options sold, and the second effect is to set a minimum-level loss based on the strike price of the put options bought.

At 31 December 2021, only the first tranche of options expiring in November 2024 was outstanding. The share price was EUR 14.010 and, therefore, the call options with a strike price of EUR 13.56 were “in the money”, with an intrinsic value of EUR 2.5 million.

However, if we imagine a price per share of EUR 8.48 (75% down on the initial price), the put options purchased with a strike rate of EUR 11.17 - would now be “in the money” and would therefore have an intrinsic value of EUR 9.46 million and 100% effectiveness.

This change in intrinsic value would have an impact on the shareholders’ equity reserve but would not impact profit or loss.

Looking at the hedges entered into by Mediaset España, here too, the first effect of the hedges is to set a maximum-level gain based on the strike price of the call options sold, and the second effect is to set a minimum-level loss based on the strike price of the put options bought.

At 31 December 2021, only the second tranche of options expiring in 2024 was outstanding. However, if we imagine a price per share of EUR 7.58 (125% of the initial collar price), the call options - which have a strike rate of EUR 7.27 - would now be “in the money” and would therefore have an intrinsic value of -EUR 3.1 million and 100% effectiveness.

This change in intrinsic value would have an impact on the shareholders’ equity reserve but would not impact profit or loss.

NOTES ON MAIN CASH FLOW STATEMENT ITEMS

12. STATEMENT OF CASH FLOWS

12.1 OTHER PROVISIONS AND NON-CASH MOVEMENTS

This item refers primarily to provisions (net of utilisations) for risks, employee leaving entitlements and incentive plan costs, and to gains/losses on the disposal of tangible and intangible fixed assets and television and film broadcasting rights.

12.2 CHANGE IN OTHER ASSETS AND LIABILITIES

The item mainly include the change in *other receivable and current asset*, the change in *post-employment benefit plans* and *other current liabilities* and for EUR 6.0 million to the exchange differences in the cash settlement of the derivative instruments hedging the exchange rate risk for the ineffective portion of the hedge relationship.

12.3 PROCEEDS/(PAYMENTS) FOR HEDGING DERIVATIVES ON FINANCIAL ASSETS

The item includes the cash out associated with the collar contract entered into to hedge the equity investment in ProSiebenSat.1 Media SE, net of the proceed of EUR 20.4 million collected in January 2021 for the early termination of the reverse collar contract entered into in April 2020 by the parent company to hedge a further share purchase in ProSiebenSat.1 Media SE.

12.4 PROCEEDS/(PAYMENTS) IN FINANCIAL ASSETS

In 2021, this item mainly referred to the following: EUR 115.3 million for the acquisition of a further 3.4% stake by Mediaset España S.A and a 0.36% stake by MFE-MEDIAFOREUROPE N.V. in ProSiebensat.1 Media SE; EUR 2.6 million in equity investments as part of the “AD4ventures” business; EUR 23.8 million in proceeds from the sale of the investment in Deporvillage; and EUR 4.6 million in proceeds from the sale of 3.9% stake in ProSiebensat.1 Digital Content LP and ProSiebensat.1 Digital Content GP Ltd and EUR 9.3 million proceeds related to the cash pooling management for associates companies.

For the year 2020, this item refers to EUR 72.9 million for the acquisitions by Mediaset S.p.A. (now MFE-MEDIAFOREUROPE N.V.) and Mediaset España S.A., respectively, of a 0.75% and 4.25% stake in ProSiebensat.1 Media SE.

12.5 DIVIDENDS RECEIVED

This item refers to the EUR 149.9 million in dividends received from EITowers S.p.A., the EUR 14.3 million in dividends received from Prosiebensat.1 Media SE and the dividends from associates and joint ventures. In the previous year, this item referred exclusively to the receipts of dividends from EITowers S.p.A. and from associates and joint ventures.

12.6 BUSINESS COMBINATIONS NET OF CASH AND CASH EQUIVALENTS ACQUIRED

In 2020 this item reflected the impact of the acquisition of an 80% equity interest in Beintoo S.r.l. and of a 51% equity interest in Aninpro Creative SL. For the previous year, this item reflects the impact of the acquisition of El Desmarque Portal Deportivo SL and R2 S.r.l.

12.7 DIVIDENDS PAID

This item refers to the distribution of dividends resolved by the shareholders' meeting of 23 June 2021.

12.8 CHANGES IN CONTROLLING INTEREST

The item refers for EUR 4.0 million to the payment for the acquisition of a 20% stake in El Desmarque Portal Deportivo, S.L. in March 2021, for EUR 1.2 million to the advance payment for the acquisition of a 20% stake in Monradio and for EUR 0.7 million for the purchase of treasury shares of Mediase Espana.

The previous year, this item referred to the outlay for the acquisition of an additional 35% equity interest in the subsidiary Megamedia.

12.9 CHANGES IN FINANCIAL LIABILITIES

The item includes payments relating to IFRS 16 financial payables for EUR 23.4 million (20.8 at 31 December 2020).

As required by IAS 7, the table below shows the changes in financial liabilities.

CHANGE IN FINANCIAL LIABILITIES

	31/12/2020	Cash flow (*)	Fair value changes	Other non- cash movements (**)	31/12/2021
Hedging derivatives (interest rate)	3.6	-	(3.3)	-	0.3
Loans	449.4	(448.0)	-	220.6	222.0
Credit lines	-	141.0	-	-	141.0
Payables to other lenders	44.5	6.0	-	-	50.5
Non-current liabilities and payables to banks	929.8	(27.2)	-	(219.3)	683.3

Total financial liabilities	1,427.3	(328.2)	(3.3)	1.2	1,097.1

(*) includes cash flow from interest paid

(**) includes measurement at amortised cost

OTHER

13. DISCLOSURES ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

The tables below provide, separately for the two years being compared, the disclosures required by IFRS 7, for the purpose of evaluating the significance of the financial instruments with reference to the statement of financial position, cash flows statement and income statement result for the Group.

Categories of financial assets and liabilities

Below is a breakdown of the carrying amounts of the financial assets and liabilities, as required by accounting standard IFRS 7.

IFRS 9 CATEGORIES					Notes
FINANCIAL ASSETS at 31 DECEMBER 2021	Derivative Instruments	Financial assets at amortised cost	Financial assets FVTOCI	BOOK VALUE	
OTHER FINANCIAL ASSETS:					
Equity investments			800.9	800.9	
Hedge derivatives on equity instruments (non-current portion)	12.2				7.7
Other hedging derivatives (non current portion)	8.0			8.0	
Other financial assets		8.9		8.9	
financial receivables (due over 12 months)		2.2		2.2	
TRADE RECEIVABLES:					
Due from customers		716.0		716.0	8.2
Due from related parties		79.6		79.6	
OTHER RECEIVABLES/CURRENT ASSETS:					
Due from factoring companies		135.1		135.1	
CURRENT FINANCIAL ASSETS:					
Financial receivables (due within 12 months)		3.0		3.0	8.4
Hedging derivatives on equity instruments	0.4			0.4	
Other hedging derivatives	8.7			8.7	
CASH AND CASH EQUIVALENTS:					
Bank and postal deposits		315.5		315.5	8.5
TOTAL FINANCIAL ASSETS	29.3	1,260.3	800.9	2,078.2	

		IFRS 9 CATEGORIES			
FINANCIAL LIABILITIES 31 DECEMBER 2021	at	Financial liabilities for derivatives	Liabilities at amortised cost	BOOK VALUE	Notes
NON CURRENT FINANCIAL LIABILITIES AND PAYABLES:					
Due to banks			683.3	683.3	10.2
Hedge derivatives on equity instruments (non-current portion)	54.5				
Other hedging derivatives (non current portion)	0.1			0.1	
Other financial liabilities			12.2	12.2	
CURRENT LIABILITIES:					
Due to banks			363.1	363.1	11.1
Due to suppliers			527.7	527.7	11.2
Due to related parties			69.1	69.1	
OTHER FINANCIAL LIABILITIES:					
Due to factoring companies			0.7	0.7	11.4
Other financial liabilities			0.9	0.9	
Hedging derivatives on equity instruments	13.6			13.6	
Other hedging derivatives	1.3			1.3	
Financial payables to related parties			49.2	49.2	
TOTAL FINANCIAL LIABILITIES	69.5		1,706.3	1,721.3	

IFRS 9 CATEGORIES					
FINANCIAL ASSETS 31 DECEMBER 2020	at			BOOK VALUE	Notes
	Derivative Instruments	Financial assets at amortised cost	Financial assets FVTOCI		
OTHER FINANCIAL ASSETS:					
Equity investments			672.0	672.0	7.7
Hedge derivatives on equity instruments (non-current portion)	61.5			61.5	
Other hedging derivatives (non current portion)	1.7			1.7	
Other financial assets		8.6		8.6	
financial receivables (due over 12 months)		6.0		6.0	
TRADE RECEIVABLES:					
Due from customers		763.3		763.3	8.2
Due from related parties		63.0		63.0	
OTHER RECEIVABLES/CURRENT ASSETS:					
Due from factoring companies		99.6		99.6	
CURRENT FINANCIAL ASSETS:					
Financial receivables (due within 12 months)		19.4		19.4	8.4
Hedging derivatives on equity instruments	48.0			48.0	
Other hedging derivatives	1.3			1.3	
CASH AND CASH EQUIVALENTS:					
Bank and postal deposits		447.8		447.8	8.5
TOTAL FINANCIAL ASSETS	112.5	1,407.7	672.0	2,192.2	

IFRS 9 CATEGORIES				
FINANCIAL LIABILITIES at 31 DECEMBER 2020	Derivative Instruments	Liabilities at amortised cost	BOOK VALUE	Notes
NON CURRENT FINANCIAL LIABILITIES AND PAYABLES:				
Due to banks		929.8	929.8	10.2
Hedge derivatives on equity (non-current portion)	118.4		118.4	
Other hedging derivatives (non current portion)	2.5		2.5	
Other financial liabilities		14.5	14.5	
CURRENT LIABILITIES:				
Due to banks		449.5	449.5	11.1
Due to suppliers		585.7	585.7	11.2
Due to related parties		52.7	52.7	
OTHER FINANCIAL LIABILITIES:				
Due to factoring companies		2.2	2.2	11.4
Other financial liabilities		0.7	0.7	
Hedging derivatives on equity	6.8		6.8	
Other hedging derivatives	7.4		7.4	
Financial payables to related parties		41.8	41.8	
TOTAL FINANCIAL LIABILITIES	135.0	2,076.9	2,211.9	

Fair value of financial assets and liabilities, and calculation models and input data used

Below is an analysis of the amounts corresponding to the fair value of assets and liabilities broken down based on the methodologies and the calculation models used to calculate them.

Note that the tables do not show those financial assets and liabilities whose book value is very close to the fair value and that the fair value of derivatives represents the net position between assets and liabilities amounts.

The input data used for fair value measurement at the reporting date, obtained from the provider Bloomberg, were as follows:

- ▢ Euro curves for the estimation of forward rates and discount factors;
- ▢ Spot exchange rates of the ECB;
- ▢ Forward exchange rates calculated by Bloomberg;
- ▢ The fixing of the Euribor rate;
- ▢ The “mid” credit default swap (CDS) spread listed by various counterparties (if available);
- ▢ Credit spread of Mediaset S.p.A. and Mediaset España S.A.

BALANCE SHEET ITEM at 31 DECEMBER 2021	BOOK VALUE	Mark to Market	Mark to Model			TOTAL FAIR VALUE	Notes
			Black&Scholes	Binomial model	DCF Model		
Equity investments	800.9	800.9			-	800.9	7.7
Trade receivables	8.8				9.0	9.0	8.4
Due to banks	(1,046.3)				(1,058.2)	(1,058.2)	10.2
M/L trade and other payables	(50.9)				(50.7)	(50.7)	11.2
Hedging derivatives on equity instruments							
- Put	12.6		12.6			12.6	
- Call	(68.0)		(68.0)			(68.0)	8.4;11.4
Other hedging derivatives							
-Forward	15.6				15.6	15.6	
- IRS contracts	(0.3)				(0.3)	(0.3)	7.7;8.4; 10.2;11.4

BALANCE SHEET ITEM at 31 DECEMBER 2020	BOOK VALUE	Mark to Market	Mark to Model			TOTAL FAIR VALUE	Notes
			Black&Scholes	Binomial model	DCF Model		
Equity investments	672.0	672.0			-	672.0	7.7
Trade receivables	9.3				9.4	9.4	8.4
Due to banks	(1,379.2)				(1,392.4)	(1,392.4)	10.2
M/L trade and other payables	(71.7)				(71.6)	(71.6)	11.2
Hedging derivatives on equity instruments							
- Put	77.8		77.8			77.8	
- Call	(93.4)		(93.4)			(93.4)	8.4;11.4
Other hedging derivatives:							
-Forward	(3.3)				(3.3)	(3.3)	
- IRS contracts	(3.5)				(3.5)	(3.5)	7.7;8.4; 10.2;11.4

The fair value of securities listed on an active market is based on market prices at the reporting date. The fair value of securities not listed in an active market and trading derivatives is determined by using the most commonly used valuation models and techniques on the market or using the price provided by several independent counterparties, with reference to comparable listed securities prices.

The fair value of non-current financial payables has been calculated considering the credit spread of MFE-MEDIAFOREUROPE N.V. and also including the short-term component of the medium/long term loans.

For the trade receivables and payables expiring within 12 months, the fair value was not calculated since is very close to their carrying amount. The carrying amount stated for the receivables and payables for which the fair value was calculated, also includes the portion of such receivables and payables due within 12 months from the reporting date. The calculation of the fair value of trade receivables only takes account of creditworthiness of the counterparty when there is market information that can be used for its determination. With regard to trade payables, fair value has been adjusted taking into account the creditworthiness of MFE-MEDIAFOREUROPE N.V. and Mediaset España S.A..

The financial assets and liabilities measured 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 31 DECEMBER 2021	BOOK VALUE	Level I	Level II	Level III	TOTAL FAIR VALUE	Notes
Equity investments	800.9	780.1	20.8		800.9	7.7
Hedging derivatives on equity instruments						
- Put	12.6		12.6		12.6	7.7;8.4; 10.2;11.4
- Call	(68.0)		(68.0)		(68.0)	
Other hedging derivatives						
-Forward	15.6		15.6		15.6	7.7;8.4; 10.2;11.4
- IRS contracts	(0.3)		(0.3)		(0.3)	

BALANCE SHEET ITEM at 31 DECEMBER 2020	BOOK VALUE	Level I	Level II	Level III	TOTAL FAIR VALUE	Notes
Equity investments	672.0	644.2	27.8		672.0	7.7
Hedging derivatives on equity instruments						
- Put	77.8		77.8		77.8	7.7;8.4; 10.2;11.4
- Call	(93.4)		(93.4)		(93.4)	
Other hedging derivatives						
-Forward	(3.3)		(3.3)		(3.3)	7.7;8.4; 10.2;11.4
- IRS contracts	(3.5)		(3.5)		(3.5)	

14. SHARE-BASED PAYMENTS



Share-based payments

In accordance with IFRS 2, the Group classifies stock option plans and medium/long-term incentive plans as "share-based payments". Those that are "equity-settled", i.e. involving the physical delivery of the shares, are measured at the fair value at the grant date of the option rights (which is calculated on the basis of the share price) assigned and recognised as a personnel expense recognized on a straight-line basis over the vesting period of the rights, with a corresponding reserve included in the shareholders' equity. This allocation is carried out based on the estimate of the rights that will actually allot to the person entitled, in consideration of their vesting conditions not based on the market value of the rights.

At the end of the period in which the rights can be exercised the related shareholders' equity reserve is reclassified within retained earnings.

At 31 December 2021, medium/long-term incentive plans allocated for the years 2019 and 2021 were recognised in the financial statements for the purposes of IFRS 2.

The plans that had an impact on the income statement are those that can be exercised and which, at the reporting date, have not yet been concluded, or those that have vested during the year.

All the plans are equity-settled, i.e., they involve the allocation of treasury shares bought back from the market. Options and the free allocation rights granted to the employee beneficiaries are linked to the Group's achievement of financial performance targets and the employee remaining with the Group for a certain length of time.

The details of incentive plans with free granting of shares to the beneficiaries can be summarised as follows:

	Incentive plan 2018	Incentive plan 2019	Incentive plan 2021
Grant date	11/09/2018	12/03/2019	14/09/21
Vesting Period	from 11/09/2018 to 31/12/2020	from 12/03/2019 to 31/12/2022	from 01/01/2021 to 31/12/2023
Exercise period	from 01/10/2021	from 01/04/2022	from 01/01/2024
Fair Value	2.508 euro	2.811 euro	2.533 euro

On 14 September 2021, after having consulted the Compensation Committee, the company Board of Directors determined the beneficiaries under the Medium/Long-Term Incentive and Loyalty Plan (2021-2023) established by resolution of the Shareholders' Meeting of 23 June 2021. On the same date, those same beneficiaries were allocated their entitlements for 2021, the quantity of which were determined based on the criteria established in the Plan regulations approved by the Board of Directors during the meeting held on 27 July 2021.

On 1 October 2021, the Board of Directors of Mediaset N.V. (now MFE-MEDIAFOREUROPE N.V) completed its assessment of the terms and conditions set forth in the 2018–2020 incentive plans, granting 1,622,110 allocation rights to beneficiaries for the 2018 financial year.

Below is a summary of the changes to stock option plans and the medium/long-term incentive plans:

	Incentive plan 2018	Incentive plan 2019	Incentive plan 2021	Total
Options outstanding at 1/1/2020	1,622,110	1,789,670		3,411,780
Options issued during the year				-
Options exercised during the				-
Options not-exercised during				-
Options expired/cancelled				-
Options outstanding at 31/12/2020	1,622,110	1,789,670		3,411,780
Options outstanding at 1/1/2021	1,622,110	1,789,670		3,411,780
Options issued during the year			1,823,852	1,823,852
Options exercised during the	-1,622,110	-12,045		-1,634,155
Options not-exercised during				-
Options expired/cancelled				-
Options outstanding at 31/12/2021	0	1,777,625	1,823,852	3,601,477

The incentive plans are recognised in the financial statements at their fair value:

- ▢ 2018 Stock Option Plan: EUR 2.508 per share.
- ▢ 2019 Stock Option Plan: EUR 2.811 per share.
- ▢ 2021 Stock Option Plan: EUR 2.533 per share.

The fair value of the incentive plans was calculated based on the stock market price on the grant date.

The subsidiary Mediaset España also has medium/long-term incentive plans in place, allocated in 2019 and 2021.

The plans provide for the allocation of free rights for the granting of Mediaset España shares with regular dividend entitlement, subject to the achievement of performance targets, as well as the continuing employment of the beneficiary at the end of the vesting period. All the plans are equity-settled, i.e., they involve the allocation of treasury shares bought back from the market.

The details of the incentive plans can be summarised as follows:

	Incentive plan 2018	Incentive plan 2019	Incentive plan 2021
Grant date	18/04/2018	10/04/2019	14/04/21
Vesting Period	from 01/01/2018 to 31/12/2020	from 01/01/2019 to 31/12/2021	from 01/01/2021 to 31/12/2023
Exercise period	60 days after the Shareholders' meeting 2020	60 days after the Shareholders' meeting 2021	60 days after the Shareholders' meeting 2023
Fair Value	9.2	6.3	4.5

Below is a summary of the changes to medium/long-term incentive plans:

	Incentive plan 2018	Incentive plan 2019	Incentive plan 2021	Total
Options outstanding at 1/1/2020	108,634	167,156		275,790
Options issued during the year				-
Options exercised during the year				-
Options not-exercised during the year				-
Options expired/cancelled during the year				-
Options outstanding at 31/12/2020	108,634	167,156		275,791
Options outstanding at 1/1/2021	108,634	167,156		275,790
Options issued during the year			237,128	237,128
Options exercised during the year	-108,634			-108,634
Options not-exercised during the year				-
Options expired/cancelled during the year				-
Options outstanding at 31/12/2021		167,156	237,128	404,285

The incentive plans are recognised in the financial statements at their fair value:

- ▢ 2018 Stock Option Plan: EUR 9.24 per share.
- ▢ 2019 Stock Option Plan: EUR 6.33 per share.
- ▢ 2021 Stock Option Plan: EUR 4.54 per share.

The fair value of the incentive plans is based on the arithmetic mean of the official stock market prices over the 30 days prior to the grant date.

15. RELATED-PARTY TRANSACTIONS

The following summary table shows, for the main income statement and balance sheet items, the details of the companies that are the counterparts of these transactions.

	Revenues	Operating costs	Financial income / (expense)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITY						
Fininvest S.p.A.	0.1	4.9	-	0.0	0.4	-
AFFILIATED ENTITIES						
Società Sportiva Monza 1912 S.p.A.	0.1	4.6	-	0.0	1.4	-
Arnoldo Mondadori Editore S.p.A.*	8.1	1.3	-	2.9	1.0	(0.1)
Fininvest Real Estate & Service S.p.A.	0.0	0.0	-	0.0	-	-
Mediolanum S.p.A.*	3.8	-	-	1.2	-	-
Other affiliated entities	0.0	0.4	-	0.0	0.0	-
Total Affiliated Entities	11.9	6.2	-	4.1	2.5	(0.1)
JOINT CONTROLLED AND ASSOCIATES ENTITIES						
Alea Media	0.1	0.5	0.1	0.0	0.2	2.5
Alma Productora Audiovisual SL	0.1	5.2	-	0.0	1.2	-
Auditel S.p.A.	-	9.7	-	-	1.0	0.0
Boing S.p.A.	6.8	27.9	0.0	2.9	15.9	2.8
Bulldog TV Spain SL	(0.0)	15.8	-	-	0.7	-
El Towers Group **	1.5	168.7	-	0.2	1.7	0.1
EURpean Broadcaster Exchange (EBX) Limited	0.2	-	-	0.2	0.1	-
Fascino Produzione Gestione Teatro S.r.l.	0.4	65.5	-	16.0	29.1	(35.1)
Fenix Media Audiovisual, SL	-	1.2	-	-	0.5	0.9
La Fabbrica De la Tele SL	0.0	31.8	-	0.0	5.9	-
Mediamond S.p.A.	103.7	1.3	-	55.9	1.6	(14.2)
Nessma Lux S.A.**	-	-	0.0	-	-	-
Producciones Mandarina SL	0.0	0.6	-	0.0	0.2	0.2
Studio 71 Italia S.r.l.	0.1	0.5	-	0.0	0.1	-
SUPERGUIDATV S.r.l.	-	0.6	-	-	0.2	-
Titanus Elios S.p.A.	-	4.6	-	-	-	2.1
Tivù S.r.l.	0.3	1.4	-	0.2	0.4	-
Unicorn Content SL	(0.1)	19.7	-	0.0	7.5	-
Total Joint ventures and associates	112.9	355.1	0.2	75.4	66.3	(40.7)

	Revenues	Operating costs	Financial income / (expense)	Trade receivables	Trade payables	Other receivables/ (payables)
KEY MANAGEMENT PERSONNEL* * *	-	15.3	-	-	-	(9.0)
PENSION FUND (Mediafond)	-	-	-	-	-	(0.7)
OTHER RELATED PARTIES****	0.0	0.0	-	-	-	-
TOTAL RELATED PARTIES	125.0	381.6	0.2	79.6	69.1	(50.5)

* The figure includes the company and its subsidiaries, associates or jointly controlled companies balance sheet 69.2

** The figure includes the company and its subsidiaries.

*** the figure includes the directors of MFE-MEDIAFOREUROPE N.V.

**** the figure include the relations with the directors of the parent company Fininvest S.p.A., their and the MFE directors' 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 and the relations with consortiums principally engaged in the management of television signal transmission.

Revenues and *trade receivables* due from associated entities mainly relate to the sales of television advertising space.

The revenues from Mediamond (joint venture between Publitalia'80 and Mondadori Pubblicità) refer to the amounts due to Mediaset Group companies operating editorially for radio broadcasters and the Group's television and video websites, and relate to the sale of advertising space by agency on those media (radio and digital).

The *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.

The *costs* paid to subsidiary El Towers relate to those paid under the "full service" contract for the hosting, support and maintenance of broadcasting equipment, the signal contribution services performed for Elettronica Industriale and the hosting and maintenance services performed for the Group's radio broadcasters.

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.

During the year, dividends were also collected from affiliates and jointly controlled entities, for a total of EUR 156.6 million.

For more information as required by IAS 24 on the compensation of MFE Directors, please see the table below and Remuneration Report annexed to this Annual Report.

2021		Short-term employee benefits									
First and Last Name	Office	Fixed Compensation in MFE	Compensation form participation in Committees in MFE	Fixed Compensation from subsidiaries and associates	Compensation form participation in Committees from subsidiaries and associates	Variable Compensation	Variable non equity Compensation (Bonus)	Non-monetary benefits	post-employment benefits	Share based payments	Total
Pier Silvio Berlusconi	CEO	1,040,000		371,175	*	312,500		114,867	3,368	159,579	2,001,489
Marco Angelo Giordani	EXECUTIVE DIRECTOR	40,000		1,132,902	*	68,000	250,000	519,970	5,647	127,863	2,344,190
Gina Nieri	EXECUTIVE DIRECTOR	40,000		1,070,285	*	40,000	180,000	507,333	5,589	95,747	2,146,954
Nicola Querci	EXECUTIVE DIRECTOR	40,000		1,174,333	*	52,000	266,907	545,309	5,764	51,864	2,336,177
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000		1,845,495	*	486,000	200,000	817,514	4,925	287,242	3,681,177
		1,200,000	-	5,602,190		160,000	1,405,407	800,000	2,505,002	25,293	12,509,987
Fedele Confalonieri	NON EXECUTIVE DIRECTOR (CHAIRMAN)	930,000		975,000		64,000		16,489	19,246		2,004,735
Stefania Barilatti	NON EXECUTIVE DIRECTOR	20,000	25,000								45,000
Marina Berlusconi	NON EXECUTIVE DIRECTOR	40,000						6,400			46,400
Marina Brogi	NON EXECUTIVE DIRECTOR	40,000	76,000					4,927			120,927
Raffaele Cappiello	NON EXECUTIVE DIRECTOR	40,000	34,000					4,080			78,080
Costanza Esclapart De Villeneuve	NON EXECUTIVE DIRECTOR	40,000	33,000								73,000
Giulio Gallazzi	NON EXECUTIVE DIRECTOR	40,000	16,000					13,236			69,236
Daniello Pellegrino***	NON EXECUTIVE DIRECTOR	40,000									40,000
Alessandra Piccinino	NON EXECUTIVE DIRECTOR	20,000	25,000								45,000
Carlo Secchi	NON EXECUTIVE DIRECTOR	40,000	68,000					16,489			124,489
Andrea Canepa**	NON EXECUTIVE DIRECTOR	20,000	16,000					2,560			38,560
Francesca Mariotti**	NON EXECUTIVE DIRECTOR	20,000	33,000					5,840			58,840
		1,200,000	326,000	975,000	64,000	-	-	70,820	19,246	-	2,744,266
		2,400,000	326,000	6,577,190	224,000	1,405,407	800,000	2,575,021	44,540	722,096	15,254,253

*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

** The Non Executive Directors ended their mandate to advise in June 2021

*** Payment order in favor of Fininvest S.p.A.

2020		Short-term employee benefits									
First and Last Name	Office	Fixed Compensation in MFE	Compensation form participation in Committees in MFE	Fixed Compensation from subsidiaries and associates	Compensation form participation in Committees from subsidiaries and associates	Variable Compensation	Variable non equity Compensation (Bonus)	Non-monetary benefits	post-employment benefits	Share based payments	Total
Pier Silvio Berlusconi	DEPUTY CHAIRMAN AND CEO	1,092,591		316,568	*	259,625		114,572	3,507	179,285	1,966,140
Marco Angelo Giordani	EXECUTIVE DIRECTOR	200,646		966,103	*	22,000	234,500	452,123	5,335	143,427	2,024,154
Gina Nieri	EXECUTIVE DIRECTOR	193,822		919,384	*	251,250		416,832	5,175	107,571	1,894,034
Nicola Querci	EXECUTIVE DIRECTOR	40,000		1,165,132	*	14,000	268,922	448,048	5,316	116,535	2,061,953
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000		1,833,297	*	633,150		692,565	4,351	322,712	3,526,075
		1,547,079	-	5,204,476	36,000	1,647,447	-	2,124,140	23,684	869,530	11,472,356
Fedele Confalonieri	NON EXECUTIVE DIRECTOR (CHAIRMAN)	1,800,000		75,000	34,000			16,489	17,434		1,942,923
Stefania Barilatti	NON EXECUTIVE DIRECTOR										-
Marina Berlusconi	NON EXECUTIVE DIRECTOR	40,000						6,400			46,400
Marina Brogi	NON EXECUTIVE DIRECTOR	40,000	84,000					4,685			128,685
Raffaele Cappiello	NON EXECUTIVE DIRECTOR	40,000	24,000					2,692			66,692
Costanza Esclapart De Villeneuve	NON EXECUTIVE DIRECTOR	25,000	48,000								73,000
Giulio Gallazzi	NON EXECUTIVE DIRECTOR	40,000	18,000					11,866			69,866
Daniello Pellegrino**	NON EXECUTIVE DIRECTOR	40,000									40,000
Alessandra Piccinino	NON EXECUTIVE DIRECTOR										-
Carlo Secchi	NON EXECUTIVE DIRECTOR	8,000	100,000					16,320			124,320
Andrea Canepa	NON EXECUTIVE DIRECTOR	40,000	16,000					2,240			58,240
Francesca Mariotti	NON EXECUTIVE DIRECTOR	40,000	30,000								70,000
		2,113,000	320,000	75,000	34,000	-	-	60,692	17,434	-	2,620,127
		3,680,079	320,000	5,279,476	70,000	1,647,447	-	2,184,832	41,118	869,530	14,092,483

*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of Mediaset S.p.A.

** Payment order in favor of Fininvest S.p.A.

16. GUARANTEES AND COMMITMENTS



Guarantees include both the guarantees given and those received by the Group. The guarantees given refer to those provided by the Group for the its own or third-party obligations. The guarantees received refer to those provided by third parties for the benefit or in the interest of the Group. The guarantees given and received by the Group include personal guarantees (sureties, endorsements) and real guarantees (liens, mortgages). Guarantees given are recognised at the moment the Group gives the guarantee.

Commitments are obligations assumed by the company towards third parties, which originate from legal transactions that have certain mandatory effects but have not yet been performed by either party (so-called deferred performance contracts). Nevertheless, these can significantly affect the Group's equity and financial position, and it is useful to bear them in mind when evaluating this position. Commitments include future commitments of certain performance and amount, and future commitments of certain performance but uncertain amount. Commitments are initially recognised at the nominal value inferred from the transaction documents.

The amounts of guarantees and commitments are re-determined at each reporting date.

The overall amount of guarantees received, mainly bank guarantees, for receivables from third parties totalled EUR 13.3 million (EUR 29.9 million at 31 December 2020). This amount refers entirely to the Mediaset España Group (EUR 10.6 million at 31 December 2020).

In addition, bank guarantees in favour of third-party companies were issued for a total amount of EUR 123.4 million (EUR 123.4 million at 31 December 2020), almost entirely referring to the Mediaset España Group.

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

- commitments for the acquisition of television and movie broadcasting rights (free and pay), totalling EUR 846.4 million (EUR 660.9 million at 31 December 2020). These future commitments relate mainly to volume deal contracts of the MFE Group with some of the leading American TV producers.
- EUR 22.0 million to associates for the acquisition of content, sport events and rental contracts (EUR 11.0 million at 31 December 2020).
- commitments for artistic projects, television productions and press agency contracts of approximately EUR 213.2 million (EUR 152.3 million at 31 December 2020), of which EUR 32.0 million due to Related Parties;
- commitments for digital broadcasting capacity services of EUR 25.2 million (EUR 46.4 million at 31 December 2020);
- EUR 8.0 million in contractual commitments for satellite capacity use (EUR 12.0 million at 31 December 2020).
- commitments to the El Towers Group of approximately EUR 544.7 million (EUR 706.5 million at 31 December 2020) relating to the long-term contract for hospitality, support and maintenance services (full service), in effect from 1 July 2018 to 30 June 2025.
- commitments for the purchase of new equipment, multi-year leases, rental of high-frequency towers, the supply of EDP services and commitments to trade associations for the use of intellectual property rights totalling EUR 234.3 million.

17. SUBSEQUENT EVENTS AFTER 31 DECEMBER 2021

On **10 January 2022**, RTI stopped broadcasting its **Mediaset Premium channels** on the Sky digital terrestrial platform.

Upon the specific request made by the German authorities (Bundeskartellamt di Bonn - Federal Cartel Office) on 4 March 2022 (under Article 39 of the German Competition Act - "GWB"), **the Group's integrated shareholding in ProSiebenSat.1 Media SE exceeded 25% of voting rights as at 15 March 2022.**

On **14 March 2022**, the Board of Directors of MFE-MEDIAFOREUROPE N.V. approved the launch of a **public purchase and exchange offer for 138,763,426 ordinary shares in the subsidiary Mediaset España Comunicación SA (the "Offer")**, corresponding to 44.31% of the company's share capital.

- ▢ The Offer price is EUR5.613 per share, broken down as follows
- ▢ equity component: 4.5 MFE-MEDIAFOREUROPE N.V. ordinary A-class shares, corresponding to EUR 3.753, for every Mediaset España Comunicación SA share (nine MFEMEDIAFOREUROPE N.V. ordinary A-class shares for every two Mediaset España Comunicación SA shares); for this component of the Offer, MFE will issue up to 624,435,408 ordinary A-class shares.
- ▢ cash component: EUR 1,860 for each Mediaset España Comunicación SA share.

The Offer is conditional upon:

- ▢ a minimum acceptance threshold of 90% of the shares on which the Offer is made, corresponding to approximately 95.6% of the total share capital of Mediaset España Comunicación SA
- ▢ the approval by the Shareholders' Meeting of MFE-MEDIAFOREUROPE N.V.

From a financial point of view, the transaction will lead to an increase in EPS from year 1 both for the current shareholders of MFEMEDIAFOREUROPE N.V. shareholders and for the shareholders of Mediaset España Comunicación SA accepting the Offer

The shareholders of Mediaset España Comunicación SA will receive:

- ▢ a 30.1% premium over the volume-weighted average price of the last three months
- ▢ a 25.2% premium over the volume-weighted average price of the last month
- ▢ a 12.1% premium over the latest closing price
- ▢ an implicit 59% premium over the market value of the core TV business of Mediaset España Comunicación SA (without taking into account the stake in ProSiebenSat.1 Media SE and the cash held in Mediaset España Comunicación SA at 31 December 2021)
- ▢ a cash component of the offer that is above-proportional to the cash of Mediaset España Comunicación SA pro-rata at 31 December 2021
- ▢ the possibility to obtain MFE-MEDIAFOREUROPE N.V. stock, which is more liquid, more attractive and has a sounder solid dividend policy, and therefore a unique opportunity to participate in a clearly progressive path in the pan-European media industry.

The shareholders of Mediaset España Comunicación SA will have the opportunity to pursue this together with the shareholders MFE-MEDIAFOREUROPE N.V.

- ▢ The transaction will enable revenue and cost synergies of at least EUR 55 million to be achieved annually within four years of its completion (corresponding to a "net present value"* of approximately

EUR 340 million), as well as numerous initiatives that are synergic with the core business and new joint business opportunities not included in the above figures. Although MFE-MEDIAFOREUROPE N.V. and Mediaset España Comunicación S.A. belong to the same Group, they currently operate largely independently of each other and have no initiatives in common. The transaction will align the interests of the shareholders of both companies and will consequently promote greater cooperation between the two businesses



- the creation of value from a potential re-rating of the MFE-MEDIAFOREUROPE N.V. Group as compared to the current multiples of Mediaset España Comunicación SA.

The Offer is a key step on the path towards establishing a pan-European media and entertainment group: a path that saw MFE further strengthen its stake in ProSiebenSat.1 Media SE in early 2022. Upon completion of the transaction, MFE-MEDIAFOREUROPE N.V. will scale up so that it can further expand its geographic presence throughout Europe. This total international development initiative will see the shareholder Fininvest dilute its stake to around 47.1% of the capital of MFE-MEDIAFOREUROPE N.V. and around 48.5% of voting rights.

The Offer also has a strong industrial basis as it will strengthen investment capabilities. The increased financial resources will ensure a greater ability to produce more high-quality local content and to develop new digital technology. These operational advantages combined with the possibility of generating new synergies and efficiencies, will create new opportunities in terms of both content distribution (streaming on all devices) and commercial opportunities to achieve new revenues (from targeted advertising to all new ADTech possibilities), crucial opportunities for development in a market that, between Spain and Italy, reaches over 100 million viewers.

The combination of a sustainable capital structure and a strong cash flow generation profile give MFE-MEDIAFOREUROPE N.V. the firepower to pursue further consolidation in the system of European broadcasters. The new Group will have more efficient access to capital to fund growth and investment.

The improved cash flow profile and more efficient capital structure will allow for a heightened capacity and sustainability of the shareholder remuneration policy by way of dividend distributions.

Even after the transaction, the operational activities of Mediaset España Comunicación S.A. will remain in Spain, as will all jobs and the production of local content. It will also maintain its tax residence in Spain, ensuring that taxes will continue to be paid entirely in that country.

Finally, it is important that pluralism and cultural diversity are protected. MFE-MEDIAFOREUROPE N.V. will continue to prioritise the various identities in all countries in which it operates and its obligations in terms of news pluralism, news transparency and total independence, production of original content and employment.

On **13 April 2022**, MFE has filed the request for authorisation of the voluntary tender offer over shares issued by Mediaset España Comunicación S.A. (MES) for its admission for processing by the CNMV. Together with the request for authorisation, MFE has submitted to the CNMV a draft version of the offer document and five bank guarantees (provided by 5 Italian and Spanish banks) covering 100% of the cash portion of the offer consideration. The offer document will now be reviewed for eventual approval in the next weeks by the CNMV. MFE has decided to change the condition precedent of the offer related to a minimum acceptance threshold, reducing the threshold from 95.6% of the MES share capital (corresponding to 90% of the shares targeted by the Offer) to 85% of the MES total share capital. Based on the new threshold of the condition precedent, it becomes possible that the offer is settled without triggering the automatic delisting of the MES' shares from Spanish Stock Exchange. In this scenario, the MES shares would remain listed in the Spanish Stock Exchange and MFE does not contemplate to launch an offer in cash aimed at the delisting. MFE may consider, not earlier than 6-month period from the settlement of the Offer, to propose a merger between MES and MFE, whereby MES

shareholders would exchange their shares in MES for MFE Ordinary Shares A. In this scenario MFE takes the commitment to list the MFE Ordinary Shares A in the Spanish Stock Exchanges.

At present, the Group is carefully monitoring the developments, progress and consequences (including of an economic nature) of the **international geopolitical crisis brought about by Russia's ongoing military offensive against Ukraine, which began in February**. This event immediately mobilised the international community, in particular the European Union, which has brought in restrictions and is constantly weighing up new measures and economic sanctions against Russia, while also helping to address the developing humanitarian crisis. These events are causing major fluctuations in the financial markets and significantly increasing the prices of vital raw materials, in particular energy. This comes amidst a climate in which inflation was already high. These events are not anticipated to significantly affect the Group economically, in terms of the anticipated trend in advertising revenues and pressure on production costs, compared with the budget forecasts made for the opening months of the year. The Group is also closely monitoring the restrictions and disclosure obligations imposed on broadcasters by the European Union in response to the situation (which are binding on member states) in order to ensure its full compliance and correct and timely application of any such measures. The Group has also stepped up its monitoring and defence activities in relation to potential cyberattacks. To date, however, the Group is not directly exposed in terms of its assets, its revenues and costs, or its amounts receivable from and payable to counterparties in the countries directly involved in the conflict.

18. LIST OF EQUITY INVESTMENTS INCLUDED IN THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share Capital	% held by the Group (*)
MFE-MEDIAFOREUROPE N.V.	Amsterdam	EUR	777.2	0.00%
Mediaset Investment N.V.	Amsterdam	EUR	0.2	100.00%
Mediaset Italia S.p.A.	Milan	EUR	600.0	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%
PubliEURpe Ltd.	London	GBP	5.0	100.00%
Adtech Ventures S.p.A.	Milan	EUR	0.1	77.80%
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.	Parigi	EUR	0.1	100.00%
R2 S.r.l.	Milan	EUR	1.0	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 Bensì 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	55.69%
Advertisement 4 Adventure, SLU	Madrid	EUR	0.0	55.69%
Publiespaña S.A.U	Madrid	EUR	0.6	55.69%
Publimedia Gestion S.A.U.	Madrid	EUR	0.1	55.69%
Netsonic S.L	Barcelona	EUR	0.0	55.69%
Aninpro Creative SL	Madrid	EUR	0.0	28.40%
Be a Iguana S.L.U.	Madrid	EUR	0.0	28.40%
Be a Tiger S.L.U	Madrid	EUR	0.0	28.40%
Grupo Audiovisual Mediaset España Comunicaciòn S.A.U.	Madrid	EUR	0.6	55.69%
Grupo Editorial Tele 5 S.A.U.	Madrid	EUR	0.1	55.69%
Conecta 5 Telecinco S.A.U.	Madrid	EUR	0.1	55.69%
Mediacinco Cartera S.L.	Madrid	EUR	0.1	55.69%
Produccion y Distribuciòn de Contenidos Audiovisuales Mediterraneo SLU (former Sogecable Editorial S.L.U.)	Madrid	EUR	0.3	55.69%
Telecinco Cinema S.A.U.	Madrid	EUR	0.2	55.69%
El Demarque Portal Deportvo SL	Sevilla	EUR	0.0	44.56%
Megamedia Television S.L.	Madrid	EUR	0.1	55.69%
Supersport Television S.L.	Madrid	EUR	0.1	34.80%

(*) The Group's shareholding is calculated by taking into account the stake directly and indirectly held by the Parent Company at 31 December 2021, without taking into account the treasury shares of subsidiaries and investees.

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	18.90%
Alea Media SA	Madrid	EUR	0.1	16.70%
Alma Productora Audiovisual S.L.	Madrid	EUR	0.0	16.70%
Auditel S.r.l.	Milan	EUR	0.3	26.70%
Aunia Publicidad Interactiva SLU	Madrid	EUR	0.0	27.80%
Boing S.p.A.	Milan	EUR	10.0	51.00%
Bulldog TV Spain SL	Madrid	EUR	0.0	16.70%
Campanilla Film SL	Madrid	EUR	0.0	16.70%
El Towers S.p.A.	Lissone (MB)	EUR	2.8	40.00%
EIT Radio S.r.l.	Lissone (MB)	EUR	0.0	40.00%
EIT Smart S.r.l.	Lissone (MB)	EUR	0.0	40.00%
European Broadcaster Exchange (EBX) Limited	London	GBP	1.5	19.50%
Fascino Produzione Gestione Teatro S.r.l.	Rome	EUR	0.0	50.00%
Fenix Media Audiovisual SL	Madrid	EUR	0.0	22.30%
Hightel One S.r.l.	Roma	EUR	0.1	40.00%
La Fabrica De La Tele S.L.	Madrid	EUR	0.0	16.70%
Mediamond S.p.A.	Milan	EUR	2.4	50.00%
Nessma S.A.	Luxembourg	EUR	11.3	34.10%
Nessma Broadcast S.A.	Tunis	DINARO	1.0	32.30%
Pagoeta S.L.	Madrid	EUR	0.0	22.28%
Producciones Mandarina S.L.	Madrid	EUR	0.0	16.70%
Titanus Elios S.p.A.	Rome	EUR	5.0	30.00%
Tivù S.r.l.	Rome	EUR	1.0	48.20%
Studio 71 Italia S.r.l.	Cologno Monzese (MI)	EUR	0.1	49.00%
Superguidatv S.r.l.	Napoli	EUR	1.4	49.00%
Unicorn Content SL	Madrid	EUR	0.0	16.70%
Other equity investments				
	Registered Office	Currency	Share Capital	% held by the Group (*)
Aranova Freedom S.C.aR.L.	Bologna	EUR	0.0	13.30%
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	4.10%
ByHours Travel S.L.	Madrid	EUR	0.0	5.10%
Check Bonus S.r.l.	Milan	EUR	0.8	3.60%
Club Dab Italia Società Consortile per Azioni	Milan	EUR	0.2	10.00%
Gilda S.r.l.	Milan	EUR	0.0	10.30%
Innovación y desarrollo de Nuevos Canales Comerciales, SL	Madrid	EUR	0.0	4.10%
Kirch Media GmbH & Co. Kommanditgesellschaft auf Aktien	Unterföhring (Germany)	EUR	55.3	2.30%
Letisan S.r.l.	Milan	EUR	0.0	8.70%
Peoople Unlimited, SL	Madrid	EUR	0.0	0.10%
Player Editori Radio S.r.l.	Milan	EUR	0.0	14.70%
ProSiebenSat.1 MEDIA SE	Unterföhring (Germany)	EUR	226.1	18.05%
Radio e Reti S.r.l.	Milan	EUR	1.0	10.00%
RomainTV S.p.A. (in liquidation)	Rome	EUR	0.8	13.60%
Satispay S.p.A.	Milan	EUR	0.6	0.80%
Società Funivie Maddalena SpA	Brescia	EUR	0.1	12.40%
Spotted GmbH	Mannheim (Germany)	EUR	0.1	4.60%
Springlane GmbH	Dusseldorf	EUR	0.1	5.20%
StyleRemains GmbH	Hamburg	EUR	0.0	5.20%

Tavolo Editori Radio S.r.l.	Milan	EUR	0.0	16.00%
Telesia S.p.A.	Rome	EUR	1.8	4.60%
Termo S.p.A.	Milan	EUR	0.3	8.70%
Videowall S.r.l.	Milan	EUR	0.0	15.00%
Westwing Group GmbH	Munich	EUR	0.1	0.20%

(*) The Group's shareholding is calculated by taking into account the stake directly and indirectly held by the Parent Company at 31 December 2021, without taking into account the treasury shares of subsidiaries and investees.



MFE-MEDIAFOREUROPE N.V.
Financial Statements and
Explanatory Notes

MFE - MEDIAFOREUROPE N.V.

STATEMENT OF FINANCIAL POSITION

(values in EUR)

ASSETS	Notes	31/12/2021	31/12/2020
Non-current assets	5		
Equity investments	5.5		
<i>In subsidiaries</i>		2,818,905,564	2,815,589,807
<i>equity investments in associates and joint</i>		465,633,786	465,633,785
<i>In other companies</i>		349,725,242	331,708,703
Total		3,634,264,592	3,612,932,295
Receivables and other non-current financial	5.6	26,748,270	36,587,726
Deferred tax assets	5.9	193,933,331	216,799,413
Total non-current assets		3,854,946,193	3,866,319,434
Current assets	6		
Trade receivables	6.2		
<i>Customers</i>		1,489	1,721
<i>Subsidiaries</i>		363,831	364,788
<i>associates and joint ventures</i>		126	4,221
Total		365,446	370,730
Tax receivables	6.3	13,762,056	34,540,874
Other receivables and current assets	6.4	32,094,955	38,170,773
Intercompany financial receivables	6.5		
<i>Subsidiaries</i>		615,909,918	956,517,829
<i>to associates and joint ventures</i>		2,705,458	9,729,103
Total		618,615,376	966,246,932
Other current financial assets	6.6	8,872,948	54,665,338
Cash and cash equivalents	6.7	24,771,454	121,547,831
Total current assets		698,482,235	1,215,542,478
TOTAL ASSETS		4,553,428,428	5,081,861,912

MFE - MEDIAFOREUROPE N.V.

STATEMENT OF FINANCIAL POSITION

(values in EUR)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2021	31/12/2020 ⁽¹⁾
Shareholders' equity	8		
Share capital	8.1	777,186,257	614,238,333
Share premium reserve	8.2	275,237,092	275,237,092
Treasury shares	8.3	(374,521,214)	(389,702,373)
Legal reserves	8.4	(19,619,433)	8,704,572
Retained earnings/(losses) and other reserves	8.5	1,007,763,598	1,528,541,889
Net result for the year	8.6	214,116,517	17,006,880
TOTAL SHAREHOLDERS' EQUITY		1,880,162,817	2,054,026,393
Non-current liabilities	9		
Post-employment benefit plans	9.1	51,006	50,422
Payables and financial liabilities	9.3	684,146,116	755,634,590
Total non-current liabilities		684,197,122	755,685,012
Current liabilities	10		
Payables to banks	10.1	362,984,271	449,445,483
to suppliers		2,763,700	2,203,008
Subsidiaries		579,382	299,646
parent companies		65,347	65,347
Total		3,408,429	2,568,001
Provisions	10.3	-	2,500,000
Intercompany financial payables	10.5		
to subsidiaries		1,021,779,283	1,187,958,170
to associates and joint ventures		49,272,575	41,857,439
Total		1,071,051,858	1,229,815,609
Other financial liabilities	10.6	331,437,336	333,230,884
Other current liabilities	10.7	220,186,595	254,590,530
Total current liabilities		1,989,068,489	2,272,150,507
TOTAL LIABILITIES		2,673,265,611	3,027,835,519
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,553,428,428	5,081,861,912

1) For information on reclassifications of comparative figures, refer to note 8 'Shareholders' Equity'.

MFE - MEDIAFOREUROPE N.V.

STATEMENT OF INCOME

(values in EUR)

STATEMENT OF INCOME	Notes	FY 2021	FY 2020
Revenues	12		
Revenues from sales and services	12.1	1,163,401	1,689,383
Other revenues and income	12.2	1,303,217	70,344
Total revenues		2,466,618	1,759,727
Costs	13		
Personnel expenses	13.1	(275,004)	(2,590,308)
Purchases	13.2	(4,106)	(6,834)
Services	13.5	(12,704,928)	(13,505,754)
Royalties	13.6	(479,913)	(598,630)
Other operating expenses	13.8	(3,540,426)	(4,823,425)
Amortisation, depreciation and impairments	13.9	269,965	(1,103,296)
Total costs		(16,734,412)	(22,628,247)
Operating result		(14,267,794)	(20,868,520)
(Expenses)/income from financial assets	15		
Financial expenses	15.1	(92,310,389)	(219,264,168.0)
Financial income	15.2	103,086,380	216,673,787
Dividends	15.3		
<i>dividends from subsidiaries</i>		60,000,000	-
<i>dividends from associates</i>		149,930,290	34,800,000
<i>dividends from other companies</i>		11,237,839	-
Total		221,168,129	34,800,000
Total financial (expenses)/income		231,944,120	32,209,619
Profit before tax		217,676,326	11,341,099
Income tax for the year	16		
current taxes		3,495,526	(5,386,798)
deferred tax assets/liabilities		64,283	(278,983)
Total income tax for the year		3,559,809	(5,665,781)
Net result for the year	8.6	214,116,517	17,006,880

MFE - MEDIAFOREUROPE N.V.

STATEMENT OF COMPREHENSIVE INCOME

(values in EUR)

	Notes	FY 2021	FY 2020
NET RESULT FOR THE YEAR (A)	8.6	214,116,517	17,006,880
Comprehensive income/(loss) that may be subsequently reclassified to profit or loss		2,217,485	(3,375,086)
Effective portion of gains and losses on hedging instruments (cash flow hedge)		2,917,744	(4,440,902)
Tax effect		(700,259)	1,065,816
Comprehensive income/(loss) that will not be reclassified to profit or loss		(51,747,406)	27,895,418
Actuarial gains/(losses) from defined benefit plans		(805)	(1,013)
Tax effect		193	243
Profit/(loss) from financial assets classified fair value through OCI		6,624,356	8,709,284
Tax effect		-	(234,912)
Profit/(loss) from option valuations		(58,628,704)	19,307,163
Tax effect		257,554	114,653
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX EFFECTS (B)		(49,529,921)	24,520,332
TOTAL COMPREHENSIVE INCOME (A + B)		164,586,596	41,527,212

MFE - MEDIAFOREUROPE N.V.

STATEMENT OF CASH FLOWS

(values in EUR thousand)

CASH FLOW FROM OPERATING ACTIVITIES	Notes	FY 2021	FY 2020
Operating result	-	(14,268)	(20,869)
Depreciation, amortisation and impairments	13.9	(270)	1,135
Allowances net of utilisation	10.3	(2,500)	-
Other non-cash movements	-	-	183
Changes in current assets/liabilities	17.1	(8,375)	2,702
Interest paid	-	-	(22)
Interest received	-	9,670	9,383
Income tax paid	-	(31,664)	(9,260)
Income tax received	-	43,624	1,576
Dividends received	17.2	215,174	34,800
Net cash flow from operating activities (A)		211,391	19,628
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for investments in other fixed assets	-	-	(23)
Payments for equity investments	17.3	(11,392)	(11,666)
Cash pooling	17.4	196,012	252,795
Proceeds for hedging derivatives on financial assets	-	12,493	12,817
Net cash flow from investing activities (B)		197,113	253,923
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of treasury shares	-	(7)	-
Dividends paid	17.5	(341,759)	-
Other financial assets/liabilities paid	17.6	(447,595)	(286,500)
Other financial assets/liabilities received	17.7	292,168	130,060
Interests paid	-	(8,087)	(8,622)
Net cash flow from/used in financing activities (C)		(505,280)	(165,062)
Changes in cash and cash equivalents (D=A+B+C)		(96,776)	108,489
Cash and cash equivalents at the beginning of the year (E)		121,547	13,058
Cash and cash equivalents at end of the year (F=D+E)		24,771	121,547

MFE - MEDIAFOREUROPE N.V.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(values in EUR thousand)

	Share capital	Share premium reserve	Treasury shares	Legal reserve (under Italian Law)	Other reserves	Legal reserves	Retained earnings/ (Accumulated losses) and other reserves	Net result for the year	Total shareholders' equity
Notes	8.1	8.2	8.3	-	-	8.4	8.5	8.6	
Balance at 01/01/2020	614,238	275,237	(401,298)	122,848	1,941,364	(1,759)	(697,678)	(126,028)	1,978,980
Allocation of 2019 net result									
As per the general meeting of 26/06/2020	-	-	-	-	126,028	-	-	(126,028)	-
Other changes	-	-	-	-	30,000	(6,895)	6,895	-	30,000
Changes in medium/long-term incentive plans	-	-	11,596	-	(7,295)	(781)	-	-	3,520
Total comprehensive income/(loss) for the year	-	-	-	-	-	24,520	-	17,007	41,527
Closing Balance at 31/12/2020	614,238	275,237	(389,702)	122,848	2,090,097	15,085	(690,783)	17,007	2,054,027
Opening Balance at 01/01/2021	614,238	275,237	(389,702)	122,848	2,090,097	15,085	(690,783)	17,007	2,054,027
Reclassification due to Relocation	-	-	-	(122,848)	(2,090,097)	(6,380)	2,219,325	-	-
Pro-forma opening Balance at 01/01/2021 ⁽¹⁾	614,238	275,237	(389,702)	-	-	8,705	1,528,542	17,007	2,054,027
Allocation of 2020 net result									
As per the general meeting of 23/06/2021	-	-	-	-	-	-	(324,752)	(17,007)	(341,759)
Increase in share capital (Res. of 25/11/2021)	162,948	-	-	-	-	-	(162,948)	-	-
(Purchase)/sale of treasury shares	-	-	15,181	-	-	-	(11,087)	-	4,094
Changes in medium/long-term incentive plans	-	-	-	-	-	-	(786)	-	(786)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(28,325)	(21,205)	214,117	164,587
Closing Balance at 31/12/2021	777,186	275,237	(374,521)	-	-	(19,620)	1,007,764	214,117	1,880,163

1) For information on reclassifications of comparative figures, refer to note 8 'Shareholders' Equity'.

GENERAL INFORMATION

1. GENERAL INFORMATION

MFE-MEDIAFOREUROPE N.V. (“MFE” or “The Company”) is a listed joint-stock company (naamloze vennootschap) subject to Dutch law and registered in the Dutch Commercial Register (CCI number: 83956859). It was incorporated on 26 november 1987. Its registered office (statutaire zetel) is at Prinsengracht 462 in Amsterdam (the Netherlands) and its headquarters, Italian branch and tax residence are at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. Its ultimate controlling party is Fininvest S.p.A. The MFE ordinary shares are listed on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., with tickers symbol MFEA and MFEB.

As reported in the subsequent note 4, on 20 September 2021 was completed the transfer of the Company's. (previously Mediaset S.p.A.) registered office from Italy to the Netherlands as Mediaset N.V (changed into MFE-MEDIAFOREUROPE N.V. on 25 November 2021).

MFE is a multinational media company, mainly operating through its subsidiaries in the television industry in Italy and Spain. In Italy, Mediaset is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels - both linear and non-linear/OTT - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In Spain, MFE is the main shareholder of Mediaset España, with an interest of 55.69% at 31 December 2021. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

The Group is also the largest shareholder, having secured a total aggregate ownership interest of more than 25% of voting rights in ProSiebenSat.1 Media SE following the latest tranche acquired in January 2022. ProSiebenSat.1 Media SE is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It is listed on the Frankfurt Stock Exchange.

The amounts contained in these notes are stated in thousands of euros.

2. ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

These financial statements are:

- ▢ prepared in accordance with International Financial reporting Standard (IAS/IFRS) as adopted by the European Union (EU) and comply with the financial reporting requirement included in Part 9 of the Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2021 have been adopted by the EU. Consequently, the accounting policies applied by the Company also fully comply with IFRS as issued by the IASB.
- ▢ prepared by the Board of Directors of the Company and authorised for issue on 27 April 2022 and will be submitted for adoption to the Annual General Meeting of Shareholders on 29 June 2022.

- ▣ prepared on the historical costs basis unless certain financial instruments which have been measured at fair value in accordance with IFRS 9 and IFRS 13.
- ▣ presented on a going-concern basis, having the Directors verified that there are no financial, operational or other indications pointing to any critical issues that could affect the Company's ability to meet its obligations in the foreseeable future. The risks and uncertainties regarding the business are described in the Directors' Report on Operations. The way in which the Company manages its financial risks, including liquidity and capital risk, is described in the section entitled "Disclosure on financial instruments and risk management policies" in these Explanatory Notes.
- ▣ presented in Euro, which is the functional currency used for the majority of the Company's operations.

Where possible, in order ensure better comparison and presentation of the financial statement items in the event of reclassifications, the items from the previous year have been adjusted accordingly.

Amounts reported in these Financial Statements are expressed in thousands of euro and compared to corresponding figures for the previous year, prepared on a like basis.

Finally, following the relocation of the company MFE-MEDIAFOREUROPE N.V. to the Netherlands, the structure of these (and subsequent) financial statements have been modified from the previous year to reflect the legislation now applicable.

3. BASIS OF PRESENTATION, ACCOUNTING POLICIES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND MEASUREMENT CRITERIA

These Financial Statements have been prepared on a going concern basis, as the Directors have verified that there are no financial, operational, or other indicators that could affect the Company's ability to meet its obligations in the foreseeable future. The risks and uncertainties related to the business are described in the Directors' Report on Operations.

A description of how the Company manages its financial risks, including liquidity and capital risk, is provided in the section "Disclosures on financial instruments and risk management policies" in these Explanatory Notes.

The Financial Statements at 31 December 2021 have been prepared in accordance with International Accounting Standards and related interpretations in force at the reporting date.

The general basis for the presentation of assets and liabilities is cost, with the exception of certain financial instruments which have been measured at fair value in accordance with IFRS 9 and IFRS 13.

Accounting standards, amendments and interpretations applied as from 1 January 2021

Since 1 January 2021, a number of new accounting standards and/or amendments and interpretations of standards previously in force have become applicable.

On **28 May 2020**, the IASB published an amendment entitled **"Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)"**. The document extends by a year the applicability of the 2020

amendment, which allowed lessees to recognise COVID-19-related rent concessions without having to analyse contracts to assess whether these concessions met the definition of “lease modification” under IFRS 16. Therefore, lessees applying this option were eligible in 2020 to recognise the effects of the rent concessions directly in the income statement, from the date on which the concessions takes effect. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applies from 1 April 2021, but early adoption is permitted. The introduction of this new amendment did not have any impact on the Company's financial statements.

On **27 August 2020**, in light of the reform to interbank interest rates such as IBOR, the IASB published the document **“Interest Rate Benchmark Reform — Phase 2”**, which contains amendments to the following standards: IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. 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 on future cash flows. The amendment also requires companies to provide, in their annual reports, additional information on their hedge relationships which are directly affected by the transition's uncertainty and to which the above mentioned exemptions apply. All amendments came into force on 1 January 2021 and the introduction of this new amendment has had no impact on the Company's financial statements.

Financial statements and formats

The **Statement of Financial Position** has been prepared according to a format that splits assets and liabilities into between “current” and “non-current”. An asset/liability is defined as current when it satisfies any of the following criteria:

- ▣ it is expected to be realised or settled, or is expected to be sold or consumed in the company's normal operating cycle;
- ▣ it is held primarily for the purpose of trading; or
- ▣ it is expected to be realised or settled within 12 months after the reporting date.

If none of the above conditions are met, the assets and liabilities are classified as non-current.

The **Income Statement** has been prepared according to the convention of classifying costs by their nature, with components making up earnings before interest and tax and earning before tax stated separately.

The **Comprehensive Income Statement** shows the cost and revenue items, net of tax that, as required or allowed by the International Accounting Standards, are recognized directly within shareholders' equity reserves.

These items are further divided into those that may be reclassified to the income statement in the future and those that cannot be reclassified. Each type of significant shareholders' equity reserve shown in the statement is accompanied by a reference to the explanatory notes below, which contain related information and breakdowns, and changes on the previous fiscal year.

The **Cash Flow Statement** has been prepared using the indirect method, according to which Operating result is adjusted for the impacts of non-monetary transactions, for any deferral or allocation of previous or future operational cash receipts or payments and for elements of revenue or cost connected with cash flows from investing or financing activities. Income and expenses relating to medium/long-term financing transactions and related hedges, as well as dividends paid, are included within financial activities. The item Cash and cash equivalents only includes the balances of current accounts held with banks; the balance of the non-bank cash-pooling held with subsidiaries, associates and joint ventures for centralised treasury management purposes is recognised within financing activities.

The **Statement of Changes in Shareholders' Equity** shows the changes that have taken place in shareholders' equity items in relation to:

- ▢ the distribution of dividends for the period;
- ▢ changes in shareholders' equity reserves (e.g. share-based payments under investment plans, interest rate hedges and changes in the fair value of FVTOCI financial assets, including related financial hedging instruments);
- ▢ each item of comprehensive income, net of any tax effects, that, as required by IFRS, is recognised either directly in shareholders' equity (e.g. actuarial gains and losses from the measurement of defined benefit plans) or for which a balancing entry is carried in a shareholders' equity reserve;
- ▢ comprehensive income for the period.

For each type of significant shareholders' equity reserve shown in the statement, reference is given to the explanatory notes below that contain the relative information and details of their breakdowns and the changes that have taken place compared to the previous fiscal year.

Non-current assets

Leased-in assets

Assets acquired under financial leasing contracts are posted under intangible fixed assets in an item entitled "Rights of use" at the value of the financial liability, calculated based on the current value of future payments, in turn discounted at the incremental borrowing rate for each contract. The payable is progressively reduced according to the repayment schedule for the amounts of principal included in the contractual instalments. The interest amount, on the other hand, is recognised in the income statement under financial expenses. The value of the asset recognised under tangible fixed assets is depreciated on a straight-line basis according to the expiry date of the lease agreement, while also taking into account the likelihood of renewal of the agreement in the presence of an enforceable renewal option.

Fees for leasing contracts with a duration of 12 months or less and for contracts with a low-value underlying asset are posted on a straight-line basis according to the duration of the contract.

Impairment of assets

The carrying amounts of recognized equity investments are periodically reviewed in accordance with IAS 36, which requires the assessment of the existence of any losses in the carrying amount of the assets, where indicators suggest that impairment may exist.

If impairment loss indicators are identified, the recoverable amounts recognised are checked by comparing the carrying amount recognized in the financial statements and the higher of the fair value less costs of disposal and the value in use of the tested asset/Group of assets.

In the case of impairment losses, the related cost is recognized to the income statement. The original value can be reinstated in the following fiscal years if the conditions for the impairment no longer apply.

Equity investments in subsidiaries, associates and joint ventures

These equity investments are recognised in the financial statements using the cost method.

The risk resulting from any losses exceeding the shareholders' equity value is recognised in a specific provision to the extent that the Company is committed to fulfilling legal or implicit obligations towards the investee or, in any case, to cover its losses.

Equity investments in other companies

Equity investments other than those in subsidiaries, associates or joint ventures are measured in accordance with IFRS 9 and in particular classified in the category of financial assets measured at fair value with recognition of changes in the other comprehensive income statement, without recycling to profit and loss.

This category also includes non-controlling interests investments acquired by the Company with the aim of making medium-term non-speculative investments. In this case, fair value can be determined based on specific valuation models, by taking account of the prices of recent transactions on the capital of those companies or, for equity investments in listed companies, on the basis of the current stock market price at the reporting date.

Current assets

Trade receivables

Receivables are measured at their fair value, which — except where customers have been granted significantly extended payment terms — is the same as the value calculated using the amortised cost method. Pursuant to IFRS 9, trade receivables are classified as “held to collect” or “held to collect and sell”. Their value at year-end is adjusted to their estimated realisable value and impaired when needed, with expected credit loss measured using a time horizon of 12 months in the absence of any evidence of a significant increase in credit risk. Receivables originating in non-EMU currencies are measured at the year-end spot rates issued by the European Central Bank.

Other current financial assets

After initial recognition, all financial assets recognised which are covered by the scope of IFRS 9 must be subsequently recognised at amortised cost or fair value based on the business model of the entity to manage financial assets and the characteristics of contractual cash flows of the financial asset.

Specifically:

-  debt instruments held within a business model whose objective is achieved by holding financial assets to collect contractual cash flows, and that have cash flows representing solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
-  debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have cash flows representing solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value with changes recognised in other components of the statement of comprehensive income;

- ▢ all other debt instruments and investments in equity instruments are subsequently measured at fair value, with changes recognised in profit (loss), with the exception of equity instruments that can be designated as financial assets for which changes in fair value are recognised in Other comprehensive income, without recycling to profit and loss.

Cash and cash equivalents

This item includes petty cash, bank current accounts and deposits that are repayable on demand and other short-term and highly liquid financial investments that are readily convertible into cash, with an insignificant risk of a change in value.

Treasury shares

Treasury shares are recognised at cost and recorded as a reduction of shareholders' equity and all the gains and losses resulting from transaction on treasury shares are classified within a specific shareholders' equity reserve.

Non-current liabilities

Employee benefits

Post-employment benefit plans

Employee leaving entitlements qualify as a post-employment benefit and are classified as a defined benefit plan. Using the projected unit credit method, amounts accrued are projected in order to estimate the final liability at the future time when employment will be terminated and are then discounted. The actuarial method is based on demographic and financial assumptions used to give a reasonable estimate of the benefits accrued by each employee for service.

The actuarial valuation results in the recognition of an interest cost under the item Financial (Expenses)/Income that represents the theoretical charge that the Company would incur if it requested a market loan for the amount of the employee leaving entitlements.

Actuarial gains and losses reflecting the impacts from changes in the actuarial assumptions used are recognised directly in shareholders' equity without ever going through the income statement.

Due to reforms to Italian employee leaving entitlements ("TFR") introduced by Law No. 296 of 27 December 2006 ("Finance Act 2007") and implemented by subsequent decrees and regulations, the accounting policies applied to TFR benefits accrued at 31 December 2006 and those accruing from 1 January 2007 were changed in accordance with IAS 19 and interpretations issued by Italian accounting standard setters in July 2007.

As a result of the Supplementary Pension Reform introduced, benefits accrued up to 31 December 2006 will continue to remain within the Company as a defined benefit plan (with the obligation for accrued benefits subject to actuarial valuation). Amounts accruing as of 1 January 2007 are either paid into supplementary pension funds or transferred by the Company to the treasury fund managed by the Italian National Social Security Institute (INPS) and are considered a defined contribution plan from the time employees have exercised their choice; accordingly, these amounts are not subject to actuarial valuation.

Share-based payments

In accordance with IFRS 2, the Company classifies stock options as "share-based payments". Stock options that are "equity-settled" i.e. involving the physical delivery of the shares, are measured at the fair value at the grant date of the option rights assigned and recognised as a personnel expense to be spread evenly over the vesting period of the rights, with a corresponding reserve recognized within the shareholders' equity. This allocation is carried out based on the estimate of the rights that will actually allot to the person entitled, in consideration of their vesting conditions not based on the market value of the rights. In accordance with IFRIC 11 IFRS 2 - "Group and Treasury Shares Transactions", issued on 30 November 2006 and endorsed by the European Commission on 1 June 2007, stock options assigned by the company to employees of its direct and indirect subsidiaries are accounted for as equity-settled and are recognised as increases in the value of the equity investment, with a corresponding reserve recognized within the shareholders' equity.

Provisions for risk and charges

Provisions include costs and charges whose existence is either certain or probable, but whose amount or date of occurrence cannot be determined at the reporting date. These provisions have been made only when there is a current obligation, resulting from past events, that can be of a legal or constructive nature, or arising from declarations or behaviour by the Company that create valid expectations in the parties concerned (implicit obligations).

Provisions represent our best estimate of the amount that the company would have to pay in order to settle the obligation. When they are significant and the payment dates can be reliably estimated, the provisions are recognised at present values with the charges resulting from the passage of time recognized in the income statement under the item "Financial (Expenses)/Income".

Non-current financial liabilities

Non-current financial liabilities are recognised at amortised cost, using the effective interest rate method.

Current liabilities

Trade payables

Trade payables are recorded at their nominal amount, which is usually close to their amortised cost; Trade payables in non-UEM currencies are translated at the year-end spot rates reported by the European Central Bank.

Derivatives and hedge accounting

The Company enters into transactions to hedge the main financial risks associated with fluctuations in foreign exchange rates in connection with the acquisition, mainly by the indirect subsidiary R.T.I. S.p.A., of television broadcasting rights denominated in currencies other than the euro, in particular the US dollar.

Specifically, it makes use of derivative instruments (primarily forwards) in its business to hedge the foreign currency risk associated with highly probable forecast transactions and payables for purchases that have been concluded.

These contracts are purchased on the market to hedge the foreign currency risk associated with the purchase of television broadcasting rights, but do not qualify for hedge accounting under IFRS 9 in the company only financial statements of MFE - MEDIAFOREUROPE N.V. Accordingly, the fair value changes of these instruments are recognised as Financial (Expenses)/Income in the income statement.

The fair value of forwards is measured by discounting the difference between the notional amount translated at the forward rate of the contract, and the notional amount translated at the fair forward rate (the forward exchange rate measured at the reporting date).

The Company is exposed to financial risks related to changes in interest rates on medium/long term loans subject to floating interest rates.

In relation to the latter risk, if an interest rate hedge is considered effective pursuant to IFRS 9, the effective portion of the fair value change of the derivative that is designated a hedging instrument and is eligible for hedge accounting is recognised directly in shareholders' equity, while the ineffective part is recognised in the income statement. The shareholders' equity reserve will have an impact on the income statement when the cash flows of the hedged item attributed to the hedged risk are realised, that is, when interest is paid.

As stated earlier, hedging instruments and the models used to measure them are reported in the note "Disclosures on financial instruments and risk management policies".

Revenue recognition

Revenue is recognised at the time of transfer of control of the promised goods or services to the customer.

Revenues are shown net of returns, discounts, allowances and premiums, as well as any directly linked tax charges.

Cost recoveries are shown as a direct reduction of the related costs.

Cost recognition

All costs that have a direct causal link to the revenues for the year, which can be identified specifically or based on hypotheses and assumptions, are recognised during the year. When there is no direct relationship, all costs that have been spread over time on a rational systematic basis are accrued.

Financial income and borrowing costs

Financial income and expenses are recognised in the income statement on an accrual basis.

Income taxes

Current income taxes are recognised on the basis of the determination of taxable income in accordance with current tax rates and provisions currently in force, or essentially approved, at the end of the reporting period, taking into account any applicable exemptions and tax credits due.

Deferred tax assets and liabilities are calculated based on the temporary differences between the carrying amounts of balance sheet assets and liabilities and the corresponding tax base, on the basis of the tax rates in force at the time when the temporary differences will reverse. When the accounting effects of a transaction are recognized directly to shareholders' equity, current and deferred taxes are also recognised in shareholders' equity.

MFE - MEDIAFOREUROPE N.V. is the tax-consolidating entity for all Group companies that fall within the scope for domestic tax consolidation. Based on the existing tax consolidation contracts, the consolidating entity only remunerates losses generated by subsidiaries if they are considered recoverable within the forecast future taxable income generated within the scope of tax consolidation. The impairment and recoverability testing of the deferred tax assets recognized in the financial statements as at 31 December 2021, with particular reference to the prior years' tax losses generated in the Italian consolidated tax perimeter, took into consideration the taxable income on the basis of the five-year plans (2022-2026) used for impairment testing for the explicit period and, through extrapolation from the latter of the expected taxable income for the subsequent periods. Impairment testing also took into consideration the effects of the temporary differences on which deferred tax liabilities are recorded. In light of the tests conducted on this basis, the recovery period has been set at between eight and nine years.

Impairment testing also took into consideration the effects of the temporary differences on which deferred tax liabilities are recorded.

If tax losses are transferred from subsidiaries, MFE - MEDIAFOREUROPE N.V. makes a balance sheet entry, recording assets for tax prepayments and a tax consolidation payable with subsidiaries.

Deferred tax assets and liabilities are offset when it is lawful to offset current tax assets and liabilities, when they refer to taxes due to the same Tax Authority, and when the Company intends settling the current tax assets and liabilities on a net basis.

In the case of any changes in the carrying amount of deferred tax assets and liabilities arising from a change in tax rates or the related legislation, rules or regulations, the resulting effect is recognised in the income statement, unless they relate to items that have previously been debited or credited to shareholders' equity.

Dividends paid

Dividends payable are shown as a change in shareholders' equity for the year in which their distribution is approved by shareholders at the annual general meeting.

Dividend income

Dividend income earned on equity investments is recognised in the income statement at the time the entitlement to a pay-out arises.

Foreign exchange gains and losses

At the annual general meeting for the approval of the financial statements and the allocation of earnings, any net gains from the translation of foreign currency items at year-end exchange rates that are not absorbed to cover losses are allocated to a non-distributable reserve until their subsequent realisation.

Unrealised foreign exchange gains and losses are remeasured at the end of every year. If an overall net foreign exchange gain is found that is higher than the relative shareholders' equity reserve, the difference is added to the reserve. If a foreign exchange loss is found or a net gain that is lower than the reserve amount, the entire reserve or the surplus is released and reclassified as distributable when preparing the financial statements.

Use of estimates

In preparing the financial statements and the Explanatory notes to the financial statements, management is required to make estimates and judgements mainly necessary to measure certain assets and liabilities and evaluate contingent assets and liabilities. The application of accounting policies requires Judgments that impact the amount recognised. Additionally amounts recognised are based on factors that are by default associated with uncertainty. Where applicable, the estimates and judgments are described per note within the financial statements.

The main estimates relate to the measurement of the recoverable amount of tax assets recognised, and of the investments in subsidiaries, associates and joint ventures, as well as provisions.

The estimates and assumptions above are periodically revised and the impacts of each change are recognised in the income statement.

With regard to the impacts of COVID 19 on the financial statements, the Company continued during 2021 to manage the various phases of the health emergency, ensuring the total operational continuity of all the main core and development activities and recorded economic results and a cash flow generations higher not only to 2020 but also to the 2019 pre-pandemic.

Changes in accounting estimates

In accordance with IAS 8, these items are recognised in the income statement on a prospective basis starting from the accounting period in which they are adopted.

EU-endorsed IFRS accounting standards, amendments and interpretations not yet mandatory and not adopted early by the Company

The standards endorsed but not yet applicable at the date of preparation of these financial statements are listed below. The Company does not intend to adopt these principles early. It is not expected the introduction of this new amendments could have significant impact on the Company's financial statements.

On 12 February 2021, the IASB published two amendments entitled "[*Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2*](#)" and "[*Definition of Accounting Estimates—Amendments to IAS 8*](#)". The amendments are intended to enhance the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will

apply from 1 January 2023, but early adoption is permitted. The directors do not expect the adoption of these amendments to have any significant effect on the Company's financial statements.

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

- ▢ **Amendments to IFRS 3 Business Combinations:** these 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:** These 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:** These amendments clarify 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.

New IFRS accounting standards, interpretations and amendments not yet endorsed by the EU

The standards not yet endorsed at the date of preparation of these 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. The amendments will enter force on 1 January 2023; however, companies may choose to adopt them early. The directors are currently evaluating the possible effects of the introducing this amendment for the Company's financial statements.

On 7 May 2021, the IASB published an amendment entitled "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The amendment clarifies how deferred taxes should be recognised for particular transactions for which an entity recognises both an asset and a liability of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early adoption is permitted. The directors are currently evaluating the possible effects of the introducing this amendment for the Company's financial statements.

4. OTHER INFORMATION

Fininvest-Mediaset-Vivendi Deal

On **3 May 2021**, a universal deal was reached with Fininvest and Vivendi putting an end to their dispute, in which each of them withdrew all pending actions and complaints (as described in the Annual Report at 31 December 2020). The deal was closed - in accordance with the terms of the agreements - on **22 July 2021**.

Vivendi undertook to contribute to the international development of MFE-Mediaforeurope by voting to abolish the enhanced voting mechanism and to transfer the registered office to the Netherlands. MFE-Mediaforeurope and Vivendi also entered into good neighbour agreements in free-to-air and standstill television for a duration of five years. Under this transaction, Vivendi paid MFE-Mediaforeurope the compensation awarded in case No. 47205/2016 (EUR 1.2 million), while Fininvest acquired from Vivendi a direct 5.0% shareholding in MFE-MEDIAFOREUROPE N.V. for a price of EUR 2.70 per share (on account of the ex-dividend date and the payout date on 19 July and 21 July 2021, respectively), while Dailymotion, an subsidiary of Vivendi, paid EUR 26.3 million to settle its copyright litigation proceedings with the MFE Group companies RTI and Medusa.

Under wider agreements, Vivendi also committed to Fininvest that the entire 19.19% stake in MFE-Mediaforeurope held by Simon Fiduciaria would gradually be sold on the market over a five-year period. Fininvest will have the right to buy any unsold shares in each 12-month period, at the price established annually. On **18 November 2021**, Fininvest, MFE-Mediaforeurope and Vivendi agreed to amend some of the provisions of the agreements reached on 3 May and 22 July to take into account the matters to be voted on at the upcoming Shareholders' Meeting of MFE-Mediaforeurope on **25 November**. In particular, this concerned the introduction of a dual-class share structure (ordinary A-class shares and ordinary B-class shares) by converting each outstanding MFE-Mediaforeurope share into an ordinary B-class share and allocating one ordinary A-class share for each ordinary B-class share held. In terms of Vivendi's commitment to sell its entire stake in MFE-Mediaforeurope (held through Simon Fiduciaria) on the market over a period of five years, the revised agreements provide that Vivendi will sell one-fifth of its ordinary A-class shares and B-class ordinary shares each year (beginning on 22 July 2021) at the following minimum prices: EUR 1.375 in year 1; EUR 1.40 in year 2; EUR 1.45 in year 3; EUR 1.5 in year 4; and EUR 1.55 in year 5. The shares may be sold at a lower price where authorised by Vivendi. In any event, Vivendi will be entitled to sell its portion of ordinary A-class and ordinary B-class shares held through Simon Fiduciaria at any time if their price reaches EUR 1.60. Fininvest will nevertheless have the right to buy any unsold shares in each 12-month period, at the new price to be established annually.

Transfer of the Registered Office to the Netherlands

On 1 July 2021, the minutes of the Extraordinary Shareholders' Meeting of Mediaset S.p.A. held on 23 June 2021 were registered in the Milan Companies Register. At that meeting, the shareholders approved both the transfer of Mediaset's registered office to Amsterdam, the Netherlands, and the adoption of the new company bylaws in accordance with Dutch law.

The statutory period for exercising the right of withdrawal (pursuant to Article 2437 paragraph 1 letter c) of the Italian Civil Code) pertaining to shareholders who had not participated in the approval of the resolution passed by the extraordinary shareholders' meeting of the Company of 23 June 2021, approving the Transfer, ended on 16 July 2021. The right of withdrawal was validly exercised on a total of 3,881 shares in the Company, for a total settlement value of EUR 7 thousand.

On 20 September 2021, once it was verified that all conditions precedent for the transfer of the Company's registered office to the Netherlands had been met, a Dutch notarial deed was signed and the transfer was completed accordingly. Once the transfer was completed, the new Bylaws of the company took effect and the company took on the name Mediaset N.V.

On 25 November 2021, the shareholders' meeting resolved and approved to change the Company's name from Mediaset N.V.. to MFE – MEDIAFOREUROPE N.V. with immediate effect. The meeting also approved the introduction of a dual-class share structure with different voting rights. Both classes of share will remain listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana S.p.A. The tax residence and

administrative headquarters of MFE - MEDIAFOREUROPE N.V. remain in Italy. Its ultimate parent company remains Fininvest S.p.A.

Dealings with: subsidiaries, associates, parent companies, affiliates and other related parties

On 9 November 2010, the Board of Directors resolved to adopt the "Procedure for transactions with related parties".

The procedure, which is published on the Company's website (www.mediaset.it/investor/governance/particorrelate_it.shtml), sets the rules for identifying, approving, executing and disclosing related-party transactions carried out by MFE - MEDIAFOREUROPE N.V., directly or through subsidiaries, in order to ensure their transparency and substantive and procedural correctness, as well as establishing the cases where these rules do not apply.

The following tables show the breakdown of financial and business dealings with subsidiaries, associates, holding companies, affiliates and other related parties, which were conducted at arm's length conditions.

(values in EUR thousand)

RECEIVABLES AND FINANCIAL ASSETS	Receivables and other non-current financial assets	Trade receivables	Other receivables and current assets	Intercompany financial receivables	Other current financial assets
Subsidiaries - Mediaset Group					
R.T.I. - Reti Televisive Italiane S.p.A.	16	162	4,382	510,498	317
Medusa Film S.p.A.	-	22	2,168	-	-
Publitalia '80 S.p.A.	-	107	11,703	-	-
Digitalia '08 S.r.l.	-	19	3,544	-	-
Elettronica Industriale S.p.A.	-	5	-	-	-
Monradio S.r.l.	-	6	701	26,779	-
Taodue S.r.l.	-	2	-	6,487	-
RadioMediaset S.p.A.	-	9	3,349	69,250	-
Radio Studio 105 S.p.A.	-	8	2,315	-	-
Virgin Radio Italy S.p.A.	-	5	513	-	-
RMC Italia S.p.A.	-	6	-	2,504	-
Radio Subasio S.r.l.	-	6	439	-	-
Radio Aut S.r.l.	-	1	78	-	-
Mediaset Investment N.V.	-	-	711	-	-
R2 S.r.l.	-	2	893	-	-
Mediaset Italia S.p.A.	-	5	-	-	-
Beintoo S.p.A.	-	-	-	393	-
Associates - Mediaset Group					
Boing S.p.A.	-	-	267	2,705	1

(values in EUR thousand)

PAYABLES AND FINANCIAL LIABILITIES	Non-current financial payables and liabilities	Trade payables	Other payables and current liabilities	Intercompany financial payables	Other current financial liabilities
Fininvest Group - Parent company					
Fininvest S.p.A.	-	65	-	-	-
Subsidiaries - Mediaset Group					
R.T.I. - Reti Televisive Italiane S.p.A.	6,756	352	162,302	-	8,676
Medusa Film S.p.A.	-	-	711	111,852	-
Publieurope Ltd.	-	-	-	16,359	-
Publitalia '80 S.p.A.	-	-	261	210,008	-
Digitalia '08 S.r.l.	-	-	5	2,017	-
Elettronica Industriale S.p.A.	-	-	20,885	356,419	-
Monradio S.r.l.	-	-	2,858	-	-
Taodue S.r.l.	-	-	7,952	-	-
Radio Studio 105 S.p.A.	-	-	-	19,105	-
Virgin Radio Italy S.p.A.	-	-	771	9,329	-
RMC Italia S.p.A.	-	-	996	-	-
Radio Subasio S.r.l.	-	-	-	4,613	-
Radio Aut S.r.l.	-	-	2	1,556	-
Mediaset Investment N.V.	-	-	-	276,369	321,437
R2 S.r.l.	-	-	5	8,304	-
Mediaset Italia S.p.A.	-	228	3,564	5,849	-
Associates - Mediaset Group					
Fascino Produzione e Gestione Teatro S.r.l.	-	-	-	35,073	-
Boing S.p.A.	-	-	147	-	1
Mediamond S.p.A.	-	-	-	14,137	-
Adtech Ventures S.p.A.	-	-	-	63	-
Other related parties					
Key management personnel	-	-	9,091	-	-

(values in EUR thousand)

REVENUES AND COSTS	Operating revenues	Operating costs	Financial expenses	Financial income	(Expenses/income) from equity investments
Fininvest Group - Parent company					
Fininvest S.p.A.	-	508	-	-	-
Subsidiaries - Mediaset Group					
Mediaset España Comunicación S.A.	-	173	-	-	-
R.T.I. - Reti Televisive Italiane S.p.A.	481	904	49,441	30,788	-
Medusa Film S.p.A.	72	-	3	3	-
Publitalia '80 S.p.A.	355	-	-	-	-
Digitalia '08 S.r.l.	67	-	-	-	-
Elettronica Industriale S.p.A.	20	-	-	-	-
Monradio S.r.l.	21	6	-	203	-
Taodue S.r.l.	6	(5)	-	28	-
RadioMediaset S.p.A.	32	2	-	643	-
Radio Studio 105 S.p.A.	28	-	-	-	-
Virgin Radio Italy S.p.A.	18	-	-	-	-
RMC Italia S.p.A.	19	1	-	14	-
Radio Subasio S.r.l.	20	-	-	-	-
Radio Aut S.r.l.	2	-	-	-	-
Mediaset Investment N.V.	1	-	3,021	-	-
R2 S.r.l.	5	-	-	-	-
Mediaset Italia S.p.A.	16	749	-	-	60,000
Beintoo S.p.A.	-	-	-	3	-
Associates - Mediaset Group					
Boing S.p.A.	-	(21)	16	63	-
Nessma SA	-	1	-	1	-
El Towers S.p.A.	-	-	-	-	149,930
Fininvest Group - Related companies					
Fininvest Real Estate & Services S.p.A.	-	3	-	-	-
Other related parties					
Key management personnel	-	2,788	-	-	-

The most significant transactions between MFE - MEDIAFOREUROPE N.V. and related parties, summarised in the above tables, concerned:

- ▣ EUR 861 thousand in income for the supply of intercompany treasury and finance services (of which EUR 335 thousand from Publitalia '80 S.p.A. and EUR 231 thousand from R.T.I. S.p.A.);
- ▣ licensing of the Fininvest trademark by the parent company Fininvest S.p.A. for a total of EUR 465 thousand;
- ▣ EUR 1,143 thousand to indirect subsidiary RTI S.p.A. and EUR 749 thousand to Mediaset Italia S.p.A. for the supply of staff services governed by intercompany contracts to indirect subsidiary RTI S.p.A.;
- ▣ short-term financial payable of EUR 315,000 thousand due to subsidiary Mediaset Investment NV under the Share Premium Agreement entered into on 23 December 2019, plus interest of EUR 6,437 thousand accrued as at 31 December 2021, of which EUR 3,021 thousand for the current year.

In 2021, intercompany transactions also concerned the management of equity investments, which in the period involved the collection of a EUR 60,000 thousand dividend from subsidiary Mediaset Italia S.p.A. and a EUR 149,930 thousand dividend from associate El Towers S.p.A..

MFE - MEDIAFOREUROPE N.V. provides centralised treasury services for the management of financial assets involving the use of intercompany cash-pooling, which generated interest income from the following companies:

R.T.I. S.p.A. EUR 6,194 thousand;

RadioMediaset S.p.A. EUR 643 thousand;

Monradio S.r.l. EUR 203 thousand;

Tao Due S.r.l. EUR 28 thousand;

RMC Italia S.p.A. EUR 14 thousand;

Beintoo S.p.A. EUR 3 thousand;

Boing S.p.A. EUR 59 thousand;

Please note that interest expense is calculated only if the average Euribor one-month plus spread is greater than zero; no interest expense was accrued in the reporting period.

In accordance with IAS 24, compensation payable to directors is reported in the caption "Other related parties".

As required by IAS 24, further details on the compensation of key management personnels that includes the remuneration to the company's Directors are provided in the table below and in the Remuneration Report section of this Annual Report.

The difference between the cost indicated above for key management personnel and the compensation indicated in the table below is explained by payments order in favor of other related parties, membership fees due by the Company on behalf of some Directors and compensation paid to Directors by subsidiaries and associates.

2021		Short-term employee benefits													
First and Last Name	Office	Fixed Compensation in MFE		Compensation form participation in Committees in MFE	Fixed Compensation from subsidiaries and associates	Compensation form participation in Committees from subsidiaries and associates		Variable Compensation	Variable non equity Compensation (Bonus)	Non-monetary benefits	post-employment benefits	share based payments	Total		
Pier Silvio Berlusconi	CEO	1,040,000			371,175	*		312,500		114,867	3,368	159,579		2,001,489	
Marco Angelo Giordani	EXECUTIVE DIRECTOR	40,000			1,132,902	*	68,000	250,000	200,000	519,978	5,647	127,663		2,344,190	
Gina Neri	EXECUTIVE DIRECTOR	40,000			1,078,285	*	40,000	180,000	200,000	507,333	5,589	95,747		2,146,954	
Niccolò Querci	EXECUTIVE DIRECTOR	40,000			1,174,333	*	52,000	266,907	200,000	545,309	5,764	51,864		2,336,177	
Stefano Guido Sala	EXECUTIVE DIRECTOR	40,000			1,845,495	‡		486,000	200,000	817,514	4,925	287,242		3,681,177	
		1,200,000		-	5,602,190	#	160,000	1,495,407	800,000	2,505,002		25,293	722,096	12,509,987	
Fedele Confalonieri	NON EXECUTIVE DIRECTOR (CHAIRMAN)	930,000			975,000		64,000			16,489	19,246			2,004,735	
Stefania Barilatti	NON EXECUTIVE DIRECTOR	20,000		25,000										45,000	
Marina Berlusconi	NON EXECUTIVE DIRECTOR	40,000								6,400				46,400	
Marina Brogi	NON EXECUTIVE DIRECTOR	40,000			76,000					4,927				120,927	
Raffaele Cappiello	NON EXECUTIVE DIRECTOR	40,000			34,000					4,080				78,080	
Costanza Esclapion De Villeneuve	NON EXECUTIVE DIRECTOR	40,000			33,000									73,000	
Giulio Gallazzi	NON EXECUTIVE DIRECTOR	40,000			16,000					13,236				69,236	
Dario Pellegrino***	NON EXECUTIVE DIRECTOR	40,000												40,000	
Alessandra Piccinino	NON EXECUTIVE DIRECTOR	20,000			25,000									45,000	
Carlo Secchi	NON EXECUTIVE DIRECTOR	40,000			68,000					16,489				124,489	
Andrea Canepa **	NON EXECUTIVE DIRECTOR	20,000			16,000					2,560				38,560	
Francesca Mariotti **	NON EXECUTIVE DIRECTOR	20,000			33,000					5,840				58,840	
		1,290,000		326,000	975,000		64,000	-	-	70,020	19,246	-		2,744,266	
		2,490,000		326,000	6,577,190		224,000	1,495,407	800,000	2,575,021	44,540	722,096		15,254,253	

* It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

** The Non Executive Directors ended their mandate to advise in June 2021

*** Payment order in favor of Fininvest Spa

For better understanding the details for the previous year are represented in the table below:

2020		Short-term employee benefits									
First and Last Name	Office	Compensation form participation in									
		Fixed Compensation in MFE	Compensation form participation in Committees in MFE	Fixed Compensation from subsidiaries and associates	Compensation from subsidiaries and associates	Variable Compensation	Variable non equity Compensation (Bonus)	Non-monetary benefits	post-employment benefits	share based payments	Total
Pier Silvio Berlusconi	DEPUTY CHAIRMAN AND CEO	1.092.591		316.560	*	259.625		114.572	3.507	179.285	1.966.140
Marco Angelo Giordani	EXECUTIVE DIRECTOR	200.666		966.103	*	22.000	234.500	452.123	5.335	143.427	2.024.154
Gina Nieri	EXECUTIVE DIRECTOR	193.822		919.384	*	251.250		416.832	5.175	107.571	1.894.034
Niccolò Querci	EXECUTIVE DIRECTOR	40.000		1.169.132	*	14.000	268.922	448.048	5.316	116.535	2.061.953
Stefano Guido Sala	EXECUTIVE DIRECTOR	40.000		1.833.297	*	633.150		692.565	4.351	322.712	3.526.075
		1.567.079	-	5.204.476	36.000	1.647.447	-	2.134.140	23.684	869.530	11.472.356
Federico Confalonieri	NON EXECUTIVE DIRECTOR (CHAIRMAN)	1.800.000		75.000	34.000			16.489	17.434		1.942.923
Stefania Barilotti	NON EXECUTIVE DIRECTOR										-
Marina Berlusconi	NON EXECUTIVE DIRECTOR	40.000						6.400			46.400
Marina Braggi	NON EXECUTIVE DIRECTOR	40.000	84.000					4.685			128.685
Raffaele Cappiello	NON EXECUTIVE DIRECTOR	40.000	24.000					2.692			66.692
Costanza Esclapton De Villeneuve	NON EXECUTIVE DIRECTOR	25.000	48.000								73.000
Giulio Gallazzi	NON EXECUTIVE DIRECTOR	40.000	18.000					11.866			69.866
Daniilo Pellegrino**	NON EXECUTIVE DIRECTOR	40.000									40.000
Alessandra Piccinino	NON EXECUTIVE DIRECTOR										-
Carlo Secchi	NON EXECUTIVE DIRECTOR	8.000	100.000					16.320			124.320
Andrea Caneppa	NON EXECUTIVE DIRECTOR	40.000	16.000					2.240			58.240
Francesca Mariotti	NON EXECUTIVE DIRECTOR	40.000	30.000								70.000
		2.113.000	320.000	75.000	34.000	-	-	60.692	17.434	-	2.620.127
		3.680.079	320.000	5.279.476	70.000	1.647.447	-	2.184.832	41.118	869.530	14.092.483

* It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

** Payment order in favor of Fininvest Spa

Treasury shares

At 31 December 2021, the value of the treasury shares acquired under the shareholder resolutions adopted at the annual general meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006 and 19 April 2007, totalled EUR 374,521 thousand (EUR 389,702 thousand at 31 December 2020), which is equivalent to 40,398,915 shares, partially earmarked to approved incentive and buyback plans, of which 103,472 shares allotted to the former non-controlling shareholders of Videotime S.p.A. following the 2018 merger.

During the year, 1,634,155 treasury shares were transferred, under the conditions set forth in the 2018 medium/long-term incentive plan regulations, which provided that shares would be allocated to individual plan participants upon the expiry of the Plan, and these participants have been able to use these shares upon having paid the relevant taxes. The transfer of treasury shares also includes 12,045 front-allocated shares under the 2019 Incentive Plan.

In the course of the year, 3,881 shares in the Company were acquired for a settlement value of EUR 7 thousand. This transaction occurred after the exercise of the right of withdrawal by shareholders who participated in the approval of the resolution passed by the extraordinary shareholders' meeting of the Company on 23 June 2021 to approve the transfer of its headquarters to the Netherlands.

Stock option plans – share-based payments

At 31 December 2021, medium/long-term incentive plans assigned for the years 2019 and 2021 were recognised in the financial statements for the purposes of IFRS 2.

The plans that had an impact on the income statement are those that can be exercised and which, at the reporting date, have not yet been concluded, or those that have vested during the year.

All the plans are equity-settled; that is, they involve the delivery of treasury shares bought back from the market.

Options and the free allocation rights granted to the employee beneficiaries are linked to the Group's achievement of financial performance targets and the employee remaining with the Group for a certain length of time.

The details of the incentive plans can be summarised as follows:

	Incentive plan 2018 (*)	Incentive plan 2019 (*)	Incentive plan 2021 (*)
Grant date	11/09/2018	12/03/2019	01/01/2021
Vesting Period	from 11/09/2018 to 31/12/2020	from 12/03/2019 to 31/12/2021	from 01/01/2021 to 31/12/2023
Exercise period	01/10/2021	01/04/2022	01/10/2024
Fair Value	2.5079	2.8114	2.533

(*) Medium/long-term incentive plans with free granting of shares to beneficiaries

Below is a summary of the changes to the medium/long-term incentive plans:

	2017 Incentive plan(*)	2018 Incentive plan(*)	2019 Incentive plan(*)	2021 Incentive plan (*)	Total
Options outstanding at 1/1/20	1,247,507	1,622,110	-	-	2,869,617
Options issued during the year	-	-	1,789,670	-	1,789,670
Options exercised during the year	(1,247,507)	-	-	-	(1,247,507)
Options outstanding at 31/12/20	-	1,622,110	1,789,670		3,411,780
Options outstanding at 1/1/21	-	1,622,110	1,789,670	-	-
Options issued during the year	-	-	-	1,823,852	1,823,852
Options exercised during the year	-	(1,622,110)	(12,045)	-	(1,634,155)
Options outstanding at 31/12/21	-	-	1,777,625	1,823,852	3,601,477

The incentive plans are recognised in the financial statements at their fair value:

- ▢ Stock Option Plan 2019: EUR 2.8114 per option;
- ▢ Stock Option Plan 2021: EUR 2.533 per option.

The fair value of the incentive plans was calculated based on the Mediaset share stock market price on the grant date.

Tax consolidation

The following companies are consolidated for tax purposes under the tax consolidation regime adopted by MFE - MEDIAFOREUROPE N.V. in accordance with Articles 117 et seq. of the Consolidated Income Tax Act:

- ▢ for the three-year period 2019/2021: Monradio S.r.l., Mediaset Investment NV, Mediaset Italia S.p.A., Radio Studio 105 S.p.A., RMC Italia S.p.A., Virgin Radio Italy S.p.A. and RadioMediaset S.p.A.;
- ▢ For the three-year period 2020/2022: Elettronica Industriale S.p.A., Publitalia '80 S.p.A., Medusa Film S.p.A., Digitalia '08 S.r.l., Boing S.p.A. and R2 S.r.l.;
- ▢ For the three-year period 2021/2023: R.T.I. S.p.A., Tao Due S.r.l., Radio Aut S.r.l. and Radio Subasio S.r.l..

Management and coordination activities

MFE - MEDIAFOREUROPE N.V. is subject to the de facto control of Fininvest S.p.A., as the latter owns 49.33% of the Company's share capital. On 4 May 2004, Fininvest notified the Company that pursuant to Article 2497 et seq of the Italian Civil Code, it would not conduct the management and coordination of MFE - MEDIAFOREUROPE N.V. The Company acknowledged Fininvest's notification at the Board of Directors' meeting of 11 May 2004. The above notification from Fininvest is still applicable as MFE - MEDIAFOREUROPE N.V. defines its own strategies independently and has total organisational, operational and negotiating autonomy, because Fininvest does not oversee or coordinate its business operations. Specifically, Fininvest does not issue any directives to MFE - MEDIAFOREUROPE N.V. nor does it provide assistance or technical, administrative or financial coordination on behalf of MFE and its subsidiaries.

NOTES ON MAIN ASSET ITEMS

(values in EUR thousand)

5. NON-CURRENT ASSETS

5.5 Equity investments

Equity investments in direct and indirect subsidiaries

	31/12/2021				31/12/2020			
	Share capital interest	Equity investments	Carrying amount Stock option	Total	Share capital interest	Equity investments	Carrying amount Stock option	Total
Direct held subsidiaries								
Mediaset Espana Comunicacion S.A.	55.69%	868,975	-	868,975	53.26%	868,975	-	868,975
Mediaset Investment N.V.	100%	595,245	-	595,245	100%	595,245	-	595,245
Mediaset Italia S.p.A.	100%	1,330,000	1,893	1,331,893	100%	1,330,000	913	1,330,913
Total		2,794,220	1,893	2,796,113		2,794,220	913	2,795,133
Indirect held subsidiaries								
			21,334	21,334			19,150	19,150
R.T.I. - Reti Televisive Italiane S.p.A.	0%	-	12,176	12,176	0%	-	11,046	11,046
Medusa Film S.p.A.	0%	-	1,62	1,62	0%	-	1,45	1,45
Publitalia '80 S.p.A.	0%	-	8,581	8,581	0%	-	7,595	7,595
Digitalia '08 S.r.l.	0%	-	58	58	0%	-	58	58
Elettronica Industriale S.p.A.	0%	-	111	111	0%	-	111	111
RadioMediaset S.p.A.	0%	-	246	246	0%	-	195	195
Total			21,334	21,334			19,150	19,150
Equity investments in subsidiaries								
		2,794,221	24,685	2,818,906		2,794,221	21,369	2,815,590
Total			24,685	2,818,906			21,369	2,815,590

This item amounts to EUR 2,818,906 thousand. Compared to the previous year, this figure was up by EUR 3,316 thousand, representing the portion vested during the year under the Medium/Long-term Incentive Plan granted to some of the subsidiaries' employees in 2019 and 2021.

The equity investment in the company Mediaset España Comunicación S.A., corresponding to a portion of the share capital of 55.69% of the subsidiary, as at 31 December 2021 showed a carrying amount higher than the pro-quota share of the company's equity and the related market capitalisation. Finally, it should be noted that the ordinary shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and on the Spanish electronic market (SIB).

The recoverability of the carrying amount of the investment in Mediaset España CGU was tested by estimating the equity value of the investment based on the value in use of those operating assets and the current value attributable to other assets and liabilities. The results of this measurement process were approved by the Board of Directors of Mediaset España on 23 February 2022 and reported to the Board of Directors of MFE-

Mediaforeurope N.V. on 29 March 2022. The value in use of the investment in Mediaset España was assessed by estimating the future cash flow of the Subsidiary's operating activities, in particular in relation to the expected future trends in advertising revenue over the projection period based on external information on macroeconomic trends and the advertising market. The assessment assumes that market shares (audience and advertising investment) will largely remain stable, and applies a discount rate (WACC) of 7.64% and a perpetual growth rate substantially equal to 0, which is in line with the parameters used for impairment testing at 31 December 2020.

In light of these analyses, no elements were identified from which it is possible to infer the existence of an impairment loss in the carrying amount of the investment in Mediaset Espana as at 31 December 2021.

Other than the above, no equity investments were identified for which the carrying amount would exceed the pro-rata amount of shareholders' equity and no other impairment indicators have been identified on the investments carrying amount.

Equity investments in associates and joint ventures

	31/12/21				31/12/20			
	Share capital interest	investment	stock opt.	total	Share capital interest	investment	stock opt.	total
Nessma S.A.	34.12%	-	-	-	34.12%	-	-	-
Nessma Broadcast S.a.r.l.	32.27%	468	-	468	32.27%	468	-	468
El Towers S.p.A.	40.00%	465,329	305	465,634	40.00%	465,329	305	465,634
Equity investments in associates and joint ventures		465,797	305	466,102		465,797	305	466,102
Acc. impairment of equity investments in associates and joint ventures				(468)				(468)
Total				465,634				465,634

This item totals EUR 465,634 thousand, which is unchanged on the previous year. The item includes both the 40% shareholding in the associate El Towers S.p.A. for a value of EUR 465,634 thousand, and the shareholdings in the associates Nessma Broadcast S.a.r.l. (32.27%) and Nessma S.A. (34.12%) totalling EUR 468 thousand, with this amount having been totally impaired in previous years.

With reference to El Towers S.p.A., the recoverability of the carrying amount of the equity investment was confirmed by the value in use determined by the associate on the basis of the latest approved business plans.

Equity investments in other companies

	31/12/21		31/12/20	
	Share capital interest	carrying amount	Share capital interest	carrying amount
Kirch Media GmbH & Co. KGaA in administration	2.28%		2.28%	
Nessma Entertainment S.a.r.l.	0.00016%		0.00016%	
ProSiebenSat.1 MEDIA SE	10.714%	349,725	10.35%	331,709
Total		349,725		331,709

The item totals EUR 349,725 thousand, which is up by EUR 18,016 thousand on the previous year due to the following operations:

- ▢ In December 2021, the stake in ProSiebenSat 1 - Media SE increased from 10.35% to 10.714% of the share capital with the purchase of 847,044 shares for a total of EUR 11,392 thousand;
- ▢ increase of a further EUR 6,624 thousand for the investment in ProSiebenSat 1 – Media SE due to the effects of the fair value measurement (EUR 14.01 per share), recognized in the caption Valuation reserve within equity.

Following this remeasurement, the fair value of the investment at 31 December 2021 was EUR 349,725 thousand. The company has a broad shareholder base and is listed on the Frankfurt Stock Exchange. It should be noted that, as the conditions do not exist, this equity investment does not qualify as an associate under IAS 28 (Investments in Associates and Joint Ventures); in other words, the investor cannot exercise significant influence by participating in its financial and operating policy decisions. The investment therefore recognised as a financial asset under IFRS 9 (Financial Instruments) and, as a result, the carrying amount of the equity investment and the related fair value hedging derivatives are recognised through other comprehensive income and will not be reclassified to profit or loss, and in the caption Valuation reserve within equity.

This item also includes the 2.28% shareholding in the company Kirch Media GmbH & Co. and the 0.00016% shareholding in the company Nessma Entertainment S.a.r.l., which are unchanged compared to the previous year.

5.6 Receivables and other non-current financial assets

		31/12/2021			31/12/202
		Due			
	Total	In 1 year	From 1 to 5 years	More than 5 years	Total
Non-current receivables due from others	8,642	-	8,642	-	8,642
>12-month forward derivatives with third parties	7,235	-	7,235	-	1,679
>12-month forward derivatives with subsidiaries	16	-	16	-	456
>12-month IRS derivatives with third parties	708	-	708	-	-
>12-month put option derivatives on equity instruments	10,147	-	10,147	-	25,811
Total	26,748	-	26,748	-	36,588

This item totals EUR 26,748 thousand, which is down EUR 9,840 thousand on the previous year.

The change can be broken down as follows:

- ▢ EUR 8,642 thousand from non-current receivables due from others, of which EUR 8,500 thousand for receivables relating to two insurance policies with a minimum guaranteed return taken out in 2019 and EUR 142 thousand in receivables from security deposits;
- ▢ EUR 7,235 thousand from the non-current portion of the fair value of derivative contracts entered into with Intesa Sanpaolo S.p.A., Mediobanca S.p.A. and UniCredit S.p.A. to hedge risks resulting from fluctuations of foreign currencies in relation to highly probable future purchases, as well as payables for purchases already completed; the instruments have been entered into to hedge risks related to subsidiaries' operations;
- ▢ EUR 10,146 thousand from the non-current portion of the fair value concerning the put option taken out with Credit Suisse International to hedge fair value changes in the equity interest held in German broadcaster ProSiebenSat.1 – Media SE;
- ▢ EUR 708 thousand from the non-current portion of fair value of two interest rate derivative contracts (IRS) entered into with Intesa Sanpaolo S.p.A. and BNP Paribas to hedge interest rate risk on the loans taken out during the previous year;
- ▢ EUR 17 thousand from Derivatives for forward transactions with subsidiaries, which represent the non-current portion of the fair value of derivatives for forward contracts on foreign currencies that MFE-MEDIAFOREUROPE N.V., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly probable future purchases, as well as payables for purchases already made by its direct and indirect subsidiaries, transferred to the latter by entering into an intercompany mirror agreement at the same conditions.

5.9 Deferred tax assets

The amount shown in the table corresponds to the balance sheet amount for the credit from deferred tax assets calculated on the basis of temporary differences between the assets and liabilities carrying amounts and their corresponding tax base, as well as tax losses transferred from Group companies that participate to the national tax consolidation agreement.

Deferred tax assets are measured on the basis of the current tax rates applicable at the time the differences will reverse and are considered to be recoverable on the basis of taxable results that may be inferred from the Group's multi-year business plans for the Italian segment.

The following tables show the changes in the period and the break down of deferred tax assets at the end of the year:

	31/12/21	31/12/20
Opening balance	216,799	222,499
Deferred Tax charged to profit and loss	(64)	279
Deferred Tax charged to shareholders' equity	(700)	353
Transfer of business unit	-	(467)
Other changes	(22,102)	(5,865)
Closing balance	193,933	216,799

	31/12/21		31/12/20	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax assets for:				
Directors' compensation	9,073	2,177	9,155	2,197
Taxes, charges and membership fees	88	21	1	-
Post-employment benefit plans	2	1	4	1
Provision for expected credit loss	5,388	1,293	5,658	1,358
IRS hedging reserve	234	56	3,151	756
Tax losses from tax consolidation	793,271	190,385	885,362	212,487
Total deferred tax assets	808,056	193,933	903,331	216,799

The item totals EUR 193,933 thousand, which is up EUR 22,866 thousand on the previous year.

The deferred tax asset recognised in the financial statements for the tax losses recognized under the Group's tax consolidation agreement decreased by a total of EUR 22,102 thousand.

The recognition of deferred tax assets is based on the forecasts of expected taxable income for future years. With particular reference to deferred tax assets recognised in relation to the tax losses that can be carried forward indefinitely accrued as part of the Group tax consolidation, the assessment of the eligibility and the

recoverability period of the value at 31 December 2021 (equal to EUR 190,385 thousand, down EUR 22,102 thousand compared to the end of the previous year) was carried out by estimating the taxable IRES income of the tax consolidation on the basis of the following assumptions:

- ▣ pre-tax profit/loss of Italian operations following the tax consolidation in the 2022-2026 plans prepared on the basis of the assumptions approved by the Company's Board of Directors on 29 March 2022;
- ▣ estimates of tax changes, primarily relating to dividend income from subsidiaries and other investees, higher tax amortisation of pay broadcasting rights written down in 2018 and other tax-insignificant components of profit/loss;
- ▣ extrapolation of the taxable income over the period of the impairment plans, with hypotheses of growth and profit margins in line with the assumptions (long-term growth rate and cash flows used to terminate the terminal value) identified during impairment tests in the context of the Group's consolidated financial statements.

Based on this exercise, a recovery period of between eight and nine years was determined.

6. CURRENT ASSETS

6.2 Trade receivables

At the end of the year this item was broken down as follows:

	Total	31/12/2021			31/12/2020
		In 1 year	Due From 1 to 5 years	More than 5	Total
Receivables from customers	2	2			2
Provision for expected credit loss	(1)	(1)			-
Total net receivables from customers	1	1	-	-	2
Receivables due from subsidiaries	364	364			365
Total	365	365	-	-	371

Receivables from customers

The item, net of the provision for expected credit loss, totals EUR 1 thousand (EUR 2 thousand at 31 December 2020).

Trade receivables from subsidiaries

Trade receivables from subsidiaries amount to EUR 364 thousand and mainly consisted of:

- ▣ EUR 287 thousand (of which EUR 107 thousand from Publitalia '80 S.p.A. and EUR 70 thousand from R.T.I. S.p.A.) for the supply of intercompany treasury and finance services;
- ▣ EUR 69 thousand for fees on bank sureties and guarantees granted in favour of subsidiaries;
- ▣ EUR 32 thousand in other receivables.

6.3 Tax receivables

This item was broken down as follows:

	31/12/21	31/12/20
Receivables from tax authorities for IRES tax from tax consolidation	11,783	30,876
Receivables from tax authorities for IRAP	1,074	1,095
Other receivables from tax authorities	905	2,570
Total	13,762	34,541

The item amounts to a total of EUR 13,762 thousand, decreasing by EUR 20,779 thousand compared to the previous year.

Details of the items are provided below:

Receivables from tax authorities for IRES from tax consolidation

This item amounts to EUR 11,783 thousand and is made up as follows:

- ▣ EUR 11,777 thousand in tax receivables carried forward, recognised in the Group national tax consolidation scheme;
- ▣ a residual value of EUR 6 thousand in receivables due as a result of the application for an IRES tax refund submitted in a capacity as consolidating entity for the deductibility of IRAP tax due on employee expenses and other staff for the five-year period 2007-2011 (Article 2, Paragraph 1-quater of Decree Law 201 of 6 December 2011).

In December, the tax authorities paid a total of EUR 15,179 thousand in IRES refunds for 2008, 2009, 2010 and 2011, including EUR 1,513 thousand in interest accrued up to the collection date.

Receivables from tax authorities for IRAP tax

The item amounts to EUR 1,074 thousand, which is down by EUR 21 thousand on the previous year.

Other receivables from tax authorities

The item totals EUR 905 thousand, which is down EUR 1,665 thousand on the previous year.

This item refers to a tax receivable for foreign withholding tax payments recognised in the context of the dividend received from investee ProSiebenSat.1 Media SA for a total value of EUR 2,099 thousand - this value was impaired by EUR 1,134 thousand to align with its estimated realisable value. A EUR 905 thousand refund for the remainder was requested to the German tax authorities. The remaining EUR 59 thousand will be deducted from the tax return as a credit for taxes paid abroad.

6.4 Other receivables and current assets

Below is a breakdown of the item:

	31/12/21	31/12/20
Receivables from employees	28	33
Advances	5	5
Receivables from social security institutions	65	108
Receivables from tax authorities	-	13,213
Receivables from others	24	97
Other receivables from subsidiaries	30,797	23,848
Other receivables from affiliates	267	-
Accrued income	1	-
Prepaid expenses	908	867
Total	32,095	38,171

The item totals EUR 32,095 thousand, which is down by EUR 6,076 thousand on the previous year.

The item includes receivables falling due beyond 12 months for EUR 357 thousand.

The fair value of the receivables approximates their carrying amount.

Details of the main items are provided below.

Other receivables from subsidiaries

This item totals EUR 30,797 thousand and mainly comprises:

- ▢ EUR 19,507 thousand for the IRES tax receivable resulting from tax consolidation in relation to subsidiaries that participate in the Group's tax pursuant to the agreement to exercise the option to use the national tax consolidation scheme, mainly from Publitalia '80 S.p.A. for the sum of EUR 11,013 thousand, from Radio Studio 105 S.p.A. for the sum of EUR 2,192 thousand and from Medusa Film S.p.A. for the sum of EUR 2,168 thousand;
- ▢ EUR 11,290 thousand as the receivable related to the Group VAT consolidation, mainly from RTI S.p.A. for the sum of EUR 4,382 thousand, from Digitalia '08 S.r.l. for EUR 2,558 thousand and from RadioMediaset S.p.A. for EUR 2,256 thousand.

Prepaid expenses

This item totals EUR 908 thousand and is made up as follows:

- ▢ EUR 644 thousand in costs incurred to secure medium/long-term loans;
- ▢ EUR 12 thousand in fees on bank guarantees paid in advance;
- ▢ another EUR 252 thousand in miscellaneous expenses, mainly consisting of costs for insurance premiums.

Receivables from tax authorities

The decrease of the item during the year was mainly attributable to the Group VAT item, which shows a balance payable balance at year end.

In 2020, the item included a receivable of EUR 2,853 thousand following payment for tax arrears relating to the VAT-related notices of assessment TM0603200248/2009 and TMB 060200013 for the 2004 and 2005 financial years to the subsidiary Videotime S.p.A, which was merged by incorporation into MFE-MEDIAFOREUROPE N.V. on 1 March 2018; a provision was recognized for the same amount, leading therefore to no impacts on the Company's income statement in the year.

It is worth noting that the Supreme Court of Cassation, in its judgments RG No. 29629/14 and No. 29631/14 served on 1 April 2021 and its judgment RG No. 21648/12 served on 18 March 2021, ruled to reject the grounds for appeal against the notices of assessment, therefore acknowledging the purchases of gold tokens given as part of game show initiatives were not VAT-deductible.

6.5 Intercompany financial receivables

Intercompany financial receivables from subsidiaries

These concerned cash-poolings in place with other Group companies as detailed below:

	31/12/21	31/12/20
Taodue S.r.l.	6,486	12,951
R.T.I. S.p.A.	510,498	860,519
Beintoo S.p.A.	393	-
Monradio S.r.l.	26,779	17,348
RadioMediaset S.p.A.	69,250	64,906
RMC Italia S.p.A.	2,504	794
Total	615,910	956,518

The cash-poolings with subsidiaries, associates and joint ventures are governed by a master agreement entered into on 18 December 1995 and its subsequent amendments, which provide for the application of interest rates by MFE-Mediaforeurope N.V. for the year 2021 calculated on the basis of the average Euribor 1-month plus a spread. The counterparties calculate the interest expense by adding a spread of 1.5%, while interest income is calculated only if the sum of the average 1-month Euribor plus a spread (of 0.2%) is higher than zero. From 2017, interest is paid to MFE-Mediaforeurope N.V. on 31 December of each year, while interest expense is charged on 1 March of the year following the year to which it relates.

On 1 December 2020, a new intercompany cash-pooling was opened in the name of the indirect subsidiary Beintoo S.p.A. This account did not appear in the table under *Intercompany financial receivables from subsidiaries* as at 31 December 2020, as the account was not opened until 29 January 2021.

Intercompany financial receivables from associates and joint ventures

This item includes cash-pooling in place with associates and joint ventures as detailed below:

	31/12/21	31/12/20
Boing S.p.A.	2,705	9,729
Total	2,705	9,729

6.6 Other current financial assets

This item breaks down as follows:

	31/12/21	31/12/20
Financial assets for non-hedging derivatives		
Third party forward derivatives	8,201	1,301
Forward derivatives with subsidiaries	317	5,241
Forward derivatives with associates	1	-
Total	8,518	6,542
Financial assets for hedging derivatives		
Derivatives on equity instruments	354	48,123
Total	354	48,123
Total	8,873	54,665

The item amounts to a total of EUR 8,873 thousand, decreasing by EUR 45,792 thousand compared to the previous year.

This item was broken down as follows:

Financial assets for non-hedging derivatives

This is the fair value of derivatives, represented by forward currency contracts, purchased by MFE-Mediaforeurope N.V. on the market to hedge risks resulting from fluctuations of foreign currencies in relation to highly probable future purchases, as well as payables for purchases already completed to hedge risks related to subsidiaries' operations.

The fair value of forwards is measured by discounting the difference between the notional amount translated at the forward rate of the contract, and the notional amount translated at the fair forward rate (the forward exchange rate measured at the reporting date).

In particular, MFE-Mediaforeurope N.V. gathers information concerning positions subject to exchange risk from subsidiary R.T.I. S.p.A. and from the joint venture Boing S.p.A. and, once the derivative contract has been entered into on the market, it transfers it to these subsidiaries by entering into an intercompany mirror agreement under the same terms and conditions.

These contracts in the financial statements of the Company do not qualify as hedging instruments pursuant to IFRS 9 and are accounted for by recognizing the changes in fair value in the income statement, under the items "Financial expenses and financial income".

Financial assets for hedging derivatives

The item totals EUR 354 thousand, which is down EUR 47,769 thousand on the previous year. The item refers to the non-current portion of the fair value concerning the put option taken out with Credit Suisse International in 2019 to hedge the risk from changes in the fair value of the equity investment held in German broadcaster ProSiebenSat.1 Media SA.

Other current financial assets

The item also includes EUR 4,960 thousand in current financial receivables due from joint ventures Nessma S.A. and Nessma Broadcast S.a.r.l. These receivables had been entirely impaired at 31 December 2021 and the impairment losses recognized portion during the year amounts to EUR 1 thousand.

6.7 Cash and Cash Equivalents

This item was broken down as follows:

	31/12/21	31/12/20
Current accounts and demand deposits	24,771	121,548
Cash and cash equivalents		
Total	24,771	121,548

The item amounts to EUR 24,771 thousand, which is down by EUR 96,777 thousand on the previous year. The item Current accounts and demand deposits includes current accounts held at primary banks.

For more details on the changes that occurred during the year, please refer to the Cash Flow Statement and the comment on the Net Financial Position.

NOTES ON MAIN SHAREHOLDER' EQUITY AND LIABILITY ITEMS

(values in EUR thousand)

8. SHAREHOLDERS' EQUITY

Due to the relocation in 2021 of the Company to the Netherlands and the consequent conversion in a Dutch N.V., certain items presented in the Shareholders' Equity to comply with Italian law requirements (i.e. Legal Reserve) at December 31, 2020 have been reclassified, merged or renamed in order to align to the Dutch Civil Law requirements as per the transformation date of 20 September 2021. These reclassifications are shown in the Statement of Changes in Shareholders' Equity. For presentation purposes, the captions included in the Shareholders' Equity at December 31, 2020 within the Statement of Financial Position at December 31, 2021, have been restated to reflect the effects of such reclassifications also for the comparative figures.

31 december 2020
(EUR thousand)

Attributable to Company shareholders

Old description	Share capital	Share premium	Treasury shares	Legal Reserve (Italian Law)	Other Reserves			Net result for the year	Total shareholders' equity
New description	Share capital	Share premium	Treasury shares			Legal reserves	Retained earnings/ (Accumulated losses) and other reserves	Net result for the year	Total shareholders' equity
Stated figures	614,238	275,237	(389,702)	122,848	2,090,097	15,085	(690,783)	17,007	2,054,027
Reclassification	-	-	-	(122,848)	(2,090,097)	(6,380)	2,219,325	-	-
Enhanced stated figures	614,238	275,237	(389,702)	-	-	8,705	1,528,542	17,007	2,054,027

The main items composing the Shareholders' Equity and relevant changes are:

8.1 Share capital

At 31 December 2021 the fully subscribed and paid-up share capital was up from EUR 614,238 thousand to EUR 777,186 thousand due to the capital increases linked to the new dual-class shareholding structure introduced following the approval by the shareholders meeting on 25 November 2021.

Following this change, the share capital is made up of ordinary A class shares and ordinary B shares. Each ordinary A share has a par value of EUR 0.06 and each ordinary B class share has a par value of EUR 0.60 (compared to the previous EUR 0.52). The shareholders existing at the reference date were allocated one ordinary A class share for each ordinary B class share held. Both the issue of ordinary A class shares and the par value adjustment of ordinary B class shares led to an increase in the share capital, by utilising the 'Retained earnings/ (losses) and other reserves', of 162,948 thousand euros.

Each ordinary A class share will entitle the holder to one vote, while each ordinary B class share will entitle the holder to ten votes. Both classes of share have the same equity rights and will remain listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana S.p.A.

8.2 Share premium reserve

At 31 December 2021, the share premium reserve amounted to EUR 275,237 thousand. No change occurred in the year under review.

8.3 Treasury shares

Treasury shares include shares of MFE - MEDIAFOREUROPE N.V. that were purchased pursuant to resolutions of ordinary shareholders' meetings of 16 April 2003, 27 April 2004, 29 April 2005, 20 April 2006 and 19 April 2007. On 18 April 2020, the Shareholders' Meeting renewed the Board of Directors' mandate to purchase treasury shares up to a maximum of 118,122,756 shares (10% of the share capital). The mandate is valid until the approval of the financial statements at 31 December 2020, or for no longer than 18 months from the date of the last shareholder resolution.

	31/12/2021		31/12/2020	
	Number of shares	Carrying Amount	Number of shares	Carrying Amount
Treasury shares - opening balance	41,925,717	389,702	43,173,224	401,298
Increase for acquisition	3,881	7	-	-
Decrease for assignment under incentive plan	(1,634,155)	(15,188)	(1,247,507)	(11,596)
Treasury shares - final balance	40,295,443	374,521	41,925,717	389,702
shares for Videotime former	103,472		109,058	
Total treasury shares - final balance	40,398,915		42,034,775	

At 31 December 2021 the carrying amount of the treasury shares was EUR 374,521 thousand, equivalent to 40,398,915 shares. This item shows a total decrease on the previous year of 1,634,155 treasury shares, for a value of EUR 15,188 thousand, following the transfer of treasury shares to all entitled participants under the 2018 Incentive Plan and, with the early transfer of 12,045 shares, to one participant in the 2019 Incentive Plan, under the conditions set forth in the plan regulations, in which shares are assigned to individual plan participants, on expiry of the Plan, who may use the shares after paying related taxes. The item was further decreased due to the allocation of 5,586 treasury shares held by the former non-controlling shareholders of Videotime S.p.A. following the merger by incorporation that took place in 2018.

In the course of the year, 3,881 shares in the Company were acquired for a settlement value of EUR 7 thousand. This transaction occurred after the exercise of the right of withdrawal by shareholders who participated in the approval of the resolution passed by the extraordinary shareholders' meeting of the Company on 23 June 2021 to approve the transfer of its headquarters to the Netherlands.

At 31 December 2021, there were no treasury shares used to stabilise market value.

8.4 Legal reserves

This item breaks down as follows:

	31/12/21	31/12/20
IRS hedging reserve	(178)	(2,395)
Time value on options reserves	(12,682)	(3,887)
Intrinsic value on options reserves	(2,518)	25,854
Equity investment fair value reserve	(4,242)	(10,867)
Total	(19,620)	8,705

The item **Hedging reserve for IRS** has a negative balance of (-)EUR 178 thousand and states the changes in fair value recognised at 31 December 2021, net of the tax effect, in relation to four interest rate swaps entered into in 2020 to hedge the interest rate risk on four loans taken out in the same year with Intesa Sanpaolo, BNP Paribas, BPER Banca and UniCredit, as reported in the item 9.3 Non-current financial payables and liabilities.

The item **Time value and intrinsic value on options reserves** shows a negative balance of (-)EUR 15,200 (compared to a negative balance of (-)EUR 4,500 thousand at 31 December 2020) and include both the changes in fair value of the put and call options entered into under a collar agreement with Credit Suisse International in 2019 to hedge the risk of fluctuations in the fair value of the equity investment in ProSiebeSat.1 Media SE, and the reclassifications (noted in 8.6 Retained earnings (losses)) due to the early closure or expiry of those derivatives. The changes in the fair value of these instruments are accounted for in the other items of the Statement of Comprehensive Income, without recycling to profit and loss, consistently with the accounting methods adopted for the purpose of the hedge.

The item **Investments fair value reserve** shows a negative balance of (-)EUR 4,242 thousand, which is up EUR 6,624 thousand on the previous year. The item includes changes in the fair value of equity investments recorded in non-current assets under the item Equity investments in other companies and valued in accordance with IFRS 9 as "FVTOCI financial assets". This valuation is entered with changes recognised in the other items of the Statement of Comprehensive Income, without recycling to profit and loss.

It should also be noted that in the course of 2021, the reverse collar transaction effected in 2020 with BNP Paribas, aimed at setting a ceiling for the future acquisition of a further stake in the share capital of ProSiebenSat.1 Media SE, was closed early and the related time value and intrinsic value reserves set aside were reclassified under the item Financial income for Reverse Collar in the amount of EUR 20,401 thousand.

The table below shows the changes in these reserves over the year.

	Balance at 01/01/21	Increases/ (decreases)	Reversed to profit and loss	Fair value changes	Other changes	Deferred tax liabilities	Balance at 31/12/21
IRS hedging reserve	(2,395)	-	(24)	3,175	(234)	(700)	(178)
Hedging reserve time value	5,575	-	5,289	(27,901)	5,789	-	(11,248)
Hedging reserve intrinsic value	25,854	-	(20,050)	(10,328)	2,005	-	(2,518)
Fair value reserve - Equity Investments	(10,867)	-	-	6,624	-	-	(4,242)
Amortisation Hedging Reserve - Time Value	(9,463)		(5,639)		13,668		(1,434)
Total	8,705	-	(20,424)	(28,429)	21,228	(700)	(19,620)

8.5 Retained earnings/(losses) and other reserves

This item breaks down as follows:

	31/12/21	31/12/20
Treasury share gains/(losses) reserve	(39,860)	(28,774)
M/L-term incentive plan reserve	510	1,383
M/L-term incentive plan reserve - Subsidiaries	6,028	5,941
Reserve from actuarial gains/(losses)	(944)	(943)
Retained earnings (losses)	1,042,030	1,550,935
Total	1,007,764	1,528,542

Reserve for profit/loss from treasury share trading went from negative EUR 28,774 thousand in 2020 to negative EUR 39,860 thousand in 2021. This change of EUR 11,087 thousand was due to the negative effects on changes during the year, already commented on in the item Treasury shares

Medium/long-term Incentive Plans reserves total EUR 6,538 thousand, which is down by EUR 786 thousand on the previous year. The items include the offsetting entry of the amount accrued at 31 December 2021, determined based on the stock market price at the grant date, for the 2018-2020 and 2019-2021 plans allocated by the Company to its employees and the employees of direct and indirect subsidiaries.

The **Reserve for actuarial gains (losses)**, which had a negative balance of (-)EUR 944 thousand, which is largely unchanged compared to 31 December 2020 and includes actuarial components (after deferred taxes) related to the valuation of defined benefit plans. These components are allocated directly to shareholders' equity.

The **Retained Earning (losses)** went from EUR 1,550,935 thousand to EUR 1,042,029 thousand. This change of Eur 508,906 was due to:

increase of EUR 17,007 thousand due to the 2020 profits being allocated in accordance with the shareholders' resolution of 23 June 2021;

decrease of EUR 341,759 thousand due to the pay-out of dividends as resolved by the shareholders' meeting of 23 June 2021;

decrease of EUR 162,948 thousand for the increase in share capital approved by the shareholders meeting on 25 November 2021, whereby, in addition to the change in the company's name to MFE - Mediaforeurope N.V., shareholders approved a dual-class shareholding structure with different voting rights (for further details of the transaction, see the item *Share capital*);

decrease of EUR 21,205 thousand due to the early expiry of the fourth tranche of this contract (the natural due date was 2022) as well as the natural expiry of the May and November 2021 due dates, for which the related time value and intrinsic value reserves were reclassified within these items. This decrease is shown net of the related tax effects

It is noted that the Company is tax residence in Italy, the following table shows the origin, possible use and availability of equity items in respect to Italian tax rules:

	Amount	Possibility of utilisation	Summary of utilisation in the previous three years	
			To cover losses	For other
Share capital	777,186	=	-	-
Treasury shares	(374,521)	=	-	-
Share premium reserve	275,237	A B C	-	-
Merger reserve	621,642	A B C	-	-
Legal reserve	122,848	B	-	-
Extraordinary reserve	993,205	A B C	-	-
Treasury share gains/losses reserve	(39,860)	=	-	-
Other available reserves	16,324	A B C	-	-
Valuation reserves	(14,026)	=	-	-
Previous year gains/(losses) IAS/IFRS	(711,988)	=	-	-
Total	1,666,046		-	-
Profit/(loss) for the year	214,117		-	-
Distributable portion	980,129		-	-

Key:

A - for an increase in share capital

B - to cover losses

C - for distributions to shareholders

Article 1, Paragraph 33, Letter q) of the 2008 Finance Law abolished Paragraph 4, Letter b) of Article 109 of the TUIR, which had made it possible to deduct certain income components not recognised in the income statement on an off-record basis.

The table below shows the reconciliation between Italian tax rules and Dutch Civil Code as at 31 December 2021

	Italian Tax law	Reclassifications due to conversion to N.V.	Dutch Civil Code
Share capital	777,186	-	777,186
Treasury shares	(374,521)	-	(374,521)
Share premium reserve	275,237	-	275,237
Merger reserve	621,642	(621,642)	-
Legal reserve (under Italian Law)	122,848	(122,848)	-
Extraordinary reserve	993,205	(993,205)	-
Treasury share gains/losses reserve	(39,860)	39,860	-
Other available reserves	16,324	(16,324)	-
Revaluation reserves FV (Legal Reserves Dutch Law)	(19,620)	-	(19,620)
Other Valuation Reserves	5,593	(5,593)	-
Previous year gains/(losses) IAS/IFRS	(711,988)	711,988	-
Retained Earnings (losses) and other Reserves	-	1,007,764	1,007,764
Total	1,666,046	-	1,666,046

RECONCILIATION BETWEEN CONSOLIDATED AND PARENT COMPANY NET PROFIT AND SHAREHOLDERS' EQUITY

	Shareholders' equity at 31/12/2021	Net result 2021	Shareholders' equity at 31/12/2020	Net result 2020
As per balance sheet and income statement of MFE-MEDIAFOREUROPE N.V.	1,880.2	214.1	2,054.8	17.0
Excess of shareholders' equity, including gross income for the period over book value of investments in subsidiary and affiliated companies	1,412.7	334.4	1,188.9	326.7
Consolidation adjustments arising from: Eliminations of unrealised intra-group gains/losses	(69.7)	6.1	(64.9)	2.3
Dividend eliminations		(96.1)	-	(126.5)
Other consolidation adjustments	7.2	(3.7)	(13.1)	(0.3)
Total	3,230.3	454.8	3,165.6	219.3
Minority interest	(568.5)	(80.7)	(497.3)	(80.0)
As per the consolidated financial statements	2,661.8	374.1	2,668.3	139.3

8.6 Net result for the year

This item reflects the profit for the year of EUR 214,116,516.86 (profit of EUR 17,006,880.42 at 31 December 2020).

The Company will propose to distribute a dividend of € 0,05 per ordinary share outstanding, except for own shares held by the Company at the coupon detachment date.

9. NON-CURRENT LIABILITIES

9.1 Post-employment benefits plans

Employee benefits, which by Italian law are classified as leaving entitlements (TFR), are considered by IAS 19 to be "post-employment benefits" of the "defined benefit" type (for the portion accrued up to 31 December 2006), and are therefore valued using the actuarial "Projected Unit Credit Method".

The valuation of the obligations of MFE – Mediaforeurope N.V. to its employees was carried out by an independent actuary, according to the following steps:

- ▢ Projected estimate of the cost of employee leaving entitlements already accrued at the valuation date and amounts that will accrue up to the future point in time when employment contracts terminate or when the accrued amounts are paid in part as advances on entitlements;
- ▢ discounting, at the valuation date, of the expected cash flows MFE – Mediaforeurope N.V. will have pay to its employees in the future;
- ▢ re-proportioning of the accrued benefits discounted based on length of service at the valuation date compared to the length of service expected at the hypothetical date of payment by MFE – Mediaforeurope N.V..

The actuarial valuation of employee leaving entitlements in accordance with IAS 19 was conducted specifically for the closed population of current employees, i.e. detailed calculations were made for each MFE – Mediaforeurope N.V. employee, without taking into account any future hires.

The actuarial valuation model is based on "technical bases" consisting of demographic, economic and financial assumptions relating to the valuation parameters.

The assumptions adopted for the year 2021, are summarised below:

Demographic assumptions

Probability of death	Taken from the ISTAT life expectancy table broken down by age and sex, updated as at 2020.
Probability of employees leaving the company	Percentages of retirement, resignation/dismissal and contract termination were taken from observation of the Company's historical data. The employee-leaving probabilities used were broken down by age, gender and contractual job title (office workers, managers and executives/journalists). For personnel with a fixed-term contract, the time horizon was moved to the expected end of the contract and it was assumed that no employees on these contracts would leave before the end of the contract. Actuarial assessments considered the start dates for pension benefits envisaged by Decree Law No. 201 of 6 December 2011 "Urgent provisions for growth, fairness and the consolidation of public accounts", converted, with amendments, by Law No. 214 of 22 December 2011, as well as regulations bringing in line requirements to access the pension system to increases in life expectancy, pursuant to section 12 of Decree Law No. 78 of 31 May 2010, converted, with amendments, by Law No. 122 of 30 July 2010.
TFR advances	To factor in the effects of advances on the timing of post-employment benefit payments and, therefore, on the discounting of the company's payables, the exit probabilities of employees who have accrued post-employment benefits were calculated. After consulting data within the company, an annual advance probability of 1.00% was used, and the average percentage of accrued post-employment benefits requestable as an advance was 70.00%.
Supplementary pensions	Employees that have paid their entire post-employment benefits into a supplementary pension scheme have released the Company of any commitments regarding said benefits, and were not therefore considered in the assessments. For other employees, valuations were made taking into account the decisions actually made by employees, updated to 31/12/2021.

Economic/financial assumptions

Inflation rate	The inflation scenario was taken from the "Economy and Finance Document" and the more recently issued "Notes", using an inflation rate equal to 1.50% as the average scheduled inflation scenario.
Discounting rates	Pursuant to IAS 19R, the discount rate used was determined in relation to market returns on prime corporate bonds on the valuation date. In particular, the "Composite" interest rate curve was used for securities issued by corporate issuers with an AA rating in the "Investment Grade" category in the Eurozone (source: Bloomberg) as at 31/12/2021.

During the year, the item changed as follows:

Post-employment benefits plans at 01/01/21	50
Actuarial gains/(losses)	1
Post-employment benefits plans at 31/12/21	51

The table below shows the effects on the TFR liability of the sensitivity analysis of the main demographic and economic and financial assumptions relating to the parameters involved in the calculation.

Sensitivity analysis

Economic/financial assumptions		DBO
Discount rate curve	+50 bps	50
	-50 bps	52
Inflation rate	+50 bps	51
	-50 bps	51
Demographic assumptions - actuarial		DBO
Salary increases	+50 bps	51
	-50 bps	51
Probability of termination of employment	+50%	50
	-50%	52
Change in advanced portion of severance	+50%	51
	-50%	51

9.3 Financial payables and liabilities

This item breaks down as follows:

		Balance at 31/12/21		Balance at 31/12/20
		Due		
	Total	From 1 to 5 years	More than 5 years	
Unsecured loans				
UniCredit - 18/07/2017	-	-	-	99,309
BPER Banca - 04/12/2017	-	-	-	49,734
Credit Suisse - 04/06/2019	56,429	56,429	-	129,952
Intesa San Paolo - 30/03/2020	149,076	149,076	-	148,964
BNL - 17/04/2020	99,746	99,746	-	99,680
BPER Banca - 28/04/2020	99,830	99,830	-	99,846
UniCredit - 14/05/2020	-	-	-	99,801
BPM - 19/01/2021	80,768	80,768	-	-
Mediobanca - 19/01/2021	74,329	74,329	-	-
Intesa Sanpaolo - 29/03/2021	98,795	98,795	-	-
Other derivatives				
Forward derivatives with third parties	16	16	-	456
Forward derivatives with subsidiaries	6,756	6,756	-	1,679
Derivatives for call options on shares	18,350	18,350	-	24,185
IRS to third parties	51	51	-	2,030
Total	684,146	684,146	-	755,636

This item totals EUR 684,146 thousand, which is down EUR 71,490 thousand on the previous year.

Some loans are subject to financial covenants calculated on a consolidated basis as shown in the table below. This table also indicates the dates on which the waivers negotiated by the Company during the month of December 2019 were accepted by the various lenders, as reported in the Annual Report for the year ending 31 December 2019. As a result of these acceptances, the Company requested and obtained confirmation from lenders that, for the purpose of calculating the indices stipulated in the covenants, Net Financial Debt would be determined on the basis of the IAS/IFRS Accounting Standards in force on 31 December 2018, not including the following:

- ▣ Liabilities to be recognised in accordance with IFRS 16 (lease);
- ▣ Payables relating to the loans entered into by MFE – Mediaforeurope N.V. with Credit Suisse for the acquisition of the equity interest in ProSiebenSat1.

For the purposes of calculating the indices provided for covenants, the agreements entered into in 2021 report the net financial debt reported based on the IAS/IFRS accounting standards in force at 31 December 2018.

financing counterpart	covenant	checking period	waiver acceptance date
Unicredit	Net Financial Position/EBITDA less than 2	6 months	05/12/2019
	Net Financial Position/Equity less than 2		
Mediobanca	Net Financial Position/EBITDA less than 2	6 months	29/11/2019
	EBITDA/Net Financial Charges equal or more than 10		
Intesa - S.Paolo 2019	Net Financial Position/EBITDA less than 2	6 months	02/12/2019
	Net Financial Position/EBITDA less than 2		
BBVA 2019	Net Financial Position/EBITDA less than 2	6 months	16/12/2019
	Net Financial Position/Equity less than 2		
BNL 2019	Net Financial Position/EBITDA less than 2	6 months	06/12/2019
	Net Financial Position/Equity less than 2		
BPM 2019	Net Financial Position/EBITDA less than 2	6 months	18/12/2019
	Net Financial Position/EBITDA less than 2		
Intesa - S.Paolo 2020	Net Financial Position/EBITDA less than 2	6 months	
	Net Financial Position/EBITDA less than 2		
Unicredit 2020	Net Financial Position/EBITDA less than 2	6 months	
	Net Financial Position/Equity less than 2		
BNL 2020	Net Financial Position/EBITDA less than 2	6 months	
	Net Financial Position/Equity less than 2		
BPER 2020	Net Financial Position/EBITDA less than 2	6 months	
	Net Financial Position/Equity less than 2		
UBI 2020	Net Financial Position/EBITDA less than 2	12 months	
	Net Financial Position/Equity less than 2		
BPM 2021	Net Financial Position/EBITDA less than 2	6 months	
	Net Financial Position/EBITDA less than 2		
Mediobanca 2021	Net Financial Position/EBITDA less than 2	6 months	
	EBITDA/Net Financial Charges equal or more than 10		
BNL 2021	Net Financial Position/EBITDA less than 2	6 months	
	Net Financial Position/Equity less than 2		

If any financial covenants are breached, both for the loans and credit facilities, MFE – Mediaforeurope N.V. could be called upon to repay all amounts drawn. These parameters were met as at the reference date of these financial statements. Based on the current forecasts, it is expected that these parameters will also be complied with at the next calculation date.

Payables and financial liabilities are broken down in detail below.

On 29 March 2021, a EUR 50,000 thousand notional loan taken out on 4 December 2017 with BPER Banca S.p.A., with a carrying amount at EUR 49,924 thousand at 31 December 2020, was early repaid.

On 17 April 2020, a loan agreement was entered into with Banca Nazionale del Lavoro S.p.A, for a notional amount of EUR 100,000 thousand and repayable by 17 April 2023, as term loan. As of 31 December 2021, the carrying amount was EUR 99,951 thousand (of which EUR 205 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / PN ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

The EUR 100,000 thousand notional loan taken out with UniCredit S.p.A. on 14 May 2020 and repayable on 14 May 2022 is described (as at 31 December 2021) under the item *Payables to banks*.

For this agreement the following financial covenants are applicable:

- ▢ NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / PN ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

On 28 April 2020, a loan agreement was entered into with BPER Banca S.p.A., for a total amount of EUR 100,000 thousand and repayable by 30 April 2023, recognised at amortised cost As of 31 December 2021, the carrying amount was EUR 99,973 thousand (of which EUR 143 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP/Equity ratio of less than 2, to be monitored annually on the basis of MFE – Mediaforeurope N.V. consolidated financial information;
- ▢ NFP/EBITDA ratio of less than to 2, to be monitored annually on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

A loan agreement is in place, entered into with Intesa Sanpaolo S.p.A on 30 March 2020 and repayable by 28 March 2025, for a total amount of EUR 250,000 thousand, of which EUR 150,000 thousand granted as an amortised cost term loan, and EUR 100 thousand granted as a revolving credit facility. As of 31 December 2021, the carrying amount of the term loan was EUR 149,724 thousand (of which EUR 649 thousand related to the current portion).

With reference to the same contract, in a letter dated 17 March 2021 and effective from 29 March 2021, a request was made for the disbursement of EUR 100,000 thousand, which modified the utilisation of the revolving in-term loan portion. This loan, repayable by 28 March 2025, was recognised in accounts using the amortised cost method. As at 31 December 2021, its carrying amount was EUR 99,802 thousand (of which EUR 1,007 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

On 19 January 2021, a loan agreement was entered into with Banca BPM S.p.A, for a notional amount of EUR 100,000 thousand and repayable by 09 February 2026. In addition to the payment of the interest expense, this contract entails capital repayments each of EUR 6,250 thousand beginning with the instalment due in April 2022 and each quarter until the repayment date. As of 31 December 2021, the carrying amount was EUR 100,081 thousand (of which EUR 19,314 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated data.

On 19 January 2021, a loan agreement was entered into with Mediobanca S.p.A, for a notional amount of EUR 75,000 thousand and repayable by 28 June 2024. As of 31 December 2021, the carrying amount was EUR 74,936 thousand (of which EUR 606 thousand related to the current portion).

For this agreement the following financial covenants are applicable:

- ▢ EBITDA / Net Financial Expenses ratio equal to or greater than 10, to be monitored every six months on the basis of MFE-Mediaforeurope N.V. consolidated financial information;
- ▢ NFP / EBITDA ratio of less than to 2, to be monitored every six months on the basis of MFE – Mediaforeurope N.V. consolidated financial information.

A loan agreement is in place, entered into with Credit Suisse International for an initial loan of EUR 295,106 thousand notional on 4 June 2019, entered into in the context of the equity investment in ProSiebenSat.1 Media SA. All interest expense on this loan were paid upfront.

The installments scheduled for 2021 were repaid at 26 April 2021 and 27 October 2021. The portion due in April 2022 was earlier repaid at 5 July 2021. As of 31 December 2021, the carrying amount was EUR 56,429 thousand.

For this agreement, financial covenants are not applicable.

The first dates for revision of the rate during 2022 for the various loans will be the following:

- ▢ 24 January 2022 for the UniCredit loan of 18 July 2017;
- ▢ 31 March 2022 for the Intesa Sanpaolo loan of 28 March 2020;
- ▢ 21 January 2022 for the Banca Nazionale del Lavoro loan of 17 April 2020.
- ▢ 31 January 2022 for the BPER Banca S.p.A. loan of 28 April 2020.
- ▢ 15 February 2022 for the UniCredit loan of 14 May 2020.
- ▢ 24 January 2022 for the Banco BPM loan of 19 January 2021;
- ▢ 31 March 2022 for the Mediobanca loan of 19 January 2021;
- ▢ 29 March 2022 for the Intesa Sanpaolo loan of 29 March 2021;

Definitions for ratios' calculation are available in the Paragraph "Definition and reconciliation of alternative performance measures (APMs or non-GAAP measures)" in the Directors' Report on Operations.

The table below shows the effective interest rates (IRR) and financial charges recognised in the income statement for the loans, and the fair value of the loans calculated using the actual market rates at the year end.

	IRR	Financial expenses	Fair value
Intesa Sanpaolo loan - 30/03/2020	0.49%	778	153,043
Intesa Sanpaolo loan - 29/03/2021	1.07%	816	102,967
UniCredit loan - 31/10/2016	0.00%	551	-
UniCredit loan - 18/07/2017	0.78%	782	100,626
UniCredit loan - 14/05/2020	0.17%	186	100,127
Mediobanca loan - 18/11/2016	0.00%	204	-
Mediobanca loan - 19/01/2021	0.84%	330	76,918
Banca Nazionale del Lavoro loan - 17/04/2020	0.27%	278	100,582
BPER Banca loan - 04/12/2017	0.00%	134	-
BPER Banca loan - 28/04/2020	0.18%	138	100,513
Credit Suisse loan - 04/06/2019	0.30%	450	56,649
Banco BPM loan - 19/01/2021	0.67%	831	101,359

The items *Forward derivatives with subsidiaries* and *Forward derivatives with third parties* total to EUR 6,772 thousand and refer to the non-current portion of the negative fair value of derivatives for forward contracts on foreign currencies that MFE-Mediaforeurope N.V., after purchase on the market to hedge against risks deriving from fluctuations in foreign currencies in relation to highly probable future purchases, as well as payables for purchases already made by its direct and indirect subsidiaries, transfers to the latter by entering into an intercompany mirror agreement at the same conditions.

The item *Derivatives for call options on equity instruments*, amounting to EUR 18,350 thousand, is down EUR 5,835 thousand on the previous year and refers to the non-current portion of the fair value concerning the call option taken out with Credit Suisse International to hedge the risk of fluctuations in the fair value of the equity investment in ProSiebenSat.1 Media SA SE.

The item *IRS with third parties* amounting to EUR 51 thousand (EUR 2,030 thousand at 31 December 2020), includes the current portion of the fair value of four interest rate swap contracts entered into with Intesa Sanpaolo, BNP Paribas, UniCredit and BPER Banca to hedge interest rate risk on the loan agreements entered into during the previous year.

In particular, in accordance with IAS 7.50, in addition to the financial liabilities related to the investment in ProSiebenSat.1, the Company reports of having at 31 December 2021 EUR 1,325,000 thousand in total committed credit facilities lines, of which EUR 500,000 thousand unutilised and readily available. As at the approval date of these Financial Statements, the committed credit lines available to MFE are equal to EUR 1,425,000 thousand, including EUR 269,000 thousand falling due within the next 12 months, which is in the process of being renewed for EUR 100,000 thousand within the first half of 2022. It should be noted that on 30 March a club deal credit line of EUR 300,000 thousand was stipulated with Unicredit, Intesa Sanpaolo, Bnp Paribas, Banco Bpm and Caixa Bank to finance the cash amount of the purchase and exchange offer on Mediaset España Comunicación shares.

10. CURRENT LIABILITIES

10.1 Payables to banks

Payables to banks are broken down as follows:

		Balance at 31/12/21			Balance at 31/12/20
	Total	In 1 year	Due From 1 to 5 years	More than 5 years	
Credit facilities	141,000	141,000	-	-	-
Unsecured loans					
UniCredit - 31/10/2016	-	-	-	-	200,068
Mediobanca - 18/11/2016	-	-	-	-	99,981
UniCredit - 18/07/2017	100,081	100,081	-	-	695
UBI Banca - 04/12/2017	-	-	-	-	189
Credit Suisse - 04/06/2019	-	-	-	-	147,357
Intesa Sanpaolo - 30/03/2020	649	649	-	-	682
BNL - 17/04/2020	205	205	-	-	210
UBI Banca - 28/04/2020	143	143	-	-	156
UniCredit - 14/05/2020	99,979	99,979	-	-	107
BPM - 19/01/2021	19,314	19,314	-	-	-
Mediobanca - 19/01/2021	606	606	-	-	-
Intesa Sanpaolo - 29/03/2021	1,007	1,007	-	-	-
Total	362,984	362,984	-	-	449,445

This item totals EUR 362,984 thousand, which is down by EUR 86,461 thousand on the previous year, and mainly includes the current portion of loans recognised at amortised cost.

In 2021, the Mediobanca loan was earlier repaid at 21 January rather than the contractual due date of 18 November 2022. This was also the case of the UBI Banca loan, which was repaid with the value date of 29 March rather than the contractual due date of 14 December 2022.

The loan taken out with UniCredit on 31 October 2016 with a carrying amount at the end of 2020 of EUR 200,068 thousand was partially repaid earlier on 5 January 2021, namely a EUR 100,000 thousand principal portion of which, plus interests. The remainder was repaid at 29 September 2021 as per the natural contractual repayment date.

As at 31 December 2021, the EUR 100,000 thousand notional loan taken out with UniCredit S.p.A. on 14 May 2020 has a carrying amount of EUR 99,979 thousand, which is the current portion repayable by 14 May 2022.

As at 31 December 2021, the EUR 100,000 thousand notional loan taken out with UniCredit S.p.A. on 18 July 2017 has a carrying amount of EUR 100,081 thousand, which is the current portion repayable by 18 July 2022.

Three new loan agreements were entered into during the year with Intesa Sanpaolo, BPM and Mediobanca, with a total value of EUR 275,000 thousand notional. The amounts recognised refer to the current portions of these loans, as already commented in the note 9.3 Payables and financial liabilities

As at 31 December 2021, the short-term credit facilities used amounted to EUR 141,000 thousand (at 31 December 2020, the short-term credit facilities were zero).

As at 31 December 2021, 67.4% of the credit facilities available were committed.

10.2 Trade payables

		31/12/2021			31/12/2020
	Total	In 1 year	Due From 1 to 5 years	More than 5	
Payables to suppliers	2,764	2,764			2,203
Payables due to subsidiaries	579	579			300
Payables due to parent companies	65	65			65
Total	3,408	3,408	-	-	2,568

This item totals EUR 3,408 thousand, which is up by EUR 840 thousand on the previous year.

Details of the main items are provided below.

Payables to suppliers

The item totals EUR 2,764 thousand, which is up by EUR 561 thousand on the previous year. The item refers to supplies relating to:

- ▢ EUR 1,755 thousand for consultants and external staff;
- ▢ EUR 1,009 thousand for other costs.

Payables due to subsidiaries

This item, which amounts to EUR 579 thousand, is up by EUR 279 thousand on the previous year and refers to the payable for the provision of staff services due to indirect subsidiary R.T.I. S.p.A., amounting to EUR 351 thousand, and to subsidiary Mediaset Italia S.p.A, amounting to 228 thousand.

There were no payables due beyond 12 months.

The carrying amount of trade payables approximates its fair value.

10.3 Provisions for non current risks and charges (current)

The break down and changes in the item are shown below:

	Opening balance 01/01/21	Accruals	Utilization	Financial expenses	Final balance 31/12/21
Current provision for future risks	2,500	-	(2,500)	-	-
Total	2,500	-	(2,500)	-	-

The Provision for current future risks was reduced to zero during the year:

Type	Opening balance at 01/01/21	Accruals	Utilization	Closing balance at 31/12/21
Tax	2,500	-	(2,500)	-
Total	2,500	-	(2,500)	-

The tax provision, accrued in previous years, referred to tax litigation over VAT for the 2004 and 2005 tax periods with regard to games and premiums and has been fully used in 2021 as a result of the events described in the explanatory note 6.4 *Other receivables and current assets*.

10.5 Intercompany financial payables

This item reflects cash-poolings with subsidiaries, associates and joint ventures.

For the conditions that apply to intercompany loans issued, see the comments reported in the explanatory note 6.5 Intercompany financial receivables.

Intercompany financial payables to subsidiaries

	31/12/21	31/12/20
Medusa Film S.p.A.	111,852	118,206
Mediaset Investment N.V.	276,368	276,748
Mediaset Italia S.p.A.	5,849	64,894
Publieurope Ltd.	16,359	18,425
Publitalia '80 S.p.A.	210,008	329,723
Digitalia '08 S.r.l.	2,017	9,397
Elettronica Industriale S.p.A.	356,419	338,872
R2 S.r.l.	8,304	8,536
Radio Studio 105 S.p.A.	19,105	6,520
Virgin Radio Italy S.p.A.	9,329	12,316
Radio Subasio S.r.l.	4,613	2,518
Radio Aut S.r.l.	1,556	1,803
Total	1,021,779	1,187,958

Intercompany financial payables to associates and joint ventures

	31/12/21	31/12/20
Fascino Prod. Gest. Teatro S.r.l.	35,073	32,730
Adtech Ventures S.p.A.	63	72
Mediamond S.p.A.	14,137	9,055
Total	49,273	41,857

Net Financial Indebtedness

At 31 December 2021, the net financial position of MFE – Mediaforeurope N.V. compared to the previous year was as follows:

	31/12/21	31/12/20
Bank and postal deposits	24,771	121,548
Total liquidity	24,771	121,548
Financial receivables from subsidiaries	615,910	956,518
Financial receivables from associates	2,705	9,729
Total current financial receivables	618,615	966,247
Payables to banks	(362,984)	(449,445)
Payables and current financial liabilities	(322,442)	(319,933)
Financial payables to subsidiaries	(1,021,779)	(1,187,958)
Financial payables to associates	(49,273)	(41,857)
Current financial debt	(1,756,478)	(1,999,194)
Net current financial indebtedness	(1,113,092)	(911,399)
Receivables and other non-current financial assets	708	0
Non-current financial payables and liabilities	(659,024)	(729,315)
Non-current portion of net financial debt	(658,316)	(729,315)
Net financial indebtedness	(1,771,408)	(1,640,714)

The item *Non-current financial payables and liabilities* includes Financial payables to subsidiaries for EUR 321,437 thousand and the current portion of the fair value of IRS derivatives for EUR 1,005 thousand, as reported in the explanatory 10.6 Other financial liabilities below.

The item *Non-current financial payables and liabilities* includes the non-current portion of loans payable to third parties for EUR 658,973 thousand and the non-current portion of the negative fair value of IRS derivatives for EUR 51 thousand, as reported in *note 9.3 Payables and financial liabilities*.

The Net Financial Indebtedness, amounting to EUR 1,771,408 thousand, increased by EUR 130,694 thousand on the previous year.

In 2021, the Company paid out dividends for a total EUR 341,759 thousand, of which EUR 156,541 thousand to the parent company Fininvest S.p.A..

In addition, in 2021 the Company received dividends of EUR 60,000 thousand from subsidiary Mediaset Italia S.p.A., EUR 149,930 thousand from associate EI Towers S.p.A and EUR 11,238 thousand from ProSiebenSat.1 Media SA.

In December 2021, an additional stake was acquired in ProSiebenSat.1 Media SE for EUR 11,392 thousand.

Also in 2021, short-term credit facilities with a final value of EUR 141,000 thousand were opened, four loans totalling EUR 571,302 thousand were repaid in advance and three new medium/long-term loans were taken out with various credit institutions worth a total of EUR 275,000 thousand.

Further details of these changes are reported in the cash flow statement.

In compliance with IAS 7, the changes in financial assets and liabilities are shown below:

	Opening balance 01/01/21	Cash flow	Non-cash flow		Final balance 31/12/21
			Fair value changes	Other changes	
Non-current financial liabilities:					
Payables and financial liabilities	727,285	151,168		(219,480)	658,973
Hedging derivatives - interest rate risk	2,030		(1,979)		51
Current financial liabilities:					
Credit facilities		141,000			141,000
Payables and financial liabilities	449,445	(447,595)	-	220,135	221,984
Hedging derivatives - interest rate risk	1,516	(1,437)	925		1,005
Non-current financial assets:					
Hedging derivatives - interest rate risk			(708)		(708)
Intercompany financial payables	1,229,816	(158,764)		-	1,071,052
Short-term financial payables to subsidiaries	318,416		-	3,021	321,437
Intercompany financial receivables	(966,247)	354,776	-	(7,145)	(618,615)
Net liabilities from lending activities	1,762,261	39,148	(1,762)	(3,469)	1,796,178
Cash and cash equivalents	(121,548)	96,775			(24,771)
Net financial debt	1,640,713	135,924	(1,762)	(3,469)	1,771,407
Non-current financial liabilities:					
Non-hedging derivatives	2,135		4,638		6,772
Hedging derivatives - call options on shares	24,185	(5,789)	(46)	-	18,350
Current financial liabilities:					
Non-hedging derivatives	6,534	41,405	(38,943)		8,995
Hedging derivatives - call options on shares	4,092	(2,063)		(2,029)	
Hedging derivatives - put collar on shares	2,673	(2,306)	-	(367)	-
Non-current financial assets:					
Non-hedging derivatives	(2,135)		(5,117)		(7,252)
Hedging derivatives - put options on shares	(25,811)	-	15,665	-	(10,146)
Current financial assets:					
Non-hedging derivatives	(6,542)	(41,396)	39,420		(8,518)
Hedging derivatives - call collar on shares	(29,139)	22,707		6,432	
Hedging derivatives - put options on shares	(18,984)	(57)	-	18,687	(354)
Net liabilities not from lending activities	(42,993)	12,502	15,616	22,722	7,847

10.6 Other financial liabilities

	31/12/21	31/12/20
Financial liabilities for non-hedging derivatives		
Forward derivatives with third parties	318	5,233
Forward derivatives with subsidiaries	8,676	1,301
Forward derivatives with associates	1	-
Total	8,995	6,534
Financial liabilities for hedging derivatives		
IRS derivatives with third parties	1,005	1,516
Derivatives for share options	-	6,764
Total	1,005	8,281
Other short-term financial debt		
Financial payables to subsidiaries	321,437	318,416
Total	321,437	318,416
Total	331,437	333,231

This item totals EUR 331,437 thousand, which is down by EUR 1,794 thousand on the previous year, as broken down below:

- ▢ *Financial liabilities for non-hedging derivatives*, amounting to EUR 8,995 thousand (compared to EUR 6,534 thousand at 31 December 2020), refer to the negative fair value on the foreign exchange derivatives entered into as part of the risk hedging strategy of associates and joint ventures;
- ▢ *Financial liabilities for hedging derivatives* totalling EUR 1,005 thousand (EUR 8,281 thousand at 31 December 2020). This item refers to the value of the current portion of the negative fair value of four interest rate derivatives (IRS) entered into in 2020 with various credit institutions.

The item recorded under *Derivatives for options on equity instruments*, amounting to EUR 6,764 thousand, was reduced to zero in 2021 due to:

- ▢ the early termination, on 21 January 2021, of the reverse collar agreement entered into in 2020 with BNP Paribas SA, which aimed to set a maximum price for the future acquisition of a further stake in the share capital of ProSiebenSat 1 Media SE;
- ▢ the termination of the current portion of the negative fair value of the call options, having reached the contractual repayment dates (May and November 2021) agreed in the collar agreement entered into in 2019 with Credit Suisse International to hedge the risk from changes in the fair value of the equity investment held in ProSiebenSat.1 Media SA.

The item *Financial payables to subsidiaries*, totalling EUR 321,437 thousand (EUR 318,416 thousand at 31 December 2020), refers to EUR 315,000 thousand in payables entered into with direct subsidiary Mediaset Investment N.V. and completed for the purpose of increasing the equity resources of the subsidiary under a Share Premium Agreement entered into on 23 December 2019 and ending on 30 June 2022. This agreement provided for an interest rate of Euribor 1-month plus a 1.50% spread. An interest liability of EUR 6,352 thousand, of which EUR 3,021 thousand accrued during the year, has been accrued up to 31 December 2021.

10.7 Other current liabilities

This item breaks down as follows:

	31/12/21	31/12/20
Payables to employees for wages and salaries, accrued holiday pay and expenses	52	37
Payables to insurance companies	1	7
Payables to shareholders for dividends approved	1,180	30
Payables to social security institutions	6	64
Payables to tax authorities	8,941	141
Payables to Directors	9,073	9,155
Payables to Statutory Auditors	-	219
Other payables to third parties	116	88
Sundry payables to subsidiaries	200,314	240,788
Sundry payables to affiliates and joint ventures	147	2,836
Accrued liabilities	3	3
Deferred income	354	1,223
Total	220,187	254,591

This item totals EUR 220,187 thousand, which is down by EUR 34,404 thousand on the previous year.

Details of the main items are provided below.

Other payables to subsidiaries, associates and joint ventures

This item, totalling EUR 200,461 thousand, was down by EUR 43,163 thousand, broken down as follows:

- ▢ the IRES payable under the national tax consolidation scheme of EUR 197,643 thousand from subsidiaries and of EUR 147 thousand from joint ventures that participate in the Group's national tax consolidation scheme;
- ▢ VAT payable of EUR 2,671 thousand transferred by subsidiaries to the company as part of the Group's VAT consolidation agreement.

Payables to Directors

This item, which amounts to EUR 9,073 thousand, which is down by EUR 82 thousand on the previous year, mainly includes the payables recognised in previous years for the EUR 8,500 thousand severance indemnity to the Chairman of the Company, which will be payable at the end of his current appointment.

Payables to tax authorities

This item breaks down as follows:

	31/12/21	31/12/20
Group VAT	8,879	-
Tax withholdings on salaries	7	6
Tax withholdings on self-employed income	11	22
Tax withholdings on income similar to employees' salaries	44	113
Total	8,941	141

This item totals EUR 8,941 thousand, which is up by EUR 8,800 thousand on last year, mainly attributable to the item *Group VAT*, which closed the previous year with a positive balance.

Deferred income

This item, which totals EUR 354 thousand, was down by EUR 869 thousand on the previous year and referred to financial income pertaining to the next financial year associated with the equity investment in ProSebienSat 1 Media SE.

Payables to shareholders for dividends approved

This item, which totals EUR 1,180 thousand, is up by EUR 1,150 thousand on the previous year, and refers to the payable to shareholders for the dividend approved by the shareholders' meeting on 23 June 2021, which as at 31 December 2021 is pending payment.

Payables due to employees

The item, amounting to EUR 52 thousand, increased by EUR 15 thousand compared to the end of the previous year. This item refers to payables of EUR 42 thousand for salaries and contributions, EUR 7 thousand for 14th-month bonus salary payments and EUR 3 thousand for other payables.

Payables to social security institutions

This item, which amounts to EUR 6 thousand (EUR 64 thousand at 31 December 2020), relates to payables to pension institutions for amounts owed by both the company and employees in relation to December salaries.

This item is broken down as follows:

	31/12/21	31/12/20
INPS	5	15
INAIL	1	49
Total	6	64

NOTES ON THE MAIN ITEMS OF THE STATEMENT OF INCOME

(values in EUR thousand)

12. REVENUES

12.1 Revenues from sales and services

This line item, which changed from a total of EUR 1,689 thousand in 2020 to EUR 1,163 thousand in 2021, shows a total decrease of EUR 526 thousand.

The revenue categories are as follows:

	2021	2020
Other services	861	1,577
Commissions and fees	302	112
Total	1,163	1,689

Other services

This item amounts to EUR 861 thousand and mainly consists of revenues for the supply of intercompany financial services. Of particular note were the revenues for staff services to indirect subsidiaries Publitalia '80 S.p.A. for EUR 335 thousand and R.T.I. S.p.A. for EUR 231 thousand.

Commissions and fees

This item includes EUR 302 thousand in revenues for fees on bank sureties and guarantees granted in favour of subsidiaries (EUR 112 thousand in 2020), of which EUR 250 thousand to indirect subsidiary R.T.I. S.p.A.

All revenues were generated within Italy.

12.2 Other revenues and income

This item breaks down as follows:

	2021	2020
Prior year income	30	47
Other proceeds	1,273	20
Out-of-period other income and expenses	-	3
Total	1,303	70

The item amounts to a total of EUR 1,303 thousand, increasing by EUR 1,233 thousand compared to the previous year.

Details of the main items are provided below.

Prior year income

▢ This item amounts to EUR 30 thousand and mainly consists of the elimination of the contractual payables due to suppliers that expired during the year.

Other proceeds

This item amounted to EUR 1,273 thousand and referred mainly to the receipt of EUR 1,232 thousand in damages from Vivendi following the closing, on 22 July 2021, of the global agreement dated 3 May 2021 between Fininvest, Mediaset and Vivendi to put an end to their disputes, in which each of them withdrew all pending actions and complaints.

13. COSTS

13.1 Personnel expenses

The following table provides a comparison of the number of employees at 31 December 2021, at 31 December 2020 and the average for 2021:

	Employees at 31/12/21	Average 2021	Employees at 31/12/20
Executives	1	1	1
Total	1	1	1

Personnel expenses are broken down in the table below:

	2021	2020
Wages and salaries	183	1,584
Social security contributions	61	490
Other personnel expenses	13	452
Ancillary personnel expenses	17	98
Out-of-period personnel expenses	2	
Recovery of personnel expenses	(1)	(34)
Total	275	2,590

This item amounts to EUR 275 thousand, which is down by EUR 2,315 thousand on the previous year. This change relates to the transfer of the Italian business unit to the subsidiary Mediaset Italia S.p.A (now Mediaset S.p.A.) on 1 March 2020, in which 56 employees were transferred. During 2021, there was only one employee in the workforce, working in Milan, Italy.

Wages and salaries

This item totals EUR 183 thousand, of which:

- ▢ EUR 161 thousand in ordinary and extraordinary remuneration;
- ▢ EUR 22 thousand in other costs for allocations of 13th month and 14th month bonuses;

Social security contributions

This item totals EUR 61 thousand, of which:

- ▢ EUR 54 thousand in contributions accrued on salaries and wages;

▣ EUR 7 thousand in other costs for contributions accrued on 13th-month and 14th-month bonuses, and INAIL (National Institute for Insurance against Accidents at Work).

Other personnel expenses

This item amounts to EUR 13 thousand and relates to employee leaving entitlement expenses due to realignment of uses;

13.2 Purchases

This item breaks down as follows:

	2021	2020
Miscellaneous consumables	4	7
Out-of-period purchases	-	
Total	4	7

13.5 Services

This item breaks down as follows:

	2021	2020
Maintenance and repairs	21	27
Consultants and external staff	6,360	7,589
Utilities and logistics	3	20
Advertising, public relations and entertainment	68	109
Costs for insurance services	432	447
Travel and expense accounts	1	39
EDP and administrative service costs	2,240	1,241
Fees to Directors and Statutory Auditors	2,991	3,724
Bank charges and commissions	400	210
Other services	166	155
Out-of-period services	23	(55)
Total	12,705	13,506

The item totals EUR 12,705 thousand, which is down EUR 801 thousand on the previous year.

Details of the main items are provided below.

Consultants and external staff

This item amounts to EUR 6,360 thousand (compared to EUR 7,589 in 2020) and mainly refers to the following costs:

- ▢ EUR 3,754 thousand for legal and litigation assistance costs;
- ▢ EUR 1,711 thousand for other professional and consultancy services;
- ▢ EUR 675 thousand for expert appraisals and certifications;
- ▢ EUR 664 thousand for auditing services;
- ▢ EUR 70 thousand for certification services for Income Tax Return, IRAP tax, 770 declaration and non-financial statements. It should be noted that other services were provided both by independent auditors and by other companies belonging to its network.

The following table describes auditor fees charged to the Company and its subsidiaries:

(values in EUR thousand)

	Deloitte Accountants B.V.		Other Deloitte member firms and affiliates		Total	
	2021	2020	2021	2020	2021	2020
Audit of the financial statements	312	37	1,436	1,934	1,748	1,971
Other audit engagements	-	-	120	130	120	130
Advisory services in respect of tax matters	-	-	-	-	-	-
Other non-audit services	-	715	30	61	30	776
Total	312	752	1,586	2,125	1,898	2,877

EDP and administrative service costs

This item amounts to EUR 2,240 thousand (compared to EUR 1,241 in 2020) and mainly refers to the following costs:

- ▢ EUR 1,892 thousand for the supply of staff services governed by intercompany contracts, of which EUR 1,143 thousand to R.T.I. S.p.A. and EUR 749 thousand to Mediaset Italia S.p.A.;
- ▢ EUR 141 thousand for EDP services;

Fees to Directors and Statutory Auditors

The item totals EUR 2,991 thousand, which is down EUR 733 thousand on the previous year. The item includes fees to Directors of EUR 2,827 thousand (EUR 3,506 thousand in 2020) and to Statutory Auditors of EUR 164 thousand (EUR 218 thousand in 2020). Following the transfer of the headquarters to the Netherlands, the Board of Statutory Auditors resigned from office on 18 September 2021.

For more details related to Fees to Directors refer to section *Other Information-Dealings with: subsidiaries, associates, parent companies, affiliates and other related parties*. The difference between the cost indicated above

for Fees to Directors and the costs for key management personnel indicated in the table of that section is explained by payments order in favor of other related parties and membership fees due by the Company on behalf of some Directors.

13.6 Royalties

The item breaks down as follows:

	2021	2020
Leases and rentals	15	129
Royalties	465	465
Contingent leases and rentals	-	5
Total	480	599

This item, which totals EUR 480 thousand, was down EUR 119 thousand on the previous year and mainly relates to the EUR 465 thousand expenditure on royalties for using the Fininvest brand.

13.8 Other operating expenses

The item breaks down as follows:

	2021	2020
Sundry tax charges	2,110	2,756
Prior year expenses	100	145
Other operating expenses	1,322	1,925
Out-of-period other operating expenses	8	(3)
Recovery of other operating expenses	-	()
Rounding	-	()
Total	3,540	4,823

This item totals EUR 3,540 thousand (compared to EUR 4,823 in 2020). Details of the main items are provided below:

Other tax expenses of EUR 2,110 thousand, mainly referring to EUR 1,933 thousand in VAT that is non-deductible on a pro rata basis pursuant to Article 19-bis of Presidential Decree 633/72.

Other operating expenses of EUR 1,322 thousand, which includes the following expenses:

- ▣ EUR 643 thousand in membership fees;
- ▣ EUR 202 thousand in donations;
- ▣ EUR 269 thousand in fines and penalties, primarily referring to the penalties paid following the decision by the Supreme Court of Cassation to reject the registration of the notices of assessment in VAT matters (for further details, see item 6.4 *Other receivables and current assets*);

▢ EUR 208 thousand in other operating costs.

13.9 Amortisation, depreciation and impairments

This item refers in 2021 to the release of provision for expected credit losses recognized during the year.

	2021	2020
Depreciation of property, plant and equipment	-	45
Impairment of receivables	(270)	1,058
Total	(270)	1,103

The item *Impairment of receivables* reports a negative amount of (-)EUR 270 thousand (+EUR 1,058 thousand in 2020) and comprises EUR 281 thousand for the release of provision for expected credit losses, net of impairment of receivables recognized in the period of EUR 11 thousand. This release, which mainly relates to financial receivables due from the indirect subsidiary R.T.I. S.p.A., was carried out by applying the expected credit loss evaluation based on the requirements of IFRS 9.

15. (EXPENSES)/INCOME FOR FINANCIAL ASSETS

15.1 Financial expenses

This item is broken down as follows:

	2021	2020
Interest expense in cash-pooling with subsidiaries	3,021	3,331
Interest expense in cash-pooling with associates	12	
Interest expense on short-term loans	(20)	21
Interest expense on IRS	1,437	760
Interest expense on loans	5,478	6,827
Ancillary costs on loans	2,309	2,478
Financial expenses on collar for hedging of equity	5,994	-
Other lending expenses	-	22
Exchange losses realised	41,413	124,309
Exchange losses unrealised	32,646	81,404
Other charges	20	112
Total	92,310	219,264

The item totals EUR 92,310 thousand, which is down by EUR 126,954 thousand on the previous year.

Details of the main items are provided below.

Financial expenses on collar for hedging of equity instruments

The item amounts to EUR 5,994 include the portion of the dividends received from ProSiebenSat.1 Media SA during the year that has been paid to the financial intermediary brokering the deal based on the conditions set in the collar agreement.

Interest expense on loans

The item amounts to EUR 5,478 thousand, decreasing by EUR 1,349 thousand compared to the previous year. This item comprises interest on loans calculated at amortised cost, and is broken down as follows:

- ▣ EUR 534 thousand due to Mediobanca;
- ▣ EUR 1,594 thousand due to Intesa Sanpaolo;
- ▣ EUR 1,519 thousand due to UniCredit;
- ▣ EUR 272 thousand due to Ubi - Banca;
- ▣ EUR 450 thousand due to Credit Suisse International;

- ▢ EUR 278 thousand due to BNL;
- ▢ EUR 831 thousand due to BPM.

Ancillary costs on loans

The item amounts to EUR 2,309 thousand, decreasing EUR 169 thousand compared to the previous year. This item represents the fees both for the utilisation and non-utilisation of the medium/long-term credit facilities.

The most significant amounts are as follows:

- ▢ EUR 468 thousand with Intesa Sanpaolo;
- ▢ EUR 427 thousand with Mediobanca;
- ▢ EUR 840 thousand with BNL;
- ▢ EUR 405 thousand with BPM;
- ▢ EUR 168 thousand with BBVA;

Interest expense on IRS

This item amounts to EUR 1,437 thousand (EUR 760 thousand in 2020) and refers to the expenses for the year relating to three IRS contracts entered into in 2020 and the IRS contract entered into with UniCredit in 2016, which expired on 29 September 2021.

Interest expense on short-term loans

This item reports a negative balance of (-)EUR 20 thousand (+EUR 21 thousand in 2020).

The item mainly consists of interest accrued on short-term loans with:

- ▢ EUR 4 thousand with Banca di Popolare di Sondrio;
- ▢ EUR 15 thousand with Banca Nazionale del Lavoro;
- ▢ EUR 1 thousand with Intesa Sanpaolo.

15.2 Financial income

This item is broken down as follows:

	2021	2020
Interest income on cash-pooling with subsidiaries	7,085	8,423
Interest income on cash-pooling with associates and joint ventures	60	86
Interest income on current accounts	9	3
Financial income from lending	868	871
Exchange gains realised	41,414	124,306
Exchange gains unrealised	32,648	81,412
Other financial income	21,001	1,573
Total	103,086	216,674

The item totals EUR 103,086 thousand, which is down by EUR 113,588 thousand on the previous year.

Foreign exchange gains and losses

▢ The overall balance for the year from foreign exchange gains and losses (realized and unrealized) was a gain of EUR 3 thousand (a loss of EUR 5 thousand at 31 December 2020). This reflects the gain from foreign exchange hedging with the conclusion of trading contracts with third parties in favour of subsidiary R.T.I. S.p.A. and the joint venture company Boing S.p.A., which give rise to the risk hedged. Pursuant to IFRS 9, these contracts cannot be classified as hedging contracts and therefore the related changes in fair value are recognised in the income statement.

Interest income on cash-pooling with subsidiaries

This item totalled EUR 7,085 thousand (EUR 8,423 thousand in 2020), for which the recognition criteria and settlement methods have already been described for the caption "Intragroup financial receivables from subsidiaries", and includes the interest accrued in 2021 on the intercompany cash-pooling accounts opened by the subsidiaries with MFE.

Financial income from lending

The item amounting to EUR 868 thousand (EUR 871 thousand) represents the pro-rata value relating to the income related to the collar financing contract entered into in 2019 with Credit Suisse International to hedge the risk from changes in the fair value of the investment in ProSiebenSat.1 Media SE, for the shares lent to the counterparty.

The table below shows financial income and expenses broken down into the categories required by IFRS 9 and other categories not required, both for the current and previous year.

IFRS 9 categories	31/12/21	31/12/20
Liabilities at amortised cost	(18,221)	(13,457)
Assets at amortised cost	28,425	9,383
FVTPL Assets/(Liabilities)	274	1,488
	10,478	(2,586)
Other financial income and charges	298	(4)
Total	10,776	(2,590)

15.3 Income (expenses) from equity investments

Dividends from subsidiaries

This item includes the dividends received from subsidiary Mediaset Italia S.p.A., as shown below:

	2021	2020
Mediaset Italia S.p.A.	60,000	-
Total	60,000	-

These dividends were fully collected during the year.

Dividends from associates

This item includes the dividends received from associate EI Towers S.p.A., as shown below:

	2021	2020
EI Towers S.p.A.	149,930	34,800
Total	149,930	34,800

These dividends were fully collected during the year.

Dividends from other companies

The item includes dividends received from the German broadcaster ProSiebenSat.1 Media SE. Due to the derivatives taken out as part of the share purchase transaction, a EUR 5,994 thousand portion of those derivatives, due to the financial counterparty of the transaction, was recognised in the income statement as *Financial expenses*.

Details are shown in the table below:

	2021	2020
ProSiebenSat.1 Media SA	11,238	-
Total	11,238	-

16. INCOME TAXES FOR THE YEAR

	2021	2020
IRES expense/(income) from tax consolidation	1,009	(5,387)
Substitute tax	2,487	-
Total current taxes	3,496	(5,387)
Provision for deferred tax liabilities	-	-
Total deferred tax liabilities	-	-
Utilisations of credit from deferred tax assets	225	118
Accruals of deferred tax assets	(161)	(397)
Total deferred tax assets	64	(279)
Rounding	-	-
Total	3,560	(5,666)

The item Income taxes for the year is broken down as follows:

- ▣ EUR 1,009 thousand in IRES tax expense from tax consolidation, made up of EUR 1,102 thousand in IRES tax expense for the year net of EUR 93 thousand in IRES tax income for previous years;
- ▣ EUR 2,487 thousand impairment loss on the credit for foreign tax payments recognised after the dividend was received by investee ProSiebenSat.1 Media SA.;
- ▣ net deferred tax asset utilizations of EUR 64 thousand, made up by gross utilizations of EUR 225 thousand, net of accruals of EUR 161 thousand.
- ▣ During the period under review, the company had no tax base for IRAP purposes.

NOTES ON THE MAIN ITEMS OF THE STATEMENT OF CASH FLOWS

(values in EUR thousand)

17. STATEMENT OF CASH FLOWS

17.1 Changes in current assets/liabilities

The item mainly includes the change in other receivable and current asset and other current liabilities and the exchange differences in the cash settlement of the derivative instruments hedging the exchange rate risk for the ineffective portion of the hedge relationship.

17.2 Dividends received

This line item mainly refers to dividends received from subsidiary Mediaset Italia S.p.A. (EUR 60,000 thousand), from associate EI Towers S.p.A (EUR 149,930 thousand) and from ProSiebenSat.1 Media SA (EUR 11,238 thousand), net of financial charges for EUR 5,994 thousands.

17.3 Payments for equity investments

This line item mainly refers to an additional stake in ProSiebenSat.1 Media SE for EUR 11,392 thousand acquired in December 2021.

17.4 Net changes for cash pooling

The line item refers to the net change in the balance of the cash-pooling held with subsidiaries, associates and joint ventures for centralised treasury management purposes.

17.5 Dividends paid

This line item mainly refers to dividends paid out dividends for a total EUR 341,759 thousand, of which EUR 156,541 thousand to the parent company Fininvest S.p.A.

17.6 Other financial assets/liabilities paid

This line item to loans that were repaid in advance.

17.7 Other financial assets/liabilities received

This line item refers to new medium/long-term loans taken out with various credit institutions for EUR 151,168 thousands and short-term credit facilities opened EUR for 141,000 thousand.

COMMITMENTS AND GUARANTEES

Bank guarantees given

The Company took out bank guarantees on behalf of subsidiaries and associates. In particular, MFE – MEDIAFOREUROPE N.V. guaranteed a total amount of EUR 3,279 thousand (EUR 13,638 thousand at 31 December 2020). Among the most significant bank guarantees issued are the EUR 1,379 thousand guarantee stipulated in favour of the subsidiary R.T.I. S.p.A., with Generali Real Estate S.p.A. SGR as beneficiary.

Forward financial transactions

MFE - MEDIAFOREUROPE N.V. operates directly with financial counterparties to hedge the exchange rate risk of subsidiaries, associates and joint ventures.

The Group's business structure clearly highlights the central role of commercial television operations. This results in the need to deal with the leading international producers of movies and sporting events to purchase television broadcasting rights (negotiated mainly in foreign currency such as USD), consequently exposing the Group to risks associated with fluctuations in exchange rates.

Financial derivative instruments are used to reduce these risks, as illustrated below.

Group treasury activities are essentially centralised within MFE - MEDIAFOREUROPE N.V., which operates with Italian and foreign financial counterparties.

The Board of Directors of MFE - MEDIAFOREUROPE N.V. has approved a financial risks policy which establishes that the Finance Division shall quantify the maximum limits of exchange rate and interest rate risk that may be taken on, and defines the characteristics of suitable counterparties.

The EUR 548,019 thousand in commitments (EUR 434,959 thousand at 31 December 2020) refer to exchange rate-hedging currency transactions.

Lastly, derivatives entered into with third parties to hedge exchange rate risk are to be considered mirroring those entered into with indirect subsidiary R.T.I. S.p.A. and joint venture Boing S.p.A.

Other information

Interest rate hedging derivatives (IRS) include the two existing contracts entered into in 2016, as well as four contracts entered into during 2020 to hedge four medium/long-term loans taken out with Banca Intesa Sanpaolo, UniCredit, BNP Paribas and UBI Banca.

Following the 2019 purchase of the equity investment in ProSiebenSat.1 Media SE, the Company moved to hedge the risk of fluctuations in the fair value of this financial asset. On 30 March 2020, the Board of Directors resolved that it be possible to acquire an additional equity stake in the investee, equal to 20.71% of voting rights, of up to 24.9% by entering into new call and put options with BNP Paribas SA aimed at fixing a maximum price for the future purchase of this stake. These new options entered into in 2020 were subject to early unwinding in January 2021, as the underlying conditions no longer existed.

DISCLOSURES ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Classes of financial instruments

The breakdown of financial assets and liabilities required by IFRS 7 in the categories established by IFRS 9 are illustrated below, both for the current and previous years.

FY 2021

BALANCE SHEET ITEM	IFRS 9 categories			Carrying amount	Explanatory notes
	Derivative assets	FVTOCI financial assets	Financial assets at amortised cost		
Other financial assets					
Other equity investments	-	349,725	-	349,725	5.5
Hedging derivatives	10,855	-	-	10,855	5.6
Non-hedging derivatives with subsidiaries	16		-	16	5.6
Non-hedging derivatives with third parties	7,235	-	-	7,235	5.6
Financial receivables	-	-	8,642	8,642	5.6
CURRENT ASSETS					
Trade receivables					
From customers	-	-	1	1	6.2
To MFE Group companies	-	-	364	364	6.2
Current financial assets					
Hedging derivatives with third parties	354	-	-	354	6.6
Non-hedging derivatives with third parties	8,201	-	-	8,201	6.6
Non-hedging derivatives - subsidiaries	317	-	-	317	6.6
Non-hedging derivatives - joint ventures	1		-	1	6.6
Cash and cash equivalents					
Bank and postal deposits	-	-	24,771	24,771	6.7
Intercompany financial receivables - subsidiaries	-	-	615,910	615,910	6.5
Intercompany financial receivables - associates and joint ventures	-	-	2,705	2,705	6.5
TOTAL FINANCIAL ASSETS				1,029,099	

BALANCE SHEET ITEM	IFRS 9 categories		Carrying amount	Explanatory notes
	Derivative liabilities	Financial liabilities at amortised cost		
Payables and financial liabilities				
Payables to banks	-	658,973	658,973	9.3
Hedging derivatives	18,401	-	18,401	9.3
Non-hedging derivatives with third parties	16	-	16	9.3
Non-hedging derivatives with subsidiaries	6,756	-	6,756	9.3
CURRENT LIABILITIES				
Payables to banks				
Payables to banks	-	221,984	221,984	10.1
Credit facilities	-	141,000	141,000	10.1
Trade payables				
To suppliers	-	2,764	2,764	10.2
To MFE Group companies	-	579	579	10.2
To Fininvest Group and Mediolanum Group companies	-	65	65	10.2
Other financial liabilities				
Hedging derivatives - third parties	1,005	-	1,005	10.6
Non-hedging derivatives with third parties	319	-	319	10.6
Non-hedging derivatives - subsidiaries	8,676	-	8,676	10.6
Non-hedging derivatives - joint ventures	1	-	1	10.6
Short-term financial payables - subsidiaries	-	321,437	321,437	10.6
Intercompany financial payables - subsidiaries	-	1,021,779	1,021,779	10.5
Intercompany financial payables - associates and joint ventures	-	49,273	49,273	10.5
TOTAL FINANCIAL LIABILITIES			2,453,028	

FY 2020

BALANCE SHEET ITEM	IFRS 9 categories			Carrying amount	Explanatory notes
	Derivative assets	FVTOCI financial assets	Financial assets at amortised cost		
Other financial assets					
Other equity investments	-	331,709	-	331,709	5.5
Hedging derivatives	25,811	-	-	25,811	5.6
Non-hedging derivatives with subsidiaries	456	-	-	456	5.6
Non-hedging derivatives with third parties	1,679	-	-	1,679	5.6
Financial receivables	-	-	8,642	8,642	5.6
CURRENT ASSETS					
Trade receivables					
From customers	-	-	2	2	6.2
To MFE Group companies	-	-	369	369	6.2
Current financial assets					
Hedging derivatives with third parties	48,123	-	-	48,123	6.6
Non-hedging derivatives with third parties	1,301	-	-	1,301	6.6
Non-hedging derivatives - subsidiaries	5,241	-	-	5,241	6.6
Cash and cash equivalents					
Bank and postal deposits	-	-	121,548	121,548	6.7
Intercompany financial receivables - subsidiaries	-	-	956,518	956,518	6.5
Intercompany financial receivables - associates and joint ventures	-	-	9,729	9,729	6.5
TOTAL FINANCIAL ASSETS	82,611	331,709	1,096,808	1,511,127	

BALANCE SHEET ITEM	IFRS 9 categories		Carrying amount	Explanatory notes
	Derivative liabilities	Financial liabilities at amortised cost		
Payables and financial liabilities				
Payables to banks	-	727,285	727,285	9.3
Hedging derivatives	26,215	-	26,215	9.3
Non-hedging derivatives with third parties	456	-	456	9.3
Non-hedging derivatives with subsidiaries	1,679	-	1,679	9.3
CURRENT LIABILITIES				
Payables to banks				
Payables to banks	-	449,445	449,445	10.1
Trade payables				
To suppliers	-	2,203	2,203	10.2
To MFE Group companies	-	300	300	10.2
To Fininvest Group and Mediolanum Group companies	-	65	65	10.2
Other financial liabilities				
Hedging derivatives - third parties	8,281	-	8,281	10.6
Non-hedging derivatives with third parties	5,233	-	5,233	10.6
Non-hedging derivatives - subsidiaries	1,301	-	1,301	10.6
Short-term financial payables - subsidiaries		318,416	318,416	10.6
Intercompany financial payables - subsidiaries	-	1,187,958	1,187,958	10.5
Intercompany financial payables - associates and joint ventures	-	41,857	41,857	10.5
TOTAL FINANCIAL LIABILITIES			2,770,694	

Fair value of financial assets and liabilities, and calculation models and input data used

Please see below an analysis of the fair value measurement of financial instrument classes, broken down based on the methodologies and the models used to calculate them, both for the current and previous years.

Note that the tables do not show the financial assets and liabilities recognized at amortised cost whose fair value is approximate to their carrying amount, and that the fair value of derivatives represents the net position between assets and liabilities.

The input data used to measure fair value at the reporting date, obtained from Bloomberg provider, were as follows:

- ▢ euro curves for estimating forward rates and discount factors;
- ▢ ECB spot exchange rates;
- ▢ forward rates calculated by Bloomberg;
- ▢ Euribor fixings;
- ▢ quoted CDS (credit default swap) mid spreads of the various counterparties (if available);
- ▢ MFE - Mediaforeurope N.V. credit spread.

FY 2021

	Carrying amount	Mark to Market	Mark to Model			Total fair value	Explanatory notes
			Black & Scholes model	Binomial model	DCF model		
Payables to banks	(880,957)	-	-	-	(892,785)	(892,785)	9.3/10.1
Other equity investments	349,725	349,725	-	-	-	349,725	5.5
Non-Hedging derivatives							
Forward contracts with third parties	15,101	-	-	-	15,101	15,101	6.6/10.6
Forward contracts with subsidiaries/associates and joint ventures	(15,098)	-	-	-	(15,098)	(15,098)	6.6/10.6
Cash flow hedging derivatives							
Interest Rate Swap	(347)	-	-	-	(347)	(347)	9.3/10.6
Equity instrument hedges							
Call options on shares	(18,350)	-	(18,350)	-	-	(18,350)	9.3/10.6
Put options on shares	10,501	-	10,501	-	-	10,501	5.6/6.6

							FY 2020
	Carrying amount	Mark to Market	Mark to Model			Total fair value	Explanatory notes
			Black & Scholes model	Binomial model	DCF model		
Payables to banks	(1,176,730)	-	-	-	(1,189,856)	(1,189,856)	9.3/10.1
Other equity investments	331,709	331,709	-	-	-	331,709	5.5
Non-Hedging derivatives							
Forward contracts with third parties	(2,709)	-	-	-	(2,709)	(2,709)	6.6/10.6
Forward contracts with subsidiaries/associates and joint ventures	2,717	-	-	-	2,717	2,717	6.6/10.6
Cash flow hedging derivatives							
Interest Rate Swap	(3,546)	-	-	-	(3,546)	(3,546)	9.3/10.6
Equity instrument hedges							
Call options on shares	862	-	862	-	-	862	9.3/10.6
Put options on shares	42,122	-	42,122	-	-	42,122	5.6/6.6

The fair value of payables due to banks was calculated considering the credit spread of MFE – Mediaforeurope N.V., which also included the short-term portion of medium/long-term loans.

The fair value of trade receivables and payables due within the financial year was not calculated, since their carrying amount approximate their fair value. As a result, the carrying amount stated for the receivables and payables for which the fair value was calculated also includes the portion due within 12 months of the reporting date. The calculation of the fair value of trade receivables only takes into account the creditworthiness of the counterparty when there is market information that can be used to determine it. For trade payables, fair value has been adjusted by taking into account the creditworthiness of MFE – Mediaforeurope N.V.

The fair value of financial payables due within the financial year has not been calculated, since their carrying amount approximate their fair value. As a result, the reporting date of those payables for which the fair value was calculated also includes the portion due within 12 months of the reporting date.

In addition, the table does not include financial assets and liabilities for which the fair value cannot be objectively calculated.

The financial assets and liabilities recognized in the financial statements at fair value have also been classified based on the fair value hierarchy established by the accounting 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	Carrying Amount	level I	level II	level III	Total Fair Value	Explanatory notes
Other equity investments	349,725	349,725	-	-	349,725	5.5
Non-cash flow hedging derivatives:						
- Forward contracts with third parties	15,101	-	15,101	-	15,101	6.6/10.6
- Forward contracts with subsidiaries/associates and joint ventures	(15,098)	-	(15,098)	-	(15,098)	6.6/10.6
Cash flow hedging derivatives:						
- Interest Rate Swap	(347)	-	(347)	-	(347)	9.3/10.6
Equity instrument hedges						
- Call options on shares	(18,350)	-	(18,350)	-	(18,350)	9.3/10.6
- Put options on shares	10,501	-	10,501	-	10,501	5.6/6.6

The Company has identified only two hierarchical levels for instruments measured at fair value (net of the fair value relating to equity investments in listed companies), as it uses valuation models that are based on observable market values.

Financial expenses and income recognised in compliance with IFRS 9

The financial expenses and income figures are shown below, broken down according to the categories established by IFRS 9.

FY 2021				
IFRS 9 categories	From interest	At fair value	Exchange gains/(losses)	Net gains/(losses)
FVTPL Assets/(Liabilities)	-	281	(7)	274
Liabilities at amortised cost	(18,232)	-	10	(18,222)
Assets at amortised cost	28,425	-	-	28,425
Total IFRS 9 categories				10,477
FY 2020				
IFRS 9 categories	From interest	At fair value	Exchange gains/(losses)	Net gains/(losses)
FVTPL Assets/(Liabilities)	-	1,465	23	1,488
Liabilities at amortised cost	(13,439)	-	(18)	(13,457)
Assets at amortised cost	9,383	-	-	9,383
Total IFRS 9 categories				(2,586)

Capital management

The capital management objectives of MFE – Mediaforeurope N.V. are to protect the Group's ability to continue to, firstly, guarantee profitability for its shareholders, its stakeholders' interests and compliance with covenants and, secondly, to maintain an optimal capital structure.

Types of financial risks and related hedging

The Executive Committee of MFE – Mediaforeurope N.V. has developed specific policies for the management of the Group's financial risks, aimed at reducing its exposure to exchange rate risks, interest rate risks, price risks and liquidity risks the Group is exposed to: to optimise the structure of operating costs and resources, this activity is centralised within the group parent MFE – Mediaforeurope N.V., which has been entrusted with the task of collecting the information regarding the positions exposed to risk and hedging them, where necessary.

To this end, MFE – Mediaforeurope N.V. acts directly on the market and performs control and coordination of financial risks for Group companies. The selection of the financial counterparts focuses on those with a high credit standing while also ensuring a limited concentration of exposures towards them.

Foreign exchange risk

MFE –

Mediaforeurope N.V. acts as an intermediary in managing exchange rate risk for the purpose of eliminating the effects of exchange rate fluctuations which mainly impact the indirect subsidiary R.T.I. S.p.A. as a result of purchases of television broadcasting rights that are mainly negotiated in US dollars.

MFE – Mediaforeurope N.V. collects information pertaining to the positions of the indirect subsidiary R.T.I. S.p.A. which are subject to exchange rate risk and, once the derivatives are entered into on the market, transfers them to R.T.I. S.p.A. by entering into a mirror intercompany contract under identical terms and conditions.

The type of derivatives mainly used are forward purchases.

MFE – Mediaforeurope N.V. establishes the accounting treatment for these contracts (with the market and, for example, with the indirect subsidiary R.T.I. S.p.A.), classifying them as intermediation contracts. Accordingly, these contracts are reported by recording the changes in fair value in the income statement as "forex gains and losses realised and forex gains and losses unrealised", under financial (expenses)/income.

The fair value of currency forward contracts is determined as the discounted difference between the notional amount calculated using the contractual forward rate and the notional amount calculated using the forward exchange rate at the reporting date.

No sensitivity analysis has been conducted on exchange rates, as the relevant activities do not have significant impacts, given that they derive exclusively from intermediation, as shown above.

A table of financial derivatives is attached which shows the notional amount of the related contracts.

Interest rate risk

The structure of the Group involves all financial resources being centralised within the parent company MFE – Mediaforeurope N.V., by means of automated daily cash-pooling operations in which all Group companies participate. The parent company is fully entrusted with obtaining funding from the market by entering into medium/long term loans and formalising committed and uncommitted credit facilities.

The interest rate risk exposure of MFE – Mediaforeurope N.V. mainly originates from variable-rate financial payables, which expose the company to a cash flow risk. The company's objective is to limit the fluctuation of financial expenses that impact the financial result, thus limiting the risk of a potential rise in interest rates.

MFE – Mediaforeurope N.V. manages this risk by entering into financial derivatives contracts with third parties, aimed at setting in advance or reducing the variation in cash flows due to the market change in interest rates on medium/long-term debt. The time-frame considered significant for managing interest rate risk has been set at a minimum term of 18 months.

MFE – Mediaforeurope N.V. adopts hedge accounting from the date the derivative contract is entered into until the date of its extinction or expiry, documenting, by way of the "hedging relationship", the risk hedged and the purposes of the hedging, which it does by periodically checking the hedge effectiveness.

Specifically, the cash flow hedge methodology set out by IFRS 9 is used. According to this method, either the absolute change in the clean fair value of derivatives - that is, the fair value less accrued interest - or the fair value of the underlying, whichever is smaller, is charged to an equity reserve. The difference between that value and the total fair value is then charged to profit or loss at each reporting date. Both the fair value and the clean fair value are adjusted to take account of creditworthiness.

The effectiveness test is intended to show the high correlation between the technical and financial characteristics of the hedged liabilities (maturity, amount, etc.) and those of the hedging instrument through the application of specific retrospective and prospective tests, using the dollar off-set and volatility reduction measure methods, respectively.

The fair value of derivatives (IRS) is calculated by discounting future cash flows and adjusting the value for creditworthiness.

The existing derivative product portfolio is made up of six IRSs, whose fixed rates, floor barriers and maturity are shown below.

	Fixed rate	Variable rate	Floor	Validity	Maturity
Interest Rate Swap - INTESA SANPAOLO - EUR 150 million notional	- 0.18%	Euribor 3M/360	- 1.00%		
trade date 20/04/2020				31/03/2020	28/03/2025
Interest Rate Swap - BNP PARIBAS SA - EUR 100 million notional	- 0.28%	Euribor 3M/360	- 0.75%		
trade date 21/04/2020				21/04/2020	17/04/2023
Interest Rate Swap - UniCredit - EUR 100 million notional	- 0.35%	Euribor 3M/360	- 0.65%		
trade date 18/05/2020				15/05/2020	14/05/2022
Interest Rate Swap - BPER BANCA - EUR 100 million notional	- 0.34%	Euribor 3M/360	- 0.70%		
trade date 15/06/2020				31/07/2020	30/04/2023

Interest rate risk sensitivity analysis

Financial instruments exposed to interest rate risk were subjected to a sensitivity analysis at the reporting date. The assumptions upon which the model is based are illustrated below:

- ▢ Medium/long-term payables underwent an asymmetric fluctuation of 50 bps upwards and 20 bps downwards at the re-fixing date of the internal rate of return posted during the year.
- ▢ For short and medium/long-term revolving payables and other current financial items, the financial expenses were recalculated by applying an asymmetric change of 50 bps upwards and 20 bps downwards to the values posted to the financial statements.
- ▢ For interest rate swaps, fair value was recalculated by applying an asymmetric shift of 50 bps upwards and 20 bps downwards to the interest rate curve at the reporting date. The ineffective portion was calculated based on the fair value restated using the adjusted interest rate curve;
- ▢ The change applied was not symmetrical, as a long section of the interest rate curve had negative values.

The table below summarises the changes in profit or loss for the year and in shareholders' equity, following the sensitivity analysis carried out net of the relevant taxes calculated on the basis of the standard tax rate in force at 31 December 2021:

Years	Change in bps	Profit/Loss	Shareholders' Equity Reserve	Total Shareholders' Equity
2021	50.0	-11.0	183.0	172.0
	-20.0	-843.8	190.5	-653.3
2020	50.0	-1,433.0	7,283.5	5,850.5
	-20.0	-3,893.3	1,043.8	-2,849.5

Price risk sensitivity analysis

To hedge the risk of fair value changes caused by fluctuations in the share price of Prosieben, the Company has agreed put and call options (collars), which enable share price fluctuations to be contained within a corridor of 90%-120% of their initial value.

The economic effect of the hedge is, first of all, to set a maximum level based on the strike price of the call options sold and, secondly, to set a minimum value based on the strike price of the put options bought.

As at 31 December 2021, only the first tranche of options for which due date has been postponed to November 2024 was outstanding. The share price was EUR 14.01 and, therefore, the call options with a strike rate of 13.56 were “in the money”, with an intrinsic value of EUR 2.5 million.

However, if we imagine a price of EUR 8.48 (75% down on the initial price), the put options purchased with a strike rate of EUR 10.17 - would now be “in the money” and would therefore have an intrinsic value of EUR 9.46 million and 100% effectiveness.

This change in intrinsic value would have an impact on the shareholders' equity reserve but would not impact profit or loss.

Liquidity risk

Liquidity risk relates to the difficulty in 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 upon the sudden revocation of uncommitted credit facilities or in the event that the Company has to settle its financial liabilities before their contractual maturity.

As already mentioned, the Group's treasury activities are centralised within MFE – Mediaforeurope N.V., operating with domestic and financial counterparties, through the use of automatic daily cash pooling transactions.

The management of liquidity risk involves:

- ▢ maintaining an essential balance between the committed and uncommitted credit facilities to avoid a strain on liquidity if creditors request repayment;
- ▢ keeping average financial exposure during the year to substantially within 80% of the total value issued by lenders;
- ▢ the availability of short-term readily negotiable assets to cover any cash requirement.

Based on specific orders from MFE – Mediaforeurope N.V., and in order to optimise the liquidity management, Group companies align the dates on which payments are due to almost all suppliers with the dates on which they will receive their most significant cash inflows.

The tables below show the Company's financial obligations, by contract maturity date considering the worst case scenario and at undiscounted values, considering the nearest date when the Company will be asked to make payment and showing the related explanatory notes for each class, for both the reporting year and the previous year.

FY 2021

Balance sheet items		Carrying amount	Time band					Total financial flows	Explanatory notes	
			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										
	Non-current loans and payables due to banks	658,973	1,169	1,162	2,338	671,471	-	676,140	9.3/10.1	
	Credit facilities and payables due to banks	362,984	141,282	106,522	112,771	-	-	360,575	10.1	
	Payables to other suppliers	2,764	2,764	-	-	-	-	2,764	10.2	
	Payables to MFE Group companies	579	579	-	-	-	-	579	10.2	
	Payables to Fininvest and Mediolanum Group companies	65	65	-	-	-	-	65	10.2	
	Intercompany financial payables - subsidiaries/associates and joint ventures	1,071,052	1,071,052	-	-	-	-	1,071,052	10.5	
	Short-term financial payables to subsidiaries	321,437	-	321,437	-	-	-	321,437	10.6	
Total		2,417,855	1,216,912	429,121	115,109	671,471	-	2,432,612		
Derivatives										
	Non-hedging derivatives with third parties (currency acquisitions)	measured at contract exchange rate	(15,101)	140,189	56	56	129,685	-	269,986	6.6-10.6
	Non-hedging derivatives with third parties (currency availability)	measured at year-end exchange rate	-	(148,271)	(56)	(56)	(141,322)	-	(289,705)	
	Non-hedging derivatives with subsidiaries/joint ventures (currency sales)	measured at contract exchange rate	15,098	(140,196)	(56)	(56)	(129,685)	-	(269,994)	6.6-10.6
	Non-hedging derivatives with subsidiaries/joint ventures (currency transfers)	measured at year-end exchange rate	-	148,276	56	56	141,322	-	289,710	
	Interest rate hedging derivatives with third parties		347	322	331	562	1,591		2,806	10.6
Total		345	320	331	562	1,591	-	2,804		

FY 2020

Balance sheet items		Carrying amount	Time band					Total financial flows	Explanatory notes
			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									
Loans and payables due to banks		1,176,730	1,790	75,413	276,920	838,836	-	1,192,959	9.3/10.1
Payables to other suppliers		2,203	2,203	-	-	-	-	2,203	10.2
Payables to MFE Group companies		300	300	-	-	-	-	300	10.2
Payables to Fininvest and Mediolanum Group companies		65	65	-	-	-	-	65	10.2
Intercompany financial payables - subsidiaries/associates and joint ventures		1,229,816	1,229,816	-	-	-	-	1,229,816	10.5
Short-term financial payables to subsidiaries		318,416	-	319,895	-	-	-	319,895	10.6
Total		2,727,530	1,234,174	395,308	276,920	838,836	-	2,745,238	
Derivatives									
Non-hedging derivatives with third parties (currency acquisitions)	measured at contract exchange rate	2,709	174,689	-		41,266	-	215,954	6.6-10.6
Non-hedging derivatives with third parties (currency availability)	measured at year-end exchange rate	-	(170,977)	-		(42,921)	-	(213,898)	
Non-hedging derivatives with subsidiaries/joint ventures (currency sales)	measured at contract exchange rate	(2,717)	(174,702)	-		(41,266)	-	(215,967)	6.6-10.6
Non-hedging derivatives with subsidiaries/joint ventures (currency transfers)	measured at year-end exchange rate	-	170,981	-		42,921	-	213,902	
Interest rate hedging derivatives with third parties		3,546	341	371	724	2,558		3,994	10.6
Total		3,538	333	371	724	2,558	-	3,986	

The difference between the carrying amounts and the total of the financial flows is mainly due to the interest calculated on the contractual duration of the amounts due to banks. In addition, for loans measured at amortised cost, interest is calculated using the nominal rate instead of the effective interest rate.

With reference to the section relating to financial derivatives, the contractual exchange rate means the forward exchange rate set at the date of entry into the contract, whereas the year end rate means the spot rate at the reporting date.

To allow for a better understanding of this table, and to factor in the exchange rate risk management activities performed by MFE – Mediaforeurope N.V., the positive cash flows from currency sales to subsidiaries and joint ventures have also been included.

Credit risk

In relation to financial counterparties other than Group companies, MFE – Mediaforeurope N.V. does not have significant concentrations of credit risk or solvency risk.

The tables below show that, when we analyse counterparty type, the trade and financial receivables due from non-Group parties and the related impairments recorded during the year are of an immaterial amount.

FY 2021

RISK CLASSES	SITUATION OF RECEIVABLES						receivables
	Total receivables	0-30 days	30-60 days	Past due		Total	
				60-90 days	More than		
Trade receivables							
Other receivables	2	-	-	-	-	-	
Receivables from MFE Group	364	-	-	-	364	364	
Total	366	-	-	-	366	366	-
Financial receivables							
Other financial assets	8,642						
Bank deposits	24,771						
Hedging derivatives with third parties	11,209						
Non-Hedging derivatives with third parties	15,436						
Non-Hedging derivatives - subsidiaries, associates and joint ventures	334						
Intercompany financial receivables - associates and joint ventures	2,705						
Intercompany financial receivables from subsidiaries	615,910						
Total	679,008						

FY 2020

RISK CLASSES	SITUATION OF RECEIVABLES						
	Total receivables	Past due				Total	receivables
		0-30 days	30-60 days	60-90 days	More than		
Trade receivables							
Other receivables	6	-	-	-	-	-	-
Receivables from MFE Group	365	1	-	-	32	33	,
Total	371	1	-	-	32	33	-
Financial receivables							
Other financial assets	8,642						
Bank deposits	121,548						
Hedging derivatives with third parties	73,934						
Non-Hedging derivatives with third parties	2,980						
Non-Hedging derivatives - subsidiaries, associates and joint ventures	5,697						
Intercompany financial receivables - associates and joint ventures	9,729						
Intercompany financial receivables from subsidiaries	956,518						
Total	1,179,048						

The tables below show the changes in the provision for expected credit losses, both for the reporting year and for the previous year.

Allowance for doubtful accounts	31/12/2021	31/12/2020
Opening balance	-	153
Transfer of business unit	-	(153)
Closing balance	-	-

Provision for provision for expected credit losses	31/12/2021	31/12/2020
Opening balance	5,658	4,599
Accruals for the year	11	1,074
Utilizations for the year	(281)	(15)
Closing balance	5,388	5,658

SUBSEQUENT EVENTS AFTER 31 DECEMBER 2021

Upon the specific request made by the German authorities (Bundeskartellamt di Bonn - Federal Cartel Office) on 4 March 2022 (under Article 39 of the German Competition Act - "GWB"), **the Group's integrated shareholding in ProSiebenSat.1 Media SE exceeded 25% of voting rights as at 15 March 2022.**

On **14 March 2022**, the Board of Directors of MFE-MEDIAFOREUROPE N.V. approved the launch of a **public purchase and exchange offer for 138,763,426 ordinary shares in the subsidiary Mediaset España Comunicación SA (the "Offer")**, corresponding to 44.31% of the company's share capital.

The Offer price is EUR5.613 per share, broken down as follows:

- ▢ equity component: 4.5 MFE-MEDIAFOREUROPE N.V. ordinary A-class shares, corresponding to EUR 3.753, for every Mediaset España Comunicación SA share (nine MFEMEDIAFOREUROPE N.V. ordinary A-class shares for every two Mediaset España Comunicación SA shares); for this component of the Offer, MFE will issue up to 624,435,408 ordinary A-class shares;
- ▢ cash component: EUR 1,860 for each Mediaset España Comunicación SA share.

The Offer is conditional upon:

- ▢ a minimum acceptance threshold of 90% of the shares on which the Offer is made, corresponding to approximately 95.6% of the total share capital of Mediaset España Comunicación SA;
- ▢ the approval by the Shareholders' Meeting of MFE-MEDIAFOREUROPE N.V.

From a financial point of view, the transaction will lead to an increase in EPS from year 1 both for the current shareholders of MFEMEDIAFOREUROPE N.V. shareholders and for the shareholders of Mediaset España Comunicación SA accepting the Offer.

The shareholders of Mediaset España Comunicación SA will receive:

- ▢ a 30.1% premium over the volume-weighted average price of the last three months
- ▢ a 25.2% premium over the volume-weighted average price of the last month
- ▢ a 12.1% premium over the latest closing price
- ▢ an implicit 59% premium over the market value of the core TV business of Mediaset España Comunicación SA (without taking into account the stake in ProSiebenSat.1 Media SE and the cash held in Mediaset España Comunicación SA at 31 December 2021)
- ▢ a cash component of the offer that is above-proportional to the cash of Mediaset España Comunicación SA pro-rata at 31 December 2021
- ▢ the possibility to obtain MFE-MEDIAFOREUROPE N.V stock, which is more liquid, more attractive and has a sounder solid dividend policy, and therefore a unique opportunity to participate in a clearly progressive path in the pan-European media industry.

The shareholders of Mediaset España Comunicación SA will have the opportunity to pursue this together with the shareholders MFE-MEDIAFOREUROPE N.V.

The transaction will enable revenue and cost synergies of at least EUR 55 million to be achieved annually within four years of its completion (corresponding to a "net present value"* of approximately EUR 340 million), as well as numerous initiatives that are synergic with the core business and new joint business opportunities not included in the above figures. Although MFE-MEDIAFOREUROPE N.V. and Mediaset España Comunicación S.A. belong to the same Group, they currently operate largely independently of each other and have no initiatives in

common. The transaction will align the interests of the shareholders of both companies and will consequently promote greater cooperation between the two businesses and the creation of value from a potential re-rating of the MFE-MEDIAFOREUROPE N.V. Group as compared to the current multiples of Mediaset España Comunicación SA.

The Offer is a key step on the path towards establishing a pan-European media and entertainment group: a path that saw MFE further strengthen its stake in ProSiebenSat.1 Media SE in early 2022. Upon completion of the transaction, MFE-MEDIAFOREUROPE N.V. will scale up so that it can further expand its geographic presence throughout Europe. This total international development initiative will see the shareholder Fininvest dilute its stake to around 47.1% of the capital of MFE-MEDIAFOREUROPE N.V. and around 48.5% of voting rights.

The Offer also has a strong industrial basis as it will strengthen investment capabilities. The increased financial resources will ensure a greater ability to produce more high-quality local content and to develop new digital technology. These operational advantages combined with the possibility of generating new synergies and efficiencies, will create new opportunities in terms of both content distribution (streaming on all devices) and commercial opportunities to achieve new revenues (from targeted advertising to all new ADTech possibilities), crucial opportunities for development in a market that, between Spain and Italy, reaches over 100 million viewers.

The combination of a sustainable capital structure and a strong cash flow generation profile give MFE-MEDIAFOREUROPE N.V. the firepower to pursue further consolidation in the system of European broadcasters. The new Group will have more efficient access to capital to fund growth and investment.

The improved cash flow profile and more efficient capital structure will allow for a heightened capacity and sustainability of the shareholder remuneration policy by way of dividend distributions.

Even after the transaction, the operational activities of Mediaset España Comunicación S.A. will remain in Spain, as will all jobs and the production of local content. It will also maintain its tax residence in Spain, ensuring that taxes will continue to be paid entirely in that country.

Finally, it is important that pluralism and cultural diversity are protected. MFE-MEDIAFOREUROPE N.V. will continue to prioritise the various identities in all countries in which it operates and its obligations in terms of news pluralism, news transparency and total independence, production of original content and employment.

On **13 April 2022**, MFE has filed the request for authorisation of the voluntary tender offer over shares issued by Mediaset España Comunicación S.A. (MES) for its admission for processing by the CNMV. Together with the request for authorisation, MFE has submitted to the CNMV a draft version of the offer document and five bank guarantees (provided by 5 Italian and Spanish banks) covering 100% of the cash portion of the offer consideration. The offer document will now be reviewed for eventual approval in the next weeks by the CNMV. MFE has decided to change the condition precedent of the offer related to a minimum acceptance threshold, reducing the threshold from 95.6% of the MES share capital (corresponding to 90% of the shares targeted by the Offer) to 85% of the MES total share capital. Based on the new threshold of the condition precedent, it becomes possible that the offer is settled without triggering the automatic delisting of the MES' shares from Spanish Stock Exchange. In this scenario, the MES shares would remain listed in the Spanish Stock Exchange and MFE does not contemplate to launch an offer in cash aimed at the delisting. MFE may consider, not earlier than 6-month period from the settlement of the Offer, to propose a merger between MES and MFE, whereby MES shareholders would exchange their shares in MES for MFE Ordinary Shares A. In this scenario MFE takes the commitment to list the MFE Ordinary Shares A in the Spanish Stock Exchanges.

At present, the Company is carefully monitoring the developments, progress and consequences (including of an economic nature) of the **international geopolitical crisis brought about by Russia's ongoing military offensive against Ukraine, which began in February**. This event immediately mobilised the international

community, in particular the European Union, which has brought in restrictions and is constantly weighing up new measures and economic sanctions against Russia, while also helping to address the developing humanitarian crisis. These events are causing major fluctuations in the financial markets and significantly increasing the prices of vital raw materials, in particular energy. This comes amidst a climate in which inflation was already high. These events are not anticipated to significantly affect the Company economically, in terms of the anticipated trend in advertising revenues and pressure on production costs, compared with the budget forecasts made for the opening months of the year. The Company is also closely monitoring the restrictions and disclosure obligations imposed on broadcasters by the European Union in response to the situation (which are binding on member states) in order to ensure its full compliance and correct and timely application of any such measures. The Company has also stepped up its monitoring and defence activities in relation to potential cyberattacks. To date, however, the Company is not directly exposed in terms of its assets, its revenues and costs, or its amounts receivable from and payable to counterparties in the countries directly involved in the conflict.

Table of derivative instruments at 31 December 2021

(values in EUR thousand)

Underlyings	Interest rates and debt securities			Exchange rates			Equity		
Transaction type	Carrying amount	Fair Value		Carrying amount	Fair Value		Notional value	Fair Value	
		Pos.	Neg.		Pos.	Neg.		Pos.	Neg.
Non-listed OTC derivatives									
Financial derivatives:									
- forward contracts with third parties									
USD purchases	-	-	-	330,628	15,434	335			
USD sales	-	-	-	(2,508)	2	-			
- intercompany forward contracts									
USD purchases	-	-	-	2,043	-	1			
USD sales	-	-	-	(330,169)	334	15,432			
- IRS on interest rates	450,000	169	516	-	-	-			
- Share options									
PUT purchases							56,906	10,501	-
CALL sales							(75,875)	-	18,350
Total	450,000	169	516	(6)	15,770	15,768	(18,969)	10,501	18,350

List of equity investments in subsidiaries and associates at 31 December 2020

(values in EUR thousand)

Name	Registered office		Share	Carrying	Shareholders' equity		Profit/Losses for the		Ownership	Number of	Carrying	Value per share - 2426(4) c.c.	Differences			
					capital	share	Total	Total					Total	Pro- portion	B-A	B-C
Subsidiaries																
Mediaset Italia S.p.A.	Milan	EUR	600,000	1.0	1,338,286	1,338,286	221	221	100.00%	600,000,000	1,330,000	-	(8,286)	-		
Mediaset España Comunicación S.A.	Madrid	EUR	156,583	0.5	1,104,444	615,065	156,783	87,312	55.69%	174,402,718	868,975	-	253,910	-		
Mediaset Investment NV	Amsterdam	EUR	90	1.0	597,622	597,622	2,068	2,068	100.00%	90,000	595,245	-	(2,377)	-		
Associates and joint ventures																
Nessma S.A. (*)	Luxembourg	EUR	14,194	100.0	-11,019	-3,746	-245	-83	34.00%	48,435	-	-	3,746	-		
Nessma Broadcast S.a.r.l. (*)	Tunis	EUR	998	100.0	3,133	1,003	2,182	698	32.00%	9,490	468	-	(535)	-		
El Towers S.p.A.	Milan	EUR	2,826	0.1	966,281	386,512	332,266	132,906	40.00%	11,304,951	465,329	-	78,817	-		

(*) The data refer to the latest approved financial statement



Other Information

DISCLOSURE ON COMPANY'S BRANCH

On 18 September 2021, the Board of Directors of MFE resolved the opening, effectively from the date of resolution, of an Italian branch (sede secondaria, pursuant to Italian law) and that all of the Company's assets and liabilities were allocated to this Italian branch. This Italian Branch is domiciled in Viale Europa 46 – 20093 Cologno Monzese, Milan, Italy and registered in the Italian companies' register, maintaining the Italian tax code and VAT number that the Company had before the conversion into Dutch NV.

Mr Marco Giordani has been appointed as the legal representative (legale rappresentante, pursuant to Italian law) and Branch Manager of the Italian Branch, with the broadest powers of ordinary and extraordinary management of the Italian Branch and the power to represent the Italian Branch vis-à-vis third parties.

DISTRIBUTION OF EARNINGS OF THE PARENT COMPANY

The Board of Directors has resolved to submit to the Shareholders' Meeting, to be held on 29 June 2022, the proposal for the distribution, in compliance with Articles 27 and 28 of the Articles of Association, of a gross ordinary dividend, relating to the fiscal year 2021, equal to 0.05 for each ordinary class A and class B share.

The aggregate amount of the proposed dividend and, consequently, the residual amount of the profits to be allocated to reserves, will vary depending on the actual number of outstanding shares on the ex-dividend date (thus excluding the treasury shares held at that date).

In case of approval by the Shareholders' Meeting, the dividend (with detachment of dividend number 1 for the ordinary class A shares and number 2 for the ordinary class B shares) will be paid, depending on the timing of the settlement of the Voluntary Tender Offer on Mediaset España Comunicación S.A. announced on 15 March 2022 (VTO), on a date to be subsequently determined by the Board of Directors (and therefore also the issue date of the new shares entitled to receive the dividend) once the VTO calendar will be available or when it would be possible to assess a tentative calendar.

Indicatively, based on what can be assumed to date, it is expected that the dividend will be paid the 21 September 2022 (with ex-dividend date on 19 September 2022 and record date on 20 September 2022) and in any case no later than November.



Indipendent Auditors' Report

Independent auditor's report

To the shareholders and the Board of Directors of MFE-MediaForEurope N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements for 2021 of MFE-MediaForEurope N.V., based in Amsterdam. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of MFE-MediaForEurope N.V. as at 31 December 2021, and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of MFE-MediaForEurope N.V. as at 31 December 2021, and of its results and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2021.
2. The following statements for 2021: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company statement of financial position as at 31 December 2021.
2. The following statements for 2021: the company income statement, the company statement of comprehensive income, the company statement of changes in equity and the company statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of MFE-MediaForEurope N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 34 million. The materiality is based on Profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of the group entities (components) were performed using materiality levels determined by the judgment of the group audit team, taking into account the materiality of the financial statements as a whole and the reporting structure within the group. Component materiality did not exceed € 24 million.

We agreed with the board of directors that misstatements in excess of € 1.7 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

MFE-MediaForEurope N.V. is the head of a group of entities. The financial information of this group is included in the consolidated financial statements of MFE-MediaForEurope N.V.

Because we are ultimately responsible for our opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the group entities (components). Decisive were size and/or risk profile of the components. On this basis, we selected components for which an audit had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant entities within the group. Our assessment of entities that are significant to the Group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of a material misstatement for the significant account balances, classes of transactions and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. We have identified two significant components, the Company's operations in Italy and Spain.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence was obtained as a basis for our opinion on the group financial statements as a whole. The group audit team provided detailed instructions to all component auditors, directed the planning, visited the components several times, reviewed the audit files and the results of the work undertaken by component auditors. For both components a full scope audit was instructed.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Scope of fraud and compliance with laws and regulations

In accordance with the Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Non-compliance with law and regulation may have a material effect on the financial statements as it may result in fines, litigation or other consequences for MFE-MediaForEurope N.V.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit, we obtained an understanding of the entity and its environment and the system of internal control, including:

- the risk assessment process;
- management's process for responding to the risks of fraud and monitoring the system of internal control;
- how the oversight is exercised.

We also obtained understanding of the the outcomes of these processes.

We evaluated the design and implementation and where relevant operating effectiveness aspects of the system of internal control and in particular the fraud risk assessment, including the code of conduct, whistle blower procedures and incident registration. We evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We involved Deloitte's forensic specialists in these processes. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

In connection with the presumed risks of financial statement fraud, we considered fraud in relation to: management override of controls, including evaluating whether there was evidence of bias by the Board of Directors and other members of management. Our procedures include an assessment of the the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, as these may be indicative of fraudulent financial reporting. With respect to the element of bias, we evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements represent a risk of fraudulent material misstatement. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. For significant transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Useful lives of non-current assets and business combinations including purchase price allocations is a significant area to our audit as these are subject to significant management judgment.

We made inquiries with management, those charged with governance and with others within the Company, including the Legal Counsel, Internal Audit, Compliance Department and Financial Reporting and Accounting. We refer to section "Disclosure of the main risks and uncertainties to which the Group is exposed" of the Directors' report for the Company's risk assessment. We obtained written representations that all known instances of (suspected) fraud and other irregularities have been disclosed to us.

Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 2 of the financial statements. Our procedures did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach risks of compliance with laws and regulations

We differentiate our audit approach between two categories

- Rules and regulations that directly impact the financial reporting
- Rules and regulations that indirectly may have material impact on the financial statements

In the first category, we considered adherence to (corporate)tax law and financial reporting regulations including the requirements under International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code. These directly impact the financial statements and are integral to our audit.

In the second category, we considered other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposed fines or litigation.

Our procedures are more limited with respect to laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may however be fundamental to the operating aspects of the business, to MFE-MediaForEurope N.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of payment licenses) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility for these matters that indirectly impact the financial statement is limited to:

(i) inquiry of Board of Directors, the Compliance Officer, the Risk Officer and others within the Company as to whether the Company is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

(ii) request and obtain written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

We remained alert to indications of non-compliance throughout the audit.

Audit approach going concern

The financial statements have been prepared in accordance with the going concern assumption. The appropriateness of the going concern assumption depends on management's assessment of the expected company performance within its future economic environment. The Board of Directors believes that no events or conditions, give rise to doubt the ability of the group to continue in operation during at least twelve months after the adoption of the financial statements.

We have obtained management's assessment of the entity's ability to continue as a going concern, and have assessed the going concern assumption applied. As part of our procedures, we evaluated whether sufficient appropriate audit evidence has been obtained regarding, and have concluded on, the appropriateness of

management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

First year audit

Description

On 18 September 2021 the Company transferred its legal seat from Milan into Amsterdam. On 3 December 2021 a new share structure was introduced, where the existing shares were converted into ordinary shares A and B, traded at the Milan stock exchange (each ordinary A class share entitles the holder to one vote and each ordinary B class share entitles the holder to ten votes). As a result of the transfer, the financial year ended 31 December 2021 is the first year that Deloitte Accountants B.V. audited the financial statements of the Company. Additional planning activities and considerations necessary to establish an appropriate audit strategy could have been necessary.

How the key audit matter was addressed in the audit

After being appointed as the Company's auditors, we developed a comprehensive plan to ensure an effective transition from the predecessor auditors. In order to develop an appropriate audit strategy and audit plan in the initial audit engagement at the Company, specific planning activities were necessary. These included, but were not limited, to:

- Initial introduction to the account –the Company moved its statutory seat to the Netherlands. Various partner-led joint meetings between DTT Netherlands with predecessor auditor DTT Italy. During these meetings we discussed and evaluated the prior years audit strategy, scoping, risk assessment and all relevant findings resulting from prior years audit;
- Having various meetings with the component audit teams;
- Gaining an initial understanding of the Company and its business including its control environment and information systems sufficient to make audit risk assessments and develop the audit strategy and plan;
- Active knowledge sharing with Business, Finance, Risk and Internal Audit functions to understand their perspectives on the business, risks and key findings from their work;
- Obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting principles;
- Obtaining sufficient appropriate audit evidence about whether the accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, and whether changes in the accounting policies have been appropriately accounted for and adequately presented and disclosed in accordance with EU-IFRS;
- Establishing collaboration protocols between the audit teams and performing audit procedures collectively;

- Obtaining an initial understanding of the Company and its business including background information, strategy, business risks, IT landscape and its financial reporting and internal controls framework, to assist in performing risk assessment procedures;
- Evaluation of key accounting positions and audit matters from prior years.

Our observation

The aforementioned has been used as a basis for our audit. We discussed and agreed this with the Board of Directors of the Company and have reported status updates, progress reports and key findings from our audit process on a regular basis. We did not identify any reportable matters.

International group structure and coordination of the group audit

Description

As described in the "scope of the group audit" paragraph, MFE-MediaForEurope N.V. is primarily operating in two countries and consequently, in order to be able to conclude on the audit of the consolidated statements, we are overseeing the work performed by component auditors. The Spanish component is separately listed on the Madrid Stock exchange. The Dutch NV is a holding entity overseeing the two components without conducting other operations. The coordination of the global audit procedures is the most significant part of our group audit engagement and therefore we have identified this as a key audit matter.

How the key audit matter was addressed in the audit

Our audit procedures to address the key audit matter identified started with, among others, obtaining an understanding of the Group, including inquiries with the Board of Directors regarding risks of material misstatements due to error, fraud or non-compliance with laws and regulations. We also obtained an understanding of the process for identifying and responding to these risks, including the relevant group-wide policies and procedures.

Our response furthermore comprised of a risk assessment, the determination of the group audit scope and instructions to component auditor focusing specifically on risks of material misstatements due to error, fraud or non-compliance with laws and regulations. Following the foregoing, at group and component level we:

- held periodic meetings with component audit teams and management of the Company and other key employees;
- instructed the component teams on the audit procedures to be performed
- were involved in the planning and execution of the audit procedures (both IT as financial audit procedures)
- evaluated the Company's internal control environment, including entity level controls and monitoring controls at group, business teams and operating level;
- conducted file reviews (at location and remotely) and reviewed submitted interoffice reporting.

Our observation

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

Revenue recognition

Description

The consolidated statement of income includes Television Advertising Revenues amounting to EUR 2.377 million. As reported in the explanatory notes, Television Advertising Revenues are recognized at a point in time, when the commercial spot is broadcasted.

Given the significance of the amount, the high number and variety of contractual conditions applied to the customers and the complexity of the IT systems we concluded this to be a key audit matter.

Note 6.1 contains disclosure on the Group's revenues, including the related accounting policies.

How the key audit matter was addressed in the audit

In order to evaluate the correct recognition of Television Advertising Revenues, the main procedures we performed were:

- Understanding of the relevant controls adopted by the Group on Television Advertising Revenues recognition;
- Verification of the operating effectiveness of relevant controls related to the billing and advertising tracking process, also with the assistance of IT specialists of the Deloitte Network;
- Reconciliation of total advertising spots broadcasted during 2021, extracted from the advertising tracking IT system, with the total revenues accounted and billed/to be billed to customers in order to verify recognition in the correct reporting period;
- Test of details, on a sample basis, of sales transactions by verifying supporting documentation (for example contracts, , invoices and collections);
- Trend analysis on the main components (volume and discounts) for Television Advertising Revenues accounted for in 2021 and in the first months of 2022;
- Assessment of compliance of the revenue recognition disclosure compared to the applicable accounting standards requirements.

Our observation

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

Emphasis of the impact of the Russia/ Ukraine-Crisis

The Russia/Ukraine-Crisis also impacts MFE-MediaForEurope N.V. The Board of Directors disclosed the estimated impact on financial performance and financial condition of MFE-MediaForEurope N.V. and her plans to deal with these events or circumstances in note 17 of the financial statements. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report, the annual report contains other information that consists of:

- Report of the Board of Directors;
- Corporate Governance report;

- Remuneration report; and
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

Deloitte Accountants B.V. was appointed by the Shareholders' General Meeting for the audit of financial year 2021 held on 23 June 2021, anticipating on the planned relocation of the Company to the Netherlands. The predecessor auditor Deloitte&Touche S.p.A. was appointed since 1 January 2017.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public interest entities.

European Single Electronic Reporting Format (ESEF)

The company has prepared its annual report in ESEF. The requirements for this are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by the company, complies in all material respects with the RTS on ESEF.

The Board of Directors is responsible for preparing the annual report including the financial statements in accordance with RTS on ESEF, whereby the Management Board combines the various components in a reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of The NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the independent auditor's report, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Board of Directors in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public interest entities. The information included in this additional report is consistent with our opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 27 April 2022

Deloitte Accountants B.V.

Signed on the original: M.R. van Leeuwen



ANNUAL REPORT

2021

This copy of the annual report of MFE-MediaForEurope N.V. for the year 2021 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package is available at https://www.mfemediaforeurope.com/binary/documentRepository/20/213800D1FN7NR7B97A50-2021-12-31_1787.zip

MFE-MEDIAFOREUROPE N.V.

Registered Office: Amsterdam, Netherlands

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

Share Capital: EUR 777,186,257.34

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

Italian Tax Code and VAT Number: IT 09032310154..I

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

23 MAYO 2022

M.ª SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurada de INGLÉS
N.º 4195

Table of Contents

MFE-MEDIAFOREUROPE GROUP - Annual Report 2021

Corporate Boards	1
Financial Highlights	2
Introduction	3
Directors' Report on Operations	5
Group Strategy and Business Model	7
Significant Events, Key Corporate Transactions and Developments in Television-Sector Legislation	9
Main Group Companies	23
Financial review: main economic and financial results by geographical area and business segment.....	63
Reclassified statement of income	63
Reclassified statement of Financial Position.....	70
Reclassified Statement of Cash Flows and breakdown of Investments in fixed assets	72
Reconciliation between Consolidated and Parent Company Net Profit and Shareholders' Equity	76
Business Outlook.....	77
Definition and reconciliation of alternative performance measures (APMs or non-GAAP measures)	78
Mediaset Shares.....	82
Disclosure of the Main Risks and Uncertainties to which the Group is Exposed	85
Consolidated Non-Financial Disclosure	99
The Values of the MFE Group	101
The MFE Group, its business context, and sustainability.....	102
Ethics and Integrity in business	110
People in the MFE Group	117
Effectiveness and Sustainability of the Broadcast and Commercial Offering.....	139
Community and Territory	146
The Environment	171
Additional information	181
Corporate governance report	185
Introduction	185
Board of Directors	186
Board Committees	197
Conflict of Interests	200
Remuneration	201
Disclosure pursuant to the decree implementing Article 10 of the EU Directive on Public Purchase Offers	201
Shareholders' Meeting.....	203
Code of Ethics.....	205
Compliance with the Dutch Corporate Governance Code	207
Conformity statement	209
Statement by the Board of Directors	211
Non-Executive Directors Report.....	214
Remuneration Policy	220
Introduction	220
Governance model.....	223
Scope and Principles of the Remuneration Policy	225
Composition of the Remuneration of the Chief Executive Officer and the other Executive Directors	227
Remuneration of Chairman and Non-Executive directors	239

Remuneration report.....	240
Report on the Remuneration paid.....	240
Comparison between the compensation of Directors, the results of the Group and the average compensation of employees.....	243
Consolidated Financial Statements and Explanatory Notes	245
Consolidated Statement of Income	246
Consolidated Statement of Comprehensive Income.....	247
Consolidated Statement of Financial Position	248
Consolidated Statement of Financial Position	249
Consolidated Statement of Cash Flows.....	250
Consolidated Statement of Changes in Shareholders' Equity	251
Explanatory notes	252
1. General information	252
2. Presentation Basis and Accounting Standards for the Preparation of the Financial Statements.....	252
3. Summary of Accounting Standards and Measurement Basis.....	255
4. Key Information relating to the Scope of Consolidation	261
5. Segment Reporting.....	267
Notes on the main items of the Statement of Income	271
6. Income Statement	271
Notes on main Asset items	284
7. Non-current assets	284
8. Current assets.....	306
Notes on Main shareholders' equity and Liabilities Items.....	314
9. Share Capital and Reserves	314
10. Non-current liabilities.....	320
11. Current liabilities	329
Notes on main cash flow statement items	343
12. Statement of Cash Flows.....	343
Other	346
13. Disclosures on Financial Instruments and Risk Management Policies	346
14. Share-based Payments	353
15. Related-party Transactions	356
16. Guarantees and Commitments	359
17. Subsequent Events after 31 December 2021	360
18. List of equity investments included in the Group's consolidated financial statements as at 31 December 2021	363
MFE-MEDIAFOREUROPE N.V. Financial Statements and Explanatory Notes	367
Statement of Financial Position	368
Statement of Financial Position	369
Statement of Income	370
Statement of Comprehensive Income	371
Statement of Cash Flows	372

Statement of Changes in Shareholders' Equity	373
General information	374
1. General information	374
2. Adoption of international accounting standards	374
3. Basis of presentation, accounting policies for the preparation of the financial statements and measurement criteria	375
4. Other information	384
Notes on main asset items	395
Notes on main shareholder' equity and liability items	408
Reconciliation between Consolidated and Parent Company Net Profit and Shareholders' Equity	413
Notes on the main items of the Statement of Income	432
Notes on the main items of the Statement of CASH FLOWS	444
commitments and guarantees	445
Disclosures on financial instruments and risk management policies	446
Subsequent Events after 31 December 2021	461
Other Information	467
Independent Auditors' Report	469

23 MAYO 2022

M.º SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurada de INGLÉS
N.º 4195

23 MAYO 2022

M.^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurada de INGLÉS
N.º 4195



Annual Report 2021
Directors' Report on
Operations

23 MARÇO 2022

IMP. SOLEDAD VALENCIA, CO. MD
Traductora-Intérprete Jurada de Inglés
N.º 4195

CORPORATE BOARDS

Board of Directors

Chairman

Fedele Confalonieri

Chief Executive Officer

Pier Silvio Berlusconi

Directors

Marina Berlusconi

Stefania Bariatti

Marina Brogi

Raffaele Cappiello

Costanza Esclapon de Villeneuve

Giulio Gallazzi

Marco Giordani

Gina Nieri

Danilo Pellegrino

Alessandra Piccinino

Niccolo' Querci

Stefano Sala

Carlo Secchi

Executive Committee

Pier Silvio Berlusconi

Marco Giordani

Gina Nieri

Niccolo' Querci

Stefano Sala

Audit Committee

Alessandra Piccinino (Chair)

Raffaele Cappiello

Carlo Secchi

Nomination and Remuneration Committee

Stefania Bariatti (Chair)

Marina Brogi

Carlo Secchi

Environmental Social and Governance Committee

Marina Brogi (Chair)

Stefania Bariatti

Giulio Gallazzi

Related Parties Transactions Committee

Costanza Esclapon de Villeneuve (Chair)

Marina Brogi

Alessandra Piccinino

Independent Auditors

Deloitte Accountants B.V.

23 MAYO 2022

1

M.^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurada de INGLÉS
N.º 4195

FINANCIAL HIGHLIGHTS

Main income statement data (EUR M)		2017	2018 ⁽¹⁾	2019	2020	2021
Net Consolidated Revenues ⁽²⁾		3,550.1	3,401.5	2,925.7	2,636.8	2,914.3
Italy		2,555.3	2,421.4	1,982.1	1,800.5	2,038.4
Spain		996.3	981.6	946.2	836.6	876.3
EBIT ^{(2) (3)}		226.4	73.7	354.6	269.7	418.0
Italy		-19.1	-182.9	91.3	38.5	192.1
Spain		245.3	256.9	264.9	230.5	225.3
EBT ⁽²⁾		219.9	64.0	381.7	285.9	555.4
Group Net Result ⁽⁴⁾		90.5	468.2	190.3	139.3	374.1
Main balance sheet and financial data (EUR M)		2017	2018 ⁽¹⁾	2019	2020	2021
Net Invested Capital ⁽³⁾		3,774.6	3,589.6	4,238.7	4,230.1	4,099.5
Total Net Shareholders' Equity		2,382.5	2,853.1	2,890.4	3,165.6	3,230.3
Group Shareholders' Equity		1,916.6	2,409.4	2,477.9	2,668.3	2,661.8
Minority interests		465.9	443.7	412.5	497.3	568.5
Net Financial Position ⁽³⁾		-1,392.2	-736.4	-1,348.3	-1,064.4	-869.2
Free Cash Flow ^{(2) (3)}		116.9	211.7	265.9	311.8	507.3
Investments ⁽²⁾		612.0	618.0	600.1	450.9	396.0
Dividends paid by the Parent Company		-	-	-	-	340.6
Dividends paid by Subsidiaries		87.5	95.6	46.6	-	-
Personnel ⁽⁵⁾		2017	2018	2019	2020	2021
Workforce (headcount)		5,470	4,760	4,984	4,906	4,889
Italy		4,197	3,502	3,433	3,351	3,294
Spain		1,273	1,258	1,551	1,555	1,595
Workforce (average)		5,019	5,004	5,114	4,898	4,865
Italy		3,739	3,737	3,465	3,334	3,280
Spain		1,280	1,267	1,559	1,564	1,585
Main indicators		2017 ⁽²⁾	2018 ⁽¹⁾	2019	2020	2021
Operating Result (EBIT)/Net Revenues		6.4%	2.2%	12.1%	10.2%	14.3%
Italy		-0.7%	-7.6%	4.6%	2.1%	9.4%
Spain		24.6%	26.2%	28.0%	27.6%	25.7%
EBT/Net Revenues		6.2%	2.0%	13.0%	10.8%	19.1%
Net Result / Net Revenues		2.6%	13.9%	6.5%	5.3%	12.8%
ROI ⁽⁶⁾		3.9%	1.3%	6.1%	4.7%	7.2%
ROE ⁽⁷⁾		4.7%	19.5%	7.7%	5.2%	14.1%
Number of Shares ⁽⁸⁾		1,136,402,064	1,137,142,325	1,137,944,400	1,139,192,789	2,281,657,298
Consolidated Net Profit per Share (EUR)		0.08	0.41	0.17	0.12	0.16
Dividend per Share (EUR)		-	-	-	-	-

(1) 2018 net profit and balance sheet values restated to retroactively acknowledge the impacts on associates equity investment results deriving from their goodwill purchase price allocation process

(2) Figures from 2017 restated in accordance with IFRS 5 (discontinued operations)

(3) Alternative performance indicators (non-GAAP measures): figures refer to average economic results as well as balance sheet and financial data, for which the recognition criteria are described in the Directors' Report on Operations

(4) Net profit/(loss) from continuing and discontinued operations

(5) Include temporary and permanent workforce

(6) Group Operating Result (EBIT) / Average Net Capital Invested

(7) Group Net Profit/(Loss) / Net Group Shareholders' Equity

(8) Spot date at 31/12 net of treasury shares; on 13 December 2021, a second class of ordinary shares (MFE A) was issued and freely allocated in a ratio of 1:1 with - and carrying the same equity rights as - the existing shares (MFE B).

INTRODUCTION

Reporting Note

The Consolidated and Company only Financial Statements as at 31 December 2021 have been prepared in accordance with the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and related interpretations issued by the SIC/IFRIC (Standards Interpretation Committee/International Financial Reporting Interpretation Committee) endorsed by the European Commission and adopted by the European Union as in force at the reporting date and in accordance with the Dutch Civil Code (Part 9 of Book 2).

Adjustment Plan pursuant to Articles 15 and 18 of the Market Regulations

Pursuant to Articles 15 and 18 of Consob Regulation No. 20249 of 28 December 2017, as amended, setting forth the "conditions for listing shares of companies that control companies incorporated and governed by the laws of non-EU countries", the Parent Company MFE-MEDIAFOREUROPE NV (the "Company" or the "Parent Company" or "MFE" and together with its subsidiaries the "MFE Group" or the "Group") has identified its significant subsidiaries as defined in Article 15(2) of the aforementioned Regulation, and verified that the conditions set forth in paragraphs b) and c) of Article 15 are met.

Forward-looking statements

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

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

Information on the data presented

All references in the Annual Report to "euro", "EUR" and "€" refer to the currency introduced at the start of the third phase of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union. Similarly, all percentages relating to changes between two periods or percentages of net revenue or other indicators are always calculated using the original data in thousands of euro. The use of figures expressed in millions of euro may therefore lead to apparent discrepancies both in the absolute values and in the percentage figures.

The Directors' Report contains a number of Alternative Performance Measures (APMs) not envisaged by IFRS (non-GAAP measures). These measures, which are described in the paragraph of the Report entitled "*Definition and Reconciliation of Alternative Performance Measures*", are used to analyse the Group's economic and financial performance and, where applicable, abide by the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ("ESMA") in its Disclosure ESMA/2015/1415.

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

Adoption of the European Single Electronic Format (ESEF)

Beginning with this report, the Group has applied the requirements set forth in Article 4 of the Transparency Directive on preparing the annual financial reports of companies listed on European stock exchanges in the European Single Electronic Format (ESEF) in xHTML format. In addition, issuers that prepare IFRS consolidated financial statements must label those that use Inline XBRL. To facilitate the introduction of the new rules, annual reports for the fiscal year ending 31 December 2021 must meet the ESEF requirements only in relation to the primary consolidated financial statements and certain administrative information. To comply with the new regulations, the MFE Group has implemented dedicated software manage information in ESEF format.

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders,

Last year was once again dominated by an unsettled social and public health environment. Yet the MFE Group navigated the pandemic effectively and continued to resolutely pursue our strategies of overseeing and strengthening the digital-focused commercial broadcasting model that we are currently developing in both Italy and in Spain and of pursuing a pan-European development model.

In May, we reached agreement with the shareholder Vivendi to put an end to our disputes by waiving each of our mutually pending lawsuits and complaints. This allowed the Group to complete the process of relocating Mediaset's registered office to the Netherlands (while renaming the company MFE - *MediaforEurope NV*) and of redefining a share capital structure (by introducing a dual-class shareholding structure) capable of delivering the Group's plan to create a sustainable European development model amidst a globally competitive environment. The Group also further increased its investment in ProsiebenSat1 Media SE, securing more than 25% of the voting rights in early 2022.

With the economy recovering strongly and the advertising market picking back up in 2021, the Group achieved advertising revenues that were higher than the market as a whole and improved its financial results significantly. Indeed, in all the main economic and financial indicators (EBIT, net profit, free cash flow), the Group performed better than in 2020 and 2019 (the last year before the pandemic began) and improved on the company's forecasts made at the beginning of the year.

In Italy in particular, the Group's advertising sales are already at a higher level than in 2019, despite the heavy pandemic-induced contraction in the market during 2020. This has been achieved amidst a wider context of economic recovery, which has been underpinned by the continued expansive monetary policies of the central banks. This positive trend in advertising revenues was enhanced by the Group's ability to monetise with third parties its proprietary film and sports content (including through sub-licensing agreements with leading non-linear platforms) and to continue to reflect in the management of production costs the process of review and adjustment of its programming models which it carried out at the height of the pandemic during 2020. This latter action enabled the group to keep its total costs in 2021 around EUR 80 million lower than in 2019 and to have an editorial set-up in place that is capable of further improving the audience figures of Mediaset networks.

Besides the excellent performance of its core operations, the Group's consolidated net profit and cash flow generation for the year were also boosted by the Group's financial operations, with dividends and other hedging-related income on its investment in ProsiebenSat1, and by the Group's equity management operations. This latter activity benefitted in economic terms from the EUR 88.1 million pro-quota capital gain made by El Towers (in which MFE holds a 40% stake) from the sale of Towertel, and in financial terms from the EUR 149.9 million in dividends paid out by El Towers during the year.

The main consolidated financial results for the year are summarised below:

Consolidated Net Revenues amounted to **EUR 2,914.3 million** (+10.5% compared to the previous year's figure of EUR 2,636.8 million).

In Italy, **Gross Advertising Revenues**, including revenues from free and pay-TV channels and the Group's share of website revenues, and revenues from proprietary radio broadcasters managed under sublicense from Mediamond, amounted to EUR 1,982 million in 2021 (+14.4% compared to 2020 and up +2.4% compared to 2019). These revenues even registered a year-on-year increase (+2.2%) in the fourth quarter, despite the previous year having been characterised by a strong recovery. This performance continued a trend of six consecutive quarters of year-on-year growth. Based on Nielsen data, the overall conventional advertising market

(including all advertising channels, and excluding estimates for OTT, search, social media and direct mail investments) grew by 12.8 in 2021 compared to 2020. The Group's television advertising revenues also grew more strongly than the national television market as a whole, despite competitors' networks broadcasting major international sporting events (Euro 2020 and the Olympic Games) during the year.

In Spain, **Gross Advertising Revenues** amounted to **EUR 833.6 million**, an increase of 9.8% compared to 2020. Mediaset España maintained its leadership in its television market with a share of 43.2%, thus consolidating its position of leadership built up over the past few years, by diversifying and launching innovative publications and advertising products. Based on Infoadex data, the TV advertising market in Spain grew by 8.3% overall in 2021;

Operating Result (EBIT) was **EUR 418.0 million**, compared to the EUR 269.7 million profit recorded the previous year. Consolidated operating profitability was 14.3%, compared to 10.2% in 2020. **Adjusted Operating Result**, excluding certain non-recurring cost components of the Italian operations (principally lay-off costs and restructuring expenses) amounted to **EUR 475,6 million** (+52,4% compared to the EUR 312,1 million recorded in 2020).

Group Net Result was in profit at **EUR 374.1 million**, compared to the EUR 139.3 million profit recorded in 2020. This result was also higher than the EUR 190.3 million recorded in 2019, and it remains so even if we strip out the capital gain contribution generated by investee El Towers.

Net Financial Position stood at **EUR 869.2 million**, which is down on the EUR 1,064.4 million recorded at 31 December 2020. If we exclude the liabilities recognised under IFRS 16 from 2019 onwards and the residual financial payable for the equity investment in ProSiebenSat.1 Media SE, Consolidated Net Financial Debt was **EUR 689.1 million**. **Free Cash Flow** was **EUR 507.3 million**, a clear improvement on the EUR 311.8 million recorded in 2020. The Group also made investments of EUR 115.3 during the year to increase its shareholding in ProSiebenSat.1 Media SE, and paid out dividends of EUR 340.6 million.

At 31 December 2021, the **Workforce** of the Mediaset Group companies in the consolidation area numbered **4,889 employees** (4,906 at 31 December 2020).

Parent Company MFE closed the year ending 31 December 2021 with a net profit of **EUR 214.1 million**, compared to the profit of EUR 17.0 million recorded in 2020.

In Italy, Mediaset channels maintained their leadership with the 15-64 commercial target audience in 2021, with a 34.0% share over the 24-hour period, a 34.1% share of the early evening share and a 34% share of the daytime slot. Canale 5 was the most watched Italian channel among the commercial target audience across all time slots.

In 2021, the total free-to-air television offer of the Mediaset España Group, including not only the general-interest channels Telecinco and Cuatro but also the special-interest channels Factoria De Ficción, Boing, Divinity, Energy and Be Mad (HD channel), obtained an average share of total viewers, over the 24-hour period, of 28.3% and 30.6% among the commercial target audience.

GROUP STRATEGY AND BUSINESS MODEL

MFE-MEDIAFOREUROPE is a multinational media group, which has been listed on the Milan Stock Exchange since 1996, mainly operating in the television industry in Italy and Spain.

In **Italy**, Mediaset is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels - both linear and non-linear/OTTV) - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In **Spain**, MFE is the main shareholder of **Mediaset España**, with an interest of 55.69% at 31 December 2021. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

The Group is also the largest shareholder, having secured a total aggregate ownership interest of more than 25% of voting rights in **ProSiebenSat.1 Media SE** following the latest tranche acquired in January 2022. ProSiebenSat.1 Media SE is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It is listed on the Frankfurt Stock Exchange.

The media and entertainment industry is undergoing rapid and significant change. New technological opportunities are spawning alternative means of distributing programming and content other than traditional products such as FTA TV and radio. This technological progress is leading to the internationalisation of traditional broadcaster models. The multimedia entertainment market is becoming more international as a result, with companies competing on a larger scale in the global marketplace. In addition, customers expect more personalised content with services, content and advertising that meet the demands of technologically engaged viewers and increasingly demanding and sophisticated investors. Overall demand for entertainment content continues to record rates of growth, both in traditional media and on new platforms. This global, more digital marketplace demands better connectivity and network infrastructure, and as such, multimedia entertainment companies are increasingly investing in this. Also in the digital environment, multimedia entertainment companies must invest greater resources to combat the piracy of feature films, TV programmes and other content.

In this increasingly dynamic and complex competitive environment, the Group's strategy in recent years has targeted the following objectives:

- ▣ Strengthen the Group's share of the advertising market in both Italy and Spain by offering advertisers linear and non-linear exposure that covers the entire commercial target audience, including younger TV audiences;
- ▣ Place an editorial focus on local and original entertainment content, in-house films and series, and FTA football events as the primary catalyst for capturing viewer attention –
- ▣ constantly review and optimise the Group's content mix (less American and more local content);
- ▣ Roll out a platform expansion strategy to make the Group's FTA content available "anywhere, anytime and on any device" – not only linearly to all television sets, but also to other devices (mobile, PC, tablet, game console, etc.) and at any time (on demand);

- ▣ Strengthen the Group's DTC (direct-to-consumer) offering with a wide variety of content (from local entertainment to live sports and blockbuster movies) and by integrating different business models (from free-to-air to pay-per-view) into a single platform;
- ▣ Constantly optimise the Group's organisational model to enable cost savings and further efficiencies.

By pursuing these lines of action, the Group has been able to gradually and decisively improve its profits and cash generation. In the coming years, technological innovation, consumer behavioural trends, the development of new business models and other potential industry-specific developments are expected to pose significant challenges. However, they will also create major opportunities for players in the increasingly complex media and entertainment sector as – in addition to traditional local broadcasters, content providers (e.g. Disney, Warner and Universal), pay TV broadcasters (e.g. Sky and Canal+), OTT players (e.g. Netflix and Amazon Prime) – media agencies (e.g., WPP, Publicis and Havas) are growing increasingly able to disintermediate the supply content of national broadcasters and to adopt hybrid supply models supported by both subscriptions and advertising sales.

In this context, the Group has set two main focus lines.

On the one hand, the Group intends to keep concentrating on the lines of action set out above as it aims to further improve the efficiency and effectiveness of its business units.

On the other hand, the Company intends to play a significant role in the ongoing process of consolidating the European media industry by targeting and seizing external growth opportunities in Europe and creating a pan-European media group in the (linear and non-linear) entertainment and content sector, starting from its strong position in its reference markets.

The Group's long-term strategic goal of stamping a larger footprint on the European media industry is considered functional to the Company's future development, as it will grant operational advantages both in terms of economies of scale and scope (e.g. streaming technology, AdTech) and new business opportunities that the current local scale do not allow (e.g. advertising, content production and distribution).

SIGNIFICANT EVENTS, KEY CORPORATE TRANSACTIONS AND DEVELOPMENTS IN TELEVISION-SECTOR LEGISLATION

COVID-19: Main Impacts and Mitigation Actions

During the first months of the year, as the initial phase of the vaccine programme was being rolled out, a new wave of infections linked to the pandemic led the government to adopt new restrictions at a national and local level. These measures were progressively alleviated during the second half of the year as the public health situation began to stabilise with the increased promotion and coverage of vaccine programmes. Towards the end of the year, a fourth wave of infections began. This wave was linked to the spread of the Omicron variant across Europe and led to the state of emergency in Italy being extended from 31 December 2021 to 31 March 2022.

On 1 July 2021, the EU Digital COVID Certificate Regulation ("EUDCC") entered into application. Also known as the "Green Pass", this certificate certifies that a person has been vaccinated against COVID-19, or has tested negative on a rapid antigen or molecular test, or has recovered from infection. The EUDCC enables safe travel between EU member states and in Italy it permits safe access to indoor premises, including restaurants and bars. Since 15 October, it is also permits access to workplaces.

Accordingly, the Group continued to constantly monitor the public health situation and to update its rigorous safety and prevention protocols (diagnostic tests, mandatory weekly swabs for on-site employees and contractors, contact-tracing, daily distribution of facemasks, sanitisation of all working environments and common spaces, drive-through testing for employees developing flu-like symptoms while working from home, return-to-work management via referrals to case doctors, and the option to receive two doses of the vaccine at the Group's offices). These measures aimed to maintain the health and safety of both staff and contractors, and to ensure that normal production and management operations continued in the utmost safety in the Company's offices and production studios.

While continuing to adopt a high-vigilance approach which required the constant wearing of personal protective equipment on company premises, social distancing and weekly swabs, restrictions have gradually been relaxed since the end of June and staff have gradually been invited back to the company premises. Accordingly, under agreements reached with trade unions and workers' representatives in both Italy and Spain, new operational methods were agreed based on a new smart-working model that was rolled out in the autumn and would remain in effect for as long as the government's emergency regulations on remote and smart-working are in place.

The application of these measures during the year enabled a safe and managed return to live programming, while continuing to protect news and analysis output. As described in greater detail below, audience shares confirmed 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.

Against this backdrop, the economic recovery in Italy grew in strength as 2021 went on. Indeed, the year-on-year growth in the macroeconomic indicators for all main areas of the economy were up on the start-of-year forecasts, thus consolidating on the anticipated rebound of the global economy. This trend was motivated on the one hand by the progress made by vaccination programmes and, on the other, by the continuation of the

monetary and fiscal stimulus measures taken by central banks with view to consolidating on the start of the sustainable recovery by implementing the schedule of investments set forth in the recovery plans.

It was against this backdrop that the Group recorded significant growth in its advertising revenues and further consolidated its market shares, as it returned to the pre-pandemic levels of revenue that it had recorded in Italy in 2019. The Group also continued having to work around the government-mandated cinema closures. In this respect, it maximised the value of its film content by distributing it on the main non-linear platforms of OTT operators and continued to implement a rigorous policy of cost control and investment efficiency. In doing so, the Group's television costs in 2021 were lower overall than in 2019, despite the rise in energy costs and levels of inflation that marked the final months of the year. The Group's core business continued to generate steady cash flows, which in addition to the income from the ordinary and extraordinary dividends received from investees during the period (and despite the payout of extraordinary dividends), led to a significant reduction in consolidated Net Financial Position compared to 31 December 2020.

The Group also continued to operate with the aim of further enhancing its financial soundness in terms of its the structure, composition and counterparty diversification of its debt, its committed loan-to-value ratio, the extension of average maturity dates and the optimisation of low-cost conditions, and its availability to credit facilities in respect of average utilisation. 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. On average during the year 2021, 53.2% of the MFE total credit facilities were available and unutilised.

In particular, in addition to the financial liabilities related to the investment in ProSiebenSat1, at 31 December 2021 MFE had EUR 1,325 million in total committed credit facilities lines, of which EUR 500 million unutilised and readily available, and Mediaset España had EUR 165 million in unutilised and readily available committed credit facilities. As at the approval date of these Consolidated Financial Statements, the committed credit lines available to MFE are equal to EUR 1,425 million, including EUR 269 million falling due within the next 12 months, which is in the process of being renewed for EUR 100 million within the first half of 2022; the credit lines of Mediaset España falling due within 12 months are unchanged compared to 31 December 2021. It should be noted that on 30 March a club deal credit line of 300 million euros was stipulated with UNICREDIT, INTESA SANPAOLO, BNP PARIBAS, BANCO BPM and CAIXA BANK to finance the cash amount of the purchase and exchange offer on Mediaset España Comunicación shares.

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, and despite the current uncertain and unstable climate caused by the unforeseen international geopolitical crisis triggered by Russia's invasion of Ukraine in late February, it is reasonable to expect that these parameters will also be satisfied during the next 12 months.

KEY CORPORATE TRANSACTIONS, EQUITY INVESTMENTS AND OTHER SIGNIFICANT EVENTS FOR THE YEAR

Fininvest-Mediaset-Vivendi Deal

On **3 May 2021**, Fininvest, Mediaset and Vivendi reached a universal deal putting an end to their dispute, in which each of them withdrew all pending actions and complaints, as described in the Annual Report at 31 December 2020. The closing was completed as provided for by the agreements signed on **22 July 2021**.

Vivendi undertook to contribute to Mediaset's international development by voting to abolish the enhanced voting mechanism and to transfer Mediaset's registered office to the Netherlands. Mediaset and Vivendi also entered into good neighbour agreements in free-to-air and standstill television for a duration of five years. Under this transaction, Vivendi paid Mediaset the compensation awarded in case No. 47205/2016 (EUR 1.7 million) and Dailymotion, a subsidiary of Vivendi, paid EUR 26.3 million to settle its copyright litigation with the Group subsidiaries RTI and Medusa. In addition, Fininvest acquired from Vivendi a direct 5.0% shareholding in Mediaset for a price of EUR 2.70 per share (on account of the ex-dividend date and the payout date on 19 July and 21 July 2021, respectively), while Dailymotion, a subsidiary of Vivendi, paid EUR 26.3 million to settle its copyright litigation proceedings with RTI and Medusa, MFE Group companies.

Under wider agreements, Vivendi also committed to Fininvest that the entire 19.19% stake in Mediaset held by Simon Fiduciaria would gradually be sold on the market over a five-year period. Fininvest will have the right to buy any unsold shares in each 12-month period, at the price established annually. On **18 November 2021**, Fininvest, Mediaset and Vivendi agreed to amend some of the provisions of the agreements reached on 3 May and 22 July to take into account the matters to be voted on at Mediaset's upcoming Shareholders' Meeting of **25 November**. In particular, this concerned the introduction of a dual-class share structure (ordinary A-class shares and ordinary B-class shares) by converting each outstanding Mediaset share into an ordinary B-class share and allocating one ordinary A-class share for each ordinary B-class share held. In terms of Vivendi's commitment to sell its entire stake in Mediaset (held through Simon Fiduciaria) on the market over a period of five years, the revised agreements provide that Vivendi will sell one-fifth of its ordinary A-class shares and B-class ordinary shares each year (beginning on 22 July 2021) at the following minimum prices: EUR 1.375 in year 1; EUR 1.40 in year 2; EUR 1.45 in year 3; EUR 1.5 in year 4; and EUR 1.55 in year 5. The shares may be sold at a lower price where authorised by Vivendi. In any event, Vivendi will be entitled to sell its portion of ordinary A-class and ordinary B-class shares held through Simon Fiduciaria at any time if their price reaches EUR 1.60. Fininvest will nevertheless have the right to buy any unsold shares in each 12-month period, at the new price to be established annually.

Transfer of the Registered Office to the Netherlands

On **23 June 2021**, the Extraordinary Shareholders' Meeting of Mediaset S.p.A (called by unanimous resolution of Mediaset's Board of Directors on 26 April 2021) resolved to propose to transfer the Company's registered office to Amsterdam, the Netherlands, which the Company achieved by adopting the Dutch-law corporate form of naamloze vennootschap and by adopting new bylaws in accordance with Dutch law (the "Transfer"). A total of 81.81% of the share capital was represented at the Shareholders' Meeting by shareholders holding a proxy. Of the shares represented, 95.57% voted in favour of the proposal.

The Transfer is regarded as fundamental to the Group's strategy of accessing an ecosystem (with a governance model inspired by the best international standards and in line with that adopted by Mediaset until now) capable of generating the following benefits for Shareholders:

- engender a more realistic appreciation of the Company among the stock market and the international business community more generally, which still tends to consider broadcasters as “local” businesses that are closely bound by and dependent on domestic economic concerns;
- strengthen Mediaset's ability to raise the capital and financial resources necessary to develop new business projects and to facilitate integration with new partners;
- operate within a legal system that is internationally known and appreciated by market operators and investors and capable of enhancing the pan-European dimension of the business to which Mediaset strives, while also preserving its identity and historical presence in its current markets;
- ensure that investors are extensively protected by providing a high degree of legal certainty, certainty in their contractual/commercial relations and, consequently, certainty that the internationalisation project will be fulfilled.

Mediaset shareholders who did not vote in favour of the Transfer were eligible to exercise their statutory right of withdrawal at a price of EUR 1.881 per share (EUR 2.181 per share minus the extraordinary dividend of EUR 0.30 per share which, on the same date as the Transfer was approved, the Shareholders' Meeting resolved to pay out). This withdrawal only took effect upon the closing of the Transfer, which was itself subject to all conditions precedent being fulfilled, including Mediaset paying the withdrawing shareholders a sum of no more than EUR 120 million. The statutory period for exercising right of withdrawal (pursuant to Article 2437 paragraph 1 letter c) of the Italian Civil Code) ended on 16 July 2021. Based on the disclosures received by the Company on 30 July, the right of withdrawal had been validly exercised on a total of 3,881 shares in the Company for a total settlement amount of EUR 7,300.16.

On **27 May 2021**, the Extraordinary Shareholders' Meeting of Mediaset S.p.A. unanimously resolved to abrogate the enhanced voting rights pursuant to art. 127-quinquies of the Consolidated Finance Law (TUF), as referred to in Article 7 of the Company Bylaws and enacted by the resolution of the Extraordinary Shareholders' Meeting of 18 April 2019, as contested by Simon Fiduciaria SpA.

On **1 July 2021**, the minutes of the Extraordinary Shareholders' Meeting of Mediaset S.p.A. held on 23 June 2021 were registered in the Milan Companies Register. At that meeting, the shareholders approved both the transfer of Mediaset's registered office to Amsterdam, the Netherlands, and the adoption of the new company bylaws in accordance with Dutch law.

On **20 September 2021**, once it was verified that all conditions precedent for the transfer of the Company's registered office to the Netherlands had been met, a Dutch notarial deed was signed and the transfer was completed accordingly. Upon the closing of the Transfer, the new Bylaws of the company (which became known as Mediaset N.V.) took effect. Pursuant to Art. 5:25a para. 3 of the Dutch Financial Supervision Act (Wet op het financieel toezicht), which requires listed companies to publicly announce their “Home Member State” for the purposes of regulating their disclosure obligations under the Transparency Directive, Mediaset N.V. has announced that its “Home Member State” has changed from Italy to the Netherlands.

The tax residence of Mediaset N.V., as well as its actual head office and all operational activities, remain in Italy. These activities continue to be carried out at the usual offices. There will therefore be no change in how direct and indirect taxes are paid in Italy. The Company's shares continue to be listed on the electronic stock market (MTA) organised and managed by Borsa Italiana S.p.A. The Transfer took place without any interruption of existing legal relationships.

The Shareholders' Meeting of Mediaset N.V. dated **25 November 2021**, convened at the request of the Board of Directors dated 1 October 2021, approved the change of the Company's name, with immediate effect, to MFE-MEDIAFOREUROPE N.V. and approved the introduction of a dual-class share structure with differential voting

rights. The introduction of the new share structure is a key step for Mediaset as it aims to create a pan-European entertainment and content group by providing greater flexibility when it comes to financing any future M&A transactions. The dual class share structure provides as follows:

- ▣ Share capital will be formed by ordinary A class shares and ordinary B class shares.
- ▣ Each outstanding share will be converted into one ordinary B class share.
- ▣ All shareholders existing at a given reference date (the "Record Date") will be entitled to one ordinary A class share for each ordinary B class share held.
- ▣ Each ordinary A class share will have a nominal value of EUR 0.06 and each ordinary B class share will have a nominal value of EUR 0.60 (compared to the previous value of EUR 0.52). Both the issue of ordinary A class shares and the adjustment in nominal value of ordinary B class shares will be funded from the Company's available reserves.
- ▣ Accordingly, each ordinary A class share will entitle the holder to one vote and each ordinary B class share will entitle the holder to ten votes.
- ▣ Both classes of shares will carry the same property rights (i.e. right to dividends).
- ▣ Both classes of share will remain listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana S.p.A.
- ▣ All shareholders will be treated equally in the event of any voluntary or mandatory public takeover bid in future.

The resolution took effect on 3 December 2021.

On 13 December 2021, the securities MFE A and MFE B were listed on the Euronext Milan Electronic Stock Market (EXM).

On 10 December 2021, all issued MFE shares converted into ordinary B class shares on a 1:1 basis. The difference between the nominal value of MFE's outstanding ordinary shares (EUR 0.52 each) and the nominal value of the ordinary B class shares (EUR 0.60 each) was funded from the Company's available reserves.

On Monday 13 December 2021, ordinary A class shares were gratuitously allotted to holders of ordinary B class shares (other than the Company) on a 1:1 basis and the trading of ordinary A class shares commenced on Euronext Milan. The nominal value of ordinary A class shares (EUR 0.06 each) was funded from the Company's available reserves.

On 15 December 2021, the ordinary A class shares were allotted to the accounts of their holders through the authorised intermediaries registered in the centralised management system of Monte Titoli S.p.A..

Following the conversion of existing MFE shares into ordinary B class shares and the issue and allotment of ordinary A class shares, the share capital of MFE stands at EUR 777,186,257.34. This is formed by 2,322,056,213 Shares, of which 1,140,828,649 ordinary A class shares and 1,181,227,564 ordinary B class shares.

Other corporate transactions and equity investments

On **21 January 2021**, Mediaset España increased its stake in ProSiebenSat1 Media SE, acquiring a 3.4% equity interest. As a consequence of this transaction, the reverse collar entered into by Mediaset S.p.A. on April 2020 to hedge the price acquisition of a further 4.1% stake in ProSiebenSat.1 Media SE was early unwinded (as the conditions underlying the agreement were not triggered), with a cash inflow of EUR 20.4 million, which was recognised under financial income.

On **1 June**, the Shareholders' Meeting of ProSiebenSat.1 Media SE resolved to distribute an ordinary dividend of EUR 0.49 per share. These share dividends were collected by Mediaset and Mediaset España, net of the fee contractually due to the financial counterparts under the collar agreement.

Beginning the second quarter, Mediaset (later MFE) and Mediaset España repaid - in the form of a cash settlement - tranches of the financial debt taken out in 2019 for the equity investment in ProSiebenSat.1 Media SE, thus directly acquiring the underlying shares. As an integral part of the financial structure of this investment, tranches of financial instruments (collars) hedging those shares were simultaneously settled with the counterpart to the transaction. As a result of these transactions, the Group's integrated shareholding stood at 23.9% in share capital (24.61% of voting rights) as at 31 December 2021, comprising a direct shareholding of 19.32% and 4.58% through financial instruments.

Furthermore, as at 31 December 2021, the non-controlling interest in ProSiebenSat.1 Media SE did not meet the conditions to qualify as an associate under IAS 28 (Investments in Associates and Joint Ventures) – in other words, an entity in which the investor can exercise significant influence by participating in its financial and operating policy decisions. Therefore, as with previous years, this investment is recognised and treated in the consolidated financial statements as a financial investment 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 through other comprehensive income, with no recycling to profit and loss, with only the dividends received recognised in profit and loss.

As a result of subsequent stock acquisitions and debt repayments during the initial months of 2022, on 28 February 2022 (the date of the last disclosure to BaFin - the German Financial Supervisory Authority) the Group's equity interest increased to 24.1% in share capital (24.8% of voting rights), comprising a direct shareholding of 21.8% and 2.3% through financial instruments.

Upon the specific request made by the German authorities on 4 March 2022 (under Article 39 of the German Competition Act), the Group's integrated shareholding exceeded 25% of voting rights as at 15 March 2022.

On **5 March 2021**, RTI S.p.A. sold its residual 3.9% equity interests in ProSiebensat.1 Digital Content LP and ProSiebensat.1 Digital Content GP Ltd.

On 30 April 2021, EI Towers SpA (a company 40%-owned by Mediaset) completed the sale of its 100% equity investment in Towertel SpA (the company that owns the service agreements and infrastructure for telco operators) to Phoenix Towers Italy SpA, after having obtained the requisite regulatory authorisations. On the same date, Mediaset collected dividends of EUR 133.9 million under the distribution resolution passed by the Shareholders' Meeting of EI Towers held on 15 April 2021. As a consequence of this transaction, the consolidated financial results of EI Towers from May onwards do not include the profit and loss generated by the investment sold (which in 2020 contributed EUR 9.6 million profit towards the consolidated net result of EI Towers). On the other hand, in 2021 EI Towers benefitted from a net capital gain of EUR 220.2 million, recognised for the pro-quota in MFE's consolidated financial statements as at 31 December 2021 Result from investments accounted for using equity method for the amount of EUR 88.0 million. During the year, MFE also received EUR 149.9 million in dividends from EI Towers.

On **25 June 2021**, Mediaset reached an agreement to transfer its shareholding in Deporvillage to DJ Sport for a price of EUR 23.8 million, which could be adjusted to EUR 34 million depending on the company's results for 2021. Of this amount, almost EUR 9 million corresponds to Italian business and EUR 16 million to Spanish business (EUR 12 million and EUR 22 million respectively if the targets are met). In June 2015, the Group, through Ad4Ventures (Italy and Spain) and its *media for equity* mechanism (advertising in exchange for shares in start-ups), became a shareholder of Deporvillage, a Spanish e-commerce site selling sports goods and specialising in cycling, running, outdoor and swimming, with an established presence in some European countries including Spain, Italy, France, Germany, England and Portugal. Over the years, thanks also to the

visibility that the Group offered the start-up (in Italy in particular, with campaigns planned with the advertising sales company Publitalia '80 and broadcast between 2015 and 2017 on Italia 1 and Italia 2), brand awareness and sales had grown - with the company's turnover rising from EUR 6.5 million in 2014 to almost EUR 118 million in 2020 - with the value of the company and of Mediaset's shareholding growing considerably as a consequence. The sale, which was finalised in August, will generate an important return of between 9 and 12 times the initial investment of EUR 2.7 million.

On **26 April 2021**, the Board of Directors resolved to submit a proposal, subsequently approved by the Shareholders' Meeting of 23 June 2021, to establish a medium/long-term incentive and loyalty plan (the "Plan") which, on the back of the experience gained from previous plans, will apply exclusively to the delegated bodies and managers of the Group, as well as those of subsidiaries performing key strategic functions. This three-year Plan (2021–2023) was signed off by the Board of Directors upon the proposal of the Remuneration Committee. On the one hand, it aims to promote the creation of medium-term value to shareholders and, on the other, it aims to incentivise loyalty among its beneficiaries.

The Plan grants beneficiaries the right to a given number of regular shares in the Company. These rights will be granted to beneficiaries subject to the latter allocating a portion of their short-term target incentive bonus for the period covered by the medium/long-term plan (25% or 50% of the bonus, as appropriate). Where this occurs (and in addition to the rights assigned in exchange for the portion of the short-term target incentive bonus allocated), the beneficiaries will also receive an identical number of rights free of charge. For the vesting of these rights, and consequently for the underlying shares to be allocated free of charge, the Board of Directors must first verify whether the three-year performance targets linked to the Group's financial results and set by the Board of Directors have been reached and whether the beneficiary remains in employment on the date on which the vesting period expires, in accordance with the provision contained in the Regulations. The shares under the Plan will be provided from shares already in the possession of the Company (treasury shares) or will be purchasable under article 2357 et seq of the Civil Code as long as the Company does not intend to or cannot provide those already in its possession.

On **27 July 2021**, the Board of Directors approved the Regulations for the Medium/Long-Term Incentive and Loyalty Plan (2021–2023) established by resolution of the Shareholders' Meeting of 23 June 2021.

On **21 July 2021**, Mediaset paid out an extraordinary dividend of EUR 0.30 for each share in circulation, thus delivering on the resolution of the Shareholders' Meeting of 23 June, for a total pay-out of EUR 342.1 million.

Acquisition of rights to sporting events and third-party advertising sub-concession agreements

In February, RTI (which already held the free-to-air rights for the three seasons up to 2020–21) secured the free-to-air rights to broadcast the top match from each round of the UEFA Champions League, including the Final, over its generalist networks and online until 2024. It also secured the pay streaming rights to another 104 matches, bringing its total to 121 matches per season (all but one match per round) in the competition, which will be broadcast over its own Infinity platform. All matches acquired are viewable across all devices, from smart TVs and tablets, to PCs and mobile phones.

On **17 June 2021**, Digitalia'08 and DAZN signed an agreement to manage advertising revenues for Serie A TIM for the three-year period 2021–2024, in which seasons DAZN will broadcast the entirety of Serie A TIM, making up a total of 380 matches per season, with 10 matches per matchday (7 exclusive and 3 co-exclusive). Under this partnership, Digitalia'08 - a company with long-established experience in advertising for premium sporting events - will have the exclusive rights to collect advertising for TIM Serie A, working in close collaboration with

DAZN Media to provide companies with the best possible combination of customer experience and first-class communication.

On **1 July 2021**, the Shareholders' Meeting of the Lega Nazionale Professionisti Serie A ("Lega Serie A") accepted the bid submitted by RTI S.p.A. following its call for bids published on 10 June 2021, thus awarding it the broadcasting rights to matches in the Coppa Italia and Italian Super Cup for the 2021/2022, 2022/2023 and 2023/2024 seasons.

RTI-Viacom agreements

On 9 December 2021, RTI signed an agreement with **Viacom International Media Networks Italia S.r.l.** to: acquire the authorisations to provide audiovisual media services for the broadcasting of television programmes on the digital terrestrial network and the related automatic numbering assignments of the "Paramount" (LCN 27) and "Spike" (LCN 49) channels owned by Viacom; and switch the automatic channel numbers LCN 67 (the "VH1" channel owned by Viacom) and LCN 167 (the "R101TV" channel owned by Monradio s.r.l., a subsidiary of RTI).

As a result of this arrangement, on 17 January 2022, the Group began broadcasting the "Twenty Seven" channel on LCN 27; the programming of "Mediaset Italia Due", which stopped broadcasting on LCN 66, was allocated to LCN 49 ("Spike"); LCN 66 now broadcasts the "TV Radio 105" channel, previously broadcast on LCN 157, which has been switched off; LCN 67 (the "VH1" channel) now broadcasts the "R101 TV" channel (previously on LCN 167).

In addition, the TV programming of the "Virgin Radio" channel is now available only on satellite, the Tivù platform and Sky.

Following the deal, the total number of channels broadcast by RTI remains below the 20% limit set by the Consolidated Law for the nationwide broadcasting over terrestrial frequencies as a percentage of total TV programming.

DEVELOPMENTS IN TELEVISION-SECTOR LEGISLATION

Refarming of the 700 MHz Band

On **29 October 2020** (Resolution No. 564/20/CONS), AGCOM passed its final decision on the procedure to allocate additional available transmission capacity in Italy.

In this decision, the Authority set out the criteria for the fees-based auction to allocate additional national networks in line with the Budget Act 2019, which prevented any operator from having more than 3 DVB-T2 transmission networks in the new system at the end of the auction procedure.

On **28 April 2021**, the Italian Ministry of Economic Development published in the Official Gazette the Notice and the tender specifications to assign the available transmission capacity (corresponding to half of a multiplex) at national level and the related terrestrial frequencies under Article 1(1031-bis) of Law No. 205 of 27 December 2017 entitled "State budget for the financial year 2018 and multi-year budget for the three-year period 2018-2020", as amended by Law No. 145 of 30 December 2018 entitled "State budget for the financial year 2019 and multi-year budget for the three-year period 2019-2021".

On **28 May 2021**, Elettronica Industriale, which had already been allocated two rights of use for national network frequencies No. 1 and 9 and one right of use for half of a multiplex, submitted a tender submission.

In its Resolution of 28 June 2021, the Italian Ministry of Economic Development approved the ranking (Industrial Electronics - total score of 99.729; Rai - total score of 99.695) for allocating the available transmission capacity at national level. On 2 July 2021, Elettronica Industriale was awarded the right of use over Lot P3.2. The other three multiplexes were allocated to Rai, Persidera and Cairo Communication, respectively.

On **15 July 2021**, Elettronica Industriale paid the total bid price (the bid was for EUR 8.9 million) for the lot and indicated its preference for a national network (National Network No. 3) under the National Frequency Allocation Plan.

On **13 August 2021** the Italian Ministry of Economic Development sent Elettronica Industriale the order allocating this half-multiplex for the network requested, which will enable it to operate with three multiplexes from 1 July 2022, which is the deadline given in EU law (Decision 2017/899) and Italian law for the 700 MHz band to be refarmed to mobile telephony services for the development of 5G.

Road Map - 700MHz Band Release Schedule

In its decree of 19 June 2019, the Italian Ministry of Economic Development set out the national timetable for implementing the objectives of Decision (EU) 2017/899. In doing so, the Ministry established a transition period (1 January 2020 to 30 June 2022) that would allow the refarming of frequencies by all network operators holding rights to their use at both a national and local level and the restructuring of the regional-information multiplex by public service concessionaires.

In particular, the decree indicated four national geographical areas and the corresponding time phases for the technical operations to be carried out during the transitional period (set as 1 January 2020 to 30 June 2022).

The decree also set forth the timetable and procedures for discontinuing DVBT/MPEG2 encoding in favour of at least MPEG-4 encoding on DVBT standards from September 2021 and the activation of the DVBT-2 standard at national level in the period between 21 June 2022 and 30 June 2022.

The timetable for discontinuing DVBT/MPEG2 encoding was established based on research (Auditel/FUB) commissioned by the Ministry and carried out using the data available on the date the ministerial decree was

issued. This timetable has since slowed down for reasons including the poor circulation of new television reception equipment.

The new Road Map Decree of 30 July 2021 momentarily resolved a complex and risky situation, given that the previous decree had planned for a simultaneous nationwide switch-off of MPEG2 on 1 September, followed by the commencement of DVB-T2 transmissions on 30 June 2022. By the end of July, the scenario being envisaged was merely to push back the date of MPEG2 switch-off to 1 January 2022, which had the potential to cause substantial harm to audience figures and revenues (quantifiable at between EUR 50 million and EUR 100 million, depending on the stage of circulation of new TV sets).

Research by Ipsos conducted for Auditel last July showed that in May 2021 there were still 2.7 million households with MPEG2-only sets (11% of the total 24 million households) and that, if second and third TV sets were taken into account, there were still 7.4 million TV sets that used this standard (17.6% of the total 42 million TV sets). As for DVB-T2, around 13 million households (53% of the total) had at least one TV set that used this standard, more than 25 million (59.7%) of the total 42 million TV sets owned by households still used DVB-T, meaning they would have to be either replaced or combined with a decoder.

In light of these figures, and following hard lobbying from broadcasters, both individually and through their association "Confindustria Radiotelevisioni", a new hypothesis emerged surrounding a progressive refarming process that would be compressed into just six months (from January to June 2022, when part of the frequencies would inevitably have to be returned) in which EI Towers also played an active role, the Ministry twice modified the Road Map Decree, as follows:

- ▣ The aforementioned decree of 30 July 2021 postponed the discontinuation of MPEG2 to October 15 (which was subsequently moved to October 20 of the same month to prevent it coinciding with the local elections) with only "a representative number of programs" being transmitted in MPEG4. Rai continued to broadcast only Rai1, Rai2, Rai3 and Rai News24 in MPEG2, whereas Mediaset did so with six of its minor channels.
- ▣ The MPEG2 switch-off date would then be set in a subsequent order to be enacted before the end of 2021. This would take into account the effects of the switch-off and the circulation of new TV sets.
- ▣ The DVB-T2 standard was anticipated (this could not be interpreted as an obligation) to be activated on 1 January 2023.

In its subsequent decree of 21 December 2021, the Ministry – after having considered shutting down MPEG2 entirely in March 2022, which was avoided thanks to a fresh intervention by Confindustria Radiotelevisioni on behalf of all broadcasters – postponed the date for completing the discontinuation of MPEG2 in favour of MPEG4 encoding until 1 December 2022.

Meanwhile, it is envisaged that the national channels receiving LCN numbers 1 to 9 and 20 will have to broadcast exclusively in MPEG4 from 8 March 2022, using different numbering (blocks 201 to 299 and 509 to 599) to broadcast the same channels in MPEG2. This will factor in a process for returning largely automatic TV sets that are not yet in MPEG4, which will entail some problems for Rai in particular, which will have to change frequency.

Remaining unchanged were the date of 30 June 2022 for the statutory return of the 12 national frequencies to be allocated to 5G mobile services and the date of 1 January 2023 for the activation of DVB-T2.

From **21 August 2021** the Ministry began disbursing a TV Bonus for the purchase of televisions with the new standards. This scheme provides a 20% discount per family (if they pay the Rai TV licence) for scrapping an old device. The initial results have been very positive. For low-income families, this bonus can be combined with the EUR 50 bonus already reserved for them, including the purchase of a decoder. The Bonus intends to serve as a significant incentive for replacing old televisions with TV sets that comply with the new standards this year and

will be disbursed until the scheme's total ceiling of EUR 250 million has been reached. This cap was lifted by a further EUR 58 million in the recently approved 2022 stability law.

European Delegation Law - Transposition of EU Directives

On **22 April 2021**, the Italian parliament passed a Law to delegate powers to the Government to implement EU directives and other acts of the European Union, which led to the transposition of the "AVMS Directive" and other directives relevant to the broadcasting sector.

In particular, Law No. 53/2021 sets forth the guidelines for implementing:

- ▣ Directive (EU) 2018/1808 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States, by amending the Consolidated Law for the provision of audiovisual media services in view of changing market realities;
- ▣ Directive (EU) 2018/1972 establishing the European Electronic Communications Code;
- ▣ Directive (EU) 2019/789 laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes;
- ▣ Directive (EU) 2019/790 on copyright and related rights in the Digital Single Market.

The following acts were adopted to transcribe the above Directives:

Implementation of Directive (EU) 2018/1808 – Legislative Decree No. 208 of 8 November 2021 - Consolidated Audiovisual Media Services Law

This decree, which fully amends and replaces the Consolidated Audiovisual and Radiophonic Media Services Law, sees the expansion of the regulatory boundaries to include non-linear audiovisual media services (OTT) and requires providers of video-sharing platforms to comply with the rules contained in the law, in particular with regard to: protection of minors, hate speech, general advertising principles and consumer protection.

The main changes include:

- ▣ advertising: new daily advertising limits for all television and radio broadcasters, including all forms of advertising;
- ▣ video-sharing platforms: specific obligations and regulations in matters of protection of minors, hate speech, commercial communication and consumer protection;
- ▣ child protection: ensures the protection of minors in linear and non-linear services and promotes co-regulatory procedures for the protection of children on all content delivery platforms;
- ▣ the channel numbering system (LCN) of audiovisual media service providers must be easily accessible;
- ▣ new procedures for verification and intervention by the Authority regarding market positions that could damage the pluralism of operators;
- ▣ copyright protection: compliance by providers of linear and non-linear (OTT) audiovisual media services with the rights and principles of copyright and related rights, regardless of the platform used for transmission;
- ▣ quotas for programming and investment in European works: a separate programming and investment quota regime has been identified for providers of linear audiovisual media services that also offer a service in non-linear mode (OTT);

- ▢ ratings surveys: surveys of audience ratings across any distribution and broadcasting platform must comply with criteria of methodological correctness, transparency, verifiability and certification by independent parties;
- ▢ sanctions: extension of Agcom's sanctioning powers for any violation of copyright, fundamental rights, accessibility by users with disabilities and safeguarding of sports values; events of social and public interest and sound volume of advertising. Introduction of penalties for providers of video-sharing platforms and increased sanctions for non-compliance with rules designed to protect children.

Implementation of Directive (EU) 2018/1972 – Legislative Decree No. 207 of 8 November 2021 – e European Electronic Communications Code

This decree, which amends Legislative Decree No. 259/2003, the Electronic Communications Code, introduces the following changes:

- ▢ new definitions of electronic communication services, which take into account technological and market developments; these definitions now make it possible to include OTT services within the Code's scope of application;
- ▢ widespread access to high speed connectivity was inserted among the general objectives of electronic communications regulation;
- ▢ the procedures and content of authorisations were redefined in accordance with the Directive;
- ▢ administrative sanctions were reviewed and tightened, and new sanctionable violations were introduced, including damage to electronic communication services or works and objects related to them;
- ▢ the rights of end users of electronic communications services were strengthened, with particular reference to the contractual information obligations of operators, the duration of contracts for the supply of electronic communications services and the right of users to withdraw from contracts in the event of changes to, or the automatic extension of, contractual conditions.

Implementation of Directive (EU) 2019/790 – Legislative Decree No. 177 of 8 November 2021 – Copyright and related rights in the Digital Single Market.

This decree made significant amendments to Law No. 633 of 22 April 1941 on copyright and other rights connected with its exercise, with particular reference to the digital uses of protected works and contents.

The new provisions introduced aim not only to ensure fair remuneration for authors and newspaper publishers, but also to make relations with online platforms more transparent through communication and disclosure obligations concerning access to works protected by copyright or other protected material uploaded by users. Agcom was vested with sanctioning powers.

Implementation of Directive (EU) 2019/789 – Legislative Decree No. 181 of 8 November 2021 - SatCab

The new rules implement EU regulations relating to the cross-border provision of broadcasting through ancillary online services, which enable broadcasters and retransmission service operators to offer wider access to television and radio programs across the EU through simplified copyright and related rights licensing.

Update to the new plan to automatically number digital terrestrial television channels

In Agcom Resolution no. 116/21/CONS of 23 April 2021, the authority approved an update to the automatic numbering plan for digital terrestrial television channels and established the procedures for assigning numbers to audiovisual media service providers that are authorised to broadcast audiovisual content over digital terrestrial technology, as well as their conditions of use.

The Numbering Plan is organised as follows: National and local channels (0-99); Group 2: National and local channels (100-199); Group 3: National and local channels (200 - 299); Group 4: Local channels (300-399); Group 5: Pay channels (400-499); Group 6: National channels in new formats (500-599); Group 7: Local channels in new formats, if any (600-699); Group 8: National and local radio channels (700-799); Group 9: National and local channels (800-899); Group 10: National and local channels, other services and test channels (900-999).

Once the Regulations came into force, the Ministry of Economic Development launched the procedure to assign automatic channel numbering (LCN) for free-to-air national audiovisual media services.

Through this procedure, the MFE Group was reallocated LCN numbers for all the channels owned by the Group.

The final list of national LCN numbers assigned was published by Ministry on 22 November and was updated and integrated on 9 December 2021.

Renewal of digital radio broadcasting authorisations

On **10 December 2021**, pursuant to CONSOB Resolution No. 664/09/CONS of 26 November 2009, the Group's radio networks (Radio 105, Virgin Radio, RMC, R101, Radio Orbital, Radio Subasio, Subasio Più and Radio Suby) submitted applications to the Ministry of Economic Development to renew their authorisation to supply radio programs for digital broadcasting, which was due to expire on 31 December 2021. We are currently waiting for the Ministry to renew these authorisations.

AGCOM procedures

A dispute is still pending before the Court of Justice as to whether the **advertising time limits** should also apply to the TV advertising of the Group's radio stations.

The Court's ruling must address the compatibility with EU law as regards who is eligible to broadcast self-promotion adverts and whether "self-promotion" may also include adverts for programmes broadcast on (radio) platforms other than the one broadcasting those cross-platform adverts (TV).

Child protection

In 2021, Agcom imposed a EUR 125,000 fine on radio station Radio 105 for violating Article 34 of the Consolidated Law in relation to the use of bad, vulgar and offensive language in two episodes of the radio program "Lo Zoo di 105", broadcast on 26 October 2020 and 11 December 2020 from 2:00 p.m. to 4:00 p.m.

Following these proceedings, the radio station further strengthened its protective measures to ensure that all broadcast content complies with the requirements for proper of language and conduct.

Equal coverage

Since 2000 (when Law No. 28/2000 "Provisions for equal access to the media during electoral and referendum campaigns and for political communication" came into force), Agcom has issued a total of 13 fines (for a total of around EUR 2,000,000) for violating equal coverage regulations.

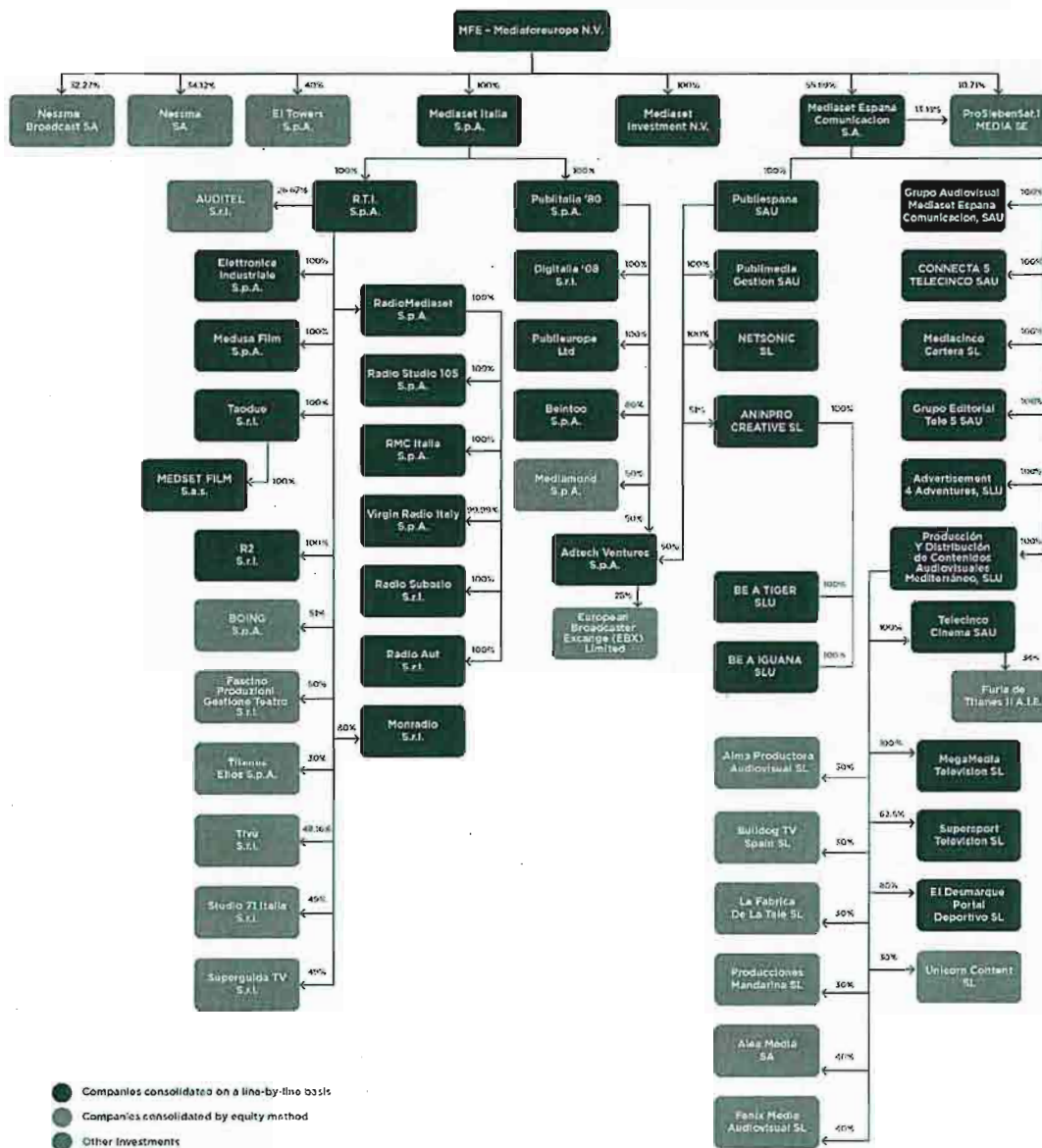
Of these fines, only one (the programme "Liberi Tutti Rete 4" - 2006) amounting to a total of EUR 150,000 was upheld by the Regional Administrative Court and the Council of State. All other subsequent fines were annulled by the Regional Administrative Court and/or their annulment was confirmed by the Council of State.

We have therefore filed applications to be reimbursed all amounts due to us, including any interest and surcharges accrued.

Given the annulment of almost all equal treatment rulings and fines, the Regional Administrative Court and Council of State accepted our arguments and confirmed that the Authority must ensure that proceedings are conducted fairly. In these sense, it should impose a fine only after notifying the broadcaster of the violations and give the broadcaster the possibility to file counterstatements to ensure a fair hearing.

The interventions relating to the regulatory framework of reference mentioned above do not involve critical elements on the performance of the Group's characteristic activities

MAIN GROUP COMPANIES



23 MAYO 2022

GROUP PROFILE AND PERFORMANCE REVIEW BY BUSINESS SEGMENT

MFE is a multinational media group, which has been listed on the Milan Stock Exchange since 1996, mainly operating in the television industry in Italy and Spain.

In **Italy**, Mediaset is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels - both linear and non-linear/OTTV - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In Spain, Mediaset is the main shareholder of Mediaset España, with an interest of 55.69% of voting rights, not including treasury shares, as at 31 December 2021. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

ITALY

Media and distribution platforms are becoming more and more integrated in response to developments in the advertising market. In the television sector, in particular, competition has led to a proliferation of multichannel and multi-platform offerings, which has influenced advertising as much as production and editorial strategies.

For advertising, different media need to be managed articulately to maximise their viewer reach and leverage information profiling of the various target audience segments. Production and editorial operations, on the other hand, require coordination and synergy for content planning and strategies acquisition.

In this environment, the MFE Group has developed an integrated television free-to-air/pay television, linear/non-linear content model, which generates synergies and leverages the know-how gained over the years from producing entertainment, news and analysis programmes, together with the distinctive expertise developed by the Medusa and Taodue subsidiaries in movie distribution and the production of films and television dramas, in addition to the acquisition of sports, film and television series content from third-parties.

Also in keeping with this model is the development of web activities, increasingly oriented towards free online television-based video – with the capacity to rebroadcast and amplify content and supply, as well as launching original products.

The integrated television offer model consists of the following core business areas and other activities core business:

- ▣ original content production and third-party content acquisition, driving the broadcaster's offering and programming of generalist and thematic television; these activities have associated costs of production and self-produced content creation (news, entertainment drama) – key investments include the acquisition of multi-year rights licences from third parties, particularly for films and TV series supported by the Group;
- ▣ editorial content distribution for linear and non-linear, and free-to-air and pay-per-view television across various platforms and for radio content by Group broadcasters;
- ▣ advertising sales for television operations, through the Group's concessionaires, and for the Group's radio broadcasters and websites, as managed by Mediamond as part of a joint venture with Mondadori; this

partnership underpins the Group's main source of revenue, namely the sale of advertising space on managed media with a view to cross-media coverage;

- ▣ other activities: film production and distribution, publishing activities, licensing and merchandising, advertising concessions of third-party publishing houses in Italy through Digitalia and foreign media through Publieurope. These activities generate other revenue components, in particular through film distribution and the sale and/or sublicensing of content and multiplatform rights, as well as the rental of transmission capacity to other sector operators and advertising revenues from third-party concessions.

CONTENT PRODUCTION AND ACQUISITION

Productions

In 2021, R.T.I. S.p.A. produced 219 television programmes.

The following table shows the number of productions made in 2021 by type, split by general interest channels, thematic channels, semi-generalist channels and pay TV channels.

Type	Number of productions made					
	2021			2020		
	Prime Time	Day Time	Total	Prime Time	Day Time	Total
Drama		1	1			
News	15	26	41	13	23	36
Sport	6	11	17	4	11	15
Entertainment	33	50	83	37	60	97
Culture	6	1	7	3	2	5
Telesales	1	17	18	2	16	18
Promo and Advertising		7	7		8	8
Total Generalist Networks	61	113	174	59	120	179
News	1	9	10		7	7
Sport	3	5	8	2	7	9
Entertainment	3	8	11	2	23	25
Culture	4	2	6	2		2
Promo and Advertising		8	8		8	8
Total Thematic and Semi-Generalist Networks	11	32	43	6	45	51
Entertainment			0		1	1
Promo and Advertising		2	2		2	2
Total Pay Networks	0	2	2		3	3
Total	72	147	219	65	168	233

6

A total of **12,533 hours of final programme time were produced in 2021**, compared to 12,232 hours in 2020, as detailed in the following table:

Type	Final programme time (hours)			
	2021	% of total	2020	% of total
Drama	4	0.0%		
News	4,298	34.3%	4,032	33.0%
Sport	585	4.7%	464	3.8%
Entertainment	2,654	21.2%	2,717	22.2%
Culture	76	0.6%	70	0.6%
Telesales	18	0.1%	22	0.2%
Promo and Advertising	28	0.2%	24	0.2%
Total Generalist Networks	7,663	61.1%	7,330	60.0%
News	3,795	30.3%	3,869	31.6%
Sport	576	4.6%	538	4.4%
Entertainment	449	3.6%	443	3.6%
Culture	35	0.3%	38	0.3%
Promo and Advertising	12	0.1%	10	0.1%
Total Thematic and Semi-Generalist Networks	4,868	38.9%	4,898	40.0%
Entertainment		0.0%	1	0.0%
Promo and Advertising	2	0.0%	3	0.0%
Total Pay Networks	2	0.0%	4	0.0%
Total	12,533	100.0%	12,232	100.0%

Entertainment Productions

In 2021, regular production is back in full swing with first-run productions (including live broadcasts) and a return to live studio audiences.

Both in daytime and in prime time, Canale 5 and Italia 1 again offered television audiences a wide range of formats (self-produced and international), whereas Rete 4 particularly focused on its news reporting brands. This strong and diversified offering has allowed Mediaset networks to reach large audience segments through its own entertainment productions. Indeed, in 2021 it was the leader in the 15-64 commercial target in the 24-hour period (25.0%), despite the competition of UEFA Euro 2020 between June and July.

In particular, in **prime time**:

Canale 5 achieved positive ratings among the commercial target (15.8%) and was the first choice for all age bands from 15 to 54, as well as for children.

The channel has captured the curiosity of viewers by enabling them to self-identity with those they see on screen and offering gender diversity, supported by strong historical brands or brand-new productions. This has occurred despite an environment made complicated by strong platform competition and the widespread consumption of content on devices.

The range of programming offered by Maria De Filippi's "Fascino" series has given the network 35 evenings of consistently high ratings (often at record levels) both among the younger commercial target and among total individual viewers.

- ▣ Garnering a share of over 31.6% (29.4% among individual viewers, at more than 6.3 million), last year's edition of "C'è Posta per Te" was the most watched since 2005 (beating the previous year's already-impressive record).
- ▣ Even 21 years after its premiere, the programme has remained in excellent health. Last year it attracted the highest number of unique contacts (an average of almost 14.7 million) and is always the number one choice in the evening schedule and the undisputed leader among female targets of all ages (peaking at over 41.0% among young people).
- ▣ "Amici" also posted record figures, achieving its highest average among individual viewers since 2008 (28.1%, at almost 6 million viewers) and an all-time record among the commercial target (31.4%), with increasingly high peaks among the younger target (57.1% of women aged 15-24).
- ▣ "Tu Si Que Vales" repeated the previous year's success. Always winning in the evening head-to-head against "Ballando con le stelle", it reached an average of 28.3% of the active audience and achieved significant ratings among female viewers (36.0% of young adults).
- ▣ Temptation Island recorded its best ever ratings (summer or autumn edition) among the commercial target (27.7%) thanks to the huge turnout of young people (+4.4 points higher than the 2020 average among 15/34 year-olds) and the even stronger viewership of the female target aged up to 54 (peaking at 51.2% among twenty-somethings).

The main reality shows that were broadcast also received positive ratings:

- "Grande Fratello VIP", with its two editions broadcast across 44 evenings between spring and autumn, always achieved a rating share of above 20.0% in the commercial target, distributed evenly among all female age groups (reaching 41.6% among twenty-somethings) and also extending into some male targets (reaching 28.3% among 20-24 year olds).
- "Isola dei Famosi", which lasted for more than 10 days more than previous editions, achieved ratings of 19.0% among the commercial target thanks to the high contribution of young people (about 25.0%).

Both reality shows dotted the day time schedules (also of Italia 1) with daily doses of around 10-15 minutes on Mediaset Extra.

There was a greater viewer response to cult brands including "Zelig", with the return at the helm (after 11 years) of the iconic Bisio and Incontrada, which achieved a 24.1% share among the commercial target (at almost 11 million viewers) and peaked at above 30.0% among various female targets). There was a similar response to the return of "Scherzi a parte", which premiered with a 21.6% share (34.1% among women aged 15-24) and attracted almost 10 million contacts.

There was more comedy and laughter with Pio and Amedeo's new show "Felicissima sera", which attracted 11 million contacts, reaching 26.0% of the commercial target with strong ratings among men aged 15-24 (38.0%) and women in their twenties (44.0%).

Canale 5 also dedicated plenty of space for music, offering talent evenings and celebration events that attracted a varied audience (young people, who are typically the core of the network's productions, but also older viewers):

- the fourth edition of "All together now" and the new show "Star in the star" performed well among young-adult female audiences (around 18.0%) and men aged 25-34 (15.5%).
- "Uà" (Baglioni) attracted young people (16.3%) with a show rich in content (song, dance, acting, storytelling) and big names; on the other hand, "D'Iva" (Zanicchi) was the standout among older women (21.0%).

There was also a positive response in the quiz genre thanks to the added impetus given to daytime brands (with strong presenters and formats).

The following shows premiered with the following ratings:

- ▣ "Avanti un altro!", with Paolo Bonolis, attracted more than 11 million contacts and reached 19.0% among the commercial market (peaking at over 31.0% among women aged 15-24);
- ▣ "Caduta libera", with Gerry Scotti, broke through among a less "cultured" older audience (16.0%).

"Live: Non è la D'Urso" fared strongly across its 11 evenings, appealing to female audiences aged 15 to 44 (16.0%).

Finally, this varied mix of genres was topped off by the "Viaggio nella grande bellezza" documentary series (8 episodes in all).

Italia1 remained highest among the network's target audience of 15-34 year olds (7.3%, the third-best generalist network), while also performing well in the commercial segment thanks to its content capable of attracting older viewers:

- ▣ "Le Iene" (the flagship on the schedule: almost 40 evenings across spring and autumn) recorded average peaks of up to 17.3% among young people, as well as making significant headway among viewers aged up to 54 (peaks of up to 16.0% among 35-44 year olds).
- ▣ This format has always been characterised by a strong content identity (which is also developed in special episodes) and its variety of presenters (in the autumn, Savino and Gialappa's Band were joined in rotation by Elodie, Paola Egonu, Lodovica Comello, Elisabetta Canalis, Rocío Muñoz Morales, Madame, Elena Santarelli, Francesca Fagnani, Federica Pellegrini, Iva Zanicchi and Michela Giraud).
- ▣ "La pupa e il seccione e viceversa" achieved its best ratings among 15-34 years old (17.1%: the top generalist channel among men and peaking at 21.2% among twenty-something women), while also reaching above-average figures among over-54s.
- ▣ Against a challenging background, the "Freedom" series of documentaries attracted 5.3 million contacts on average (almost 7 million on its premiere) including among adults viewers (8.5% of 35-44 year olds).
- ▣ In its five summer episodes, "Battiti Live" achieved its highest ever ratings both among the network target (16.6%) and among individual viewers (10.7%), with a strong viewership among 45-54 year olds (15.0%).

The network also strived to come up with new formats and different ideas:

- “Honolulu” offered a comedy show with various innovative elements (presented by online stars and debutant comedians Trotta and Mandelli, who were the backstage centrepiece), which made inroads with young adult males (around 9.0%).
- The “Buoni o cattivi” docufilms saw Veronica Gentili on the network for the first time; on its premiere, the show achieved the highest generalist-channel rating among men aged 35-54 (8.7%).

Rete4 continued to be Mediaset’s network for investigative journalism in 2021.

Several year-round programmes covered major national events (from the pandemic to politics and current affairs), with many hosting debates (in-studio and remote guests), each presented in a unique style. “Dritto e rovescio”, “Quarta repubblica”, “Fuori dal coro”, “Zona bianca” and “Controcorrente” fared well among the network’s target audience of over-55s (audience shares of between 6.0% and 8.0%).

The news offering is completed by time-honoured show “Quarto grado” (which since 2010 has focused on crimes carefully analysed in programmes with filmed reconstructions and experts in the field): it achieved an average rating of 6.6% among individual viewers (10.7% among women over 65), peaking at 9.0% (and 14.2% among women over 65) during the most viewed episodes (e.g. the Vannini verdict).

Good ratings were also recorded for the summer spin-off “Il terzo indizio” (9.3% among women over 65).

In the day time (7:00 AM to 8:30 PM), both in the spring and autumn seasons, Mediaset productions ranked number one overall among the commercial target (with an average share of 24.6%) and was the leader in the majority of time slots (from early morning to late afternoon). In the late evening band, too, Mediaset networks performed far better than those of Rai in the 15-64 age bracket (27.0% vs 21.7%) and won out among individual viewers (25.5% compared to 25.2%). Above all, this was thanks to the tail-end of productions.

Canale 5 maintained a clear lead over Rai Uno (16.8% vs 12.6%) across all daytime slots (in particular in the afternoon).

From Monday to Friday, the schedule followed a tried and tested programming pattern:

- ▢ “Mattino Cinque” maintained particularly strong ratings (18.6%), which remained strong even with the successful end-of-year experiment in which it was presented by Vecchi alone.
- ▢ Thirty-six years after its first edition, “Forum” continued to engage (with in-studio debates and judges’ verdicts) the entire female viewership (especially over-55s: 20.8%)
- ▢ “Uomini e donne” achieved better results than in recent years with 22.6% among individual viewers and 25.6% among the commercial target (drawing a third of all TV-viewing women aged 15-54).

Some programme episodes were particularly engaging, putting in the hot seat both historical contestants (March 24 with Gemma: 29.4% among the commercial target) and new and interesting contestants (two weeks at 26.6% with Samantha: the first plus-size contestant).

- ▢ “Amici” achieved its highest average rating among individual viewers since 2008 (3.4 million in total, 28.1%) and a historical record among the commercial target (31.4%; 49.2% among young women).
- ▢ “Pomeriggio cinque” (which overhauled its content, guests and set design in the autumn) impacted the commercial target (17.7%) and made significant headway among female audiences from 15 to 54 years (22.3%).
- ▢ In the early evening slot (which has the highest total audience), both game shows achieved good ratings.

- ▣ "Caduta libera" (18.3%; 24.0% of teens and 20.8% of women aged 25-44); "Avanti un altro!", (23.1%), with a high share of young (28.5%) and adult women (25.8%).
- ▣ "Striscia la notizia" (which celebrated its 34th edition in the autumn) offered many new features: new presenting duos (e.g. Incontrada & Siani; Lipari & Friscia), new showgirls and guests (e.g. youtuber Angelica Massera) and new segments. The show remained popular among the commercial target (18.0%) and was contacted by a high number of viewers (about 9.2 million average contacts per evening).

At weekends, talent show "Amici" particularly stood out: its ratings increased in the spring in the usual Saturday afternoon slot (with a share of close to 24.0% among the commercial target and 36.0% among female viewers aged 15-34) and was the weekly leader with ratings that were consistently over 3 million among individual viewers; the show also remained successful in the autumn in its new and more challenging Sunday slot (20.8% among the commercial target and 35.2% among young women) and its ratings continued to beat (including among individual viewers) "Domenica in".

The same was true of "Verissimo", which has become an ever more important resource for the network (in the autumn it was also broadcast on Sundays), as it obtained the following ratings: in the Saturday slot it performed very well in the spring (19.0% among the commercial target, with 30.0% among women aged 15-24) and held up well in the autumn even considering the additional Sunday slot: the show managed to relaunch and gain the affection of audiences even in its new slot (17.4% among the commercial target, with the highest contribution among women: 27.8% of 15-24 year olds, 25.0% of 25-34 year olds, 21.3% of over-35s).

Also worth noting is the programming of flavoursome itineraries and culinary traditions provided by "Melaverde" (15.0%, including a 17.2% grip over older audiences) and the new edition of "Scene da un matrimonio" (which marked Anna Tatangelo's debut as a presenter), which is most watched by female audiences (especially aged 35-54 at 18.0%).

Finally, in the late evening slot, the shorter edition of "L'intervista" (with Maurizio Costanzo) was the number one choice across its two episodes, coming close to 14.0% among the commercial target (19.0% among women aged 35-44).

Italia1 is the third highest generalist network among young people both in the 24 hour period (7.8%) and in the late evening (9.5%).

Particularly attracting younger target audiences has been the daily servings of reality shows on Canale 5: "Grande fratello VIP" (around 11.0% of twenty-something men) and "Isola dei famosi" (9.0% of men aged 15-24); as well as the 25-minute servings of "Amici" in the spring (11.6% among girls aged 15-24).

The late night also have a rich offering of mainstays and new productions.

Also "Tiki taka" (over 11.0% among men aged 15-54), original comedy with Angelo Pintus ("Pintus club" at 16.4% among the network target; "Before Pintus" at 17.0% among men aged 25-34) and the premiere of all-female late show "Venus club" (10.0% of young women aged 20-34).

Rete4 performed strongly among its target audience of older viewers in the main viewership bands: including in the early afternoon with "Lo Sportello di Forum" (10.4% of women over 65) and at weekends with "Stasera Italia" (7.0% of over 55s, and 8.5% of women over 65).

News and Sport productions

Since 2013, the Group has invested a growing number of hours in self-produced news programming. During this time, it has constantly adapted its own organisational and technology structure, building them around the News Mediaset agency and the Dalet digital production system respectively.

In 2021, too, there has been a continuation and strengthening of the News and Sports newscasts broadcast by Mediaset channels (including across own multimedia platforms), established upon several pillars:

TV newscasts:

- **Tg5**, which has always led its slot competitors among the 15-64 commercial target, with the "Prima Pagina" morning news (19.4% average share) as well as in the morning (22.4% average share), midday (19.6% average share) and evening (20.7% average share) editions. Also of note were the two TG5 Specials broadcast during access prime time (8:30-9:30pm) featuring Pope Francis: The first was "Il mondo che vorrei: parla Papa Francesco" on 10 January, and the second was "Francesco e gli invisibili" on 19 December.
- **Studio Aperto**, which successfully caters to Italia 1's Young Adults (15-34) target both in its morning (14.0% average share) and evening editions (7.1% average share), maintained its strong position among younger viewers with Studio Aperto Mag, on air from 7pm, as well as the episodes of "Cotto e mangiato i menù".
- **Tg4** achieved a 4.0% share of the channel's typical target audience (over 55s) in its midday edition; In the evening edition, it reached 5.0% among the same target, thanks in part to the editorial decision to focus on in-depth analysis with a permanent studio guest to accompany the presenters in analysing of the main issues of the day.
- "Sport Mediaset", in its traditional 1pm slot, remained popular among younger segments (11.9% of the 15-34 target). The same was true for the Sunday edition "Sport Mediaset XXL", which averaged almost a 9.0% share of the 15-34 target.

Infotainment and journalistic analysis by the Videonews desk

- Canale 5 daytime with "Mattino 5", "Pomeriggio 5" and "Verissimo", all of which are commercial target leaders in their own slots, with 18.6%, 17.7%, 18.8% and 18.0% shares respectively. This was consolidated by the Sunday double-bill of "Verissimo" which started airing in autumn 2021, which led to a 3-point increase among 15-64 year olds (17.4%) in the same afternoon band. Finally, building on the network's news coverage even outside of the peak spring and autumn seasons, the network launched "Morning News" (13.0% among 15-64 years olds) over the summer and both "Mattino 5 news" and "Pomeriggio 5 news" during the Christmas period (17.7% of the commercial target for the former, and 12.8% for the latter).
- Rete 4's access primetime programme "Stasera Italia" presented by Barbara Palombelli reached just under a 5.0% share (6.5% of over 55s) and "Controcorrente" with Veronica Gentili in its Saturday and Sunday edition reached 4.2% (5.9% of over 55s). Also on weekends, Sunday morning programme "Dalla Parte degli animali" drew in just under 3.5% of the channel's target audience.
- To ensure a constant news stream and in-depth analysis during the outbreak of the pandemic, the "Stasera Italia" brand had stepped up its programming in 2020 with dedicated special episodes broadcast in prime time, which continued in the first three months of 2021 (3.5% share, including 4.7% of over 55s); The experiment laid the groundwork for the consolidation of new primetime programme "Zona Bianca", broadcast on Wednesday evenings from spring 2021 and presented by one of TG4's leading lights, Giuseppe Brindisi (4.2% share with 5.6% of over 55s).

- ▣ With the presence of "Zona Bianca" and the inclusion of "Controcorrente" also in prime time on Sunday evenings and again presented by Veronica Gentili (3.8% of individual viewers and 5.0% of the network target), the primetime programmes on the Rete4 schedule guaranteed coverage for six evenings a week, thus confirming its position as Italy's reference for news at a time of constant need for the country.
- ▣ In addition to these new arrivals, we saw the continuation of "Quarta Repubblica" on Mondays (5.2% of all viewers, 7.0% of the channel's target), "Fuori dal coro" on Tuesdays (5.3% of all viewers, 6.8% of the channel's target), "Dritto e Rovescio" on Thursdays (6.1% of all viewers, 8.0% of the channel's target), and "Quarto Grado" on Fridays (6.6% of all viewers, 8.0% of the channel's target), which continued to spearhead the network's core target by provide crime noir content even a time where the pandemic dominated the news cycle.
- ▣ For Italia 1, there were four new primetime episodes of "Buoni o Cattivi" presented by Veronica Gentili, which achieved a share of 5.3% among 15-34 year olds.
- ▣ The late evening programming included "X-style" on Canale 5 (7.0% of the network target) and "Confessione Reporter" (4.2% of the network target) and "Pensa in Grande" (5.0% of the network target) on Rete 4.

As for **sports news**, Mediaset, which had already been airing Tuesday night matches on its free-to-air services in the first half of the year (the 2020/21 season), won the broadcasting rights to a total of 121 UEFA Champions League matches per season across its platforms for three years. Mediaset will continue to ensure that Italian viewers can watch the biggest match from each round of the UEFA Champions League for free, including the final, over its generalist networks until 2024. Matches will also be viewable online. In addition, Mediaset will air another 104 matches each season on its live pay streaming service: Matches will be viewable across all devices, from smart TVs and tablets, to PCs and mobile phones. The Champions League matches broadcast on the flagship network had a cumulative reach of 30 million contacts, and post-match programme "Pressing Champions League" obtained an 8.3% average share of the commercial target audience.

Another major exclusive secured by Mediaset for the next three seasons (2021-2024) are the rights to the Coppa Italia. All matches are broadcast exclusively free-to-air on Mediaset networks and streamed live on Mediaset Infinity. And that's without forgetting the other football events broadcast from the UEFA Nations League and World Cup European Qualifiers.

The sports news was tracked, processed and analysed by Mediaset's news, commentary and in-depth programmes. In addition to the aforementioned "Pressing Champions League" and the "SportMediaset" and "SportMediaset XXL" news broadcasts, "Pressing Serie A" and "Tiki Taka" on Italia 1 were able to offer television audience news and fresh takes from the top leagues and the transfer market, achieving excellent ratings in the process among the 35-54 target (7.9% and 7.8% respectively).

Aside from football, there was also a range of content in the world of motorsport:

- ▣ The ABB FIA Formula E World Championship, the championship for electric single-seaters that is increasingly attracting the attention of the world's leading automotive brands;
- ▣ Extreme E, the spectacular championship that uses only zero-emission electric SUVs to race off-road in the world's most inaccessible areas, debuted in January 2021;
- ▣ Drive Up, a magazine viewing the motorsport universe from above, made in collaboration with Quattroruote.

From September 24, a new Mediaset exclusive began on Channel "20": the United Rugby Championship, a new international rugby tournament bringing together the best rugby talent from Italy, Ireland, Scotland, Wales and

world champions South Africa up to the end of the season, with the grand final expected to be aired on 21 May 2022. Matches will also be streamed live on Mediaset Infinity.

Finally, weekly magazine show "E-Planet" (8.2% of the 15-34) continued airing throughout the year on Italia 1 (with repeats on Focus), focusing on issues related to environmental and development matters, such as electric vehicles, clean energy, protecting the planet and creating sustainable economic models.

The Group was also committed to ensuring broad and diversified news coverage of all events occurring throughout 2021, with particular emphasis on aspects concerning the public health crisis. Over the course of the year, over 10,000 hours of self-produced content were made (around 3,500 hours of news and reporting, around 2,500 hours of infotainment and 4,700 hours of original programming on the Tgcom24 channel). As the pandemic continued, Mediaset's news coverage was consolidated and intensified across the airwaves with the introduction of two new primetime programs on Rete4 and the extension of its daytime programmes (which continued to be broadcast even outside of peak periods).

The Mediaset news agency, established in March 2010, this agency brought journalists from several of the Company's news desks under a single structure. By the end of 2021, the agency numbered around 200 journalists. The agency constantly feeds the all-news channel Tgcom24, provides content to national news and infotainment programs and works across media, taking in web, mobile and radio. It serves as a genuine hub for the production and distribution of multi-platform content across various brands.

In 2022, News Mediaset news desk changed its name to TGC24 and will now host both the national news brands and the journalism agency.

The Dalet Digital Production System was first introduced into newsrooms in June 2011, with a view to integrating all news reporting programmes into a single digital environment. In 2013, this digital technology was extended to the infotainment and investigative journalism newsrooms, which allowed for a reduced use of analogue editing rooms and a consequent reduction in production costs, as well as facilitating journalists' access to digital archives.

The system proved more essential than ever during the public health crisis, having been fully operational since 2019 in the News Production Centres in Cologno Monzese and Roma Palatino, in the 9 regional newsrooms and now even abroad (Jerusalem, London, Brussels and New York). The newsrooms of the two production centres are synchronised, allowing all users to access the same content during 2020, regardless of location. Thanks to the shared technology, the system enabled real-time exchange of services and content without any physical transfer of materials.

In early 2017, the Dalet system was updated from version 3.5 to Galaxy, and in 2018 the first structured approach to rights management was introduced, with the recognition of the REUTERS and APTN WATERMARKS. In 2019, streamlining activities continued so as to enable materials and videos to be more quickly exchanged between the various Dalet systems, and to streamline the exchange of videos to and from all external post-production rooms using Dalet's material export rules. The year 2020 saw the continued rollout of the new version of the Dalet Galaxy Five system, commenced in 2019, and the activation of the POC for the introduction of the Dalet artificial intelligence system (CORTEX). Due to the continuing pandemic, the introduction of AI was delayed until 2022. In the meantime, a new plan has been developed which, like AI, will be introduced in 2022: the production process will be revolutionised by getting all areas of production to work more closely and effectively. The process will start by taking the current schedules of the editorial desk, which will make it possible to directly activate the necessary technical resources (troupes, links, etc.) and will conclude with the creation of an automatic process for material to be fed directly into the Dalet system by the troupes in the field.

As regards logistics, security and productivity, production centres had to continue catering to the new safety requirements enforced by the public health crisis during 2021, which revolutionised much of the usual broadcasting times and spaces.

Extensive requests were made to study, produce and enforce production studio safety protocols to protect presenters, guests, newsrooms and all technical operators involved in making the broadcasts.

The lack of a studio audience and the restrictions on the number of live guests required some studio formats to be redesigned: audio-video links were enhanced and increased, social distancing measures and safety procedures were put in place and new methods were introduced to ensure that viewers would continue to perceive interactions with guests as empathetic and genuine.

The collection of these strategies implemented at the Cologno Monzese Campus and at the Palatine Production Center, combined with the impressive technological structure that has been enhanced over the years, have enable us to continue our production process uninterruptedly and in total safety, all the while performing even better than the previous year. Concentrating all broadcasting activities of Tgcom24, TG4, Studio Aperto and Sport Mediaset productions within Studio 15 has also made it possible to optimise technical and production management by adopting a transversal model and moving towards a single continuous production and broadcasting flow for Hard News. To achieve a highly optimised model, the new system aims to overhaul the current logic whereby line staff are vertically assigned to brands, and instead extend the rollout of the transversal model (not including the hosts and brand curators). By concentrating activities within a single studio in Cologno Monzese, by implementing a continuous and rational production flow and by optimising the organisation of line-related work through the adoption of this transversal model, greater efficiencies will be gained without downsizing the product.

The innovations to processes (organisational, technological and logistics) put in place over the years have resulted in a significant increase in productivity and have readied the team to meet the challenges posed by the public health crisis and to react in a timely, effective and efficient manner, without having to halt production. This responsiveness brought with it an increase in the hours produced and the containment of overall costs.

In recent years, the news universe headed by **Videonews** has been in constant flux and the News Department has been successful in adapting to these changes: demand for news is no longer met by newscasts alone, but also by talk shows, discussion programmes, investigative reporting and features, with the diffusion of the internet having had a deep impact on the working methods within Mediaset newsrooms and on the characteristics and quantity of the news broadcast, which in turn has significantly enhanced and diversified programming formats and content.

Nevertheless, these formats are planned in cognisance of the central role played by news broadcasting and the onus on providing accurate information, in particular in such a delicate moment in history.

Videonews produces programming for all of Mediaset's generalist networks. By 2021, it was producing more than 20 broadcasts simultaneously, catering for more than 236 primetime shows per year.

The News Department is the main content contributor (including via Videonews) to the daytime schedule of Canale 5, which is currently Italy's most viewed channel among the commercial target audience.

For Rete 4, it produces six live primetime shows and two franchises (Stasera Italia from Monday to Friday, and Controcorrente on Saturday and Sunday) for the prized access primetime segment, thus covering the entire week in peak and non-peak seasons.

In addition, 2021 also saw the arrival of Videonews at prime time on Italia 1, with four episodes of new programme "Buoni o Cattivi" hosted by Veronica Gentili.

This year, too, programming was based around two components:

- ▣ infotainment, which is on air seven days a week with famous TV stars such as Barbara D'Urso, Federica Panicucci, Silvia Toffanin and Piero Chiambretti, who work actively with the newsroom to produce programmes that provide insight and comment on news, current affairs, lifestyle and society.
- ▣ top journalists such as Nicola Porro, Paolo Del Debbio, Mario Giordano, Gianluigi Nuzzi, Barbara Palombelli, Giuseppe Brindisi, Veronica Gentili, Francesco Vecchi and Simona Branchetti, who present features on news, politics and current affairs.

Several of the Brand's news desks actively contribute to the generalist network schedules: on Canale 5, with *Mattino Cinque*, *Mattino Cinque news*, *Morning news*, *Pomeriggio Cinque*, *Pomeriggio Cinque news*, *Verissimo*, *X-Style*; on Rete 4, with *Quarta Repubblica*, *Fuori dal Coro*, *Zona Bianca*, *Dritto e Rovescio*, *Quarto Grado*, *Stasera Italia*, *Controcorrente*, *Dalla Parte degli Animali*, *Confessione Reporter*, *Super Parte*; on Italia1, with *Buoni o Cattivi*.

Mediaset also works with the all-news **TGCOM24** system, across its various strands:

- ▣ the television network (available on DTT Channel 51 and SKY 509), "breaking news" broadcasts on the free general and thematic networks and listenable on the RadioMediaset radio network and on the main national radio stations;
- ▣ the website TGCOM24.it, as well as apps for smartphones and tablets;
- ▣ official social media accounts (Facebook, Twitter, Instagram and LinkedIn), as well as a dedicated YouTube channel.

The multimedia offering of TGCOM24 is followed by approximately 3.6 million *unique users per day*¹, with an average of 9.4 million page views per day. Also of note is the performance of news and sports information multimedia, in particular in terms of the viewer figures for video (VOD) *on the internet and mobile version of TGCOM24.it*², with a monthly average of 112 million videos viewed in 2021.

In relation to mobile use, the *TGCOM24*³ app recorded more than 3.6 million total downloads (+6% *on the previous year, according to data current as at December 2020*)⁴. In 2021 alone, there were 242,000 downloads.

The SportMediaset app, on the other hand, recorded a total of 2.46 million downloads (+5% on 2020) with 158,000 downloads during the year 2021 alone.

The TGCOM24 system, with its cutting-edge multimedia system, has enhanced the scope of its activities and the overall pool of contacts across its multiple platforms: TV Channel / Mobile-Internet / Radio / Thematic Networks / Generalist Networks

In 2021, the All News channel reached more than two and a half million viewers per day, on some days peaking at more than 3 million average contacts. This figure underlines how TGCOM24 has become a reference point for national news. The Channel (51 DTT, 509 SKY, Streaming Web/Mobile) offers a LIVE daily window into the main events of the day and has strengthened its permanent linkup with online news streams by providing large forums for interaction (TGWEB / Reviews and online graphics). Programming in 2021 brought to light the network's strong position on institutional issues through its partnerships with international bodies (European Parliament, European Commission) and strengthened its political affairs forums with new themed episodes in

¹ Source: Audiweb; the TGCOM24 Aggregate figure includes TGCOM24, SportMediaset and Meteo.it

² Source: Audiweb; figure includes TGCOM24, SportMediaset and Meteo.it

³ The App Park includes only downloads made after 2013 and takes into account only active Apps

⁴ data current as at December 2021

the Palatine Center studios in Rome ("L'Europa che vorrei", "Caffè Italia"). Economic affairs content has also seen positive developments: TGC24TOUR is an initiative that takes the TGC24 studios around the country with a whistlestop monthly tour that brings to light the economics, politics and institutions of each region in Italy. Finally, the brand successfully continued to air educational programming with "TG dei Ragazzi" in collaboration with "la Città dei Bambini e dei Ragazzi", at the Old Port of Genoa. The channel's studio, which in 2021 was transformed into an innovative digital hub thanks to a cutting-edge organisational and technological makeover, is housed in an advanced technological setting that allows for an extremely versatile use of its various sets.

- The leading position of TGC24 on mobile and the website's figures (more than 27 million unique users and more than 285 million page per month in 2021) make the brand a central asset on the digital landscape. TGC24 is also very popular on social media, with 2.36 million fans of its official Facebook page and 1.2 million followers on Twitter (*up 9% compared to December 2020*⁵). Its Instagram profile now has more than one million followers (*up 9% compared to December 2020*⁷) and in late 2019 the brand launched its LinkedIn profile, which at the close of 2021 was followed by around 46,000 users.
- The spread of Breaking News on the RadioMediaset network was also been strengthened. TGC24 news shorts are broadcast simultaneously by 5 radio stations on the RadioMediaset, by RadioNorba and by the newly acquired circuits of Klasse Uno (from 1 January 2021) and Radio Bruno, at 5 peak audience periods, for a total of 11,779,000 daily listeners and 26,705,000 listeners a week. (Source: TER – Tavolo Editori Radio. Ed. 2021.1)
- To complete the picture of TgCOM24's cross-media system, we also note breaking news items broadcast on the Mediaset Free Channels (generalist and thematic channels) that reach about 6 million people a day during the week and 5 million a day on weekends.

The **meteo.it** brand is the leading Italian weather forecasting system, spread across TV, online, mobile and radio, and is completely free of charge.

Meteo.it is a qualified, influential programme in the national scientific sector, with a team of specialists, journalists and weather experts, with over 10 million users that follow the Mediaset brand's forecasts each day on a number of multimedia platforms.

The strength of the product can be underlined in figures:

- 25 TV productions per day, 365 days a year, to meet all the needs of the different TV channels of the Mediaset universe, and special live events broadcast during exceptional bad weather events, thus providing a public utility service;
- Around 8 million viewers everyday (unique contacts) receive the TV information of meteo.it (cumulated data derived from the different meteo.it programmes on Mediaset networks);
- daily radio broadcasts, including Group radio and other national and regional radio stations;
- monthly digital traffic online and on mobile in 2021, amounting to 260,000 unique visitors, for an average total of 3.26 million unique users visiting the web and app platforms each month;
- on social media, 1,184,000 users follow meteo.it on Facebook, 37,000 on Twitter and 123,000 on Instagram.

⁵ source: Insight Facebook

⁶ source: Insight Twitter

⁷ source: Insight Instagram

In 2021, **partnership productions** produced around 70 hours of television programming in collaboration with institutional partners, Publitalia'80 and Mediamond, and doubled the production of online content made in the previous year.

There was a continued increase in the volume of programming produced in partnership with the European Commission and the European Parliament. This increase continues to underline a trend in the planning of EU-wide projects, with the making of news programmes supported by EU funding. As with previous editions, this editorial programming was also distributed on the EU's communication platforms.

In the area of institutional partnerships, particularly noteworthy is the collaboration between TGC24 and LUISS Business School to deliver the 2021/2022 European Editorial Project. This collaboration forms part of the partnership between TGC24/LUISS for developing the LUISS Executive Course on CREATIVITY AND MANAGEMENT OF TV FORMATS - Innovation and Multimedia.

The Mediaset information system benefits from valuable original content: In 2021, the Mediaset and Mondadori Libri collaboration continued, based on the synergistic exchange of editorial content its aim is to enhance new publications and give greater visibility to authors, and to promote journalists and Mediaset talent as authors for new publishing projects.

The entire newsroom staff (Tg5, Tg4, Studio Aperto and Tgcom24) and the Mediaset News agency have been fully trained in discharging their work using the new digital system: for visualising and selecting images, editing and voice-over tasks, and scheduling and airing news reports. Throughout 2021, on-the-job training continued in the use of the Dalet system. Training activities on the remote use of company systems continued throughout 2021, enabling newsrooms to carry out their work safely, alternating between working in the office and at home so as to ensure social distancing. Ongoing training is provided for production personnel whenever new innovations are released that require specific training to use them.

The News Department also strengthened its strategic collaboration with the IULM Master's in Journalism by participating in the Scientific Committee, managing the Journalism Laboratory and with internships in the newsrooms of Mediaset programs and news broadcasts.

The year 2021 saw the completion of the new version of the Dalet Galaxy Five system, commenced in 2019, with research conducted into new workflows that would enable even more efficient and effective collaboration between news structures. At the same time, a POC was activated for the introduction of CORTEX, Dalet's Artificial Intelligence system which provides for speech to text transcription, automatic translation of agency scripts and image recommendation (montage images are proposed based on the journalist's speech and the tags inserted automatically or by the news image desk). Both solutions will be implemented once journalists and production staff have been trained accordingly.

Also implemented in 2021 was the FLOW application, which enables in-house and external post-production services to be viewed, commented on and authorised for broadcasting by mobile phone.

The application was developed in-house by the Group based on the specifications from the News Department.

With the onset of the pandemic, the mass rollout of smart working became a necessity and its remote connection capacities enabled the continued production of all news, sport and infotainment programs without interruption. To address the increased work and safety requirements, new generation laptops and company mobile phones were distributed to all journalist hires. All production staff and around 200 journalists were granted access to the application (in particular, to its digital archive and image search function).

In October 2021, the Dalet TG5 system was transitioned from SD to HD, while in conjunction with the start of HD production in November 2021 and using IP technology, the graphic, scenic and technological restyling of studio 15 was carried out, allowing all hard news, sports news and Mattino 5 News and Pomeriggio 5 News to be broadcast from the same studio. All graphic lines for hard and soft news brands are now contained in the

broadcasting systems of studio 15 and will shortly be present in those of studio 2 in Rome to make sure there are backups at all times.

Currently then, all of the News Department's production is in HD.

At the same time, all correspondents of the regional newsdesks (as well as some regular studio guests) were provided with high-quality audio/video links using their PCs, tablets and smartphones. This connection type has made it possible to increase signal quality such that a "backpack"-type link-up is almost indistinguishable from a mobile phone link-up. This is currently how most video links from the United States are conducted.

The DALET ON THE GO system has been distributed to regional correspondents and some directors/vice directors, which allows the textual agencies, video materials and set lists present in the DALET system to be accessed via an application for tablets and smart phones. In the first months of 2022, it will be possible to directly write in the text to the story assigned and to autonomously send any images taken by the journalist in the field using the connected device.

In the studio 6 control room in Cologno Monzese, a version of ZOOM was installed that allows audio/video interaction between people linking up from home and the presenter, thus simulating a studio audience, who are displayed on the LED-wall on set. In 2021, all desktop PCs (about 600) of all production and journalistic staff continued to be replaced. Furthermore, production staff were provided with laptops, for a total of around 200 units. Both actions were geared towards making remote work more efficient.

The unique archive has been implemented, albeit it has not yet been released into production, and will become the repository for all raw material from news productions. This will make it possible to optimise space and video management, including via the Business Intelligence solution developed entirely in-house by Mediaset on the instructions of the News Department. The BI solution uses defined KPIs to precisely monitor each processing step within the Dalet news system. Finally, a feasibility study is underway to also implement this solution in the Dalet TG5 and Dalet Archive systems.

In-house Drama Productions

R.T.I. S.p.A. possesses the know-how and the organisation to select projects and develop the production of highly popular drama series. These products are commissioned to major national partners and, in some cases, are sold abroad or leveraged via the non-linear platform, thus contributing to covering production costs.

In the wake of the events of 2020, the first half of 2021 saw a slowdown in productions due to the severe impact of Covid-19 on the audiovisual and film industry. Only in the second half of the year was it possible to restart and recalibrate production, as long as strict protocols were applied.

R.T.I. continued to film drama productions where possible in Italy, avoiding the use of de-localisation by investing in professional expertise in the Italian production chain.

Also in 2021, R.T.I. continued its production relationship with its subsidiary Taodue S.r.l., the leading Italian producer of drama content. The company makes and acquires audiovisual content exclusively for R.T.I. for use in television and cinema, strongly inspired on reality. It is from news stories and historical events that its series have been born, and continue to be born, which has in turn led the company to stand out in the Italian television market. As regards drama production during the year, the following are of note:

- ▣ excellent ratings in new drama productions have led to the continued development of this editorial path recent years. In particular, the following were made in 2021: "Destini in fiamme", a four-part series made by Fabula Pictures; "Fosca innocenti", a four-part series made by Banijay Italia and starring Vanessa Incontrada; and "Viola come il mare", a six-part series made by Lux Vide.

- ▣ the ongoing production relationship with parent company Taodue S.r.l. led to the acquisition of two series produced by third-party production companies: a four-part series entitled Lady Corleone; and a six-part series entitled "Il Patriarca", adapted from the Spanish series "Vivir sin permiso".
- ▣ The start of development of projects that will give rise to new series being made/acquired in the coming years.

Cinema Taodue Production

On 18 October 2021, the movie "Yara", produced by Taodue, was released in movie theatres. The feature film directed by M. Tullio Giordana and starring Isabella Aragonese and Alessio Boni tells the true story of the investigation to find the killer of 13-year-old Yara Gambirasio, who disappeared on 26 November 2021 and was found dead after a three-month search. Following its cinema release, the film was launched by Netflix on its distribution platform on 5 November 2021. According to the rankings published by the streaming platform, the film ranked No. 1 in the top ten non-English language films in the weeks of 5-14 November and No. 3 in Italy. The film will be available on free-to-air television from November 2022.

Acquisition of Broadcasting Rights (Movies, TV Series)

R.T.I. S.p.A. owns the biggest television rights library in Italy and one of the biggest in Europe.

The Company's objective is to manage the MFE Group's asset base of television broadcasting rights for Italy, by acquiring, developing and producing rights for domestic broadcasting on Free TV and Pay TV.

The following table provides a breakdown of the **television broadcasting rights** acquired for broadcast on free-to-air and pay TV channels by the Group at 31 December 2021:

Composition of the Broadcasting Rights Library at 31 December 2021				
	Free Tv		Pay TV-PPV	
	No. of titles	Episodes	No. of titles	Episodes
Film	4,398	4,398	1,289	1,289
Telefilm	730	13,469	361	6,161
Telenovelas	47	4,065	-	-
Mini-series	288	1,247	59	305
Soap operas	7	1,290	2	60
TV movies	659	689	138	163
Documentaries	381	1,692	16	179
Others (Musicals, Variety, Short, Docum., etc.)	160	654	1	3
Total	6,670	27,504	1,866	8,160

The television broadcasting rights library is constantly being expanded through acquisitions from:

Major American film studios: R.T.I. S.p.A. has existing agreements with all major U.S. producers and distributors (Universal, Warner Bros. International, Twentieth Century Fox, Viacom Cbs, Walt Disney and Sony). Under the agreements, rights are acquired for an average duration of four/five years, with permission for

four/five television showings. In particular, there are strategic multi-year agreements in place with: Warner Bros International Television Distribution Inc., which on the basis of the latest volume deal signed in 2021, ensures the Group has exclusive access for Italy for the free-to-air platform of movies and TV series distributed by the US major for the period 2021-2023; with Universal which, under the 2018 deal (which was then extended in 2020), guarantees the exclusive availability for Italy of free-to-air rights to both cinema and television products for the period 2019-2026; and with ViacomCbc for the years 2021 and 2022, with this arrangement bringing the entire library of historic Rai franchise "NCIS" into Group's networks for the first time.

In particular, the following developments took place in 2021:

- ▣ a three-year framework agreement was signed with Warner for the years 2021-2023, giving continuity to the supply of free-to-air TV rights for both movies and television products.
- ▣ a major two-year package was sealed with Walt Disney for the years 2021 and 2022 for the supply of exclusive free-to-air TV and movie rights, which allowed us to consolidate titles such as "The Simpsons" and "Titanic" in our library.
- ▣ one-year free-to-air rights were also acquired from MGM to the entire catalogue of James Bond films.

International television producers:

- ▣ R.T.I. S.p.A. has long-standing and significant arrangements with U.S. and European producers for the acquisition of television rights to highly-popular productions such as television movies, soap operas, mini-series and television series.
- ▣ The serial nature of the majority of these works, produced in seasons, makes for a long-term producer/user relationship and enables audiences to be retained by the broadcasting network.

Italian film producers/distributors:

National operators provide packages consisting of both television broadcasting rights for self-produced films (which, together with European products, are particularly significant also in view of compliance with broadcasting and investment quotas established by the television broadcasting regulations) and broadcasting rights for international films.

The commercial relationship with major domestic movie distributors such as Eagle Pictures continued, with a three-year deal to acquire eight current films a year from 2021 to 2023, as well as a two-year package deal with Lucky Red for the supply of current film titles and libraries in 2021-22, and with Leone Film Group.

In 2021, the recent focus being placed on Italian film continued with the acquisition of the broadcasting rights to the films distributed by Medusa Film and Vision Distribution.

On the European production front, relations with major continental players have been consolidated both for strategic daytime assets, such as the new soap "Dos Vidas" acquired from StudioCanal, and for primetime event content such as the mini-series "Sissi" which premiered after its acquisition from Beta Film.

The channel Free TV Focus consolidated its purchase of documentary and factual content with approximately 490 hours acquired and a supplier portfolio of nearly 50 independent Italian and international operators.

Purchase agreements and products acquired

In 2021, R.T.I. S.p.A. strived to further strengthen its free TV and pay TV broadcasting rights library.

The many agreements signed and projects developed included:

- ▣ acquisition for free TV networks of availability for the films: La Dea Fortuna, Doctor Sleep, Motherless Brooklyn, Rocketman, Gemini Man, Bumblebee, How To Train Your Dragon: The Hidden, Fast & Furious

Presents: Hobbs & Shaw, The Secret Life Of Pets 2, The Grinch, Rambo: Last Blood, Attacco al Potere 3, Figli, Padre Nostro;

- ▣ acquisition of free and pay TV rights for new episodes of the most successful TV series, such as: Riverdale, Legacies, Law & Order: Special Victims Unit, Chicago Fire, Chicago PD, The Goldbergs, Batwoman, Prodigal Son, Flash, DC Legends OF Tomorrow, Manifest and Sissi;
- ▣ acquisition of availability of free TV first-run series: Kung Fu, Superman & Lois, Walker, Chucky, Law & Order: Organized Crime, Harrow, Grand Hotel, Brave and Beautiful and soap operas Dos Vidas and Love Is In The Air;
- ▣ acquisition of free TV rights for new episodes of the most successful TV series, such as: Miracle Workers, Black-ish, Station 19, Simpsons, Family Guy, American Dad, Magnum PI and soap operas Una Vita and Tempesta d'amore;
- ▣ acquisition of pay TV broadcasting rights for the new episodes of the series: Claws, Animal Kingdom;
- ▣ acquisition of the SVOD rights to award-winning series Shitt's Creek for the Infinity platform;
- ▣ acquisition from Medusa Film S.p.A., for the current television season, of films including: La Mia Banda Suona il Pop, Cambio Tutto! and Lockdown all'Italiana.

Acquisition of sports broadcasting rights

On **12 January 2021**, following a tender process open to all operators, UEFA assigned RTI certain rights for the territory of Italy, San Marino and Vatican City, for the three-year period 2021-2022, 2022-2023, 2023-2024, to air the UEFA Champions League, UEFA Super Cup and UEFA Youth League. The rights granted were as follows for each season: exclusive free-to-air rights to 16 first-choice Tuesday UCL matches (Package A1), 104 non-exclusive matches on pay TV through the Digital Service (Package B), the UCL Final, Tuesday and Wednesday Highlights, the UEFA Super Cup Final and 39 UEFA Youth League matches.

On **22 April 2021**, ATP Media Operations Ltd and RTI, following an award of 11 November 2019, signed a contract for certain broadcasting rights for the territory of Italy for the 2021, 2022, 2023 seasons. This related to the "Internazionali BNL d'Italia" event, specifically granting exclusive rights to air one match a day during the AP Masters in Rome.

On **1 July 2021**, following a tender process open to all operators, Lega Nazionale Professionisti Serie A awarded RTI the exclusive rights for Italy, for the 2021-2022, 2022-2023 and 2023-2024 seasons, to air live audiovisual broadcasts of the Coppa Italia and the Italian Super Cup (Package 4) on any free-to-air and/or pay TV platform.

On **1 December 2021**, the Italian Rugby Federation and RTI signed a licensing agreement for certain broadcasting rights for the territory of Italy, San Marino, Vatican City and the Ticino canton, for the 2021-2022 season, to air the "United Rugby Championship"; with the option of both free-to-air and pay broadcasting. Specifically, the rights granted were as follows: exclusive free-to-air linear-only rights to air 2 live matches of Italian teams in each round of the tournament prior to the Final Series, and to air all other matches non-exclusively and on pay-per-view on digital platforms.

LINEAR AND NON LINEAR, FREE-TO-AIR AND PAY PER VIEW CONTENT DISTRIBUTION

Free-to-air and pay linear offering

The Group's free-to-air offering currently consists of 19 channels covering all major targets for advertisers, including three long-standing general interest channels (Canale 5, Italia 1 and Rete 4), and the thematic and semi-generalist channels Boing, Boing Plus, Cartoonito, Iris, La 5, Mediaset Extra, Italia 2, Top Crime, Cine 34, TgCom 24, R101 TV, Virgin Radio TV, Radio 105 TV, RMC TV, Canale 20 and Focus.

The Group's **general interest channels** — Canale 5, Italia 1 and Rete 4 — are controlled by R.T.I. SpA, which is responsible for the creation and development of programme schedules, the production of original content and the acquisition of television rights. The Mediaset networks' overall offering is designed to attract audiences between the ages of 15 and 64, which is the target audience of greatest interest for advertisers and a segment in which Mediaset is a strong market leader.

Canale 5 is the Group's main network and is targeted at the modern Italian family.

Italia 1 is the leading Italian channel for younger viewers.

Rete 4 targets its scheduling at a more mature audience, in terms of age and income.

The free-to-air **multichannel offering** includes the following channels:

Boing, launched on 20 November 2004, was the first Italian free-to-air children's channel. The channel was set up as a joint venture between R.T.I. S.p.A., which holds 51% of the share capital of Boing S.p.A., and Turner Broadcasting Systems Europe Limited, a Time Warner Group company, which owns the rights to some of the world's most popular cartoons. Despite growing competition, the channel has capitalised on its strong position by promoting and boosting the fame and attractiveness of the brand.

Boing Plus, launched on 11 July 2019. The schedule is made up of a combination of programmes broadcast by the "Boing" and "Cartoonito" channels: the morning schedule is occupied by Cartoonito until around 1pm, then Boing takes over until late at night, before Cartoonito resumes until the next morning. All programming is broadcast one hour later than on the Boing and Cartoonito channels.

Cartoonito, launched on 22 August 2011, is a channel aimed at pre-school-age children (up to 6 years old). Like Boing, it is a joint venture between Mediaset and Turner Broadcasting Systems Europe Limited. Cartoonito is targeted at a more specific audience than Boing.

Iris is a thematic channel focused on quality films. In addition to all the great movie classics, it also broadcasts programmes about cinema news, film stars and leading film festivals.

La 5 features programmes targeted at a modern female audience.

Mediaset Extra is a thematic channel that broadcasts a selection of the best in Mediaset entertainment programmes from the past and present. It enables viewers to re-watch the best programming from the Mediaset's generalist networks a day later and during a different viewing slot.

Italia 2 is targeted at young adult males. It features TV series, sitcoms, cult cartoons and sports and music programmes, in addition to live sports coverage of events such as world championship motorcycle racing.

Top Crime is the network dedicated to the investigation and police drama genre launched in June 2013.

Cine 34 ("Italy to the Cinema"), officially launched on 20 January 2020 boasts programming exclusively focused on Italian cinema.

Tgcom24 is Mediaset's all-news channel. Broadcast free-to-air, 24-hours a day, it also online at Tgcom24.it and viewable on smart phones and tablets through free apps.

R101 TV is the thematic channel affiliated with R101, which covers music; it broadcasts music videos on rotation and some repeats of concerts already broadcast on Italia 1.

Virgin Radio TV is the thematic channel affiliated with Virgin Radio, which covers music; it broadcasts music videos on rotation.

Radio 105 TV is the thematic channel affiliated with Radio 105, which covers music; it broadcasts music videos on rotation.

RMC TV is the thematic channel affiliated with Radio Montecarlo, which covers music; it broadcasts music videos on rotation via satellite as part of the Sky and TivùSat package.

Canale 20 is the channel airing TV series and sporting events, which was launched on 3 April 2018 with exclusive live broadcasting of the UEFA Champions League quarter-final tie between Juventus and Real Madrid.

Focus, launched on 17 May 2018, is the TV version of Italy's most read cultural and scientific magazine, covering science, nature, environment, animals, technology, history and current events with simple, clear and compelling language.

The Group's linear service, both on free-to-air and pay TV, is transmitted through the three digital multiplexes of subsidiary Elettronica Industriale, which manages traffic to and from the various production centres of its controlling company R.T.I. S.p.A. and Mediaset Premium SpA, making use of the infrastructure and services provided by associate El Towers S.p.A.

Elettronica Industriale continued in 2021 to improve multiplex coverage and the quality of the television signal was substantial and resulted in the submission of around 889 requests for authorisation to install new equipment, modify aerials or change broadcasting power to Municipalities and the Ministry. 100% of changes were authorised during the year.

Programme Schedules and Audience Share

The following tables show details of the **programme schedules** for 2021 and 2020, for the different types of offerings (generalist, multi-channel, and pay TV networks), broken down by the main television genres attributable to in-house productions and purchased rights.

In particular, in 2021 each of the generalist networks broadcast 8,760 hours of scheduled programmes for a total of 26,280 hours of airtime. A total 46.3% of those programmes were original in-house productions.

Mediaset Networks schedules - Broadcasting hours 2021

Type	Generalist Networks		Semi-Generalist Networks		Pay		Total Mediaset Networks	
Film	4,187	15.9%	18,758	13.4%	24,466	39.9%	47,411	20.8%
Drama	9,147	34.8%	28,572	20.4%	29,542	48.2%	67,261	29.5%
Cartoons	785	3.0%	26,720	19.1%	-	0.0%	27,505	12.1%
Total rights	14,119	53.7%	74,050	52.8%	54,008	88.1%	142,177	62.4%
News	6,260	23.8%	9,725	6.9%	2,843	4.6%	18,828	8.3%
Sport	797	3.0%	771	0.6%	198	0.3%	1,766	0.8%
Entertainment	4,487	17.1%	47,025	33.6%	3,859	6.3%	55,371	24.3%
Culture	617	2.3%	8,589	6.1%	412	0.7%	9,618	4.2%
Telesales	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total productions	12,161	46.3%	66,110	47.2%	7,312	11.9%	85,583	37.6%
Total	26,280	100.0%	140,160	100.0%	61,320	100.0%	227,760	100.0%

Mediaset Networks schedules - Broadcasting hours 2020

Type	Generalist Networks		Semi-Generalist Networks		Pay		Total Mediaset Networks	
Film	4,081	15.5%	18,876	13.7%	29,210	44.4%	52,167	22.6%
Drama	8,732	33.1%	29,270	21.2%	29,246	44.4%	67,248	29.2%
Cartoons	696	2.6%	26,509	19.2%	-	-	27,205	11.8%
Total rights	13,509	51.3%	74,655	54.0%	58,456	88.8%	146,620	63.7%
News	5,842	22.2%	9,422	6.8%	2,714	4.1%	17,978	7.8%
Sport	606	2.3%	652	0.5%	231	0.4%	1,489	0.6%
Entertainment	5,103	19.4%	43,403	31.4%	4,083	6.2%	52,589	22.8%
Culture	546	2.1%	8,680	6.3%	372	0.6%	9,598	4.2%
Telesales	746	2.8%	1,330	1.0%	-	-	2,076	0.9%
Total productions	12,843	48.7%	63,487	46.0%	7,400	11.2%	83,730	36.3%
Total	26,352	100.0%	138,142	100.0%	65,856	100.0%	230,350	100.0%

Total audience over the 24-hour period in 2021 averaged 9.988 million viewers.

Mediaset channels closed 2021 with a 32.2% audience share in the prime time slot, a 32.0% share over the 24-hour period and a 31.8% share of daytime viewers.

Mediaset confirmed itself as ratings leader for the commercial target in all time slots; for this target segment, Canale 5 attracted the highest number of viewers in all the time slots and Italia 1 continued to be the third network.

Of particular note was the strong performance of the thematic channels, which together raised Mediaset's total audience share by almost 8 points and its commercial target audience share by over 9 points.

Mediaset's spring and autumn schedules won a total audience share of 32.9% in the prime time slot, 32.8% over the 24-hour period and 32.8% in the daytime slot among all viewers; it was also the ratings leader for the commercial target audience in all time slots, with a total of 35.1% in prime time, 35.1% in the 24-hour period and 35.2% in the daytime slot.

SHARE YEAR 2021	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Canale 5	15.4%	14.2%	15.9%	16.1%	15.8%	16.5%
Italia 1	4.4%	5.0%	4.2%	6.1%	6.4%	6.0%
Rete 4	3.8%	4.5%	3.7%	2.8%	3.2%	2.7%
Generalist Networks	23.6%	23.7%	23.8%	25.0%	25.4%	25.2%
Semi-Generalist Networks, Premium Cinema Channels and TV Series	8.4%	8.5%	8.0%	9.0%	8.7%	8.8%
Total Mediaset Networks	32.0%	32.2%	31.8%	34.0%	34.1%	34.0%

Non-linear offering

R.T.I. S.p.A. oversees the digital activities of the Group through the Digital Business Department, which aims to create services and content for non-linear use deployable across all the main connected digital platforms (desktop devices, mobile and wearable devices, tablets, smart TVs, etc.) and the promotion of digital extension initiatives for free to air programmes (Radio and TV).

In 2021, the collection of Mediaset websites and applications averaged a total digital audience per month of 29.7 million unique users, with an average of over 390 million page views per month. (Source: Audiweb media Jan-Nov 2021).

As regards video consumption, research is from Auditel, whose digital extension was brought to market in summer 2020 with the aim of estimating the online consumption of content from television broadcasters: in the Auditel Digital survey, Mediaset positioned itself as the number one broadcaster in 2021 with a 40.5% share, measured based on TTS (total time spent), with an advantage of 5.5 percentage points over the second-placed market broadcaster. Mediaset's leadership is even clearer in terms of number of videos viewed (legitimate streams) with a share of 47.7% and a lead of around 14 percentage points over the second-placed market broadcaster.

In terms of digital, Mediaset's product range is divided into two main areas:

Video Hub: Total consumption of Mediaset Internet Properties video content (First and Second Screen) reached 3.73 billion (video views) during the year, a figure up 14% on the previous year, generating a 462 million video hours in total, which was up by +30% on the previous year. (Source: Webtrekk). The chosen platform for the viewing of hub content is the new platform Mediaset Infinity. In 2021, around 75% of total hours spent viewing Mediaset video content took place on this platform.

- The new platform was created in April 2021 by merging two previously separate services into one product: on the one hand was Mediaset Play, which allowed users to watch the Group's free video content; and on the other hand was Infinity, a platform created by Mediaset in 2013 that brought together the range of paid movies and series ranging from major US series to those of Italian production companies. These were merged into a single platform called Mediaset Infinity, which

offers users both free and pay content through a unified and highly personalised customer experience.

- ▢ This single platform can therefore attract a very large audience comprising both the swathe of viewers loyal to our brands and linear network content and a new target more in tune with digital trends. Here, the output of our brands is increasingly being watched "on the go" and in non-linear modes. This content on this platform is then enhanced by the production of a series of brand-new "digital first" productions; within Mediaset Infinity, a wide range of premium services are therefore made available to the general public, enhancing the platform and offering to customers a more flexible watching experience.
- ▢ The most important premium service offered on the platform is the proprietary SVOD service Infinity+, which in 2021 broke with its traditional Cinema and Series offering by also adding the best of European football to the platform with the UEFA Champions League, broadcasting a total of 121 top-level matches a season (17 of which are viewable free-to-air on Canale 5 and therefore on the free streaming platform).
- ▢ This major realignment in terms of branding and structure were communicated to the general public through a campaign to position Mediaset Infinity as a constantly evolving digital entertainment universe capable of meeting users' appetite for emotional, passionate and lighthearted content. Huge investment was made for this transversal media campaign, which was rolled out across all channels (both internal and external) from traditional TV spots and OTT to targeted social media investments.
- ▢ As regards the devices used to watch the new OTT platform, the traditional viewing of content on PC and mobile apps was added to in 2021 with the platform's launch on Main Screen: now, in addition to the consolidated HBBTV and MHP based app accessible from all our linear channels, a range of applications was released in April for the widget gallery of all major smart TVs and decoders on the market (Samsung, LG, Sony, Philips, Amazon Fire TV etc.). In Q4 2021, these applications were used by more than 460,000 television sets per day (an increase of +99% on the previous year) and those who watched videos using this service tended to have habits of lengthy consumption, similar to viewers of linear television (mainly long formats).
- ▢ From a content perspective, integrating the Digital Content Factory with programmes' editorial staff has made it possible to roll out the various TV formats across broad digital platforms, in full compliance with the editorial line, by using technologies that have allowed an expansion of content production while also observing the precautions imposed by the Covid-19 crisis.
- ▢ Also in 2021, a digital marketing campaign was continued with more than 350 million ads sent out by push notification and email, reaching 14 million users (+20% on the previous year) and thus helping to increase audiences and video consumption.

Information Hub: the Information hub, under the TGC0M24 brand, is internally divided into News (under the TGC0M24 heading), Sports Information (under the Sportmediaset heading) and Weather Information (under the Meteo.it brand).

- ▢ During the year, the Information hub recorded significant growth, reaching a Total Audience of 3,536,000 unique users per day during 2021 (Source: Audiweb 2.0, overall activities with TAL), with TGC0M24 consolidating its position in SECOND place in the Italian digital market.
- ▢ As regards on-the-move access, by the end of 2021 there were more than 14.0 million downloads from the suite of free information hub apps, up 6% compared to the total downloads at the end of

2020. In this respect, the TGCOM24 app recorded more than 3.6 million total downloads, with the number of installations increasing by +7% on the previous year (according to data current as at December 2021); The weather forecast service (Meteo.it) achieved 6.6 million downloads, increasing by 4%. The SportMediaset app reached 2.5 million downloads (+7% on 2020); The TG5 App reached 1.3 million downloads in 2021, increasing by 13%. (Source: App Annie at 31 December 2021). Only installations of active versions of in-store apps are included in these figures.

- ▣ As regards the radio sector, aside from the numerous maintenance development activities during the year, the new Radio 105 website was released and the editorial offering was enriched with the 105 Indie App.
- ▣ Installed radio apps totalled 1.6 million downloads up to the close of 2021, increasing by 22% on the previous year.

Content distribution agreements with all our partners continued into 2021: IOL, which runs the two leading web portals Libero and Virgilio; Microsoft (msn.it); Citynews (Today.it and all subsidiary websites); Fanpage (Ciaopeople group); and SuperguidaTv, Italy's number one digital TV guide.

These agreements enhance and promote the content chosen by R.T.I., enabling it to reach an additional user catchment, which may be leveraged based on the differing needs of the broadcaster and the licensee. When also taking external distribution into account, the total video views surpassed 3.87 billion for the year.

In relation to Social Media Network presence, Mediaset confirmed itself as one of the leading media companies in creating engagement with its communities: 42.5 million total followers on Mediaset network Facebook pages, over 9 million followers on Twitter accounts and more than 21 million followers on Instagram accounts.

Social Media Network activity allows the attention of the active audience to be captured on various channels, differing by age and composition.

The distribution on social media of exclusive content, previews and live streaming also aim to promote the TV schedule by attempting to increase programme awareness to a digital audience, creating interaction opportunities. Short programme extracts accompanied by a direct link to our websites attracts traffic to Infinity+, increasing video viewing numbers.

RADIO OFFER

In the three-year period 2016-2018, the Group has established its commercial radio sector through a series of acquisitions made up of R101, Radio 105 and Virgin Radio Italy, Radio Subasio and RMC.

In 2021, **R101** aimed to consolidate the positioning of the station as a "music station" featuring the right mix of music and entertainment, targeted at a strictly adult audience. The R101 range represents a genuinely integrated system that focuses on music and entertainment across any channel a consumer wishes to use, embracing all types of media and various different touch points (TV, radio, digital and social media). In this regard, the broadcaster further enhanced its television channel content during the year, rolling out the Radio-TV simulcast across the entire programming schedule and making all live radio content available also via digital terrestrial television.

Marketing and outreach activities focused on involving and engaging listeners by promoting on-air contests and on digital channels: the game show "La Parola Chiave", which was supported by a major advertising campaign on TV, print and digital channels, performed excellently both in terms of public participation and sponsor involvement.

Finally, despite continuing uncertainty over live events, presales for the 2021 Italian concerts of major international artists such as Shawn Mendes and Bryan Adams continued with great success.

TER data for 2021 reveal that R101 had 1,884,000 average daily listeners, with 10,525,000 listeners across the 7-day period, with a positive growth trend throughout the year.

Radio 105 is the leading entertainment radio station for the "young adults" target. Entertainment and music are at the core of the station's content, positioning it as the go-to station for young Italians thanks to its daily suite of programmes and unique personalities.

Radio 105 has some of the most popular programs in Italy: "Tutto Esaurito", the morning show with "Captain" Marco Galli and his crew and "Lo Zoo di 105", the most irreverent programme in Italy, with Marco Mazzoli and friends.

Besides these stand-out shows, the station constantly experiments with new formats and hosts, as demonstrated by the two new additions to schedules in 2021: *105 KAOS*, the new evening drivetime program presented by Francesco Facchinetti and Sabrina Scampini. The format includes two hours of hot news topics, current affairs and the invitation on the show of both guests and callers. *BSMNT 105*, a new programme dedicated to the world of trap, rap, drill and R&B music, with new voices on the radio mics.

Radio 105's television channel, Radio105TV, also extended the range of its content that can be simulcast on television.

In terms of marketing and communication, 2021 saw the continuation of the "Radio 105 Proud to be different" campaign, which was designed and developed to celebrate and amplify Radio 105's diversity values: it is a diverse station characterised by a wide variety of styles, programmes and personalities aimed at a diverse audience. Individual programmes were also extensively advertised on TV, digital and social media, with campaigns that put the faces of the speakers on billboards in various cities across the country.

Local presence and contact with people has always been one of the station's most strategic features. In this second year of the pandemic, it was possible for the station to resume its appearances at some events across the country (Giffoni Film Festival, Rome Marathon, PlugMI, Milan Games Week & Cartoomics), as well as festivals (Waterworld Music Festival) and concerts (Ed Sheeran showcase).

Radio 105 also remains the Official Radio Station of football clubs AC Milan and Monza Calcio for 2021, as well as basketball club Olimpia Milano and the NBA. Despite the reduced capacity, these matches offered a sizeable opportunity for the broadcaster to gain in visibility.

Radio 105's goal is to join in with the passions of its listeners, making every event an opportunity to involve the community and feel an active part of it. Throughout the year, work continued to enhance the radio station's social media and digital channels to offer listeners and users exclusive user experiences and content (Instagram, Facebook, TikTok, Twitch, Twitter, YouTube, web radio, app).

TER data for 2021 reveal that Radio 105 had 4,342,000 average daily listeners, with 13,879,000 listeners across the 7-day period, with a positive growth trend throughout the year. In the second half of 2021 in particular, the station performed extraordinarily well, becoming the most-listened-to radio station in Italy in the average quarter-hour with a share of 560,000 listeners.

Virgin Radio Italy is a true international Lovemark: its strong STYLE ROCK music positioning puts musical programming at its heart, featuring carefully selected songs and the right balance of current and classic songs.

Virgin Radio's mission is to be the go-to station for the community of rock music fans in Italy.

Virgin Radio's strategy during 2021 remained that of strengthening alternative areas to bring them in line with its coverage of live events such as festivals and concerts, which have always been an essential feature of the broadcaster's positioning but which inevitably had a difficult year with the continuation of the pandemic.

Besides continuing its Rock Ambassador campaign, newly endorsed by Alice Cooper, the station aligned itself with all of the year's major record releases and aired Italian exclusives of radio shows by major international rockstars including Bruce Springsteen and Foo Fighters.

In terms of marketing and communication activities, 2021 was characterized by the launch of the institutional campaign "Believe in Rock", which consolidated the broadcaster's position by using evocative photographic imagery of worlds that seem very distant from the world of rock to show that rock itself is not simply a musical genre but a real lifestyle to believe in. The campaign featured in leading national newspapers and journals, as well as in a widespread billposting campaign across major Italian cities.

Throughout the year, Virgin Radio also offered its listeners the opportunity to purchase exclusive presale tickets to some of the biggest live concerts scheduled for 2022, such as Eric Clapton, Nick Cave, Gorillaz and Alice Cooper. Naturally, the station's digital and social media channels made a vital contribution in this respect by engaging the community by launching listener competitions.

TER survey data for 2021 reveal that Virgin Radio had 2,613,000 average daily listeners, with 7,674,000 listeners across the 7-day period, with a positive growth trend throughout the year.

Radio Monte Carlo is the Principality of Monaco's Italian Radio station. It is an internationally recognised and highly prestigious brand.

The refined musical selection, up-to-date information on current events and new trends, as well as a keen interest in its listeners' passions make Radio Monte Carlo a must in terms of lifestyle, design, cinema, art, fashion, travel and sports.

The Radio Monte Carlo schedule features genuine icons of radio such as Monica Sala, Rosaria Renna and Max Venegoni, Kay Rush, Maurizio Di Maggio, Nick The Nightfly and new talent such as Isabella Eleodori and Alberto Davoli, Giancarlo Cattaneo, Max Parisi and Matilde Amato.

In the wake of the station's campaign entitled "L'essenza della musica" (The Essence of Music), the process of strengthening the brand identity continued with a new promotional campaign entitled "Note di Stile" (Style Notes) which highlights the dual subjects "Lei" (She) and "Lui" (He) with a concept that suggests that musical taste dictates. A supporting promotional plan was rolled out in newspapers, journals, digital and social media during the second half of the year.

The broadcaster continued to enhance digital and social elements to communicate with and entertain its target audience in light of the need to downsize its guest appearances amid the continuing Covid-19 pandemic. This was accompanied by ongoing performance monitoring to guide the choices for generating high engagement and increasing the fan base.

The advent of Radio Monte Carlo TV (May 2020), viewable on Sky channel 716 and TivùSat channel 67, enriched the musical programming (24/7 pop, soul, R'n'B and the best international artists) and expanded the brand's touch points.

There was a return to attending music festivals (Umbria Jazz, Piano City, Tenera mente, Time in Jazz, Jazz Mi, etc.), as well as other event collaborations (Merano Wine Festival, Fiera Cavalli, Orticola, Photo Vogue Festival) in which the channel was able to continue boosting brand awareness. With the continuing pandemic, all major live shows (Celine Dion, Cat Steven, James Blunt, etc), including sports events, were postponed until the summer of 2022.

Radio Monte Carlo also continues to be the radio station for art and great exhibitions, which it promoted on its airwaves by building on its synergies with major venues such as the Doge's Palace in Genoa, Fort Bard in Aosta, Casa dei Tre Oci in Venice, the MART in Rovereto and the MAXXI in Rome.

Partnerships continued with a new three-year agreement with Italian motorway operator ASTM, as well as with Teatro Regio in Parma, the City of Genoa and Blue Note in Milan.

From a technological perspective, a number of adjustments and enhancements to our broadcasts were made in 2021, including further implementation of telemetry and remote control services.

The Radio Ter survey for 2021 (2nd half) recorded the following listenership figures: 162,000 listeners in the average quarter-hour, 1,666,000 average daily listeners on and 6,337,000 weekly listeners. All indicators are growing.

Radio Subasio is the local radio station with network ratings. Established more than 40 years ago, it is the leader in radio broadcasting in Central Italy.

The proposed broadcasting of Radio Subasio is oriented towards a predominantly family based target and is structured on the distinctive elements of tradition, brightness and interactivity, with pop music that offers great space for Italian music without neglecting the huge international hits. The interviews with the main stars of Italian music all play a very important role in the programming of the station.

In 2021, Radio Subasio focused its activity on consolidating and promoting of the radio productions, characterised by the broadcaster's musical offering and direct and active listener engagement. Despite the limitations enforced by the public health emergency, it retained all of its main formats, including Subasio Music Club, a point of interaction between artists and listeners that was scaled down to a virtual mode following the onset of the pandemic, with audiences tuning in from home. Popular events and festivals continued to be held around the country, such as Eurochocolate, "Children's White Midnight" in Pesaro, the Giorgio Panariello Tour and many more. On the promotional front, a massive billboard campaign and local press campaign were also rolled out to consolidate ratings in strategic regions such as Emilia-Romagna, Tuscany, Lazio and Campania.

TER survey data for 2021 reveal that Radio Subasio had 1,612,000 average daily listeners, with 4,933,000 listeners across the 7-day period, with a positive growth trend throughout the year.

ADVERTISING

The Group operates through two fully-owned advertising sales agencies in Italy: Publitalia '80, the exclusive sales agency for the free-to-air Mediaset networks; and Digitalia '08, which from mid-2019 to January 2022 handled exclusive advertising sales for the pay Premium channels exclusively viewable on the Sky platform. In 2021, Digitalia also acquired Dazn's sub-concession to manage advertising sales for TIM Serie A, to which Dazn holds exclusive rights for the three-year period 2021-2024.

The Group also owns a 50% interest together with Mondadori in Mediamond, which sells advertising space on Group websites and radio and on the websites of the publications of the Mondadori Group and other publishers. In the wake of the acquisition of the business unit from Mediamond, from 2022 Digitalia will directly manage the advertising sales of the Group's radio stations and some third-party radio stations.

Publitalia's top 10 clients in 2021 generated 15% of its total commissions.

In 2021, the advertising market recorded total sales of EUR 5.6 billion, up 12.8% (EUR 640 million) on 2020. The market as a whole has not yet recovered all investments lost in 2020, having shrunk by (-)4.5% compared to 2019. If the Direct Mail component is not considered, the market grew by +13.1%, as shown in the table below.

Trends show a very positive increase in the first half of the year, recording growth of +26.8%, which is influenced both by comparing against the first months of 2020, which were heavily affected by lockdown and by the presence of the UEFA European Football Championships in June 2021. The second half saw a slowdown in

23 JUNIO 2022

advertising revenues (-1.0%). On the other hand, television advertising performed better than the market overall, with year-on-year growth of +14.4%.

According to Nielsen data, Mediaset's TV advertising revenues closed the year at +14.6% (equivalent to +EUR 261 million), beating its 2019 result by more than EUR 60 million. TV's share of the total figure increased from 54.9% to 55.0%, despite football events being broadcast on competitor networks. Rai and Discovery closed the year with growth of +18.5% (thanks also to the UEFA European Football Championships and the Olympics) and +15.9% respectively.

Sky recorded modest growth of just +8.7%, a much lower result than that of TV media as a whole. In the first half of the year, its advertising sales were decidedly positive (+45.8%), fuelled by its coverage of the UEFA European Football Championships and due to the Italian league having suspended in the second quarter of 2020. In the second half of the year, its sales were down (-21.6%) due to having lost the majority of its football broadcasting rights.

Print Media had fluctuating results, in particular during the first half of the year, and closed the year at +4.1%. Newspapers at +4.3% and Magazines at +3.6%.

The Radio segment increased by +10.4%, which was generally reflective of market trends, with strong growth in the first half (up +22.0%), followed by a slight decrease in the second half (down 1.9%). According to Nielsen data, Radio Mediaset performed better than the market overall (+13.3%).

FCP Digital alone closed the year at +17.6%, Mediamond RTI was +15.7%, which was a higher result than total OTT Digital (+15.1%).

There were excellent results in Billboards (+28.6%), Transist (+11.0%) and Go Tv (+10.9%).

From September onwards, the Cinema segment started back up after months of closure, with small investments resumes.

The total advertising share of Mediaset media (TV, Radio, Digital) stood at 40.9%, which is +0.6 points higher than 2020).

Media	2021		2020		Change %
	EUR M	Stake %	EUR M	Stake %	
Printed press	688	12.7%	661	13.8%	4.1%
Television	3,719	68.4%	3,252	67.7%	14.4%
Radio	363	6.7%	329	6.8%	10.4%
Outdoors	60	1.1%	47	1.0%	28.6%
Cinema	6	0.1%	4	0.1%	37.6%
Digital	524	9.6%	446	9.3%	17.6%
Transit	66	1.2%	60	1.2%	11.0%
Out of home TV	8	0.1%	7	0.1%	10.9%
Total market (classic area*)	5,434	100.0%	4,806	100.0%	13.1%

(*) Not including direct mail. Source: Nielsen
15/03/2022

OTHER OPERATIONS

Film distribution

Medusa Film S.p.A. is a major film distribution company in Italy. The company mainly produces and distributes Italian and foreign films in Italy, leveraging the entire the life-cycle of the product: from cinema releases to the sale of television rights in all their various forms.

As with 2020, the year 2021 had a devastating impact on the movie industry, which was undoubtedly one of the sectors most affected. Cinemas were closed from the beginning of January to the end of April, before timidly beginning to reopen, eventually operating more normally by the autumn. However, the second half of December (usually a strong period for the sector) saw the virus rear its head again, leading to a drop in admissions despite cinemas being open.

Box office were down 7% compared to 2020 (admissions were down 11%): nevertheless, it is worth reminding that 2020 had one of the best starts to the year ever before the pandemic hit, largely thanks to two hugely successful Medusa films: "Tolo tolo" starring and directed by Checco Zalone, and "Odio l'estate" directed by Massimo Venier and starring Aldo, Giovanni e Giacomo. Compared to the average for the three-year period 2017-2019, takings in 2021 were down 71% and admissions were down 73%. If we consider only the figures for the May-December period (in which cinemas were open), the difference compared to the pre-pandemic three-year period was -51% in terms of takings and -53% in terms of admissions.

Whereas the industry was able to take all sanitary measures on the content production side to continue operations safely, enabling it to deliver on its commitments, companies on the film distribution side opted for a cautious approach by moving major releases to the second half of the year. Medusa was no exception: in the first half of the year, only two "minor" films were distributed, targeted at a "cinophile" audience (the first to return to cinemas). The second half of the year saw the release of six films (one of which, "Il giudizio", was released directly on the Amazon platform, with a second, "Trafficante di virus", released in cinemas in the form of a "film event" with only 3 days of midweek screening and landing almost immediately on Amazon): the results were in line with expectations, which were obviously lower due to a market that was still slowing down. The only disappointing result was the film "Supereroi", directed by Paolo Genovese and starring A. Borghi and J. Trinca, which due to its release close to Christmas, was particularly affected by audiences staying away due to the peak of the pandemic. To achieve annual targets, the Company is pursuing alternative economic solutions that will make it possible to compensate for the drop in expected box office takings.

Brand Extension

The Brand Extension division is responsible for enhancing the Group's leading TV brands. Brand optimisation is carried out both during Licensing activities (which involves external partners) and with direct activities under the Fivestore brand. Fivestore products include magazines, special publications, calendars, books and DVDs, which are available at newsstands or on its main e-commerce sites.

The year 2021 brought the best results in recent years, with net revenues of EUR 5.3 million and a contribution margin of EUR 2.2 million (41%). All sectors performed well, with particular attention to the home video segment, with Turkish series "Day Dreamer" selling over 175 thousand copies, placing it top of newsstand sales for the year in Italy.

The two monthly publications 'Cotto e Mangiato' and 'Mela Verde' continued to make progress with net sales of over EUR 1 million.

In the Licensing area, numerous licences were obtained for Turkish properties ("Day Dreamer", "Mr Wrong" and "Love is in the air"), in addition to the usual strong performance of the historic Lupin "III" brand.

International advertising

Publieurope Ltd. is the MFE Group company responsible for managing the Group's strategy on the European advertising market. Its mission is to raise Group revenue through advertising sales to international investors.

Its main objectives were as follows:

- ▢ ongoing liaison with headquarters of multinational companies.
- ▢ sourcing new licences and new products in other countries.

Publieurope helps advertisers to successfully approach international markets by offering multiple advertising opportunities ranging from linear TV to OTT, digital, radio, print and digital out of home (i.e. advertising space on medium and large digital screens (DOOH)).

These activities are conducted from offices in London, Munich and Paris, and in cooperation with partners located in Milan (Publitalia'80) and Madrid (Publiespaña).

The cross-media commercial offering, which has expanded over the years, is of great prestige and has therefore been rolled out across several countries:

In Italy, all Italian TV stations – generalist, thematic, free-to-air and pay-TV channels – of the Group; in 2021, the offering was enhanced by the deal for exclusive advertising sales of TIM Serie A, broadcast by DAZN, for the three-year period 2021-2024; Mediamond's magazines, websites, radio stations and DOOH, managed by Mediamond; other advertising spaces situated on luxury buildings in major Italian cities, in collaboration with a leading company in the sector;

In Spain, Mediaset España's TV networks, websites and outdoor;

In Germany, traditional and thematic TV channels, as well as websites of the German group ProSiebenSat.1, including the main multichannel network in Europe, Studio 71, which operates on the main free video distribution platforms; the TV channels and websites of GoldbachMedia and Sport1;

In France, the TV channels, websites and radio stations of the TF1 Group; the magazines, websites and apps of the ReworldMedia Group;

In the United Kingdom, all the TV networks and websites of the British Channel 4 group advertising spaces situated on luxury buildings in London, in collaboration with a leading company in the sector;

In Belgium and the Netherlands, the SBS group of commercial television channels that broadcast in Flanders (Belgium) and the TV channels, websites and radio stations of Talpa TV in the Netherlands;

Finally, the pan-European digital campaigns of EBX, a joint venture set up by Mediaset Italia, Mediaset España, ProSiebenSat.1, TF1 and Channel 4.

Since Publieurope acts as an advertising sales house, its contribution to Group earnings needs to be considered in terms of commission income generated, which totalled around EUR 297 million, of which around EUR 237 million related to the Group's Italian and Spanish media.

The company's 2021 results were positive, in line with the recovery of the advertising market as a whole, which overcame the difficulties of 2020 caused by the pandemic.

SPAIN

Mediaset has a controlling interest in Mediaset España Comunicación S.A., the holding company of the Spanish television group that owns the Telecinco television network, which began broadcasting in 1990.

Mediaset España is the leading broadcaster in Spain in terms of viewers and advertising share, and one of the most profitable groups in the sector in Europe.

The company is listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia. It was first included in the Ibex 35 index on 3 January 2005, where it still remains one of the thirty five biggest companies in Spain by market cap and average trading volume.

Mediaset España Group's mission is to consolidate its leadership of the commercial television market in Spain. Its strategic approach reflects that of MFE Group in Italy, operating as an integrated broadcasting group in the following key business areas:

Advertising revenues of Group-owned television media via the advertising sales company Publiespaña Group

Advertising revenue on non-television media, both Group-owned and third-party

Generalist television on nationwide channels Telecinco and Cuatro

Multichannel broadcasting: Free thematic channels (Divinity, Factoria de Ficción, Boing, Energy, and Be Mad)

OTTV activities via the Mitele and MitelePlus streaming platforms

Internet (via the company Conecta 5).

Other domestic market players, besides Mediaset España, include:

- ▣ the Atresmedia Group, which has two generalist commercial channels (Antena3 and la Sexta), four thematic channels and three radio networks;
- ▣ Corporación de Radio y Televisión Española, S.A. (RTVE) is the state-owned public broadcasting group in Spain, which is financed by an annual grant awarded by the Spanish government and by contributions from private broadcasters that are legally required to allocate 3% of their revenues to supporting the activities of the national public broadcaster. It has two generalist free-to-air TV channels (La1 and La2) and three free-to-air thematic channels catering to news (Canale 24 horas), sport (Teled deporte) and children's programming (Clan). It also operates six radio stations and streams its digital content through its website;
- ▣ Eight free-to-air thematic TV channels broadcast nationwide: Trece, Ten, Dkiss, Real Madrid TV, Gol, Paramount, DMax and Disney Channel;
- ▣ a federation of independent local broadcasters, operating under the name La Forta.
- ▣ the digital satellite Pay TV platform Movistar Fusion, pay-per-view channels such as AXN and FOX, and Vodafone cable television;
- ▣ "on-demand". This digital environment also contains a dedicated kids zone called PlayZ;
- ▣ Pay OTT platforms such as Netflix, Amazon Prime, HBO, Rakuten, Filmin, AppleTV and Disney+ which have been rolled out in Spain in recent years.

THE ADVERTISING MARKET

Spain's television advertising market is the fifth-biggest in Europe and is second only to Italy's in terms of television's share of all advertising on mainstream media. According to Infoadex data, the percentage of that market - comprising national networks and local broadcasters - in 2021 stood at 33.6%.

Macroeconomic data on the Spanish economy shows that, in 2021, GDP grew by 4.9% on the previous year (Source: International Monetary Fund), only partially offsetting the sharp decrease in 2020. Trends in advertising investment in Spain, as well as for the economic activities of the Iberian Peninsula, was also influenced by the pandemic in 2021. Generally speaking, there was an improvement particularly in the part half of the year thanks mainly to the vaccination campaign and the decrease in the strict social distancing measures and limitation of economic activities that had been ordered in 2020 by the government authorities to deal with the COVID-19 public health crisis. This allowed for a gradual normalisation of economic activities, which became more evident from the second quarter and remained stable until the end of 2021 when the pandemic began to bite once more.

Based on Infoadex data, the television and digital media advertising market amounted to EUR 3,385.4 million, compared to the EUR 2,996.7 million of the previous year, while the television advertising market grew by 8.3% on 2020, standing at EUR 1,776.2 million. Mediaset España Group's share of the television market was 43.2%, while its share of the television and digital media market stood at 24.4%.

Media	2021		2020		Change %
	EUR M	Stake %	EUR M	Stake %	
Printed press	345	6.3%	348	7.1%	-0.9%
Television	1,586	29.2%	1,459	29.9%	8.7%
Local television	90	1.7%	81	1.7%	11.2%
Magazine	120	2.2%	111	2.3%	8.7%
Radio	415	7.6%	375	7.7%	10.8%
Outdoors	290	5.3%	221	4.5%	30.9%
Cinema	13	0.2%	10	0.2%	30.2%
Thematic Channels	100	1.8%	100	2.0%	0.0%
Internet	2,482	45.6%	2,174	44.6%	14.2%
Total market	5,441	100.0%	4,879	100.0%	11.5%

BROADCASTING AND AUDIENCE SHARE

With respect to viewing figures, the Mediaset España Group continued to be the leader in terms of total viewers over the 24-hour period, with a share of 28.2%.

With respect to the commercial target audience, the Mediaset España Group achieved a share of 30.6%, with more than 3 percentage points more than its main competitor.

As for the main channel, in 2021 **Telecinco** achieved a 14.9% audience share of all viewers over the 24-hour period, ranking as the most viewed Spanish channel for the ninth consecutive year; It also captured an average of 15.5% of the commercial target.

With regard to Prime Time, Telecinco was the leader in the all viewers total with an average of 13.9%.

Cuatro was the third most viewed channel by millennials (16-34 years) and reached an audience share of 5.3% of the average share for all viewers in the 24-hour period and 6.1% for the commercial target audience.

The FDF, Divinity and Energy channels continued to post excellent results in terms of viewing figures in 2021.

The ratings in each of the commercial targets were as follows:

- ▣ Boing, the thematic channel dedicated to children from 4 to 12 years, achieved an audience share of 0.8%.
- ▣ FDF reached a share of 3.2% on the commercial target audience (13-24 age range).
- ▣ Divinity, a channel dedicated to the female audience, achieved a share of 1.9% of its commercial target audience (16-44 age range).
- ▣ Energy, a channel dedicated to a male audience, achieved a share of 2.3% of the commercial target audience (men between 25 and -44 years).
- ▣ Be Mad achieved a share of 0.7% of its commercial target audience (men between 16 and -44 years).

Share Year 2021	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Telecinco	14.9%	13.9%	15.4%	15.5%	15.2%	15.7%
Cuatro	5.3%	5.3%	5.2%	6.1%	6.4%	6.0%
Total Generalist Networks	20.2%	19.2%	20.6%	21.6%	21.6%	21.7%
Total Semi-Generalist and Thematic Networks	8.1%	7.2%	8.5%	9.0%	7.6%	9.6%
Total Mediaset España Networks	28.3%	26.4%	29.1%	30.6%	29.2%	31.3%

As the following table shows, in 2021, Mediaset España devoted significant air time on the general interest networks Telecinco and Cuatro to its in-house productions, which accounted for 85.4% of scheduling (86% in 2020).

Mediaset España schedule - Broadcasting hours 2021

Type	Generalist Networks		Thematic Networks		Total Mediaset Networks	
Film	1,180	6.7%	1,733	4.0%	2,913	5.3%
Drama	1,377	7.9%	23,851	54.5%	25,228	36.3%
Cartoons	0	0.0%	7,060	16.1%	7,060	12.2%
Total rights	2,557	14.6%	32,645	74.6%	35,201	53.8%
News	1,527	8.7%	2,108	4.8%	3,635	5.7%
Sport	514	2.9%	153	0.3%	667	0.5%
Entertainment	2,974	17.0%	1,021	2.3%	3,995	10.6%
Culture	9,948	56.8%	7,874	18.0%	17,822	29.3%
Total productions	14,963	85.4%	11,156	25.4%	26,119	46.1%
Total	17,520	100.0%	43,800	100.0%	61,320	100.0%

Mediaset España schedule - Broadcasting hours 2020

Type	Generalist Networks		Thematic Networks		Total Mediaset Networks	
Film	1,272	7.2%	1,760	4.0%	3,032	5.3%
Drama	1,242	7.1%	23,343	53.1%	24,585	36.3%
Cartoons	-	-	7,114	16.2%	7,114	12.2%
Total rights	2,514	14.3%	32,216	73.3%	34,730	53.8%
News	1,654	9.4%	2,787	6.3%	4,441	5.7%
Sport	242	1.4%	32	0.1%	274	0.5%
Entertainment	3,146	17.9%	1,379	3.1%	4,525	10.6%
Culture	10,011	57.0%	7,506	17.1%	17,517	29.3%
Total productions	15,053	86.0%	11,704	26.6%	26,757	46.1%
Total	17,568	100.3%	43,920	100.0%	61,488	100.0%

MULTICHANNEL BROADCASTING

Mediaset España's Broadcasting Centre is a digital platform fully equipped to broadcast and receive audiovisual transmissions via satellite, optical fibre, the mobile network and ADSL.

In 2021, the Mediaset España Group continued to consolidate its multi-channel diversification strategy. In fact, in addition to Telecinco and Cuatro, the Mediaset España Group's generalist networks, the offering is completed by firmly established thematic channels:

Energy, thematic channel with sport content targeted at a young male audience.

FDF (Factoría de Ficción), featuring Spanish and international drama series.

Boing, dedicated to children's entertainment.

Divinity, targeted at a young female audience.

Be Mad, targeted at a male audience (men between 16 and 44 years).

CONTENT PRODUCTION AND DISTRIBUTION

Mediaset España manages its own content distribution business through the creation of **Producción y Distribución de Contenidos Audiovisuales Mediterráneo S.L.U.**, a company incorporated with the intention of bringing together all of the Group's production companies under a single organisational structure so as to maximise both the marketing of content internationally and the main video-on-demand subscription platforms. These companies produce audiovisual, film and digital content, across entertainment, drama, film, sport and digital formats, aimed at acquiring and developing international formats, including by entering into agreements with other independent producers.

TV RIGHTS INVESTMENTS

In 2021, Mediaset España continued to invest in television broadcasting rights. Investment policy was focused not only on consolidating Spanish drama series, as well as on providing a stream of high-quality content both for the main channel and for new thematic channels, with a view to building up its television rights library and defending audience share in the future, and with it the Spanish group's advertising revenues.

Spanish television broadcasters are required by law to invest at least 3% of their operating revenues in Spanish and European film productions. At Mediaset España, this legal obligation has been taken up as a business opportunity, and through the subsidiary **Telecinco Cinema SAU** the group has been producing quality feature films for some years.

Inevitably, due to the pandemic-induced anomalies of 2020, several films had their cinema release postponed until 2021, with revenues around 40% lower than in 2019.

"Operación Camarón" was the first release of 2021 (in June), a comedy distributed by the Walt Disney Company that grossed EUR 3.5 million and drew in 600,000 viewers at movie theatres.

On 12 November, "Way Down" - distributed by Sony Pictures Entertainment - came in Spanish cinemas, grossing EUR 6 million with almost one million viewers.

During 2021, a series of projects were launched including "El cuarto pasajero", a new collaboration between Mediaset España and Alex de la Iglesia following the successful experience of "Perfecto desconocido". The film will be released in cinemas in late 2022 and will be distributed by Sony Pictures Entertainment. In the summer, filming began on the movie "No haberlos tenido", a comedy written by Manuel Burque and Josep Gatell and directed by Victor Garcia. The film will be released in cinemas during 2023.

In the autumn of 2022, the film "Rainbow", a project directed by Paco León and co-written with Javier Gullón, will premiere in cinemas and will be broadcast globally on Netflix shortly thereafter.

"Malnazidos", a film directed by Javier Ruíz Caldera and starring Miki Esparbé and Aura Garrido, and distributed by Sony Pictures Entertainment, will come out in cinemas on 11 March.

In the summer, "Tadeo Jones 3" will come out in cinemas; this is the third instalment of the saga that has been performing well for Telecinco Cinema. The film will be released both in Spain and the rest of the world and will be distributed by Paramount Pictures.

Other projects for 2022 are also in their initial stages, all of which will meet the high quality and standards demanded of international productions if they are to be successful. These include "Mari2", a film written by Breixo del Corral and Pablo Alen and distributed by Walt Disney, which is scheduled for a 2023 release. In mid-2022 Telecinco Cinema will begin filming the movie "Casi Familia" distributed by Universal Pictures, which will premiere in cinemas in 2023.

DIGITAL FREE-TO-AIR AND PAY NON-LINEAR SERVICES

The Mediaset España Group considers its online business a strategic factor for the group's success, enabling the diversification of business both now and in the future. The Group's websites include the web channels Mitele.es (live online streaming platform), Mtmad.es (exclusive online video platform), Eltiempohoy.es (weather page), Yasss.es (website with content aimed at millennials), Uppers, Mediaset.es (website presenting the Group's corporate content), El Desmarque (football and sports news website) and Nius Diario (news website), in addition to apps broadcasting the Group's main content (Mitele, Mediaset Sport, Gran Hermano) and the social media accounts of each channel, program or series (Facebook, Twitter and Instagram).

In 2021, the Mediaset España Group consolidated its leadership in digital video consumption. According to Comscore data, it was the top performer with 6,171 million views between January and December, 18% more than in 2020. This placed it in second place in the worldwide ranking of videos viewed, only surpassed by Google.

The *Telecinco.es* website saw a 6% increase in unique users on 2020.

In terms of TV content platforms, **Mitele.es** strengthened its leadership in video consumption, breaking the annual views record with 3,371 million videos viewed, 13% more than the 2020 data. This made it the number one viewing platform for live and on-demand TV content. Native digital content platform "Mtmad" also achieved 391 million video views, up by 13% on 2020. It achieved an all-time record with 1.7 million unique users per month, 40% up on 2020.

Deserving of particular mention is **Mitele Plus**, which is a new ad-free OTT content platform from Mediaset España, which airs sporting events, live and on-demand programmes and exclusive content, TV series, dramas, 24/7 channels, premieres and a number of Mediaset España's hugely popular formats.

The brand loyalty and acquisition strategy during 2021 enabled Mitele PLUS to reach an all-time high of 215,639 subscribers as at November. In the last quarter of the year, Mitele PLUS also launched two new subscription packages: movie channel "AContra+", with an extensive catalogue of domestic and international films of all genres and "Dizi", a channel specialised in Turkish TV series of worldwide acclaim, with twelve titles in the

catalogue already. Also worthy of mention is "Fight Sports", a channel dedicated to contact sports which is offered as a complementary channel on the Mediaset España subscription platform.

MAIN INVESTMENTS

MAIN ASSOCIATES AND JOINT-VENTURE INVESTMENTS

EITowers is a subsidiary of the F2iSGR private equity fund, which is 40%-owned by MFE-MEDIAFOREUROPE N.V. The EI Towers Group is one of the largest operators in integrated service network infrastructure for electronic communications, serving radio and television broadcasters and mobile and wireless telecommunications providers under long-term agreements. In particular, EI Towers provides its clients with hosting facilities on its infrastructure (transmission "towers" or "stations") for transmission plant and signal broadcasting antennae, as well as a range of high-tech services in design, planning, technical assistance, ordinary and extraordinary maintenance, and logistics. In addition, the group manages broadcast contribution links the television productions of other domestic broadcasters covering sporting events and news programmes. It does so using its own operating centres and satellite and fibre-optic network infrastructure. Under a multi-year full-service agreement running from 1 July 2018 to 30 June 2025 and renewable for a further seven years subject to renegotiation of a new price during the agreement's last 12 months, EI Towers offers hosting, assisting and maintenance services, the design of transmission equipment and broadcast contribution management to Elettronica Industriale, a MFE Group network operator, and provides hosting and maintenance services for the radio broadcasting equipment of the Group's broadcasters. Following the integration of the Persidera Group activities acquired at the end of 2019, EI Towers also manages the television infrastructure needed to transmit the terrestrial frequencies of primary-standing television broadcasters. During the first half of 2021, EI Towers closed the sale to Phoenix Towers International Development LLC of a 100% stake in telecom company Towertel S.p.A.

Mediamond S.p.A. is an equal joint venture between Publitalia'80 and Mondadori Pubblicità. Mediamond is the Group's sales house specialised in selling radio advertising space with the Group's broadcasters, on the Group's television and video websites and on websites of Mondadori Group agencies, as well as selling advertising space with third-party broadcasters.

Boing S.p.A. is a joint venture between R.T.I. S.p.A. (51%) and Turner Broadcasting System Europe (49%), producing and managing two free-to-air children's channels, Boing and Cartoonito, which have been broadcast on the digital terrestrial platform since 2004 and 2011, respectively.

Fascino Produzione Gestione Teatro Srl is an equal joint venture between R.T.I. S.p.A. and Maria De Filippi. The venture partner's exclusive artistic and creative contribution enables the company to develop, plan and deliver television programmes that tend to go out on Canale 5's prime-time and day-time slots, including C'è Posta per te, Amici and Uomini e Donne.

Tivù Srl is a company formed in 2008 whose shareholders are R.T.I. S.p.A., Rai Radiotelevisione Italiana S.p.A. (each holding 48.16%), La7 Srl (3.49%), and other shareholders, performing advertising and planned communication activities for users of the free-to-air digital terrestrial and satellite platform. In particular, it manages services linked to the satellite platform for the free-to-air digital TV offering called "TivùSat", which supplements the digital terrestrial platform for users of some of the regions and autonomous provinces that this signal does not reach.

OTHER EQUITY INVESTMENTS

Through MFE and Mediaset España, the Group is the largest shareholder of **ProSiebenSat.1 Media SE**. Following its latest share acquisitions in the first quarter of 2022, it has now secured a total aggregate ownership interest of 24.1% (24.8% of voting rights) following the latest tranche acquired in January 2022. The investee is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. ProSiebenSat.1 Media SE has a broad shareholder base and is listed on the Frankfurt Stock Exchange. In 2021 it recognised consolidated net revenues of EUR 4,494 million (EUR 4,047 million in 2020), an operating profit of EUR 553 million (EUR 553 million in 2020) and a consolidated net profit of EUR 442 million (EUR 252 million in 2020). A dividend distribution of EUR 0.8 per share was proposed upon the approval of the 2021 Consolidated Financial Statements (compared to EUR 0.49 the previous year).

As part of venture capital project **AD4Ventures**, the Group also holds non-controlling interests in Italian and Spanish medium-sized start-ups with high growth and development potential (particularly digital start-ups operating in the consumer and retail sectors). These companies run advertising campaigns in Italy and Spain by reinvesting the capital injections received from the Group "Media for equity model". Since its launch, AD4Ventures has invested in 14 European start-ups, 8 of which having their registered office or operational headquarters in Italy.

FINANCIAL REVIEW: MAIN ECONOMIC AND FINANCIAL RESULTS BY GEOGRAPHICAL AREA AND BUSINESS SEGMENT

In this section we give a breakdown of the consolidated income statement, statement of financial position and cash flow statement to show the contribution to Group performance of the two geographical areas of business, Italy and Spain, as well as a breakdown of revenues by revenue type.

The income, financial position and cash flow figures shown below have been reclassified, with respect to the Group's consolidated financial statements, in order to highlight the intermediate aggregates considered most significant for understanding the performance of the Group and of the individual business units.

RECLASSIFIED STATEMENT OF INCOME

MFE GROUP

Reclassified Income Statement

EUR million	2021	2020	Change (EUR million)	Change (%)
Consolidated net revenues	2,914.3	2,636.8	277.5	10.5%
Personnel expenses	(499.0)	(470.1)	(28.9)	6.2%
Purchases, services, other costs	(1,516.0)	(1,330.2)	(185.8)	14.0%
Operating costs	(2,015.0)	(1,800.3)	(214.7)	11.9%
Gross Operating Result (EBITDA)	899.2	836.4	62.8	7.5%
TV Rights amortisation	(386.7)	(455.9)	69.2	-15.2%
Other amortisation, depreciation and impairments	(94.5)	(110.8)	16.3	-14.7%
Amortisation, depreciation and impairments	(481.2)	(566.7)	85.5	-15.1%
Operating Result (EBIT)	418.0	269.7	148.3	55.0%
Financial income/(losses)	22.6	(3.8)	26.5	-690.9%
Result from investments accounted for using the equity method	114.7	20.0	94.7	473.1%
Profit Before Tax (EBT)	555.4	285.9	269.5	94.3%
Income taxes	(100.6)	(66.6)	(34.0)	51.0%
Non-controlling interest in net profit	(80.7)	(80.0)	(0.7)	0.9%
Group net profit	374.1	139.3	234.8	168.5%

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

MFE GROUP	2021	2020
Consolidated net revenues	100.0%	100.0%
Operating costs	-69.1%	-68.3%
EBITDA	30.9%	31.7%
Amortisation, depreciation and impairments	-16.5%	-21.5%
EBIT	14.3%	10.2%
EBT	19.1%	10.8%
Group net profit	12.8%	5.3%

The consolidated economic results for the year are summarised below:

Consolidated Net Revenues amounted to EUR 2,914.3 million, up 10.5% on the previous year's figure of EUR 2,636.8 million.

Operating Result (EBIT) was EUR 418.0 million, decidedly up on the EUR 269.7 million profit recorded the previous year. Consolidated operating profitability was 14.3%. **Adjusted Operating Result**, excluding certain non-recurring cost components of the Italian operations (principally lay-off costs and restructuring expenses) amounted to EUR 475.6 million (+52.4% compared to the EUR 312.1 million recorded in 2020).

Financial income/(losses) totalled EUR 22.6 million (-EUR 3.8 million in 2020) and mainly included income of EUR 20.4 million from January's early unwinding of the reverse collar agreement entered into in April 2020 with the aim of setting a maxim price for the acquisition of additional shareholdings of 4.4% in ProSiebenSat.1 Media SE, and income of EUR 10.4 million in dividends (less the costs associated with the collar agreement entered into to hedge the investment) paid out to the Group by investee ProSiebenSat.1 Media SE. Net of this income, of charges for the early repayment of loans and of foreign exchange gains and losses, total net financial expense decreased by EUR 3.6 million.

Result from investments accounted for using equity method was positive at EUR 114.7 million (compared to EUR 20.0 million in 2020) and includes income from measurement by using the equity method of investments where the Group has significant influence over the investee and gains/losses generated from the disposal of those assets. In 2021, this income included the EUR 88.1 million pro-quota capital gain realised by 40%-owned investment El Towers from its sale of subsidiary Towertel.

Group Net Profit was in profit at EUR 374.1 million, compared to the EUR 139.3 million profit recorded in 2020.

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.

For the purpose of summarising the Group's profit-generation in its two geographical areas, the income statements of the two business units are stated net of any dividends distributed by Mediaset España to MFE-MEDIAFOREUROPE N.V.

BREAKDOWN BY GEOGRAPHICAL AREA: ITALY

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

ITALY

Reclassified Income Statement

EUR million	2021	2020	Change (EUR million)	Change (%)
Consolidated net revenues	2,038.4	1,800.5	237.9	13.2%
Personnel expenses	(367.8)	(349.5)	(18.3)	5.2%
Purchases, services, other costs	(1,111.5)	(993.9)	(117.6)	11.8%
Operating costs	(1,479.3)	(1,343.4)	(135.9)	10.1%
Gross Operating Result (EBITDA)	559.1	457.1	102.0	22.3%
TV Rights amortisation	(290.1)	(329.9)	39.8	-12.1%
Other amortisation, depreciation and impairments	(76.9)	(88.7)	11.8	-13.3%
Amortisation, depreciation and impairments	(366.9)	(418.6)	51.6	-12.3%
Operating Result (EBIT)	192.1	38.5	153.6	399.1%
Financial income/(losses)	19.7	(2.1)	21.8	-1059.4%
Result from investments accounted for using the equity method	111.6	17.3	94.3	544.5%
Profit Before Tax (EBT)	323.5	53.8	269.7	501.7%
Income taxes	(52.0)	(16.0)	(36.0)	224.5%
Non-controlling interests in net profit	1.3	1.5	(0.1)	-9.3%
Group net profit	272.8	39.2	233.6	595.7%

Consolidated Net Revenues amounted to EUR 2,038.4 million, increased by 13.2% compared to 2020. This figure mainly reflects the increase in advertising revenues over Group media and higher Other revenues.

Operating Result (EBIT) from Italian operations was EUR 192.1 million, compared to EUR 38.5 million for the previous year. **Adjusted Operating Result**, excluding certain non-recurring cost components of the Italian operations (principally lay-off costs and restructuring expenses) amounted to EUR 249.7 million in 2021 (compared to EUR 81 million in 2020 and EUR 113 million in 2019).

Group Net Profit was EUR 272.8 million (compared to EUR 39.2 million in 2020).

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

ITALY	2021	2020
Consolidated net revenues	100.0%	100.0%
Operating costs	-72.6%	-74.6%
Gross Operating Result (EBITDA)	27.4%	25.4%
Amortisation, depreciation and impairments	-18.0%	-23.2%
EBIT	9.4%	2.1%
EBT	15.9%	3.0%
Group net profit	13.4%	2.2%

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

ITALY Consolidated Net Revenues

EUR million	2021	2020	change (EUR)	change %
Gross advertising revenues	1,982.0	1,732.0	250.0	14.4%
Agency discounts	-281.4	-245.9	-35.5	-14.5%
Net advertising revenues	1,700.6	1,486.1	214.5	14.4%
Other revenues	337.8	314.3	23.4	7.5%
Consolidated Net Revenues	2,038.4	1,800.5	237.9	13.2%

Gross Advertising Revenues, including revenues from free and pay-TV channels and the Group's share of website revenues, and revenues from proprietary radio broadcasters managed under sublicense by

Mediamond, amounted to EUR **1,982 million** in 2021 (up 14.4% compared to 2020 and up +2.4% compared to 2019). These revenues even registered a year-on-year increase (+2.2%) in the fourth quarter, despite the previous year having been characterised by a strong recovery. This performance continued a trend of six consecutive quarters of year-on-year growth. Based on Nielsen data, the overall conventional advertising market (including all advertising channels, and excluding estimates for OTT, search, social media and direct mail investments) grew by 12.8 in 2021 compared to 2020. The Group's television advertising revenues also grew more strongly than the national television market as a whole, despite competitors' networks broadcasting major international sporting events (Euro 2020 and the Olympic Games) during the year.

Other revenues and income from television broadcasting amounted to EUR **337.8 million**, compared to EUR 314.3 million for the corresponding period in the previous year, benefitting from the EUR 26.8 million in proceeds from settling the copyright dispute with Dailymotion as part of the Vivendi settlements and the increased contribution under agreements to sub-license television content to third-party operators and advertising sales activities carried out with third-party concessions. Revenues in 2020, on the other hand, included components relating to the film distribution activities of Medusa during the first two months (pre-lockdown) of the year and the activities of Media4Commerce, which was sold the previous year.

Total Costs (**personnel costs, purchases, services and other costs, TV rights amortisation and depreciation of fixed assets**) amounted to EUR 1,846.2 million, up (+4.8%) on the same period in 2020 and lower than the EUR 1,890.8 million in costs expended in 2019. In 2021, the costs incurred related to staff reduction plans, provisions for restructuring plans and other non-recurring charges totalling EUR 57.6 million (EUR 42.4 million in the previous year).

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).

SPAIN

Reclassified Income Statement

	EUR million	2021	2020	Change (EUR million)	Change (%)
Consolidated net revenues		876.3	836.6	39.7	4.7%
Personnel expenses		(131.3)	(120.6)	(10.7)	8.9%
Purchases, services, other costs		(404.9)	(336.7)	(68.2)	20.3%
Operating costs		(536.2)	(457.3)	(78.9)	17.3%
Gross Operating Result (EBITDA)		340.2	379.4	(39.2)	-10.3%
TV Rights amortisation		(97.2)	(126.7)	29.5	-23.3%
Other amortisation, depreciation and impairments		(17.7)	(22.1)	4.5	-20.1%
Amortisation, depreciation and impairments		(114.9)	(148.8)	34.0	-22.8%

Operating Result (EBIT)	225.3	230.5	(5.2)	-2.3%
Financial income/(losses)	2.9	(1.8)	4.7	-264.7%
Result from investments accounted for using the equity method	3.0	2.6	0.4	15.9%
Profit Before Tax (EBT)	231.3	231.4	(0.1)	-0.1%
Income taxes	(48.4)	(50.4)	2.0	-3.9%
Non-controlling interests in net result	1.8	2.3	(0.5)	-20.7%
Group net profit	181.0	178.7	2.3	1.3%

Consolidated Net Revenues of the Mediaset España Group amounted to EUR 876.3 million, an increase of 4.7% compared to 2020.

Operating Result (EBIT) amounted to EUR 225.3 million, compared to the EUR 230.5 million recorded in 2020. This corresponds to an operating profit of 25.7% compared to 27.6% the previous year;

Net Profit came to EUR 181.0 million, compared to EUR 178.7 million for the previous year.

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

SPAIN	2021	2020
Consolidated net revenues	100.0%	100.0%
Operating costs	-61.2%	-54.7%
EBITDA	38.8%	45.3%
Amortisation, depreciation and impairments	-13.1%	-17.8%
EBIT	25.7%	27.6%
EBT	26.4%	27.7%
Group net profit	20.7%	21.4%

The breakdown of Mediaset España Group's revenues is shown below:

SPAIN

CONSOLIDATED NET REVENUES

EUR million	2021	2020	change (EUR million)	change %
Gross advertising revenues	833.6	759.1	74.5	9.8%
Agency discounts	-36.9	-29.8	-7.1	23.8%
Net advertising revenues	796.7	729.3	67.4	9.2%
Other revenues	79.6	107.3	-27.7	-25.8%
Consolidated Net Revenues	876.3	836.6	39.7	4.7%

Gross Advertising Revenues amounted to EUR **833.6 million**, an increase of 9.8% compared to 2020. Mediaset España maintained its leadership in its television market with a share of 43.2%, thus consolidating its position of leadership built up over the past few years, by diversifying and launching innovative publications and advertising products. Based on Infoadex data, the TV advertising market in Spain grew by 8.3% overall in 2021;

Consolidated Net Revenues mainly comprised income from the distribution of movie co-productions, agreements entered into with other parties for the sub-licensing of content, and income from online operations. The change is mainly due to: the reduction in film distribution revenues from mid 2021 onwards; the waning of the previous year's strong influence of content sales and sublicensing to third-party broadcasters, which were hit hard by the inevitable discontinuation of production following the pandemic; and the trend in subscriptions to the OTT Mitele Plus service.

Total Costs (**personnel costs, other operating costs, amortisation and depreciation**) were EUR **651.0 million**, an increase of 7.4% compared to the same period in the previous year. The change is mainly due to the different scheduling mix enforced by the pandemic and due to the fact that the costs for broadcasting the Euro 2020 Football Championships were recognised in the year's accounts.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The Group's Reclassified Statement of financial position and its breakdown by geographical area are reported below in abridged form to show the two main aggregates: **Net invested capital** and **Net financial position**, the latter consisting of *Total financial debt less Cash and cash equivalents and Receivables and current financial assets*. Details of the items making up the *net financial position* are provided in Note 12.7.

The statements therefore differ in their layout from the Statement of financial position included in the Consolidated Financial Statements, which primarily distinguishes current from non-current assets and liabilities.

The Group's Reclassified Statement of financial position as at 31 December 2021 and 2020 is shown below.

Reclassified Statement of financial position		
EUR million		
	31/12/2021	31/12/2020
TV and movie rights	844.9	932.7
Goodwill	803.2	803.2
Other tangible and intangible non current assets	879.4	869.9
Equity investments and other financial assets	1,248.2	1,159.8
Net working capital and other assets/liabilities	382.9	531.1
Post-employment benefit plans	(59.2)	(66.7)
Net invested capital	4,099.5	4,230.1
Group shareholders' equity	2,661.8	2,668.3
Non-controlling interests	568.5	497.3
Total shareholders' equity	3,230.3	3,165.6
Net Financial Position		
Debt/(Liquidity)	869.2	1,064.4

Please note that **adjusted Net financial position**, calculated based on the way in which covenants are applied 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 investment in ProsiebenSat.1 Media SE, equalling EUR **689.1 million** at 31 December 2021.

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

Reclassified Statement of financial position (geographical breakdown)	Italy		Spain	
	EUR million			
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
TV and movie rights	719.2	811.9	127.1	122.9
Goodwill	145.6	145.6	294.5	294.5
Other tangible and intangible non current assets	653.5	638.2	225.9	231.7
Equity investments and other financial assets	1,676.2	1,705.2	449.0	331.8
Net working capital and other assets/liabilities	469.9	522.6	(87.4)	7.7
Post-employment benefit plans	(59.2)	(66.7)	-	-
Net invested capital	3,605.3	3,756.8	1,009.1	988.7
Group shareholders' equity	2,467.7	2,565.7	1,273.1	1,109.6
Non-controlling interests	2.0	3.4	2.3	2.3
Total shareholders' equity	2,469.8	2,569.1	1,275.5	1,111.9
Net Financial Position Debt/(Liquidity)	1,135.5	1,187.7	(266.3)	(123.2)

In the table below, the Group's balance sheet as at 31 December 2021 is broken to show Italy and Spain contribution and the effects of the line-by-line consolidation of Mediaset España.

Reclassified Statement of financial position (geographical breakdown) December 2021					
	EUR million	Italy	Spain	Eliminations/ Adjustments	Group
TV and movie rights		719.2	127.1	(1.5)	844.9
Goodwill		145.6	294.5	363.2	803.2
Other tangible and intangible non current assets		653.5	225.9	-	879.4
Equity investments and other financial assets		1,676.2	449.0	(876.9)	1,248.2
Net working capital and other assets/liabilities		469.9	(87.4)	0.3	382.9
Post-employment benefit plans		(59.2)	-	-	(59.2)
Net invested capital		3,605.3	1,009.1	(514.9)	4,099.5
Group shareholders' equity		2,467.7	1,273.1	(1,079.0)	2,661.8
Non-controlling interests		2.0	2.3	564.1	568.5
Total shareholders' equity		2,469.8	1,275.5	(514.9)	3,230.3
Net Financial Position Debt/(Liquidity)		1,135.5	(266.3)	-	869.2

RECLASSIFIED STATEMENT OF CASH FLOWS AND BREAKDOWN OF INVESTMENTS IN FIXED ASSETS

The table below is a reclassified **cash flow statement** broken down on a consolidated basis by geographical area, showing cash flows over the two periods. Unlike the standard IAS 7 layout used to prepare the cash flow statement included in the Financial Statements, these tables 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 (scope of consolidation changes, acquisition and/or sale of equity investments or non-controlling 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 classified as held for sale or discontinued under IFRS 5.

Reclassified Cash Flow Statement at 31 December			
	EUR million	2021	2020
Net Financial Position at the beginning of the year		(1,064.4)	(1,341.2)
Free Cash Flow		507.3	311.8
Cash Flow from operating activities (*)		918.0	816.9
Investments in fixed assets		(396.0)	(450.9)
Disposals of fixed assets		3.2	3.9
Changes in net working capital and other current assets/liabilities		(17.9)	(58.0)
Change in the consolidation area		-	(8.0)
Treasury share (sale)/buyback of the parent company and subsidiaries		(0.7)	(0.6)
Equity investments/Investments in other financial assets and change of interest held in subsidiaries		(153.9)	(67.0)
Dividends received		184.7	40.6
Dividends paid		(342.1)	-
Financial Surplus/(Deficit)		195.2	276.8
Net Financial Position at the end of the year		(869.2)	(1,064.4)

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

The Group's **free cash flow** amounted to EUR 507.3 million, compared with EUR 311.8 million the previous year.

	Italy		Spain	
Reclassified Cash Flow Statement by geographical area at 31 December				
EUR million	2021	2020	2021	2020
Net Financial Position at the beginning of the year	(1,187.7)	(1,318.0)	123.2	(23.2)
Free Cash Flow	255.3	104.1	251.9	207.7
Cash Flow from operating activities (*)	598.6	475.6	319.5	341.4
Investments in fixed assets	(276.6)	(352.3)	(119.4)	(98.7)
Disposals of fixed assets	0.4	0.3	2.8	3.6
Changes in net working capital and other	(67.1)	(19.6)	49.1	(38.6)
Change in the consolidation area	-	(3.2)	-	(4.9)
Treasury share (sale)/buyback of the parent	-	-	(0.7)	(0.6)
Equity investments/Investments in other financial	(29.9)	(7.1)	(124.1)	(59.9)
Dividends received	167.2	36.5	17.5	4.1
Dividends paid	(340.6)	-	(1.5)	-
Financial Surplus/(Deficit)	52.1	130.4	143.1	146.4
Net Financial Position at the end of the period	(1,135.5)	(1,187.7)	266.3	123.2

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

The table below shows the **investments in fixed assets** reported in the cash flow statement.

Investments in fixed assets	Italy		Spain	
	2021	2020	2021	2020
EUR million				
Investments in TV and movie broadcasting rights	(209.5)	(328.0)	(103.6)	(103.0)
Changes in advances on broadcasting rights	(9.6)	25.4	(8.8)	15.2
TV and movie broadcasting rights: investments and advances	(219.1)	(302.6)	(112.4)	(87.8)
Investments in other fixed assets	(57.5)	(49.7)	(7.0)	(10.9)
Total investments in fixed assets	(276.6)	(352.3)	(119.4)	(98.7)

The cash flow under **Changes in the consolidation area** was driven in 2020 by the acquisition in Italy of an 80% shareholding in Beintoo and by the acquisition in Spain of a 51% stake in Aninpro Creative S.L. ("Be a Lion" project).

Equity investments/Investments in other financial assets and changes in shareholdings in subsidiaries for 2021 mainly comprises amounts relating to the investment held by the Group in ProSiebenSat.1 Media SE, of which EUR 115.3 million related to the disbursements made for the purchase of additional shares by Mediaset Espana and MFE and EUR 23.0 million related to the financial instruments contracted in previous years to hedge equity investments, of which EUR 16.0 million in outgoings to the financial counterparties of those contracts in relation to the dividends received by the investee during the year. This item also includes the receipt of EUR 23.8 million under the *media for equity* scheme and deriving from the sale of the Group's stake in Deportivillage, and the outlay of EUR 27.3 million to obtain an authorisation to provide nationwide audiovisual services and to be allocated automatic DTT channel numbers LCN 27, LCN 49 and LCN 67 from the company Viacom International Media Networks S.r.l. In 2020, investments of EUR 72.9 million were made in connection with the capital increase (4.99%) in ProSiebenSat.1 Media SE.

In 2021, **dividends from equity investments** stood at EUR 149.9 million (EUR 34.8 million in 2020) and EUR 24.8 million in dividends were cashed in from associate El Towers and EUR 20.0 million from ProSiebenSat.1 Media. Rivedere dati dividendi

Dividends paid relates to the payout of extraordinary dividends by the parent company Mediaset S.p.A. (subsequently MFE-MEDIAFOREUROPE N.V.) in 2021.

RECONCILIATION BETWEEN CONSOLIDATED AND PARENT COMPANY NET PROFIT AND SHAREHOLDERS' EQUITY

	Shareholders' equity at 31/12/2021	Net result 2021	Shareholders' equity at 31/12/2020	Net result 2020
As per balance sheet and income statement of MFE-MEDIAFOREUROPE N.V.	1,880.2	214.1	2,054.8	17.0
Excess of shareholders' equity, including gross income for the period over book value of investments in subsidiary and affiliated companies	1,412.7	334.4	1,188.9	326.7
Consolidation adjustments arising from:				
Eliminations of unrealised intra-group gains/losses	(69.7)	6.1	(64.9)	2.3
Dividend eliminations		(96.1)	-	(126.5)
Other consolidation adjustment	7.2	(3.7)	(13.1)	(0.3)
Total	3,230.3	454.8	3,165.6	219.3
Minority interest	(568.5)	(80.7)	(497.3)	(80.0)
As per the consolidated financial statements	2,661.8	374.1	2,668.3	139.3

BUSINESS OUTLOOK

During the first months of 2022 characterised by a gradual stabilisation of the health emergency, the general context was affected by the escalation of the international geo-political crisis which at the end of February led to the Russian military intervention in Ukraine.

This event, which led to the adoption by the international community of economic sanctions against Russia, has further increased the strong inflationary pressures that were already evident, with particular effects on the cost of energy and food. The unpredictability related to the evolution of the conflict led to an immediate downward of the economic growth forecasts for all the main European countries.

Despite this scenario, there has not been any significant impact on the advertising market so far. As far as Italy is concerned in the first quarter of 2022, MFE advertising revenues were actually slightly up compared to the same period of the previous year. Based on public available information and internal estimates, this trend shows an overperformance compared to the total advertising market. For the time being, the advertising campaigns planned for the coming weeks have not seen any postponements, cancellations or shifts with respect to the original plans.

In 2022, the Group's investments in support of its core business (acquisition of free-to-air television licenses for theatrical features and TV series, on the basis mainly of the existing multi-year agreements with the main international content providers) are expected to be substantially in line with that of the last financial year.

No significant changes are expected in the size of the workforce whose trend will be mainly affected as in the last few years by some factors as: the continuous review and rationalization of the main company processes, the turnover physiologically determined by the age breakdown of the company population and by the dynamics of new expected hiring of talents in the most innovative and dynamic company areas.

As reported in detail in the section of the Explanatory Notes reserved for Subsequent Events after 31 December 2021, MFE on 13 April also filed the request for authorization and presented the offer documentation that will be examined by the competent authorities in the coming weeks, relating to the Voluntary Offer on minority interests in the subsidiary Mediaset Espana Communication which provides bank guarantees (issued by five banks, Italian and Spanish) for a total of EUR 258.3 million to cover 100% of the cash component of the consideration envisaged.

Given the level of uncertainty linked to the evolution of the geo-political and economic scenario, the Group will continuously monitor its economic and financial performance. Currently, MFE Group aims to achieve positive economic results and free cash generation also in 2022, thanks to its solid market positioning - confirmed by the positive trend in television audiences in the first months of the year - to the high share in the advertising market and its ability to promptly adjust costs profile to advertising trends.

DEFINITION AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APMS OR NON-GAAP MEASURES)

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

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

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

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

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

Adjusted EBIT - Operating Result is the intermediate alternative indicator calculated by excluding certain items from the Operating Result (primarily the costs of approved restructuring plans and staff reduction plans and any adjustments to the value of non-financial assets following impairment testing) to allow for a better interpretation of the Group's operating profitability.

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

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

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

Net Invested Capital is calculated by taking IFRS item Shareholders' Equity and adding the Net Financial Position. Net Invested Capital is a summary measure of the net assets invested and provides an immediate overview of the Group's deployments, showing the activities in which the Group has used financing to invest in capital resources, such as Television and Movie Broadcasting Rights. In relation to certain components of Net Invested Capital, please note that the items Equity investments and other financial assets include assets recognised in the Consolidated Statement of Financial Position as Investments in associates and joint ventures and Other financial assets (the latter limited to Equity investments and Non-current financial receivables, thus excluding hedging derivatives, which are included as Net working capital and Other assets/liabilities). On the other hand, Net Working Capital and Other Assets/Liabilities include current assets (apart from cash and cash equivalents and current financial assets included in the Net Financial Position), deferred tax assets and liabilities, non-current assets held for sale, provisions for risks and charges, trade payables and tax liabilities.

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

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

Free cash flow is a summary measure that management uses to measure the net cash flow from operating activities. This is an indicator of the Group's organic financial performance and its ability to pay dividends to shareholders and support external growth and development operations. The following statements show the reconciliations of the alternative performance measures as at 31 December 2021 and 2020, compared to key IFRS items.

EBITDA Reconciliation	EUR million	2021	2020
Net Result for the Year		454.8	219.3
+ Income Taxes		100.6	66.6
+/- Financial Income/(Losses)		(22.6)	3.8
+/- Result from investments accounted for using the equity method		(114.7)	(20.0)
+ Depreciation, amortisation and impairments		481.2	566.7
EBITDA		899.2	617.1

EBIT Reconciliation	EUR million	2021	2020
Net Result for the Year		454.8	219.3
+ Income Taxes		100.6	66.6
+/- Financial Income/(Losses)		(22.6)	3.8
+/- Result from investments accounted for using the equity method		(114.7)	(20.0)
EBIT		418.0	269.7

The **Adjusted EBIT - Operating Result** in **2021** is equal to **EUR 475.6 million** and has been obtained by excluding from the Operating Result, lay off for EUR 24.6 million (included in *Personnel expenses*) and provisions for approved restructuring plans and other efficiency costs, accounted in the item *Purchases, Services and Other Costs*, for a total amount of EUR 33.0 million

The **Adjusted EBIT - Operating Result** in **2020** is equal to **EUR 312.1 million** and has been obtained by excluding from the Operating Result lay off for EUR 19.5 million (included in *Personnel expenses*), other efficiency costs for EUR 19.1 million (accounted in the item *Purchases, Services and Other Costs*) and amortisation and depreciation due to write-down of assets for EUR 3.8 million.

Reconciliation of Net Financial Position	EUR million	2021	2020
Current financial assets		18.4	68.8
Cash and cash equivalents		315.6	447.9
Financial liabilities and payables		(831.7)	(1,156.9)
Due to banks		(363.1)	(449.5)
Other financial liabilities		(83.4)	(78.3)
Difference on derivatives ¹		63.8	89.0
Difference on receivables and loans ²		11.2	14.6
Net Financial Position		(869.2)	(1,064.4)

¹ Differences on derivatives consists of: (i) the fair value of exchange rate derivatives, except for the ineffective part of the cash flow hedge and (ii) the fair value of derivatives to hedge equity investments.

² Differences on receivables and loans consists of loans to associates and financial liabilities for options on non-controlling interests in subsidiaries.

Reconciliation of Net Invested Capital	EUR million	2021	2020
Group and non-controlling interest shareholders' equity		3,230.3	3,165.6
+/- Net financial position ((Debt)/Liquidity)		(869.2)	(1,064.4)
Net Invested Capital		4,099.4	4,230.0

Reconciliation of Free Cash Flow			2021	2020
	EUR million			
Net cash flow from operating activities			991.5	821.1
+/- Proceeds from the sale of fixed assets			2.9	3.2
+/- Payments for Investments in TV and movie broadcasting rights			(437.6)	(417.3)
+/- Payments for investments in other fixed assets			(58.9)	(73.9)
+/- Interest paid			(9.6)	(9.9)
+/- Other adjustments			18.9	(11.4)
Free Cash Flow			507.3	311.8

MEDIASET SHARES

STOCK MARKET PERFORMANCE

In 2021, the financial market in Italy was characterized by progressive and constant growth. In fact, although a number of significant events transpired throughout the year with opposing effects, the market performed well overall, underpinned by the string recovery of the Italian economy, with GDP growing by 6.3% by the year end. The recovery was primarily influenced by developments in regard to Covid-19. In the opening months of the year, the high rate of contagion led to the reintroduction of stringent containment measures by the Italian government (as was also the case in other European countries), affecting the movement of people, the production of goods and services, and consumption. However, following the start of the vaccination campaign on 27 December 2020, uncertainty began to subside as more and more people got vaccinated. Even before the summer, the vaccination rate was already at 500,000 doses a day. Also welcomed by the markets was the formation of a national unity government in March, headed by Mario Draghi, the former president of the ECB. The new government guaranteed stability amidst a tense political landscape, and authority at the international level. The combination of these two elements had multiple positive repercussions. As anticipated, the national economy recovered at a higher-than-expected growth rate higher, and the European Commission approved a first package of funding to Italy as part of the NextGenerationEU scheme (this multi-year investment plan is set out within the National Recovery and Resilience Plan). Looking more specifically at the MFE Group's reference market, the advertising market also benefited from this recovery, recording marked year-on-year growth rates. This occurred both in the first half of the year (when performance can be more easily compared against 2020) and in the second half of the year, when we the first signs of recovery appeared, particularly in November and December 2020. MFE's share price reacted positively, in particular influenced by the fact that the company's advertising sales performance was even better than that of the market overall.

In the second half of 2021, the financial market continued to perform substantially better, which more than compensated for factors that would emerge to make it more volatile. On the one hand was the spread of the Omicron variant, which appeared in South Africa in the summer and was subsequently discovered also in European countries. On the other hand were the consequences of a sudden and rapid increase in demand for goods and services, leading to inflation. This was particular linked to the increase in energy prices and the global shortage of certain basic components in the electronics and automotive industries.

Other geopolitical events – of no less relevance – that were developing in the background in 2021 also led to market volatility. During the first half of the year, the Brexit agreements came into force on 1 January 2021. A new government entered office in the United States, followed by unprecedented political and social tensions. And there were constant, growing tensions between the United States and China, particularly regarding the situation in Hong Kong and the insolvency of the largest Chinese operator in the construction industry, which led to fears of a massive ripple effect across all global markets. In the second half of 2021, the following significant events had varying degrees of impact on the financial markets: the Afghan crisis in August, with international contingents abandoning the territory in August; the German presidential elections, which have redrawn the political balance at a European level; and the increasing tensions along the Ukrainian border.

Following all of the above events, the FTSE MIB index closed the year up by +23%, recording a minimum low of 21,572.53 on 29 March and peaking at 27,863.13 on 15 February, with an average of 25,132.17 for the year.

As anticipated, MFE's share price benefited from the economic recovery and the consequent strong recovery of the advertising market, as did other shares in the industry across Europe. Indeed, during the year, all major national and international brokers progressively revised upwards their advertising revenue forecasts for the year 2021. Despite the volatility linked to news flows on Covid-19 developments and the shortage in the

semiconductor sector, the share price continued to rise throughout the first half of the year. During the same period, the market also reacted positively to the announcement of the non-belligerence agreement signed with Vivendi and the transfer of the Company's registered office to Amsterdam, which served as confirmation of the Group's intention to continue its strategy of Europe-wide consolidation in the broadcasting sector. In the second half of 2021, the share price was initially affected by the news of the Omicron variant spreading across Europe before rallying until the end of the year.

On 25 November 2021, the Extraordinary Shareholders' Meeting of MFEMEDIAFOREUROPE N.V. resolved to amend MFE's Bylaws. Among other things, this amendment introduced a new shareholder structure divided into the following share categories:

(i) ordinary shares, denominated "MFE B" (ISIN code NL0015000N09), with a nominal value of EUR 0.60 and each carrying 10 voting rights (the "Ordinary B-Class Shares");

(ii) ordinary shares, denominated "MFE A" (ISIN code NL0015000MZ1), with a nominal value of EUR 0.06 and each carrying 1 voting right (the "Ordinary A-Class Shares"; together with the Ordinary B-Class Shares, the "Shares");

The Ordinary A-Class Shares and Ordinary B-Class Shares grant their holders the same property rights, the same treatment and - except for voting - equal administrative rights.

The resolution was brought into effect and executed on the following time scale:

- ▣ 2 December: the Ordinary A-Class Shares were admitted for listing on Euronext Milan in Order No. 8812 issued by the Italian Stock Exchange.
- ▣ 3 December: the Prospectus prepared by the Company was approved by the Dutch Financial Markets Authority (Autoriteit Financiële Markten) and published on the "Dual Class Share Prospectus" section of the MFE website at <https://www.mfediaforeurope.com/en/governance/dual-class-share-prospectus/>
- ▣ 10 December: All issued MFE shares converted into Ordinary B-Class Shares on a 1:1 basis. The difference between the nominal value of MFE's outstanding ordinary shares (EUR 0.52 each) and the nominal value of the Ordinary B-Class Shares (EUR 0.60 each) was funded from the Company's available reserves.
- ▣ 13 December: Ordinary A-Class shares were gratuitously allotted to holders of Ordinary B-Class Shares (other than the Company) on a 1:1 basis and the trading of ordinary A class shares commenced on Euronext Milan. The nominal value of Ordinary A-Class Shares (EUR 0.06 each) was funded from the Company's available reserves.
- ▣ 15 December: Ordinary A Class Shares were allotted to the accounts of their holders through the authorised intermediaries registered in the centralised management system of Monte Titoli S.p.A..

Following the conversion of existing MFE shares into Ordinary B-Class Shares and the issue and allotment of Ordinary A-Class Shares described above, the share capital of MFE now stands at EUR 777,186,257.34. This is formed by 2,322,056,213 Shares, of which 1,140,828,649 Ordinary A-Class Shares and 1,181,227,564 Ordinary B-Class Shares.

Overall, the European broadcasting sector trended upward in 2021, following the upward revision of advertising revenue expectations.

More specifically, the best performing stocks in the sector were French stocks TF1 and M6, with share price rises of 32.4% and 29.6% and 28.8% respectively. ITV's shares rose by 4.4% and ProSieben by 2.0%. Mediaset España's share price decreased by 2.5%.

In 2021, the average stock price of MFEB was EUR 1.4265, with a low of EUR 1.15 recorded on 13 January and a high of EUR 1.80 recorded on 14 July.

The average stock price of MFEA was EUR 0.91, with a low of EUR 0.85 recorded on 29 December and a high of EUR 1.1 recorded on 13 December.

MFE shares	2021 Class A	2021 Class B
High (EUR)	1.1	1.8
	13 December	14 July
Low (EUR)	0.9	1.2
	29 December	13 January
Opened at 1/Jan (EUR)	1.1	1.2
Closed at 31/Dec (EUR)	0.9	1.3
Average volumes (M)	2.9	3.6
Max volumes (M)	8.7	18.1
	22 December	10 November
Min volumes (M)	0.4	0.9
	13 December	29 December
Number of ordinary shares (M) **	1,140.8	1,140.8
Capitalisation at 31 Dec (M/EUR) *	1,206.8	1,420.3

*Trading start date: 13 December 2021

**excluding treasury shares

MFE VS OTHER MAJOR EUROPEAN BROADCASTERS (2021)



DISCLOSURE OF THE MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

THE ENTERPRISE RISK MANAGEMENT SYSTEM IN THE MFE GROUP

As an integral part of its Internal Controls and Risks Management System, the MFE Group has adopted a Risk Management model, both in Italy and in Spain, in order to be able to respond better to the risks to which it is structurally exposed.

The Internal Controls and Risks Management System is "the set of rules, procedures and the organisational structures designed to enable a business to be performed in a healthy and proper manner in accordance with pre-set objectives, through an adequate process of identification, measurement, management and monitoring of the main risks. An effective system of internal controls contributes to ensuring the protection of company assets, the efficiency and effectiveness of the business operations, the reliability of the financial information, and compliance with applicable laws and regulations".

The Group has adopted the ERM (Enterprise Risk Management) methodology, which uses COSO ERM 2017 as a reference, in the Guidelines on the Internal Control and Risk Management System issued by the Board and updated periodically by MFE. The Guidelines are implemented by establishing a series of operational measures aimed at identifying and regulating the activities, the responsibilities and the information flows necessary for the management of risks ("Policy of the Internal Controls System").

The periodic risk identification and assessment process found that the control of company risks is being managed adequately overall and in line with the risk appetite previously set by the Board. In recent years, the Group has demonstrated a willingness and ability to progressively adapt the methods of control of strategic and process risks, both in relation to developments in the competitive environment and to the growth opportunities offered by the market, in the knowledge that the current economic situation and the major changes in market and industry sector trends generate high levels of uncertainty and therefore require continuous monitoring and a high degree of attention.

The main risks and uncertainties and setting risk appetite

In carrying out its activities, the Group identifies the main categories of risk and uncertainties that could affect the pursuit of its objectives and have an impact on the Group's economic and financial situation and its assets. For each of the risk factors identified, the Group sets its own risk appetite (i.e. the level of exposure to uncertainty and variability - both internal and external - that the management is willing to assume and accept in its decision-making and management process).

Given the nature of its core business and the highly regulated sector in which it operates, in carrying out its activities and pursuing its objectives defined in the *Strategic Guidelines* the Group may however be exposed to discontinuity and uncertainty factors pertaining to sudden and unexpected changes outside of the organisation over which the management does not have significant levers to direct their development and take significant mitigating action. These elements can include national and international geopolitical developments, natural disasters, pandemics, changes in socio-demographic trends, macroeconomic downturns and underperforming financial and capital markets, new laws and regulations, and new developments in technology and transmission infrastructures. The intensity and duration of these factors can directly or indirectly compromise the Group's operational and financial continuity - with unpredictable degrees of severity - and the structural balance and conditions for competition in its reference markets.

In addition to these factors, the Group's main identified risk factors identified that could affect the pursuit of its policies and objectives, and for which the management sets its own risk appetite in advance, are of the types described below.

Strategic risks linked to both external and internal factors, which are capable of structurally threatening the business model and the sustainability of the competitive advantages acquired by significantly compromising the achievement of medium-long term objectives, financial solidity and the creation of economic value for shareholders:

- ▣ external and sector risks, mainly attributable to the evolution of the economic cycle, the evolution of the intermediate and final reference markets (consisting of the demand for the consumption of audiovisual and entertainment content and the demand for advertising space), the evolution of the competitive context and the related dynamics of availability and contestability of the key production factors, consisting of strategic content and artistic resources and the evolution of the regulatory context of reference on an international and national basis;
- ▣ internal risks associated with the implementation of strategy lines and guidelines aimed at tackling the structural maturity of conventional reference markets by leveraging the ability - by operating an editorial offer model grounded in original self-produced content with a strong local connotation - to generate stable and high coverage of commercially relevant targets, based on constant efforts to make efficient and optimise related processes with a view to generating operational flexibility and cost control, as well as by proceeding on an evolving pathway - including through partnerships and alliances - to develop new editorial and commercial models and generate adequate managerial, professional and technological skills in the interests, too, of moulding a corporate and organisational model that allows for the pursuit of supranational outward growth strategies.

Operational risks and process risks, mainly attributable to:

- ▣ risks concerning business interruption, IT security and crisis management

- ▣ financial risks concerning the management of financing needs and interest and exchange rate fluctuations
- ▣ risks concerning unprotected intellectual property rights
- ▣ risks concerning the handling of legal disputes

Governance and Compliance Risks, mainly pertaining to compliance with the laws and regulations in the sector of operations, compliance with financial and non-financial reporting obligations, management of environment/related ESG factors (management and control of energy consumption, waste and discharges, and emissions; and compliance with regulations on the installation of radio and television broadcasting equipment in terms of complying with the limits set for electromagnetic emissions) and the main corporate social responsibility obligations associated with Human Resources management policies (health and safety, non-discrimination and the protection of human rights, diversity and equal opportunities, training, and trade union and industrial relations) and core broadcasting activities.

With reference to the risk factors so identified, the Group sets its risk appetite in advance. This based on the principles and values set out in the Company's codes of conduct, main organizational guidelines and operating procedures. It is set differently for each risk category in inverse relation to the management's oversight capacity, the levers it is able to exercise over these factors and the importance of safeguarding parameters in the medium term and structurally defining the Company's market position (advertising market shares and audience coverage) as well as its financial sustainability and self-sufficiency (compliance with the financial covenants laid down in the main loan agreements).

On this basis, the Group is substantially and totally risk-averse in how it manages all key *areas of compliance* (legal and regulatory compliance, reporting obligations) by equipping itself with appropriate organisational tools and adequate internal and external expertise. It also has a very low risk appetite in its key *management and operational processes*, aimed at ensuring operational and financial continuity and offer maximum protection to its tangible and intangible assets and intellectual property rights. To achieve this, the Group has the appropriate tools in place to monitor and analyse requirements and to plan the necessary investments and purchasing commitments. It also has appropriate insurance coverage and offers staff training, defines specific policies and behavioural standards, and prepares and implements specific protocols capable of dealing with and managing crisis situations and disaster recovery.

On the other hand, the Group's risk appetite is progressively more open in its *strategic decision-making and management processes*, such as when negotiating unique valuable content, acquiring strategic assets and in its development and external growth projects. By their nature, these are more heavily influenced by exogenous and market factors and operators, with the management's approach aimed at weighing up specific assessments in terms of return on investment and strategic cost/opportunity aspects in order to obtain overall competitive advantages.

Below we describe each of the major strategic and operational risk categories and factors structurally present for the Group's activities summarised above, as well as a description of their nature and the main operational and mitigation measures put in place by management with a view to the main evidence available as at the date of these consolidated financial statements.

The main actions to mitigate and manage risks and related impacts in relation to the **COVID-19** pandemic are described above in the paragraph entitled **COVID-19: Main Impacts and Mitigation Actions**.

At present, the Group is carefully monitoring the developments, progress and consequences (including of an economic nature) of the *international geopolitical crisis* brought about by Russia's *ongoing* military offensive against Ukraine, which began in February. This event immediately mobilised the international community, in particular the European Union, which has brought in restrictions and is constantly weighing up new measures and economic sanctions against Russia, while also helping to address the developing humanitarian crisis. These

events are causing major fluctuations in the financial markets and significantly increasing the prices of vital raw materials, in particular energy. This comes amidst a climate in which inflation was already high. In this scenario, the main independent observers have already revised down the GDP growth estimates forecast for Italy for the current year (from 4.1% estimate on December 2021 to 2.3% according to the latest Prometeia forecast report as at March 2022).

These events are not anticipated to significantly affect the Group economically, in terms of the anticipated trend in advertising revenues and pressure on production costs, compared with the budget forecasts made for the opening months of the year. The Group is also closely monitoring the restrictions and disclosure obligations imposed on broadcasters by the European Union in response to the situation (which are binding on member states) in order to ensure its full compliance and correct and timely application of any such measures. The Group has also stepped up its monitoring and defence activities in relation to potential cyberattacks. To date, however, the Group is not directly exposed in terms of its assets, its revenues and costs, or its amounts receivable from and payable to counterparties in the countries directly involved in the conflict.

External and sector risks

Risks linked to the performance of the economy

The core business of the Group depends to a large extent on the performance of advertising investments, which are structurally cyclical and very closely related - albeit with differences between the various product sectors - to the general performance of the economy and the growth of end markets, where customer companies operate. Although the correlation between macroeconomic trends (GDP and private consumption) and advertising investment is inherently predictable over the long term, in recent years there has been a lower correlation between these trends.

Trends in advertising investment have nonetheless been negatively affected in recent years by economic recession or other economic weaknesses in both of the Group's key geographic markets. Nevertheless, the traditional trend for advertising investment to be concentrated in times of crisis on general interest television, guaranteeing greater visibility on the mass market, has historically allowed the Group to consolidate its respective market shares, both in Italy and in Spain, even against such a backdrop.

In the past two years, the trend in the media advertising market in which the Group operates (TV, radio, digital, publishing) - amidst a pandemic-induced global recession in 2020 and the subsequent strong economic recovery in 2021 - has largely mirrored the trends we have seen in previous global crises. In Italy, this market declined in 2020 (-14.5%, deeper than the -9% decline in GDP), followed by sharp growth in 2021 (+12.6%, compared to GDP growth estimated at +6.3%). After a year, investments in TV advertising had already recovered to pre-pandemic levels.

Before the conflict began in Ukraine, it was being forecast that - after the global economy rebounded strongly in 2021 from the Covid 19 induced recession, the deepest ever in peace time - 2022 would bring further economic growth to Western economies as the public health emergency gradually subsides, albeit in a context of rising inflation and less expansive monetary policies, in particular of the Federal Reserve. Current 2022 forecasts for Italy converge at around 4% in real GDP growth, which would imply a recovery to pre-pandemic levels, before stabilising at around 2% in subsequent years.

In this context, MFE's market leadership in terms of advertising share and editorial results in its reference markets, together with its strong focus (especially in Italy) on cost-cutting, consolidated the Group's medium-term financial equilibrium in 2021 and laid the foundations for recovering margins with greater efficiency, as well as dynamism, were general market conditions are stable.

Risks connected to the development of the media & communications market

Technological changes, audience fragmentation and the increase in competition

The traditional broadcaster models are now constantly exposed to the process of enlargement of the traditional competitive scenario, mainly driven by the technological progress. The advent of innovative new distribution platforms is gradually modifying the way consumers approach media, guiding them towards more customised, less standardised models with services, content and advertising that responds to the demands of technologically involved viewers and increasingly demanding, sophisticated investors.

The main market trends that represent new competitive forces may be summarised as follows:

- ▣ Technological progress has steadily changed methods of usage of content, towards more interactive/on demand media, which specifically favour the migration of younger members of the public towards more "customised" forms; This process is expected to take root in the coming years with the process legislatively set forth in Italy to transition to the new DVB-T2 transmission technology from 2023, which will involve the progressive replacement of the current fleet of televisions with internet-connectable smart TVs.
- ▣ Demand for entertainment content continues to record rates of growth, both in traditional media and on new platforms.
- ▣ For the general commercial television sector, the convergence of broadcasting platforms is, on the one hand, creating growth opportunities (multi-channel offers and Pay TV) but, on the other hand, is posing potential threats such as audience fragmentation and an increase in the total overall number of available platforms for accessing television content (satellite, internet, mobile, etc.), resulting in greater complexity in the competitive environment.
- ▣ The multiplication of broadcasting platforms is increasing the value of broadcasting content and strengthening the competitive advantage of "traditional" operators who have the know-how for the conception, development and packaging of content and the building of programme schedules.
- ▣ The absence of technological barriers and the increased penetration of connected Smart TVs are increasing the risk of traditional broadcasters being bypassed by groups that own original content and formats, or by Internet operators, some of whom are beginning to move towards purchasing content on the market in an attempt to replicate the competitive supply models of rival broadcasters, in some cases by adopting hybrid offerings featuring both a pay subscription or pay-per-view component and a freeview component funded by advertising.
- ▣ In Spain, the competitive outlook is becoming increasingly fragmented, even though the television market continues to be consolidated around the two main private hubs, consisting of Mediaset España and Atresmedia.

The situation described above could result in the risk of less interest in the free-to-air generalist television by the TV viewing public, part of which has been made more sophisticated and demanding by new communication media and, consequently, there may be the risk for the Group of not adequately covering opportunities resulting from new emerging businesses. MFE's strategic approach to the principal risk of these competitive dynamics is to consolidate its current model of aggregator and multiplatform distributor, which is the best way for the Group to face the challenges of the market and the evolving consumer models by defining an integrated editorial system in which the various components (free generalist, free multichannel, free/pay non-linear and web, radio) have a position that is coherent with the market, and structuring business mechanisms that can guarantee effective

coordination in operational terms, and also in terms of the production/purchasing strategies for content and sales and a distinctive editorial model in terms of OTT services, which is heavily based on the availability of local and loyalty-building content (news, entertainment and scripted content). This approach will maintain for both the general-interest and special interest channels which are most important for free-to-air, control over the more concentrated audience and also, using the model mainly based on OTT television, control over the more diversified audience.

In implementing this strategy, MFE has a competitive advantage, in terms of its long established culture in the general life interest TV business and its unique know-how as a general broadcaster which was the first to develop innovative models (prepaid pay-per-view model). Along with the activation of TGcom24, 2013 saw the addition of the innovative offering of *Infinity* on-demand content, while in 2021 the new Mediaset Play/Infinity online platform was definitively launched, with the rights to stream the UEFA Champions League up to the 2023-2024 season.

The Group is drawing on highly-trained personnel with consolidated experience in various areas of the free TV business. In recent years it has also acquired new professional roles to strengthen its internal know-how in the areas of innovation and development.

Coverage of the content market

A further element that characterises the evolution of the media & communications sector is the growing value of the content.

The Group, through its subsidiary R.T.I. S.p.A. owns the biggest Italian library of television broadcasting rights and one of the biggest in Europe, thanks to long-term agreements with the leading American major studios and distributors and independent American and European producers (TV movies, soap operas, miniseries and TV serials), which ensure coverage of the needs of the Group's Free TV and Pay TV businesses.

The MFE Group in Italy, through its subsidiaries Medusa Film and Taodue, leading companies in the distribution and in-house production of television and movie content and products, has control and access to the best domestic movie and television products. In Spain, content (drama, cinema, sporting events and digital formats) is produced and marketed to third parties by Mediterraneo and its subsidiaries and by Telecinco Cinema, the company responsible for managing the investment and distribution of domestic and European film productions in a manner consistent with applicable rules and regulations and which, in recent years, has forged a position of market leadership by selecting, financing and distributing highly successful titles. The Group in Italy also holds the free-to-air broadcasting rights on generalist networks to the best match of each round of the Champions League (including the final) for the next three seasons up to 2024. In addition, Mediaset will offer another 104 matches over each of the next three seasons on its live pay streaming service: in practice, this means all UEFA Champions League matches except for one match per round.

Risks connected to the development of the advertising market

TV advertising receipts are still the Group's main source of revenue although in recent years it has diverted by into additional income streams consisting of non-linear pay streaming, establishing a presence in complementary businesses such as the sale of multiplatform content, teleshopping and film distribution.

In the current general and industry sector environment, advertising sales are subject to shorter economic cycles and to the evolution of the markets where its customers operate and are structurally impacted by the expansion of the competitive environment due to continuous technological progress. This, in turn, generates structural

processes of fragmentation and diversification in the consumption of products and multi-platform audio-visual media.

In this scenario, the data on total television viewing in Italy - with the exception of the lockdown peak of 2020 - show an essentially stable trend in television consumption. However, this growth is spread across a greater variety and number of channels, which has accompanied the increase in recent years in the penetration of the digital terrestrial platform, resulting in the steady and natural erosion of the television viewing share held by the historical and generalist TV channels.

The general-interest free to air TV model will still be the main channel through which a high number of contacts can be made over the next few years but it is clear that particularly in the current scenario, the attraction of and hence competition among, semi-generalist channels with a greater ability to profile specific targets, has also increased.

For this reason, the Group's current commercial strategy is focusing on maintaining and consolidating the overall audience shares provided through its editorial offer as a whole, by leveraging the stability and broad coverage of all commercially relevant targets also in terms of its complete free-to-air generalist offering, which in 2021 was enhanced by the exclusive rights to the Coppa Italia up to 2023-2024 and the continued rights to air UEFA Champions League matches, as well as leveraging the integrated multiplatform cross-media offer which is unique in Italy.

This strategy is pursued both in Italy and in Spain, where the Group operates with its own exclusive internal advertising sales houses Publitalia '80 (which until 2021 managed revenues on RTI's pay channels and which in 2022 will begin managing the radio advertising revenues of the Group and third parties, which were previously managed by associate Mediamond, as well as DAZN's Serie A and Europa League advertising revenues) and Publiespaña. Over the years, these firms have consolidated their market leadership, by developing operational and management models able to rapidly respond to the changing needs of advertising investors and market developments, by attracting new investors, and by developing commercial policies designed to maximise the television broadcaster's ability to segment the most commercially attractive targets and to optimise the positioning of advertising slots within programme schedules.

Using this know-how, the Group, through the creation of highly specialised agents, namely Digitalia '08 in Italy (specialised in advertising sales for digital Pay TV channels and which in 2022 will begin managing the radio advertising revenues of the Group and third parties, which were previously managed by associate Mediamond, as well as DAZN's Serie A and Europa League advertising revenues) and Publimedia Gestión in Spain, as well as the fifty-fifty equity investment with Mondadori in the Mediamond joint venture – also controls advertising sales in other media developed by the Group. The Group, internal advertising sales houses aims to focus on cross-media sales, leveraging advertising sales on television, the web, printed media and radio with unrivalled coverage across the national scene.

Furthermore, thanks to the skills acquired and gained in recent years, the Group's concessionaires are now at the cutting edge in marketing new and innovative targeted advertising methods (*Ad-Tech, addressable, programmatic*). This segment is expected to grow rapidly over the next few years, characterised by a growing prevalence of connected TVs.

The figures for market shares achieved by the Group's agents, within their respective advertising markets, are shown in the specific sections of this Director's Report that analyse the Group's business activities. Those relating to customer concentration are presented in the section on the management financial risks in the Notes to the Consolidated Financial Statements.

Risks related to regulatory changes

The Group operates in various business areas that are governed by strict regulations. Any failure to comply with regulations therefore constitutes a risk factor for its core business and a possible source of financial (application of administrative sanctions), image and reputational damage.

The Group's operations could also be restricted, for instance, by the revocation of its general authorisations for electronic-communication services and its right to use frequencies following serious and repeated regulatory violations.

Compliance risks are associated with the expansion of the sectors and persons governed by regulations, or the introduction of regulations that are stricter than existing regulations on antitrust limits, the protection of minors from listening to and viewing certain types of content, ad slots and ad breaks, safeguarding pluralism and equal treatment, quotas for European works and the limiting of electromagnetic emissions.

In a competitive environment that has steadily broadened out to encompass global web operators, a central regulatory theme for television broadcasters is the need to limit the current regulatory asymmetry between the television sector and new services, in particular services available online, in particular to limit the current dominant positions of those operators.

In terms of signal transmission and infrastructure, particular risks derive from the stabilisation of the reference infrastructure scenario, in terms of the identification, at least for a suitable period of time, of digital terrestrial as the platform of choice for broadcasting TV channels and in particular free channels, and from the management of the refarming of 700 MHz frequencies envisaged for the second half of 2022.

Finally, there is always a risk of a possible reform of the public broadcaster in terms of governance and funding, the effects of which could also have repercussions on private broadcasters.

The diversity of the production and managerial processes, the multiplicity of actors involved in each of these, the complexity and high number of regulations applicable to the various processes and the wide margins for interpreting the various regulations mean that, in order to limit risks, it is fundamentally important to monitor the development of regulations and ensure that they are adhered to.

The research, disclosure and operational monitoring is, as whole, well-established and effective in managing the risks of non-compliance with the applicable regulations, also thanks to the creation of specific company functions.

No matter how effective the monitoring is, there may still be certain non-governable elements and situations or for which it is difficult to predict the effects on operations or the impact on the public.

A more detailed explanation of the regulatory scenario is given in the section "Development of legislative situation in the television sector" of this Director's Report.

Risks related to the implementation of strategies and the main operating processes

Risks related to business interruption

For an integrated television Group, the risk of business interruption mainly refers to the following:

- ☐ Risk that the network infrastructure is not adequate to ensure service levels in terms of availability;
- ☐ Risk of a partial local area coverage failure due to the international coordination in transition to the digital technology;
- ☐ Risk of a partial local area coverage failure due to the assignment of part of the frequencies, currently by broadcast, to other services.

The subsidiary Elettronica Industriale S.p.A. owns the transmitters for transmission and broadcasting and the rights to use the frequencies. The transmitters are attached to 1,700 technological towers available to El Towers S.p.A., a associate of MFE-MEDIAFOREUROPE N.V., under a framework agreement between the two companies that was renewed for seven years from 1 July 2018. The towers of El Towers S.p.A. cover 96% of the Italian population.

To reduce the first risk type, signal transmission and broadcasting systems have been put in place which meet the high availability criteria by using equipment that ensures a high level of reliability (high availability or fault tolerance systems). In addition, the main signal distribution systems are equipped with backup systems.

Signal transportation networks have been created based on an architecture that uses various alternative resources (radio bridge networks, satellites, fibre optics), thereby guaranteeing greater security in signal transport and optimal infrastructure in terms of reliability.

Results in quality and availability terms are constantly monitored by dedicated monitoring centres.

The second of the risk types mentioned above concerns the need to coordinate the transmission facilities operating in Italy with those operating in neighbouring countries. This coordination could enforce coverage area restrictions, particularly for facilities located in border zones. To reduce this risk, antennae will have to be made capable of concentrating the signal as far as possible within the areas served, thus limiting its diffusion in protected areas. The Group in Italy, through its subsidiary Elettronica Industriale, is backed by more than 30 years' experience conducting ever-more-advanced research into antennae which help reduce the risk of coverage loss and played a key role in the digital switchover that was completed in 2012, having made investments in digital broadcasting infrastructure (multiplexes) from 2003 onwards. This long-held experience in managing digital networks has enabled Mediaset to take full advantage of SFN technology while simultaneously mitigating its problem issues.

Elettronica Industriale also completed the infrastructural investments necessary to guarantee the availability of technological equipment and transmission capacity. To do so, it obtained from the competent authorities a network operator's licence for three digital multiplexes on terrestrial frequencies at a time of a gradual technological transition to new MPEG4 transition technology from this year and the gradual introduction of the new DVBT-2 compression standard beginning 2023, following refarming of 700 band frequencies.

Financial risks

In 2021, a particularly prudent approach was maintained to putting in place an optimal debt structure by prioritising available committed credit facilities.

During the year, committed lines of credit totalling approximately EUR 721 million were repaid once due or in advance, of which EUR 571 million were drawn. These figures include approximately EUR 221 million for the funded collar loan entered into with Credit Suisse for the ProSieben transaction,

These repayments were funded from significant cash flow generation, the dividends received from the associate ElTowers and the renegotiation and formalisation of EUR 275 million in committed credit lines.

At 31 December 2021, MFE's available committed lines stood at EUR 500 million, in addition to the EUR 165 million held by Mediaset España.

In accordance with the Group's policy on liquidity, the average financial exposure in 2021 did not exceed 80% of the total average amount provided by lenders.

The presence of variable rate debt and the acquisition of television and movie broadcasting rights in currencies other than the euro (mainly the US dollar) clearly exposes the Group to risks related to fluctuations in interest and exchange rates. In accordance with its financial risk management policies, the Group, through derivative

contracts entered into with third parties, has adopted a management approach for such risks aimed at eliminating the effect of the exchange rate fluctuations by establishing in advance the value at which such rights will be recognised once acquired, and setting or limiting the free cash flow differences due to market changes in interest rates on medium/long-term debt.

More detailed information regarding financial risk management policies, including those relative to sensitivity analyses on exchange rates can be found in the specific section of the Notes to the Consolidated Financial Statements under "Disclosures about financial instruments and risk management policies".

Risks concerning unprotected intellectual property rights to content

The oversight of risks connected with control of the content market also means a greater focus on content produced on markets that are constantly monitored to seek innovative content and through the continuous effort made by the Group in conjunction with other international players and competent bodies to safeguard the industrial model of broadcasters, ensuring protection of copyright on the web. In recent years, MFE has brought a series of legal actions, in particular against OTT operators, following repeated violations whereby thousands of copyrighted videos have been uploaded onto the websites of these operators without authorisation and has achieved significant court rulings in which some portals were sentenced to compensate MFE for these violations, with significant penalties now in place for any future uploads of MFE material without authorisation.

Risks connected with the management of legal disputes

Due to the nature of its business, the Group is subject to the risk of legal litigation in the performance of its activities. In view of current obligations relating to past events of a legal or contractual nature or deriving from statements or actions taken by the company that could give rise to well-founded expectations by third parties that the company is responsible for or has to accept responsibility regarding the fulfilment of an obligation, the Group has made appropriate allocations to risk provisions, recognised under liabilities in the Group's financial statements.

More detailed information on the main legal disputes can be found in the previous paragraph on *Key corporate transactions and events for the year*, in particular regarding the agreement reached with Vivendi. For a broader overview and status update of the main legal disputes currently pending, see the relevant section of the "Notes to the consolidated financial statements".

ESG risks

ESG risks are also included, according to their significance as expressed in the Group's Materiality Matrix, in the Group's strategic risk assessment model, which is structurally focused on the external and internal risk factors directly related to its business model and the guidelines defined by the Board of Directors., ESG risk areas are also included, in line with their importance as expressed in the Group's Materiality Matrix. This assessment identifies the risk/opportunity factors for each ESG area.

Each risk profile is assessed by taking into account: the general background context (also for benchmarking against leading operators in the TMT sector); the monitoring of the Group's main initiatives and projects in these areas; and the main feedback from key stakeholders.

An assessment was carried out during the annual update process, which highlighted that the controls put in place by the Group were generally adequate. This conclusion was based on the prevalence of active and positive approaches to ESG issues, which are in line with its core values and instrumental to pursuing its business

objectives. Particular focus and consolidation was dedicated to the development initiatives in the area of Human Resources (training, equal opportunities, welfare, health and safety) and the monitoring of the overall broadcasting offering. These initiatives were also in response to the greater sensitivity of end users and advertising investors to ESG issues and involved consolidating projects and initiatives aimed at optimising consumption and reducing direct emissions.

As part of the risk map periodically monitored and assessed by management, **ESG - Environmental, Social and Governance** factors are primarily identified and included in the Governance and Compliance risk category. The Group's substantive and precautionary stance towards this risk category is one of total risk aversion, having in place appropriate organisational tools and adequate internal and external skills to manage and mitigate those risks. Typical governance risks, such as the risk of legislative and regulatory non-compliance, the inadequate conferral of powers and proxies, and inappropriate remuneration policies, are mitigated by implementing a consolidated corporate governance system, which applies the provisions of the Italian "Codice di Autodisciplina" (the statutory corporate governance code applicable to listed companies) as well as national and international best practice and the relevant regulatory provisions.

In terms of the corporate environmental responsibility profiles underlying the management's conduct, ESG factors also refer to the benchmarking criteria adopted in managing the main administrative and operational processes, in particular in assessing investment projects and technical innovation initiatives, in the defining and planning the Group's overall editorial output and social media campaigns (particularly in view of the heightened sensibility of end users and advertising investors to ESG issues), and in managing and making policies for human resources development and enhancement, which is a strategic core factor for the Group.

At present, the impact of climate change on and by the Group, both directly and indirectly, is not critical. The Group nevertheless carefully complies with and monitors developments in climate change regulations, with particular reference to the recommendations set forth by the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the European Commission's recent adoption of the Media and Audiovisual Action Plan (MAAP) – a plan for the media and audiovisual sector that aims to support the recovery and transformation of these sectors which have been particularly hard hit by the pandemic and which are essential for democracy, cultural diversity and the European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, and increased tools and capabilities), which include creating a climate-neutral audiovisual sector. The Association of Commercial Television in Europe (ACT), of which Mediaset is a founding member, is preparing a position paper for the EU institutions on this plan.

The nature and main management and mitigation measures put in place by the management in each of these risk areas is described below.

Risks connected with reputation and stakeholder relations

One of the main strategic objectives of the MFE Group is to constantly maintain and increase its content innovation and the perceived value of its brand as its business model develops. In meeting this objective, there is a risk that the Group could pursue editorial and communication strategies and initiatives, targeted at the financial market and public opinion, that have a negative impact on perceptions of the Mediaset brand. This risk is primarily managed by constantly making sure that certain processes are constantly being monitored, in particular:

- ▣ programming, which is monitored through daily analysis of viewership behaviour, both in terms of ratings and the viewer satisfaction of the programmes on offer (thus reflecting public perceptions of the editorial line taken by the networks) and through ongoing action to protect and cater to children and other corporate responsibility issues;

- ▣ communication processes aimed at financial markets and public opinion;
- ▣ production processes and their capacity to produce quality and innovative products.

Risks connected with human resource management

The Group acknowledges the central role played by human resources and the importance of maintaining clear relationships based on mutual loyalty and trust, supported by putting in practice the conduct dictated by the Code of Ethics.

Management and cooperation in employment relationships is founded on respect for the rights of workers and a full appreciation of their contribution with a view to promoting their development and professional growth.

In particular, in the current competitive environment in which technological innovation is triggering a profound shift towards digital transformation, which is significantly affecting the core areas of the Group's business sectors (creation and distribution of video content, marketing of advertising space), the Group is dedicating an increased focus on recruiting, training and enhancing the value of its human resources. Particular attention is also paid to identifying talent, to creating development paths that strengthen the Group's key skills (especially those relating to technology and the conception and creation of editorial products), to providing specific training, to setting and developing career paths and to setting out bonus schemes. In this regard, the Group has annual performance assessment systems in place, in which it clearly defines shared objectives, which are measurable both in numerical, economic and financial terms and in individual and qualitative terms. Moreover, to promote the desired corporate climate and culture, the Group is continuously committed to improving internal communication streams, including by implementing more advanced collaboration tools in line with the market (new corporate intranet project, Office 365 and instant messaging tools for all company employees) and by introducing innovative and flexible ways of working (flexi-work).

Risks connected to environmental policies

At present, the impact of climate change on and by the Group, both directly and indirectly, is not materially critical for the Group, either in relative or absolute terms. The Group is nevertheless committed to constantly and carefully complying with and monitoring legislative developments and has launched a process aimed at identifying and implementing environmental-friendly solutions in its processes for technical investment and replacement, with a view to saving energy and to minimising and optimising direct emissions. In particular, initiatives were launched in 2021 in the area of sustainable mobility, in which the Group had already introduced various measures in recent years to improve its employees' commutes into the office and is now turning its attention to the renewal of the company car fleet. The Group is developing a project to be completed in 2022, in which major recharging station infrastructure will be built in the car parks of its headquarters in Cologno Monzese to promote the conversion of the company car fleet to hybrid or full electric models that are able to impact positively in terms of reducing the CO2 emissions from company cars.

Also in the area of sustainable mobility, activities are underway (based largely on cognitive surveys carried out among the corporate population) to map home-to-work commutes, behavioural habits and the corporate population's appetite for change. The aim of this activity is to draft and adopt a Commute Plan to encourage sustainable mobility, as required by the Relaunch Decree for each worksite in which a company has more than 100 employees. Based on the analysis conducted, it has been estimated that the switch to flexi-working made it possible to reduce the overall environmental impact of commutes by around 30% in 2021.

In Italy, the Group is also exposed to the risk of generating electromagnetic fields due to the nature of its transmission activities. Exposure to electrical, magnetic and electromagnetic fields is governed by Italian Framework Law No. 36 of 2001 and Italian Presidential Decree of the Council of Ministers of 8 July 2003, which set limits on the exposure of the population to electrical, magnetic and electromagnetic fields with a frequency ranging from between 100 kHz to 300 GHz. The exposure limit is the value of the electrical, magnetic and

electromagnetic field, regarded as the emission value, set to protect health against severe effects, which must not be exceeded under any condition of exposure of the population and workers

This warning threshold must not be exceeded in residential areas, schools and places of extended stay.

The quality goals are:

- ▣ location criteria, urban planning standards, requirements and incentives for the use of the best available technologies, as indicated in regional laws;
- ▣ the electrical, magnetic and electromagnetic field values, set by the government for the progressive mitigation of exposure to those fields.

Despite widespread concerns among the population linked to the effects of electromagnetic fields, the World Health Organization and the latest scientific literature have concluded that current evidence provides no proof of health damage resulting from exposure to weak electromagnetic fields. Therefore, compliance with the exposure limits recommended by domestic and international guidelines enables monitoring of the risks of exposure to electromagnetic fields which may be harmful to health.

Moreover, the limits under Italian regulations are up to 100 times lower than those set by the International Commission on Non Ionizing Radiation Protection (ICNIRP) and applied in the rest of Europe.

	2021		
	Intensity of electric field E (V/m)	Intensity of magnetic field H (A/m)	Power density D (W/m2)
Exposure threshold	20	0.100	1.0
Warning threshold	6	-	0.1
Quality objective	6	-	0.1

The critical factors for constructing transmission equipment and adhering to legal limits are:

- ▣ the need to emit high power levels;
- ▣ the difficulty of erecting tall towers for the installation of transmission antennas;
- ▣ the proximity of housing to transmitters or the issue by municipalities of new building permits for the construction of housing close to plants;
- ▣ the presence on the same site of other broadcasters (particularly radio broadcasters), which can result in the limits being exceeded when emissions are aggregated.

Mediaset's installations are designed, developed and operated in compliance with Italian law. In accordance with the Group's operating practices, all necessary measures are taken, when designing new sites or modifying existing ones, to keep the electromagnetic field levels within the parameters set by the regulations in force. In particular:

- ▣ the construction of tall towers for transmission antennas in order to keep them as far as possible from areas accessible to the population;

- ▣ improved orientation of transmission antennas, to concentrate the signal on the area to be served and use less power minimising the electromagnetic radiation detectable at ground level (areas accessible to the population);
- ▣ identification, where possible, of installation sites far from residential areas;
- ▣ submission of the project for prior assessment and authorisation by local authorities and regional environmental protection agencies, as required by the Code of Electronic Communications (Italian Legislative Decree 259/03).

In addition, specific company departments are responsible for mapping installations with a risk of exceeding the electromagnetic field limits and establishing monitoring plans as well as, where necessary, the use of internal and external resources (certified external advisors).

23 MARZO 2022

CONSOLIDATED NON-FINANCIAL DISCLOSURE

This section meets the requirements of the civil code and the Dutch non-financial information decree (*Besluit bekendmaking niet-financiële informatie*), transposing Directive 2014/95/EU to which the MFE Group (hereinafter also referred to as the "Group") is subject. It is an extract taken from the Group Sustainability Report, drawn up in compliance with the "Global Reporting Initiative Sustainability Reporting Standards", including the "Media Services Sector Disclosures", defined by the Global Reporting Initiative (GRI), in accordance with the "in accordance – Core" option.

This section lists the initiatives and main results in the economic, social and environmental fields achieved by the Group during 2021 (from 1 January to 31 December), through a description of the management models, the policies implemented by the company, the results achieved and the main risks, generated or experienced with reference to the topics expressly referred to by the Dutch decree on non-financial information (environmental, social, personnel, respect for human rights, combating corruption), including the management approach to the same.

As requested in the ESMA "European common enforcement priorities for 2021 annual financial reports" document of 29 October 2021 with regard to 2021 financial and non-financial reporting in relation to the consequences of the **Covid-19** pandemic, the main impacts of the pandemic and the mitigation actions taken by the Group for each area are reported.

In the process of formalising its strategic guidelines focusing on the development of its business model, both nationally and internationally, the Group constantly monitors the areas of sustainability considered material to its development and the commitments and activities carried out and planned with a view to meeting the needs and expectations of its own stakeholders and the development of the business context.

As part of the strategic risk assessment model for the group (conducted by the Risk Officer, with the support of a leading consultancy company, as self-assessment with Group management - ERM model), with focus on exogenous and internal risk factors that can be correlated directly with its business model and guidelines defined by the Board of Directors, there are also the ESG risk areas in keeping with their materiality, expressed in the Group Materiality Matrix. This assessment involves identification of material risk/opportunity factors for each of the ESG areas.

The corresponding risk profiles are assessed taking into account the general reference context (also in terms of benchmark with leading operators in the TMT sector), monitoring of the Group's main initiatives and projects in these areas and the main results linked to feedback from the main stakeholders.

The assessment carried out as part of the annual ERM update process highlighted the overall adequacy of the safeguards the Group has employed, given the predominance of active and positive approaches to ESG issues, in keeping with its own values, which are a reference as well as being instrumental in pursuing its business objectives.

Of particular note: the consolidation and focus on Human Resources development initiatives and monitoring of the overall broadcast offering, also with respect to greater sensitivity on the part of end users and advertising investors to ESG issues.

The current safeguards do not highlight critical situations but the emergence of sought-after opportunities (launch of assessments of initiatives to optimise consumption and reduce emissions).

For future reporting, the Group will assess supplementing its analysis – and thus its disclosure – of the climate change impact generated and undergone by the Group. This also relates to the development of regulation in this area, in particular the guidelines from the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the recent adoption by

the European Commission of the Media and Audiovisual Action Plan (MAAP), which aims to support the recovery and transformation of these industries, which have been particularly affected by the pandemic crisis and are essential for democracy, cultural diversity and European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, more tools and capacity) including the creation of a climate-neutral audiovisual industry. The European commercial television association, of which Mediaset is a founding member (ACT), is preparing a position paper to the EU institutions in connection with this plan.

For further information on the initiatives of the Group, the main risks generated or undergone and the management approaches for these, please refer to the paragraph "The internal control and risk management system" and the corresponding sections in this document.

In particular regard to respect for human rights, and given the regulatory environment in which Mediaset operates, this topic is addressed as part of the management of relations with employees and suppliers, in observance of the principles and values embodied in the Code of Ethics of the Group. In view of the specific nature of the business sector in which the Group operates, note that the Group does not consume significant amounts of water or emit atmospheric pollutants other than greenhouse gases.

In accordance with the regulatory requirements set out in the Delegated Act relating to Article 8 of EU Regulation 2020/852, the MFE Group is required to include information on how and to what extent its activities are associated with environmentally sustainable economic activities according to the EU Taxonomy. For more information on how the Group has prepared this disclosure, please refer to the "EU Taxonomy" paragraph.

The contents of the present document are arranged by material issues for the Group and its stakeholders, as identified by the materiality analysis and based on the results of the stakeholder engagement activities conducted in previous years and validated by the Board of Directors of MFE in January 2021, as set out in more detail in the following *Mapping of Stakeholders and Materiality Analysis* paragraph. In particular, the process whereby the contents were defined is based on the principles of relevance, inclusiveness of stakeholders, completeness and operating context for the Group. The principles of balance, accuracy, verifiability and comparability have been observed in regard to the quality of the information reported. For more information on the Group's material topics and impacts in relation to them, please refer to the MFE Group's 2021 Sustainability Report, available on the Group's website in the "Corporate Social Responsibility" section.

The boundary of economic, financial, social and environmental data and information includes the companies fully consolidated in the Consolidated Financial Statements⁸. This scope does not differ significantly from that of the previous year. To enable the comparability over time of the data, it is presented alongside the corresponding figures for 2020.

Also included is information on Group actions undertaken in previous years and which continue to be applied in the policies currently pursued by the Group.

To guarantee the reliability of data, estimates have been eliminated wherever possible. Where used, they are identified appropriately and based on the best methods available.

This document was approved by the Board of Directors of MFE-MEDIAFOREUROPE N.V. on 27 April 2022.

⁸ For a list of the companies included under the full consolidation method, see "List of equity investments included in the Group's consolidated financial statements as of 31 December 2021".

THE VALUES OF THE MFE GROUP

The founding principles of the MFE Group are embodied in its **Code of Ethics**, which defines the values cherished by the group at every level and in every area it pursues its business interests.

The first draft was approved by Mediaset S.p.A. and its subsidiaries in 2002. Subsequent amendments and additions were made in 2008 and 2012.

The present version of the Code of Ethics was approved by the Board of Directors of Mediaset S.p.A. and by other Italian companies belonging to the Group in 2019.

In September 2021 MFE-Mediaforeurope N.V., the holding company under Dutch law, also adopted its own Code of Ethics.

The Code of Ethics was adopted in the conviction that ethical management is a fundamental element, necessary for the success of every business venture. With reference to companies under Italian law, it also represents a cornerstone of Compliance Programmes pursuant to Legislative Decree 231/01 and of compliance programmes in general, as well as the Group's internal control system, which also includes all the Organisational Guidelines (LGO) issued for each individual business process.

Modifications and additions to the Code of Ethics are subject to the approval of the Boards of Directors of the individual member companies and promptly communicated to the relevant parties. The MFE Code of Ethics also provides that each Group company can adapt its own Code of Ethics –where necessary– in light of its own characteristics as well as according to the law that applies in the relevant country⁹.

In the pursuit of its business activities, the Group therefore undertakes to respect the applicable laws and regulations in all countries where it operates, in conformity with the principles of loyalty, propriety, responsibility, freedom, individual dignity and respect for diversity in all its forms, rejecting all forms of discrimination based on sex, race, language, religion, political convictions or personal or social conditions.

As a major presence in the social and economic context in Italy and in other countries, the MFE Group predicates its growth on a **solid reputation for transparency and rigour in the pursuit of its business activities**.

In this respect the Group recognises the **central role of human resources** and is committed to promoting a working environment based on respect for people and the values of loyalty, trust, transparency and integration, stressing priorities such as developing skills and professional capacities, equal opportunities, protecting the mental and physical well-being of workers (also in terms of health and safety), confidentiality and protection of personal data.

In regard to the various categories of stakeholders, the MFE Group has always made every effort to **combat corruption** by acting transparently in its dealings with clients, suppliers and institutions, always and without exception respecting the principle of free competition.

The Group has always valued the **wealth to be found in diversity, research and innovation**, caring for the **young** and for the **environment**, enabling each individual to find fulfilment in his work, the basic principles which underpin its activities, and the people who have made it successful.

⁹In this sense, MFE in Spain also has its own Code of Ethics based on the parent Company's.

THE MFE GROUP, ITS BUSINESS CONTEXT, AND SUSTAINABILITY

In a rapidly evolving national and international context where new operators and different platforms are emerging and integrating, bringing big changes to offering models and ways of accessing content, the MFE Group pursues its corporate objectives with the major exogenous and endogenous **risk factors** taken into account, which can exert a significant influence on the evolution and sustainability of its own business model. Factors in this sustainability include:

- ▣ **Socio-demographic trends** (rising average age of traditional television viewership) and new ways of consuming content among younger age groups (non-linear consumption on new devices);
- ▣ **New competitors** (telecoms, global internet players etc.) operating at every link in the supply chain (content control, distribution platforms, client databases and advertising) and thereby depriving traditional operators of their role as intermediaries;
- ▣ **Regulatory changes on the national and international levels** (copyright protection, concentration of advertising etc.), changes to allocations processes, evolving distribution infrastructure (DTT, broadband).

This scenario places the Group in a context characterised by the **growing maturity of the leading markets** and the rising cost of the **premium content** offered by broadcasters.

In response to this context, the Group's strategy focuses on a **media-company model characterised by a strong local/national quality**, with a view to **developing its product** and video distribution **strategy** in a multi-device direction and the consequent **adaptation of its compliance programme** (processes, professional expertise and technological innovation) and on the **efficiency of its characteristic production processes**, as well as the evaluation of any **agreements and targeted alliances on an international basis**. In this context, the Group is already present in Spain where it holds the controlling interest in Mediaset España, the country's main private television group, and holds a financial investment in the capital of the German broadcaster ProSiebenSat.1 Media SE, with a stake at 31 December 2021 equal to 23.9% of the share capital (24.6% of the voting rights).

As stated above, in the pursuit of its business activities, the Group therefore maintains relations with a multiplicity of stakeholders in its efforts to protect their interests, while setting itself the target of generating a positive social impact in the territories where it operates.

The Mediaset Group pays the utmost attention to **complying with the applicable laws and regulations** in all the countries in which it operates and undertakes to act in accordance with the principles of loyalty, propriety, responsibility and freedom of the individual, respecting diversity and rejecting discrimination in all its forms.

The Group also takes **ESG factors** into account as an element and reference criterion for its decision-making and investment assessment processes relating to the operational areas directed towards launching targeted initiatives and projects with a view to greater environmental efficiency (reduction in consumption, diversification of energy sources) and the definition of its own self-produced content and its communication campaigns in line with its broadcasting and social responsibility profile.

Given MFE's sector, the **human factor** is of central strategic importance, resulting in a constant and growing commitment to looking after, training and developing its employees and seeking out new talents to encourage processes of innovation and growth in skills, as well as particular attention to protecting intellectual property and minors and developing initiatives directed towards the formation and promotion of culture and in general the social responsibility that comes with a role as leading national television broadcaster.

At present, the impact generated and experienced by the Group in the area of **Climate Change** does not represent a materially critical aspect for the Group, either directly or indirectly in both relative and absolute

terms. The Group has in any case always been committed to ongoing and precise compliance with and monitoring of the development of regulation in this area, in particular the guidelines from the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information") and the recent adoption by the European Commission of the Media and Audiovisual Action Plan (MAAP), which aims to support the recovery and transformation of these industries, which have been particularly affected by the pandemic crisis and are essential for democracy, cultural diversity and European digital autonomy. This action plan focuses on three main areas of activity (recovery, transformation, more tools and capacity) including the creation of a climate-neutral audiovisual industry. The European commercial television association, of which the Group is a founding member (ACT), is preparing a position paper to the EU institutions in connection with this plan.

In order to manage all of these factors in an increasingly proactive, planned and shared manner, MFE has voluntarily provided for a **ESG Committee** within its governance model, made up of independent directors with the aim of dialogue, stimulating management and monitoring the Group's activities in these areas.

On 29 March 2022, the MFE Board of Directors, following a process of mapping and analysis of the Group's activities and positioning in the various ESG spheres shared with the ESG Committee, identified the following guidelines and macro-objectives to be pursued in Italy for the various ESG spheres, launching appropriate initiatives and projects:

In the **Environmental** area, the Group, which given its characteristic activities does not in any case have a significant impact in terms of pollution, has always been inspired by the principles of responsibility for protecting the planet, through sustainable natural resource management, aims **to progressively reduce CO₂ emissions until Carbon Neutrality is achieved by 2030**.

In the **Social** area, the Group has always recognised the central importance of people and sought to promote their experience, professionalism and diversity, already achieving excellent standards of gender equality both in terms of number and pay gap (with potential areas for improvement at management level) and excellent levels in welfare policy management. On this basis, the goals indicated are therefore:

- ▣ **Maintain the current levels of distribution and pay equity for each category**, through recruitment and professional development policies that encourage the growth of the less represented gender into managerial roles.
- ▣ **Maintain the standards of excellence achieved by the Group in the field of welfare and training**, both in terms of the level of investment and the variety and innovation of the service offer.

Furthermore, with reference to its broadcast offering, MFE intends to continue playing a central role in the dissemination of the culture of sustainability in the country with the aim of **increasing public awareness around ESG issues through content distributed on all available platforms**.

In the **Governance** field, the decision was taken to adopt a system to guide and control ESG initiatives and mechanisms to guide managerial action with the aim of **progressively adopting sustainability criteria and principles in managerial practices and choices throughout the organisation**, through specific training initiatives and the introduction of ESG objectives among the parameters of incentive systems.

MAPPING OF STAKEHOLDERS AND MATERIALITY ANALYSIS

In keeping with the reporting principles drawn up by the Global Reporting Initiative (GRI), the first Sustainability Report was drawn up, involving the principal company departments, using a structured analysis designed to identify the key **stakeholders** for the organisation and the most material **topics** for the preparation of the Report.

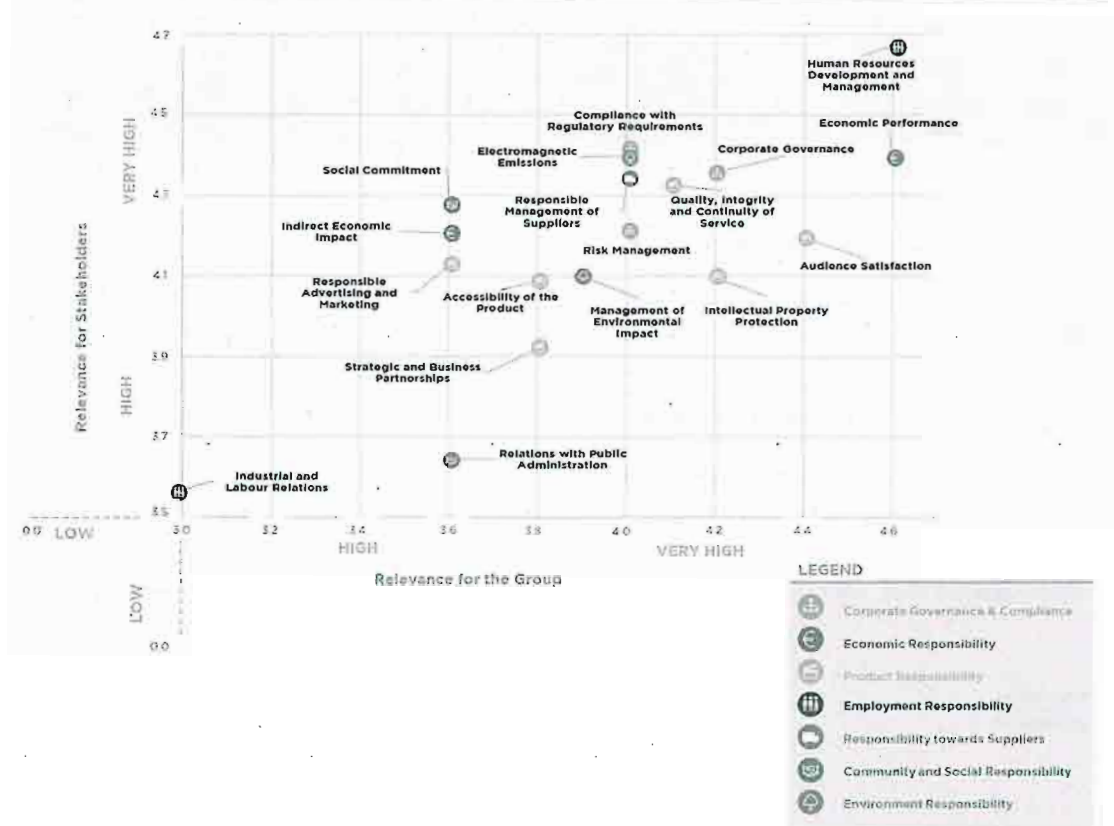
For the purposes of sustainability reporting, topics deemed material, or significant, are those of an economic, social and environmental nature on which a business has a significant effect (positive or negative) and which may substantially affect the assessments and decisions of stakeholders. The **materiality analysis** therefore takes into consideration not only the perspective of the organisation but also that of the stakeholders themselves. These analyses are periodically reviewed and updated:



For the purposes of preparing this NFD, on 25 January 2022 the Board of Directors confirmed the materiality of the topics in the Materiality Matrix, presented in 2020, after consulting the Audit Committee which met on 20 January 2022.

To make up the Materiality Matrix, the significance of these issues assigned by the various categories of stakeholder resulted from the **stakeholder engagement activities** carried out in previous years, which involved employees, financial analysts, advertising investors, service and content providers and television sector agents, weighting the results on the basis of the updated assessments of significance attributed to the categories present in the map of stakeholders identified by company management.

The result of the materiality analysis was shared with the Group's senior managers during the strategic ERM risk assessment interviews. Following these interviews, the Group confirmed that the issues in the **materiality matrix** are monitored systematically within the corporate risk assessment process.



This Materiality Matrix represents the weighted combination of the degree of relevance/critical nature of the issues for the Group (represented on the horizontal axis) and for its stakeholders (represented on the vertical axis).

The materiality matrix shows the most relevant issues, by relevance/critical nature. The graph shows the issues with relevance ranging from "high" to "very high". These issues are linked to the following sustainability groups: "economic responsibility, responsibility with respect to human resources, product responsibility, corporate governance and compliance, responsibility towards suppliers, social and community responsibility and environmental responsibility".

The strategies, policies and instruments associated with individual material topics are reported in depth in the present document.

This section is structured to report the relevant issues included in the materiality matrix in line with the key to the graph.

MATERIAL TOPIC IMPACT BOUNDARY

The table below summarises correlation with the GRI topics, the boundary and the type of impact for each material topic.

MATERIAL TOPICS FOR MFE	GRI TOPICS RELATED STANDARDS	MATERIAL TOPIC BOUNDARY	
		Where the impact occurs	Type of impact
Compliance with regulatory requirements	- Anti-corruption - Anti-competitive behavior - Taxes - Environmental compliance - Socio-economic compliance	MFE Group	Generated by the Group
Risk management	n/a	MFE Group	Generated by the Group
Corporate governance	n/a	MFE Group	Generated by the Group
Economic performance	- Economic performance	MFE Group	Generated by the Group
Indirect economic impact	- Indirect economic impacts	MFE Group	Generated by the Group
Responsible advertising and marketing	- Marketing and labelling	MFE Group	Generated by the Group
Quality, integrity and continuity of service	- Content creation - Broadcasting of content	MFE Group Business partners, content suppliers	Generated by the Group and connected to Group Generated by the Group
Audience satisfaction	- Customer privacy - Audience interaction	MFE Group	Generated by the Group
Protection of intellectual property	- Intellectual property	MFE Group	Generated by the Group
Accessibility of the product	- Broadcasting of content	MFE Group	Generated by the Group

MATERIAL TOPICS FOR MFE	GRI TOPICS RELATED STANDARDS	MATERIAL TOPIC BOUNDARY	
		Where the impact occurs	Type of impact
Commercial and strategic partnerships	- Content creation - Broadcasting of content	MFE Group Business partners, content suppliers	Generated by the Group and connected to Group activities
Management and development of human resources	- Employment - Occupational health and safety - Human rights protection assessment - Training and education - Diversity and equal opportunities - Non-discrimination	Employees[*]	Generated by the Group
Industrial relations	- Labour relations and management - Freedom of association and collective bargaining	Employees; Trade unions	Generated by the Group
Responsible and sustainable supplier management	- Procurement practices - Freedom of expression - Broadcasting of content - Content creation	MFE Group Artistic resources, business partners, content suppliers Suppliers, subcontractors Artistic resources, business partners, content suppliers	Generated by the Group and connected to Group activities
Relations with the Public Administration	- Economic performance	MFE Group PA, government and control bodies	Generated by the Group
Social engagement	- Indirect economic impacts	MFE Group	Generated by the Group

MATERIAL TOPICS FOR MFE	GRI TOPICS RELATED STANDARDS	MATERIAL TOPIC BOUNDARY Where the impact occurs	Type of impact
Environmental impact management	- Energy - Emissions - Effluents and waste	MFE Group	Generated and connected to Group activities
Electromagnetic emissions	n/a	MFE Group	Generated and connected to Group activities

(*) The boundary of information relating to health and safety and related accident indicators includes employees of Group companies and all external collaborators in Italy and Spanish temporary workers.

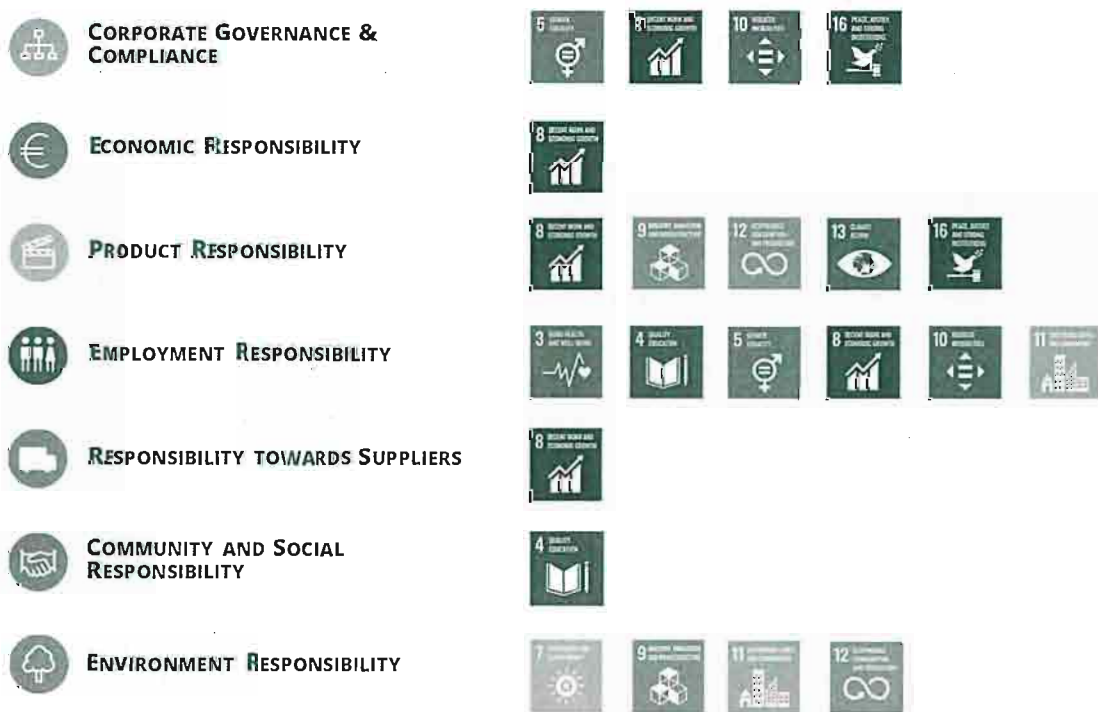
SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In this section, it was deemed appropriate to link the SDGs that could be related directly to the main topics presented, from the 17 **Sustainable Development Goals** defined by the United Nations in 2015 and contained in the Sustainable Development Agenda.

These objectives contain the Guidelines that commit governments and international economic actors to achieving specific environmental, social and economic targets by 2030.

These links were established by analytically comparing the 17 Sustainable Development Goals (SDGs) with the material topics and the Group's characteristic activities and services. The following 11 sustainable development objectives were identified on the basis of this analysis.

The impact of the individual material topics on the Sustainable Development Goals is summarised in the following diagram:



ETHICS AND INTEGRITY IN BUSINESS

CODE OF ETHICS

As indicated in paragraph 1.3 above, the Code of Ethics defines the values which the MFE Group cherishes, accepts and shares at every level in the pursuit of its business activities.

Following a review process, in 2019 the Italian holding company Mediaset S.p.A. and the other Italian companies belonging to the same Group approved a **new version of the Code of Ethics**, also in light of the evolution of their business activities, the need to harmonise the coordination of the provisions of the Code of Ethics with those of Compliance Programmes pursuant to Legislative Decree 231/01 adopted by the individual Group companies and adaptation to regulatory changes (in the field of whistle-blowing, for example).

In September 2021 MFE-Mediaforeurope N.V., the holding company under Dutch law, then went on to adopt a *Code of Ethics*.

The principles and provisions of the Code of Ethics are binding on directors, auditors, employees and all persons working for/with the Group in any capacity, regardless of the nature of their employment relationship, even temporary, with the company (e.g. employees, suppliers, clients etc.).

Respect for the principles and values enshrined in the Code of Ethics is of fundamental importance for the correct operation, reliable management and image of the MFE Group¹⁰.

All activities of the Group are therefore pursued in a spirit of fair competition, in full respect for the laws and regulations of the jurisdictions of all countries in which the individual companies operate, and for the ethical principles commonly applied in the pursuit of business, such as honesty, fairness, propriety, transparency and good faith.

The MFE Group propagates the principles and values enshrined in its Code of Ethics via targeted **information campaigns**, especially with regard to its corporate bodies, staff and employees, encouraging them to apply and strictly observe these principles and values.

The Code of Ethics is provided to all employees of the Group through the **company intranet** together with their salary statements, and to new recruits at the moment of recruitment.

The Code of Ethics is also published and appropriately highlighted in the **"Compliance" section of the MFE Group's website** (www.mfemediaforeurope.com/it/governance/compliance/), in English and Italian, and on a specific "Compliance" portal on the company intranet.

The MFE Group also implements **training activities** addressing its Code of Ethics, and with particular reference to the companies under Italian law, as required under the administrative liability provisions (Legislative Decree 231/01) and in reference to the Compliance Programmes pursuant to Legislative Decree 231/01 implemented by Italian Group companies¹¹. According to circumstances and requirements, training plans are administered in classroom courses or via special e-learning modules.

Following its adoption and subsequent amendments (we would point out that no changes were made in 2021 to the text adopted by Mediaset S.p.A. and the Italian subsidiaries in 2019, while MFE-Mediaforeurope N.V. adopted a Code of Ethics for the first time), the Code of Ethics was distributed appropriately to its different recipients including signatories to employment and supply contracts and, more generally, to all parties conducting business relations with MFE Group companies. Contracts with third parties contain specific clauses

10 Including foreign investee companies

11 As of 2002, the companies under Italian law which have implemented their own Compliance Programmes under Legislative Decree 231/01 are: Mediaset S.p.A., Mediaset Italia S.p.A., R.T.I. S.p.A., Publitalia '80 S.p.A., Digitalà '08 S.r.l., Medusa Film S.p.A., Taadue S.r.l., Elettronica Industriale S.p.A., R2 S.r.l., Radio Mediaset S.p.A., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Manradia S.r.l., RMC Italo S.p.A., Radio Subasio S.r.l.



with an explicit formal reference to the Code of Ethics (as well as the Compliance Programmes pursuant to Legislative Decree 231/01 in the case of Italian companies), stating that failure to observe its provisions constitutes a breach of contractual obligations, giving rise to the right to terminate existing legal relationships without prejudice to any compensation for damages.

In line with Italy, the **MFE Group in Spain** implements its own Code of Ethics, which applies both to the parent Company and its Subsidiaries. Its latest version was approved by the Board of Directors in 2019. Mediaset España also implements its own Compliance Programme, which is analogous to the programme implemented in Italy. It also implements a whistle-blowing mechanism allowing violations of the code to be reported anonymously.

COMPLIANCE WITH REGULATORY REQUIREMENTS

As a supplier of audiovisual services and a radio broadcaster, the MFE Group scrupulously observes Italian law in the pursuit of its business activities, including requirements of a regulatory and self-regulatory nature.

To prevent violations of applicable legislation, the Group scrupulously observes the requirements on air time and the **protection of minors** in the **advertising content** carried in its radio and television broadcasts. The following requirements apply in regard to these issues:

- ▣ **training of personnel** responsible for programming, production and broadcasting;
- ▣ **general oversight of programming activities**, using a delegation system conferring the necessary powers on those responsible for broadcast content;
- ▣ advisory and supervisory action by the Legal Affairs Department and Regulations and Corporate Compliance and the Directorate for Documentation and Institutional Analysis, both from a general perspective and addressing specific programmes or individual issues, with the purpose of identifying critical issues and taking any appropriate preventive action wherever possible.

Regulations and Corporate Compliance periodically publishes a manual summarising the regulations governing the TV and radio programming activities of private Italian broadcasters with reference to the Italian market.

Following the changes introduced by Legislative Decree 208/2021 – Audiovisual Media Services Directive – in force since 25 December 2021, the **“audiovisual media services manual”** by the Directorate for Regulation and Institutional Requirements is being revised. This summarises and interprets the complex legislative and regulatory framework governing the broadcasting of content on various platforms (TV, radio, OTT, internet, etc.).

The manual is designed for everyday use, and is also valuable as a guide for programmers to identify critical issues.

Programmers receive training on correct programming procedure in a series of meetings, including issues specifically connected with regulations on programming.

The MFE Group operates in an intensively regulated sector, and its relations with regulatory bodies and industry associations are of primary importance. The Group defends its legitimate interests before local and international administrative powers.

To do so, the Group is a member of various **industry associations** created to promote the shared interests of commercial TV stations on the national, EU and international levels:

▣ Association of Commercial Television in Europe (ACT)	▣ Fedoweb
▣ Associazioni Produttori Audiovisivi (APA)	▣ CMBA – Creative Media Business Alliance
	▣ EGTA – Association of advertising sales

▣ Columbia Institute for Tele-Information (CITI)	companies
▣ Centre on Regulation in Europe (CERRE)	▣ IAB Italia Interactive Advertising Bureau
▣ Confindustria Radio Televisioni	▣ Istituto di Autodisciplina Pubblicitaria (IAP)
▣ Assolombarda	▣ Pubblicità Progresso
▣ Unindustria Lazio	▣ Asociación para la autorregulación de la comunicación comercial (AUTOCONTROL)
▣ European Interactive Digital Advertising Alliance (EDAA)	▣ Comité de Autorregulación y Comisión Mixta de Seguimiento sobre contenidos televisivos e infancia
▣ Federazione Concessionarie di Pubblicità (FCP)	

CONFLICTS OF INTEREST

The Code of Ethics includes special provisions on conflicts of interest.¹² All recipients of the Code of Ethics must scrupulously observe the laws and regulations on conflicts of interest, especially with regard to the pursuit of their business activities and their own duties/functions. In pursuing the interests and general objectives of the Group, they must abstain from conduct and action incompatible with their obligations in connection with their relations with MFE Group companies.

Consequently, in the occurrence of situations or activities in which the recipients of the Code of Ethics may have interests (directly or via third parties) which are or could be in conflict with those of the MFE Group, these recipients must immediately inform their superiors or the designated bodies, with reference to companies governed by Italian law, the **Supervisory and Control bodies**, where these exist, and respect the decisions taken by the Group in this regard.

Mediaset implements a **"related parties procedure"** taking into account the dictates of the regulations containing provisions on the subject of related transactions adopted by Consob, the provisions of the Civil Code, and the recommendations of the Corporate Governance Code.

The MFE Group is therefore committed to taking all measures necessary for avoiding situations which may present conflicts of interest.¹³

The MFE Group also establishes the necessary measures to ensure observance of the regulations concerning equal access of political entities to television and radio in application of the principles of pluralism of information. In overly simple terms, this activity takes the form of sending internal company circulars to its broadcasting structures, including news directors, precisely indicating the requirement to observe regulations concerning equal access of political entities to television and to implement the measures issued by the Authority.

The **AGCM** carries out its supervision of conflicts of interest through the Resolution of 16 November 2004 - "Regulation on conflicts of interest" (amended by Resolution No. 26042 of 18 May 2016).

Conflict of interest may exist in two distinct cases.

¹² Both in the Code of Ethics adopted by Mediaset S.p.A. and its Italian subsidiaries during 2019 and in the "Code of Ethics" adopted by MFE, there is a specific provision on conflict of interest, according to which "the Recipients, in the context of their dealings with the same, are required to comply with the laws and regulations governing the conflict of interests." In addition, they "must pursue the objectives and general interests of the Group in the performance of their business activities and their own duties/functions" and "abstain from activities, conduct and action incompatible with their obligations in connection with their relations with the same".

According to the Code of Ethics, purely by way of example, the following situations may constitute conflicts of interest: (i) having economic or financial interests, including through family members, in Suppliers, Clients or competitors; (ii) using one's role within the Group or the information or data acquired in the performance of one's business activities and/or own duties or functions to one's own advantage or that of third parties contrary to the interests of the Group; (iii) performing business activities or any kind (including services or intellectual work) for Suppliers, Clients, competitors and/or for third parties contrary to the interests of the Group; (iv) initiating negotiations and/or entering into agreements – in the name of and/or on behalf of the Group – with family members or partners as counterparties, or with counterparties of which the Addressee is, in any capacity, owner or in which they are in any case an interested party. 3. Addressees must without delay, taking the circumstances into account, inform their superior or, if applicable to the specific case, the person to whom they are obliged to report situations in which they may, directly or due to third parties, have interests (even only potentially) in conflict with those of the Group.

¹³ The Group undertakes to guarantee, in all possible circumstances, compliance with the Law of 20 July 2004 no. 235 "Requirements on the resolution of conflicts of interest", and with AGCM ruling no. 417/04/CONS "Regulations on the resolution of conflicts of interest" (amended by ruling no. 392/05/CONS 682/11/CONS).

The first (conflict by reason of incompatibility) occurs whenever the holder of a government office, who is already in a situation of incompatibility, adopts or participates in the adoption of an act or omits an act that is required, in the exercise of their governmental function.

The second hypothesis (conflict by reason of impact on assets) concerns the adoption or participation in the adoption of collegial acts, through which the holder of a government office favours himself, his spouse or his relatives up to the second degree, harming the public interest at the same time.

With regard to **Inside Information**, it is finally noted that, on 18 September 2021, following the completed transfer of the Company to Amsterdam (Netherlands), the update of the related Procedure was approved¹⁴. This acknowledges, among other things, that the competent authority for the purposes of insider trading and delay in disclosing privileged information remains the Italian Market Supervisory Authority (CONSOB). The Inside Information Procedure governs the internal management and communication to the public of inside information concerning the parent company and its subsidiaries, as well as the operation of the "Register of persons with access to inside information". The Inside Information Management and Communication Procedure is an essential component of the MFE-MEDIAFOREUROPE N.V. internal control and risk management system and part of the rules and prescriptions adopted by MFE-MEDIAFOREUROPE N.V. for the purpose of preventing offences.

The above Procedure is binding for the directors, statutory auditors and employees of the parent Company and Subsidiaries as well as the external persons/entities who act in the name of and on behalf of the same – with the exception of the listed subsidiary **Mediaset España Comunicación S.A.**, obliged to keep their own Insider Register, to fulfil related requirements and to notify the reference market – and who, in any capacity, have access to information regarding MFE and its subsidiaries.

The Company has communicated the Inside Information Management and Communication Procedure to its personnel and that of its subsidiaries, including through publication on the company intranet and on its website and has also continued training on the process of managing significant inside information for the competent structures.

Via its regulatory compliance department, the **MFE Group in Spain** works to detect and monitor potential conflicts of interest between the company and its directors. This matter is regulated by the Code of Ethics and by the Group's internal code of conduct, which both provide mechanisms for identifying and resolving potential conflicts of interest, thereby preventing conduct liable to damage the company or its shareholders.

In 2021, the "Related Parties" procedure was updated to adapt it to the changes introduced by the new Law on companies (5/2021, 12 April - "LSC") with particular reference to the approval and communication of transactions carried out with related parties; for certain types of significant transactions, the authorisation of the Shareholders' Meeting is required as well as publication on the Corporate website.

All other cases must in any case be authorised by the Board of Directors itself.

Finally, to avoid potential conflicts of interest in the creation and dissemination of content, all related commissions are subject to the review, analysis and approval of the Group's Acquisitions Committee or, if necessary, of the Board of Directors.

¹⁴ Adopted pursuant to the Market Abuse Regulation (EU No. 596/2014), in order to comply with the legal and regulatory provisions, including European ones, in force regarding the abuse of inside information.

DATA PROTECTION AND PRIVACY

The protection of privacy and the data and personal information pertaining to clients and subscribers is one of the main priorities of the MFE Group, including through appropriate security measures.

The Group has prepared a special set of **Organisational Guidelines on Information Security Policy**, and the protection of data. These activities observe the following principles:

- ▣ compliance with **national and international legal requirements**, with particular reference to Legislative Decree 231/2001, L.262/2005 on the protection of savings and financial markets regulations, and the European Regulation (EU) 2016/679 on the processing of personal data.
- ▣ safeguards on **adequate measures of protection of data against threats**, including cybersecurity; these measures are identified in accordance with the level of risk associated with the loss of confidentiality, integrity and availability of information. This protection must also be guaranteed in regard to relations with third parties.
- ▣ **protection of data against unauthorised access**, while ensuring accessibility for legitimate purposes, with a suitable degree of traceability.

A **cyber risk assessment** process has also been implemented, and has recently identified the principal areas of IT risk for the Group as well as the measures best suited to resisting threats and mitigating residual risk.

In particular, the **cybersecurity strategy** envisages the implementation of specific activities in the following areas:

- ▣ **Risk Assessment:** Since 2018, the risk assessment process has been an established operational practice involving annual activities concerning key IT assets, with the aim of identifying the level of cyber risk associated with a loss of confidentiality, integrity and availability.

These are the main activities completed during 2021:

- IT operational continuity assessment initiated for the main critical platforms.
- Activation of new processes for assessing the security posture of suppliers.

- ▣ **Cyber Defense:** The most important activity within the cybersecurity strategy is cyber defence. This consists of identifying and mitigating vulnerabilities, threats and risks related to cyber attacks.

These are the main activities completed during 2021:

- Enhancement of e-mail protection technologies (phishing and malicious content).
- Improvement in the protection of mobile devices provided to employees and of the service authentication mechanisms.
- Extended visibility of cyberthreats using new sources of intelligence.
- Execution of vulnerability tests on the most relevant IT services exposed on the Internet and, based on the recommendations of security by design, on all new services exposed publicly.

- ▣ **Compliance:** Consolidation and updating of the risk analyses present in the processing register.

- ▣ **Training:** During 2021, informative communications were produced via e-mail and on the company Intranet to draw attention to the main threats, a simulated phishing campaign was carried out, a

mandatory course on Cyber Security was provided and a training session on targeted phishing was carried out, specific for certain business areas.

The protection of personal data, in accordance with current legislation, affects all company activities.

The MFE Group in Italy has always paid great attention to the protection of personal data and, with European Regulation 679/2016 (GDPR) coming into force, has reinforced its **Privacy Compliance Programme**.

With the goal of pursuing the simultaneous promotion of the interests of all parties involved, the protection of personal data and the rights and freedoms of the data subjects, the Group has defined a specific series of **Company Policies, Operating Instructions, Organisational Guidelines**, and a **Processing Register** as the cornerstone and map of the rules and activities connected with processing. Together with the Intranet Privacy Portal and the constant personnel information and training activities, these are part of an extensive privacy management system able to ensure the security of personal data and corporate information.

The **Data Protection Officer**, the **Privacy Department** and the parties involved in various capacities based according to the Compliance Programme promote a culture founded on respect for privacy as a fundamental right of the individual, committing themselves to respect for people and the values of loyalty, trust, transparency and integration.

The MFE group has also issued a **Data Breach Organisational Guideline** in the event of breaches that accidentally or unlawfully result in destruction, loss, alteration, unauthorised disclosure or access to personal data. The Data Breach management plan was prepared in order to implement, where necessary, the action plan and any notification of the Supervisory Authority within 72 hours of identification of the breach and communicate the breach to the data subject should the rights and freedoms of the individual potentially be at risk.

We would also like to point out that the current **pandemic situation** has added further obligations related to processing data from the health emergency (e.g. new information, new opinions, protocols, adaptation of the processing register).

The **MFE Group in Spain** is scrupulously implementing the protection of personal data and content in the sphere of corporate management. The primary instrument of implementation is the Code of Ethics, which addresses aspects relating to cybersecurity, data protection and confidentiality. Using the Code of Ethics as their guide, the Data Protection Unit, the Internal Auditing Department and the technology division will develop other mechanisms determining the company's conduct in regard to data security.

The Group also implements a corporate security policy which imposes procedures and regulations for the processing of personal data and confidentiality within the organisation. These procedures regulate access to and the processing of personal data in all departments, areas and management units of companies belonging to the Group, while also defining the security measures to be applied during the compilation of personal data to ensure the confidentiality of the latter.

It also implemented a series of operating procedures for managing initiatives requiring the use of personal data: identification and authentication, remote access, access to applications and use of personal data files. These procedures are regularly updated to ensure their compliance with applicable legislation.

In 2016, the MFE Group underwent conformity analysis in light of the General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, which came into effect on 25 May 2018.

This analysis revealed the need for more work to bring the current management model up to standard and for the introduction of specific measures of a technical, organisational and legal nature.

With regard to relations between company and citizens in terms of data protection, the MFE Group in Spain has defined and implemented an action protocol for guaranteeing the exercise of the rights of access, rectification, cancellation and objection.

This protocol describes in detail the areas affected by such rights, the channels through which Group users can exercise them, the procedure for replying to requests, special cases for the exercise of rights, and notification of users of the successful outcome of their requests.

The Technology Division of the MFE Group in Spain is in charge of coordinating and managing the technical aspects of information system security, following the corporate security policy and the internal action procedures, which apply to all employees and managers.

As part of this policy, and as a method for guaranteeing control over access to corporate applications and services, a set of guidelines addressing specific topics such as the "Procedure for controlling access to applications" and "Procedure for managing media" has been prepared. The latter procedure defines the cases in which corporate data must be encrypted.

A procedure has also been developed for establishing mechanisms for managing and sending sensitive corporate data. A project for implementing an instrument for the management of access and information rights was developed in 2018 as a technological support for the procedure. This solution involves the application of security rules and policies and the monitoring of the distribution of corporate data.

During 2021, the main procedures relating to information technology were reviewed and updated, with particular regard to:

- ▣ Access Control Procedure to application;
- ▣ Services and corporate reports Internet Domain Management Procedure;
- ▣ Application Management Procedure;
- ▣ Security incident management procedure;
- ▣ Business Contingency Plan.

Mediaset España constantly monitors its mission-critical information systems via periodic reviews and audits. Monitoring of the systems considered to be most vulnerable also covers the activities of users.

The purpose of information system security management is to ensure the availability, integrity and confidentiality of corporate data, to control access to it, and to ensure the data is adequately protected in conformity with all laws, standards and regulations on data protection.

With respect to data protection, in 2020 Mediaset España organised privacy/cybersecurity training for all its employees.

The MFE Group in Spain has centralised data protection management in the *Data Protection Unit*, which reports directly to the Group's Senior Management and is responsible for data protection for all Group Companies. At the head of this unit is the Data Protection Officer, responsible for the relationship with the Data Protection Agency, as well as the areas of legal advice, internal control and IT security.

In 2019, the Personal Data Policy and the relevant internal procedures were updated in order to adapt them to the requirements introduced by the GDPR. In addition, two new protocols have been implemented to ensure compliance around the protection and guarantee of digital rights.

These reference documents establish the guidelines for optimal, responsible management of privacy and data protection as well as the corrective actions to be taken in the event of violations relating to correct personal data processing by the MFE Group.

During 2021, there were 574 requests to exercise ARCO rights (access, rectification, cancellation and opposition) received and managed by the interested parties, relating to the cancellation of users registered on the Group's digital channels and the deletion of images published on the websites.

PEOPLE IN THE MFE GROUP

Groups employees are mainly concentrated in Italy, where approximately 66% of the workforce operates, and Spain (33%). A lower share of approx. 1% is employed in offices located in France, the United Kingdom and Germany, hereinafter grouped under the "Other Countries" category.

ITALY	2021			2020		
	Men	Women	Total	Men	Women	Total
Permanent contract	1,618	1,544	3,162	1,658	1,592	3,250
Temporary contract	61	44	105	49	29	78
Total	1,679	1,588	3,267	1,707	1,621	3,328

SPAIN	2020			2020		
	Men	Women	Total	Men	Women	Total
Permanent contract	817	731	1,548	761	712	1,473
Temporary contract	23	24	47	49	33	82
Total	840	755	1,595	810	745	1,555

OTHER COUNTRIES	2020			2020		
	Men	Women	Total	Men	Women	Total
Permanent contract	15	12	27	14	11	25
Temporary contract	-	-	-	-	-	-
Total	15	12	27	14	11	25

As at 31 December 2021, and in line with the previous year, 97% of employees had open-ended contracts: the high percentage in all Group offices is due to the Group's ability to retain and guarantee a high level of employment stability, to meet the needs of the different business activities.

MFE GROUP	2021			2020		
	Men	Women	Total	Men	Women	Total
Executives	236	105	341	238	106	344
Journalists	319	304	623	316	306	622
Middle managers	373	402	775	392	407	799
Office workers	1,583	1,541	3,124	1,562	1,556	3,118
Industry workers	23	3	26	23	2	25
Total	2,534	2,355	4,889	2,531	2,377	4,908

As at 31 December 2021, the MFE Group comprised **4,889 people**, a slight decrease compared to 2020. The main organisational roles are held by employees: in fact, recourse is made to external contract workers¹⁵ only for the performance of specific activities of a professional or artistic nature or to meet temporary needs. As at 31 December 2021, there were 206 external collaborators in Italy, including 18 interns, and approximately 101¹⁶ in Spain.

The 2020 data was restated following an improvement in a reporting process, to ensure the comparability of the information. For previously published data, please refer to the 2020 Sustainability Report, published in the Sustainability section of the [mfemediaforeurope.com](https://www.mfemediaforeurope.com) website.

COVID EMERGENCY MANAGEMENT

The MFE Group dealt with the health emergency immediately, from the onset of the first cases of infection in Europe, putting two key goals first and foremost: **protecting the health and safety of its workers** and maintaining its own **continuous operation**.

The responsibility that comes with being a leading private television broadcaster for its reference markets ensured that the schedule was full of informative and in-depth programmes at every stage of the emergency, produced in safety, thanks also to **specific production protocols**, which in 2021 made it possible to restore schedules featuring a wealth of self-produced content.

In order to do so, a **series of very diverse initiatives** have been implemented, which have made it possible, and are still making it possible, to deal effectively with the crisis, and which have not only proved to be **consistent with all the protocols agreed by the government, companies and social partners**, but have also been **at the forefront compared to many other industrial concerns**, demonstrating attentive, timely and excellent management of the emergency.

The result achieved is consistent with the **culture of great attention to the employee**, which has its **roots in the founding of the Group** and which during the months of the emergency was further confirmed by the numerous expressions of appreciation from all staff.

In the same way, great cooperation and satisfaction with the work carried out was recorded in discussions with **trade unions**, at all levels, from company representatives to local and national trade association representatives. This too was in keeping with a tradition of excellent industrial relations built up over time.

¹⁵ The Group makes use of external collaborators such as: contract workers with VAT number, Temporary staff with fixed-term and open-ended contracts, interns. Most of these collaborators are employed in TV content production.

¹⁶ The figure for external workers in Spain is expressed as cumulative data for 2021.

The main initiatives undertaken to manage the emergency are described below, under 3 main headings:

- ▢ **Reducing the attendance figures at the sites**, in order to protect employees and collaborators who must of necessity work at production sites;
- ▢ Increasing **hygiene, health, logistical and organisational measures** to ensure maximum workplace safety.
- ▢ **Monitoring and prevention of suspected or positive cases** through continuous and widespread screening of all staff.

ATTENDANCE REDUCTION

Since the end of February 2020, **the path of adopting smart working** launched at the beginning of 2019 for the Group's staff areas has been **accelerated** and progressively extended **structurally to around 1,800 people** today, almost half of the workforce.

At the same time, initially following the lockdown established by the government and subsequently during the various peaks in pandemic emergency, in order to guarantee the safety of technicians, production staff and journalists who necessarily had to carry out their work from the group's premises, **simplified and temporary forms of agile working** were also used to avoid crowding of the production sites.

At the same time, **access was restricted to suppliers and collaborators involved in TV content production or essential services** (cleaning, canteens, etc.) and **access control** was stepped up at all Group sites.

These measures combined, varied as appropriate month by month in accordance with the risk scenario, saw the number of employees and collaborators at the Group's offices reduce substantially, particularly in the lockdown and red-zone periods, demonstrating excellent organisational and operational flexibility achieved without any interruption to broadcasting.

ENSURING WORKPLACE SAFETY

The ability to adapt immediately to changing needs, guaranteeing maximum safety for staff called on to work from sites, was also demonstrated in the immediate updating of the health and safety protocols established within the production sites.

At the entrances, **body temperature checking** and daily distribution of **Personal Protective Equipment** (surgical and FFP2 masks) were provided immediately. Approximately **980,000 masks** were distributed in 2021.

At the various sites, **special routes and safety measures have been defined for the use of shared services** (reception, canteens, lifts, etc.), with dedicated signs and indications, which are particularly appreciated by all employees.

All areas were sanitised regularly in accordance with the most effective standards, increasing the number of locations and frequency for normal cleaning and placing hand sanitiser dispensers in the locations characterised by the greatest access. For technical and production areas and radio and television equipment, **specific sanitisation protocols, also with a daily frequency**, have been defined.

MONITORING AND PREVENTION

Alongside these initiatives, however, a fundamental and particularly significant effort was made to limit the possibility that asymptomatic but positive staff could contribute to the spread of infection by accessing production sites.

A **screening protocol** was introduced with **rapid antigen tests** for those accessing company premises, to be followed by a **molecular test** in the event of a positive result, as well as a **drive-through service through which** those with symptoms can go to the Group's Milan and Rome offices and, by means of a double test – rapid antigen and molecular – administered inside the car, make sure that they are positive without coming into contact with colleagues. Thanks to genuine medical centres located in the various production hubs, as at 31 December 2021 more than **152,000 diagnostic tests** had been administered at the Group's Italian sites.

In June 2021, the Regional Health Authority (ATS) also authorised the Group to activate a Covid-19 vaccination hub at its Cologno Monzese site. The service was opened to employees and collaborators of the MFE Group, employees of suppliers who are continuously present on the company premises in Milan and employees of companies related to the Group.

The Group also continued to offer its **traditional flu vaccination service** and the **pneumonia vaccine** (with over 1,000 people voluntarily taking part in one or both campaigns).

In **Spain**, we would highlight that when the pandemic arrived and a national state of alert was declared, Mediaset España adopted effective measures to ensure business continuity as well as the safety and health of employees and workers in general.

These include, but are not limited to:

- ▣ the use of smart working for employees;
- ▣ the implementation of organisational procedures followed by specific protocols for managing collaborators and suppliers in the TV production area;
- ▣ limiting the presence of the public in the studio;
- ▣ the purchase of 5 surface disinfection systems;
- ▣ the installation of transparent partition panels (plastic or methacrylate) in technical operating stations;
- ▣ health checks for presenters, collaborators and production and broadcasting staff;
- ▣ the use of disposable and personalised material in the hairdressing and make-up service;
- ▣ the use of disinfection products for textiles in the tailoring and styling service.

DIVERSITY AND EQUAL OPPORTUNITY

MFE GROUP	2021				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	118	223	341	-	127	217	344
Journalists	52	333	238	623	52	340	230	622
Middle managers	2	318	455	775	1	340	458	799
Office workers	192	1,348	1,584	3,124	165	1,425	1,528	3,118
Industry workers	-	20	6	26	-	19	6	25
Total	246	2,137	2,506	4,889	218	2,251	2,439	4,908

NUMBER OF EMPLOYEES BELONGING TO THE PROTECTED CATEGORIES BY PROFESSIONAL CATEGORY AND GENDER AS AT 31 DECEMBER

MFE GROUP	2021			2020		
	Men	Women	Total	Men	Women	Total
Executives	2	-	2	5	2	7
Journalists	2	1	3	2	1	3
Middle managers	2	7	9	9	6	15
Office workers	79	95	174	93	104	197
Total	85	103	188	109	113	222

Through the **Group Code of Ethics**, which was updated in 2019, MFE promotes **equality, non-discrimination and equal opportunities**. The MFE Group rejects and excludes any form of exploitation of workers and discrimination based on gender, age, race, language, nationality or religion, promoting equal opportunities in terms of training, development and professional growth. Finally, the Group guarantees fair treatment and promotes constant dialogue with the social partners.

In applying the Group's principles, therefore, any conduct or attitude that discriminates against or harms people as well as their convictions or preferences is opposed. The promotion of equal opportunities is encouraged with reference to work conditions and possibilities, training, development and professional growth, in full compliance with current legislation and the values which inspire the Group. Through the appropriate corporate structures, compliance with these principles is guaranteed and promoted in all areas of the organisation, implementing management policies aimed at guaranteeing a fair assessment of people already in the selection phase, constantly monitoring growth trajectories and designing professional and managerial training courses aimed at developing distinctive behaviours. These initiatives enhance and recognise the wealth deriving from diversity, promote integration and are an integral part of the Group's culture.

The data presented provides a traditional breakdown of employees by the various **professional categories**, including that of "Journalists", typical of the particular business. Around 64% of the Group's employees belong to the white collar category, in keeping with the 2020 figures, with a balanced gender distribution.

As can be seen from the tables above, approx. 44% of Group employees are between 30 and 50 years of age, approx. 51% are over 50 years of age, while approx. 5% are below 30 years of age.

Within the Group, 188 people belonging to **protected categories** are employed in various corporate roles, with an essentially equal distribution between men and women. These represent about 4% of employees.

PEOPLE MANAGEMENT, ATTRACTION AND DEVELOPMENT

The commitment and motivation of employees are fundamental elements for the Group's success. To this end, **opportunities for professional growth** are continually offered, exploiting the **diversity** of origin, experience and competence.

Internal company processes are aimed at ensuring a **correct assessment of employees** starting from both the selection phase and that of subsequent professional and managerial development, through constant monitoring of growth trajectories and the design of coherent training programmes.

RECRUITING POLICIES¹⁷

The Group has always enjoyed great visibility on the job market and attractiveness, as demonstrated by more than **19,000 unsolicited applications** received through the Working with Us section of the corporate website¹⁸, with links to the websites of Group companies.

In parallel, the use of modern **digital recruiting tools** and relationships with the leading recruitment companies make it possible to actively **seek and identify** the best profiles on the market in relation to specific needs.

Finally, the **Group's constant and continuous collaboration with the leading Italian and Spanish universities** makes it possible to contribute to the educational offering of numerous degree and master's courses, through the many lectures and company testimonies in the classroom by its managers and offering internships in the company to young undergraduates and graduates.

The selection process is in any case always preceded by a careful **analysis of qualitative-quantitative coherence** regarding the size of the workforce, with respect to the organisational needs of the companies and also evaluating, where possible, the professional development of internal resources.

In Italy, more than 660 interviews were carried out during 2021, for both profiles with professional experience and internships. As already in 2020, the selection process was necessarily affected by the health emergency situation.

The selection process is aimed at identifying the most suitable candidates, from the point of view of both technical and professional skills as well as soft skills, with the aim of seeking the key skills that the company considers a critical success factor for achieving corporate goals.

In particular, over the years the Group has consolidated a set of key distinctive skills, relating to the cognitive and relational-emotional areas, to be sought in the selection processes of figures from the external market and to identify and evaluate in planning the development trajectories for internal resources.

These **soft skills** in fact represent a critical success factor, common to all areas but differentiated according to the role and degree of seniority, for achievement of corporate objectives at both the group and individual growth levels and flank the professional skills necessary for the various roles in the organisation.

The observation and analysis of certain behaviours and attitudes that people tend to adopt during the selection or assessment phase allow us to estimate the following significant skills and abilities to be projected in the workplace:

- ▣ Leadership – cultivation of an appropriate style in interpersonal relationships in order to influence and involve others in the pursuit of the objectives of the group to which they belong, constituting a role model;
- ▣ Communication – ability to transmit and share ideas and information in a clear and concise manner; propensity for listening and effective discussion;
- ▣ Team working – willingness to work and collaborate with others, having the desire to build positive relationships aimed at accomplishing the assigned task;
- ▣ Social intelligence – ability to operate in a complex context taking into account one's own attitudes and those of others, consciously and objectively reflecting on one's own conduct and that of others;

¹⁷ Recruitment by the various Group companies, in Italy and abroad, is regulated by specific protocols drawn up in line with the Group's policies, in compliance with the provisions of Legislative Decree 231/01. These procedures also take into account the local legislation to which Group Companies are subjected, including provisions concerning termination of employment and provisions and regulations for specific remuneration treatment for "expats" in the event of secondment of personnel abroad.

¹⁸ Figure refers to the Group in Italy

- Emotional intelligence - ability to feel emotions, recognise them and experience them consciously, thus being able to be fully assertive and expressive in interpersonal relationships;
- Reliability – ability to carry out tasks scrupulously and with attention to content;
- Flexibility – ability to know how to adapt to changing working contexts, openness to innovation and willingness to collaborate with people with different points of view from one's own. Adaptation to different situations and changes in context, showing interest in discussing ideas different from one's own and willingness to reorganise one's thinking on the basis of new information;
- Stress resistance / emotional stability - ability to react positively to work pressure while maintaining control, remaining focused on priorities and not transferring one's tensions to others. Ability to overcome defeats and failures; attention to the way in which one's emotions are managed and impulses controlled in difficult situations;
- Self-confidence - awareness of one's value, of one's abilities and of one's ideas irrespective of the opinions of others;
- Problem solving – ability to devise alternative solutions to a problem, estimating the implications for the expected results. This is the tendency to provide concrete solutions that optimise activities in response to the constraints present;
- Life-long learning – recognition of one's deficiencies and areas of improvement, taking action to acquire and further improve knowledge and skills.

In order to guarantee new recruits an effective start-up of their work activity, the departments involved supervise all phases in the resource's induction, from activation of the **welcome and induction plan** to **tutoring** and **coaching**.

In the MFE Group in Italy, 94 people were recruited with open-ended contracts in 2021, a decrease compared to the previous year, considering the decrease in normal turnover due to the uncertainty generated by the health emergency. New staff were recruited particularly in the Technology and Operations area, where there is a significant generational transition and there is an ever more frequent need to recruit people with specific skills related to the implementation of new technologies, as well as in the commercial area.

64% of those recruited in the year are aged between 30 and 50 and 29% are less than 30 years old.

There was also the opportunity for 125 young people to have an **internship experience** in Italy lasting around 4.5 months on average, a reduction compared to the past, again caused by the health emergency and transition to remote working for the greater part of activities, less effective with respect to the educational purposes of internships.

In 2021, there was a recruitment rate of approx. 3% in Italy and approx. 6% in Spain, where 45 people were recruited below 30 years of age.

SPAIN	2021				2020			
	<30	30-50	>50	% Total Turnover	<30	30-50	>50	% Total Turnover
NEW EMPLOYEE HIRES								
Men	25	29	6	60	10	12	2	24
Women	20	20	2	42	5	10	-	15
Total	45	49	8	102	15	22	2	39
New employee hires Rate %	39.0%	6.0%	1.0%	6.0%	12.0%	2.0%	0.0%	2.0%
EMPLOYEE TURNOVER								
Men	10	16	4	30	7	12	10	29
Women	9	25	4	38	1	15	2	18
Total	19	41	8	68	8	27	12	47
Turnover rate %	17.0%	5.0%	1.0%	4.0%	6.0%	3.0%	2.0%	3.0%

OTHER COUNTRIES	2021				2020			
	<30	30-50	>50	% Total Turnover	<30	30-50	>50	% Total Turnover
NEW EMPLOYEE HIRES								
Men	1	1	-	2 13.0%	1	-	-	1 7.0%
Women	-	1	-	1 9.0%	1	-	-	1 9.0%
Total	1	2	-	3 12.0%	2	-	-	2 8.0%
New employee hires Rate %	17.0%	22.0%	0.0%	12.0%	33.0%	0.0%	0.0%	8.0%
EMPLOYEE TURNOVER								
Men	-	-	-	- 0.0%	2	3	-	5 34.0%
Women	-	-	-	- 0.0%	1	1	-	2 18.0%
Total	-	-	-	- 0.0%	3	4	-	7 27.0%
Turnover rate %	0.0%	0.0%	0.0%	0.0%	50.0%	42.0%	0.0%	27.0%

NOTE: To provide a more meaningful representation of the turnover rate for the MFE Group, the calculation method includes in the numerator only the employees with open-ended contracts by gender and age group. The recruitment and turnover rates are calculated by comparing the total of open-ended contracts for recruitment and leaving in the year by age group and gender with the average value of the number of employees for the same age groups. Recruitment and leaving produced by variations in boundary due to acquisitions and terminations in the reporting period are excluded from the calculation.

The 2019 data was re-presented following an improvement in the reporting process, to ensure the comparability of the information. For the figures published previously, please refer to the 2019 Sustainability Report published in the Corporate Social Responsibility section of the medialiaforeurope.com website.

REMUNERATION POLICIES

In the MFE Group, the remuneration levels of employees are determined through an assessment carried out by the Human Resources Department and by the Business Managers who, with the aim of ensuring the competitiveness of internal remuneration levels with respect to market benchmarks, take into account the area of responsibility, the task performed and the principles of internal equity irrespective of the sex of employees, as well as the need to maintain a level of attractiveness and retention for key resources. To this end, depending on the role, all modern **remuneration instruments can be adopted to supplement fixed remuneration**, such as: non-competition agreements, short and long-term variable incentives, as well as the welfare and benefit system that Group employees enjoy.¹⁹ To support the assessment of equity and the competitiveness of remuneration packages, the Group uses **remuneration survey and benchmark tools** provided by leading specialist consultancy companies.

TRAINING

The Group is constantly committed to designing effective **managerial and professional training activities**, in addition to those related to legal compliance, in order to develop and increase the skills and personal capacities of its employees, considered a critical success factor to support the development of its businesses.

The design of training activities takes place in coherence with the need to develop professional skills and managerial competences in line with the new business context and new compliance programmes, as well as the need to align skills related to the technological evolution processes undertaken by the MFE Group.

It is common practice to **monitor training needs** through the involvement of the department in the organisational development processes and in analysing the business development scenarios, in constant coordination with the requesting departments and heads of the various areas of the company. At the same time, monitoring the evolution of legislation makes it possible to effectively ensure the provision of training envisaged by the legal framework.

The training offering is provided through various **tools**, such as in-person courses, conferences, workshop activities and online courses, selected according to the specific objectives of the initiative, content and the specific requirements of the recipients in order to maximise the effectiveness and efficiency of the training activity.

During 2021, the trend of a spread in **digital training methods** was confirmed, both for courses held in remote classrooms and for the use of online training objects, also on-demand, that each employee can choose to attend. The adoption of digital training tools, in particular through the use of new technologies, allows both an expansion in the training content available through remote training platforms and enhanced digital skills for all employees. This development is in line with the processes of digitalisation that the Group is activating as well as the transformation of the Smart Working model communicated then implemented in the course of the year.

Overall, the actions taken have led to significant training results, since people were involved and followed in activities that met with a high degree of participation and satisfaction. Due to their nature and ease of use, certain activities were characterised by brevity and flexibility.

The most important initiatives implemented in Italy in 2021 are briefly described below:

- ▣ **Management training** was subject to particular attention: projects were carried out with the goal of supporting people in a phase of change and development in important professional and personal capacities, in a context of transforming business processes as well as social complexity. In continuity with

¹⁹ In particular, the remuneration policy applied to the Group's top management is detailed in the 2021 Remuneration Report.

previous years, the development project focused on identifying key managerial competencies continued, through one-on-one coaching sessions for a selected number of managers.

Particular attention was paid to senior managers, who were involved in two significant projects in order to support and improve their professional capabilities and to involve their structures in developing hybrid working methods. The "Riconoscere e riequilibrare i fattori di stress" course helped support the capacity to handle extraordinary situations that are potential sources of stress, through awareness and care for personal well-being. The "Smart Training" course was organised in keeping with the development of the Smart Working model that the Group has adopted. The project centred on a vision of Change Management consistent with the concept of a "new normal", both organisational and social, but always with respect for the culture and values of the Group. The work, in groups organised by similar business areas, focused mainly on topics such as: courage in handling changes, delegation and trust in providing vision and goals and communication in a hybrid context.

The "Leadership Lab: la gestione dei collaboratori" course came to a conclusion for Middle Managers responsible for resources. This focused on improving skills in leadership, delegation and monitoring, paying particular attention to aligning personal capacities with the requirements introduced by hybrid working.

A training course entitled "Problem solving relazionale" also began, dedicated to a "younger" segment of personnel, in terms of both age itself and of seniority. The project aims to enhance abilities to read and interpret the dynamics of life in an organisation, developing greater awareness of the benefits of an active and constructive approach to facing and resolving relational issues that can occur in the Company.

A series of four webinars on the topics of mental and physical well-being called "Onlife Wellbeing" was offered to all personnel. The initiative attracted considerable participation. It aimed to communicate and consolidate the ability to recognise, cultivate and employ the emotional capabilities of patience, balance and resilience, essential for facing and overcoming situations of tension and stress and for maintaining the quality of our relationships with the people around us.

For the senior managers of the Technology Department, which is undergoing a phase of evolution and reorganisation in a context where tech projects play an increasingly central role, a course was designed with the goal of consolidating some innovation and leadership skills in an increasingly effective partnership with all business areas.

□ In relation to **vocational activities**, activities were carried out to increase technical and trade-specific skills. Projects of a purely technical nature continued for resources in the Operations Area working on typical television studio equipment, aiming in particular at learning the functional skills for using new IP technologies (control desks, audio mixers, new mobile control rooms) and the new Master Control Room based on this technology. These projects are of particular importance in relation to the technological evolution that affects the technical production areas, whose resources have been able to undertake a process of reskilling that supports both in relation to their professional growth and criteria of greater employability.

A project ran dedicated to people in the Procurement Department, who took a path of professional growth with the aim of developing demand management and negotiating skills. The course had a highly operational character, with cases developed in line with corporate reality.

A part of the professional training involved self-learning, with a view to greater individual accountability with respect to personal training needs. Each employee can access a wide range of courses available through the Training Portal on demand. There are courses on the Office 365 package, a library of short training modules illustrating the main trends in digital innovation and a collection of video testimonies related to mental and physical well-being.

Courses ran as usual to keep personnel up to date and informed on specialised matters in individual areas, with special attention to those that require constant adaptation to external situations or legislation. Finally, language training continued with dedicated courses, now delivered exclusively online, through a platform that offers the possibility of remote

video lessons with teachers who are native speakers. An in-person English language workshop was organised for people in the finance area to refine sector-specific language skills.

▣ With regard to **statutory compliance**, initiatives envisaged by legislation were carried out, paying attention to the specific issues of the company. In particular, Health and Safety training was delivered for new recruits and people with roles envisaged by the Group's Safety Management System. The courses on using the Defibrillator (AED) were launched in line with the heart-protection project, which involved installing such tools on company premises.

In compliance with Legislative Decree 231/01, the course on the fundamental principles of Legislative Decree 231 continues for everyone who joins the company. With a view to IT security compliance, an online course on cybersecurity was released for all personnel that illustrates the security measures to evade fraud and scams, how cyber attacks occur, how to protect privacy and good practice for working with company tools in domestic settings.

With respect to the GDPR in force, provision of the online course for everyone who joins the company continues.

With regard to trade union relations, within the context of an approach of discussion with workers' representatives, a Bilateral Training Committee (consisting of company and trade union representatives) has been established for many years with the task of:

- contributing to monitoring training requirements related to the need to maintain levels of professionalism appropriate to the production evolution of the company;
- formulating indications on projects and means of professional updating of human resources, with particular reference to initiatives in the field of life-long training, in relation to increasingly rapid technological developments and to issues concerning health and safety in the workplace;
- promoting, analysing and signing annual and periodic training projects/plans to be submitted to the inter-professional funds within the scope of funded training;
- carrying out periodic qualitative and quantitative analyses of the training activity carried out.

In 2021 too, structural use has been made of resources from **Fondi Paritetici Interprofessionali** (Inter-professional Joint Funds). Fondimpresa for the training of middle managers and employees, and Fondirigenti for executives, to fund a considerable portion of the Group's training activities.

AVERAGE ANNUAL TRAINING HOURS PER CAPITA BY PROFESSIONAL CATEGORY AND GENDER

MFE GROUP	Men		Women		Total 2021	
	No. of hours	Hours per	No. of hours	Hours per	Total hours	Hours per
Executives	2,955	12	1,591	15	4,546	13
Journalists	810	4	1,280	6	2,089	5
Middle managers	2,791	6	2,216	4	5,007	5
Office and Industry workers	13,249	8	9,687	6	22,935	7
Total	19,805	8	14,773	6	34,578	7

MFE GROUP	Men		Women		Total 2020	
	No. of hours	Hours per	No. of hours	Hours per	Total hours	Hours per
Executives	2,470	10	1,945	18	4,415	13
Journalists	609	2	528	2	1,136	2
Middle managers	2,946	7	2,634	7	5,580	7
Office and Industry workers	7,213	5	7,808	5	15,021	5
Total	13,238	5	12,915	6	26,152	5

NOTE: The training hours per capita use the average figure for employees by category and gender as the denominator. The training hours for blue-collar workers were also included with the white-collar worker category.

The 2019 data was re-presented following an improvement in the reporting process, to ensure the comparability of the information. For the figures published previously, please refer to the 2019 Sustainability Report published in the Corporate Social Responsibility section of the mfemedioforeurope.com website.

NUMBER OF EMPLOYEES RECEIVING ANTI-CORRUPTION TRAINING OR COMMUNICATION BY PROFESSIONAL CATEGORY

MFE GROUP	2021	%	2020	%
Executives	204	58%	112	32%
Journalists	280	67%	91	14%
Middle managers	668	67%	114	14%
Office workers	2,216	72%	298	10%
Industry workers	9	34%	-	0%
Total	3,377	69%	615	13%

In 2021, training on issues related to **human rights** involved, throughout the MFE Group, 71 people in Italy and 159 hours of training were delivered.

On issues related to regulatory compliance, and in particular on the subject of training and information on the Organisation, Management and Control Model established pursuant to Legislative Decree 231, privacy and security, specific training, usually through an online method, is provided upon recruitment of personnel. New recruits are also informed on how to consult the Code of Ethics of the Group and the compliance programme. Finally, all employees can access this documentation at any time on the company intranet.

Overall, the Group provided approximately 34,578 hours of training in 2021, an increase of 32% compared to 2020, a year penalised by the reduction in activities resulting from the Covid 19 emergency.

People training and talent management are critical elements for the corporate strategy of the **MFE Group in Spain** since they allow a rapid adaptation to the dynamic needs of the environment in which it operates.

More than around 16,000 hours of training were provided in the course of 2021. Among the main initiatives were training courses on accidents and risk prevention with respect to health and safety, compliance (note the training on "anti-corruption practices" for 307 people in 2021), training courses on leadership development programmes, coaching for senior managers and managerial development courses dedicated exclusively to female personnel. Of particular note in 2021 are the Master's in the creation and management of Audiovisual Content and the Digital Marketing and Digital Advertising Sales courses, which saw participation from 150 students.

Given the strategic role of innovation, the training plan dedicates more than 20% of training hours to IT courses and the use of new software. In continuity with previous years, the MFE Group in Spain offers language and occupational risk prevention courses.

It should be noted that 66% of the workforce carried out at least one training activity with an average of 10 training hours per capita in 2021.

The Covid-19 pandemic had a major impact on the regular delivery of training courses during 2021, which were adapted (e.g. through virtual remote learning) to the circumstances.

WELFARE AND WELL-BEING

All **MFE Group** companies have defined various corporate welfare systems in line with the policies on human resources that have always put people at the centre of the corporate system.

For over ten years the **Mediacenter** has been active at the Milan and Rome offices, the result of an important project aimed at creating an optimal context to facilitate the best balance between professional and personal life. In particular, this is an area on company premises that includes a series of useful and concrete services for improving the quality of life of those working for the Group.

With an area of 3,000 square metres, Mediacenter is considered one of the most useful and welcoming welfare stores in Italy. The services offered, managed by external operators selected for their specific experience in the areas of reference, concern personal care and activities necessary for family management: medical centre, which provides the medical services of specialists from the San Raffaele Hospital to employees free of charge;

☐ fitness centre;	☐ bookshop;
☐ mini market;	☐ parapharmacy;
☐ laundry/tailoring repair services;	☐ shopping area;
☐ bank;	☐ catering (bar, sandwich bar and restaurant).
☐ post office;	

As well as this physical presence there is also a **website** offering up-to-date details of various deals negotiated by the company for its staff – with banks, insurance companies and over a hundred retailers active online or near the Mediaset Group's main offices. In particular, various "ESG" conventions have been signed in the last year, directed towards supporting sustainable development because they make it possible to promote and pay attention to issues such as environmental protection, social impact, well-being and waste reduction.

The Group has also been working for many years, together with local public bodies, to offer its employees **transport and mobility services** through company shuttle buses that connect the Group's offices throughout the day (including public holidays for production centres) to the main nearby underground and/or railway stations. The service is the result of a detailed analysis of the home and work journeys of all Group personnel of the Milan and Rome offices, implemented in collaboration with the Department of Architecture and Planning (DIAP) of the Politecnico di Milano, aimed at optimising transport service routes and times and limiting personal inconvenience connected with reaching the workplace, both in terms of time optimisation and stress accumulation. The Group has put in place agreements with public and private entities for the use of parking spaces during working hours and has stipulated framework agreements with local public transport for discounted season tickets for employees with debit to the payroll.

In 2012, a **company Campus** was also set up at the Cologno site with specific architectural features aimed at connecting all the buildings and production sites of the Group's headquarters with a more functional approach with respect to the use of work spaces and integration of company areas. With this in mind, an agreement was reached with the Municipality of Cologno Monzese, which transferred Via Cinelandia to the Group in exchange for redevelopment of Viale Europa, which the MFE headquarters overlook.

MFE GROUP	2021			2020		
	Men	Women	Total	Men	Women	Total
Full-time	2,463	2,117	4,580	2,473	2,119	4,592
Part-time	71	238	309	58	258	316
Total	2,534	2,355	4,889	2,531	2,377	4,908

The Group safeguards maternity and return to work after the birth of children thanks to an important corporate initiative, the **Nursery**, which since 2004 can accommodate the children of employees up to 3 years of age; this solution allows parents to entrust their children to specialised educators, at the workplace, during working hours, avoiding the need for employees to sacrifice time and money on the care and custody of their children during the daytime.

In 2021 MFE, in continuity with last year, took part in the **WHP (Workplace Health Promotion) programme**, promoted by the Lombardy Region, allowing the Group to obtain the workplace health promotion (ENWHP) certificate thanks to all the initiatives listed above and to new initiatives promoted during the year, such as the "Mediaset ha a cuore il futuro" campaigns for breast cancer prevention and against web addiction and food waste, and the "OnLife WellBeing" training initiatives.

In a scenario with many employees working remotely, communication with staff has been intensified, including through new communication channels, such as the **new company intranet** launched in May, which hosts and communicates all company regulations and organisational procedures, or the survey that staff could use to provide management with helpful indications on how best to manage the transition of many activities to remote working.

BENEFITS

The benefits envisaged for **MFE Group** workers in Italy are mainly of a social security and welfare nature. For all employees there is a supplementary health care plan, 24-hour accident insurance policy and the supplementary pension fund. The company also guarantees integration of the statutory remuneration provided for maternity for all its employees. For senior managers, in addition to these benefits, life and permanent disability insurance due to illness, as well as company cars depending on the role held, are also envisaged.

We would highlight the 2020-2022 renewal of the employee and family member healthcare policy with improved services and reimbursement of healthcare expenses.

In addition to the annual review of its employees' remuneration, **Publieurope** provides health and welfare benefits.

We would note that in 2021 Publieurope stipulated new insurance schemes, in particular for the "life and medical expenses reimbursement classes", for all its employees.

The **MFE Group in Spain** looks after its employees by guaranteeing a wide range of benefits aimed at facilitating a better balance between work and private life. These benefits range from the possibility of using a company shuttle or free parking at the workplace, to the company canteen, which benefits all workers, and health insurances for spouses and children (up to 25 years) and mandatory and/or optional medical check-ups.

There are also one-time bonuses linked to the Company's results.

WORKING HOURS

The Group has always identified and implemented specific tools that facilitate the reconciliation of time dedicated to private and professional life, facilitating the equilibrium between demand and supply of flexibility in the workplace, in line with the needs and opportunities that characterise the television business.

With this in mind, a variety of working hours has been contractually defined with the trade unions which flexibly meets the needs of both the company and its workers. Specifically and for most employees, with various specific exceptions for the operational needs of the various organisational structures, it is possible to clock in flexibly between 9.00 and 10.30 am. The remaining workers, engaged in production activity, benefit from a 7-hour work day, rather than 8.

Moreover, from an operational point of view, reductions in working hours are generally granted to personnel requesting this in all the areas of the company, in the presence of the technical and organisational conditions and where the job permits; to date, 315 people in the entire MFE Group benefit from a part-time contract, 82% of whom are women. Reductions in working hours are in fact used to a large extent by female workers who, in particular after returning from maternity leave, ask for a reorganisation of their working life, benefiting from a few hours more each day to dedicate to their private life.

Starting in 2019, the Group launched the **Smart Working** project, which, having begun with pilot phases, accelerated greatly in the initial months of the pandemic emergency. Following the requirement of general application during the emergency period, the MFE Group assessed it and determined that it could constitute a new structural method of working, representing an element that enables increased productivity, digital development, the promotion of professionalism and goal-oriented work, the promotion of social, economic and environmental sustainability as well as a tool for balancing the production and organisational needs of the company and work-life balance for workers. In light of this, the Group has defined a new approach to the organisation of work characterised by synergy between flexibility, autonomy, responsibility and collaboration. To this end, the MFE Group signed an experimental agreement with trade unions in May 2021, with a duration of up to 31 December 2022, directed towards regulating the principles on which the new organisational method of working is based.

The New Smart Working Model adopted by the Group provides for a combination of work carried out remotely and activities carried out on the appropriate company premises according to "at least 1" logic: work can be carried out at least one day a week remotely and at least one day a week on site, through a weekly schedule defined within the individual structures, which will take into account both the technical, organisational and production needs of the company and the personal needs of the workers concerned.

INDUSTRIAL RELATIONS

The MFE Group has established and built a consolidated and effective system of industrial and trade union relations at all levels of representation.

The topics typically subject to discussion and disclosure consist of work organisation in terms of jobs, levels and processes, the operating performance of the company, the evolution of the workforce and training issues, as well as the evolution of the business.

The companies in the MFE Group apply the relevant **National Collective Agreements or Supplementary Company Agreements (AIA)** to all of their employees, regulating all the typical situations of the employment relationship. In particular, for Italian companies, the following are applied: for Senior Managers, the National Collective Bargaining Agreement for Commercial Senior Managers and for Industrial Senior Managers; for Middle Managers and White-Collar Workers, the National Collective Bargaining Agreement for Private Radio and

Television Companies, for Commercial Service Industries and for Engineering Workers; and for Journalists, the FNSI National Collective Journalists Bargaining Agreement. In addition, a Supplementary Company Agreement applied to Middle Managers and White-Collar Workers and a Supplementary Company Agreement applied to Journalist staff that regulate and improve on the conditions provided for by the national agreements have been historically in force for the television area of the Group.

Specific provisions that further regulate and detail working conditions, working hours and ad hoc technical-production models for individual companies are usually managed via agreements with the trade union representatives of the workers concerned.

The Group manages any structural changes to the organisational, production and logistics structure that have a material impact on the employment relationship with employees by following the union discussion procedures governed by current legislation, national collective agreements and company agreements. These activities aim to guarantee a fruitful negotiation phase that limits the impact on workers and, where possible, improves any contractual provisions.

An agreement was reached in 2018 with the Italian trade unions to renew the supplementary company agreement applied to Middle Managers and White-Collar Workers in the broadcasting area of the Group. In particular, this agreement introduced new provisions on the classification of personnel (introducing new professional figures to match technological development) and working hours (redefined for flexibility and greater simplicity) for a more competitive model of production. Dedicated Bilateral Committees were also established for meetings and exchange concerning the addition of new professional figures or updating of existing profiles, welfare and any extraordinary projects that may affect the boundary of the Group. Finally, to promote generational transition, the Group undertook to bring in at least 100 new people during the effective period of the AIA.

Finally, the agreement signed incorporates the regulatory provisions established upon renewal of the National Private Radio and Television Work Contract (signed with the Trade Unions in December 2017 and approved by the workers' meetings in January 2018), together with the Confindustria RadioTV delegation.

Due to the health emergency in 2020, there was an increase in the number of meetings and discussions with the trade unions. The well-established system of industrial relations has undoubtedly contributed to an effective and prompt response to the crisis, in all its phases, particularly with regard to all safety-related initiatives.

2021 saw continued periodic discussion with the **Coronavirus Emergency Committees** (for the Milan and Rome areas), as provided for by art. 13 of the shared protocol of 13/03/2020, composed of the company Health & Safety Representative, the Employer, the group Health & Safety Managers and Personnel Management, with periodic meetings at the initiative of the company and/or through input from the Health & Safety Representative. On these occasions, the measures taken were illustrated and shared, for example with reference to the various procedures and protocols issued, then published in a dedicated section of the company intranet, under the responsibility of the Prevention and Protection Department (Employer and Health & Safety Managers), or to the initiatives for screening and sanitising work environments.

An information flow through a **daily Bulletin on a territorial basis** also remained active, in peak periods of the pandemic in particular. It contained the following information:

- Update on cases (positive, close contacts and mandatory self-quarantine) found in the company, with split between employees and collaborators;
- Daily attendances figures per Production Unit;
- Revision of the Schedule;
- Extraordinary sanitisation interventions;
- Logistical Interventions.

In September 2021, work began on the renewal of the **National Collective Bargaining Agreement for Radio And Television, Multimedia and Multi-Platform Companies**.

The **periodic meetings of the Bilateral Commissions (Welfare, Development, Training)**, provided for by the AIA, also continued and the following trade union agreements were signed:

- ▢ New "Make or Buy" Professional Profiles Agreement;
- ▢ Trade Union Agreement regulating the tool of Smart Working for MFE Group companies;
- ▢ Friday hours reduction agreement for EI;
- ▢ Transfer of the Mediamond Spa business to Digitalia '80 Spa;
- ▢ Availability Agreement for Technologies OPN.

The 2018-2021 renewal of the supplementary company agreement for the **MFE Group in Spain** was signed in 2018. This agreement improves on some of the regulatory conditions and governs aspects related to planning production requirements, internal mobility and notice periods.

Below are the collective agreements envisaged for the MFE Group in Spain:

- ▢ Mediaset España Collective Agreement (this was renewed in 2018, valid until 2021);
- ▢ Collective Agreement of the Advertising sector for employees of Publiespaña and Netsonic;
- ▢ Madrid Regional Collective Agreement for Telecinco Cinema employees;
- ▢ Madrid Regional Collective Agreement for Conecta 5 employees.

HEALTH AND SAFETY OF WORKERS

The MFE Group in Italy and Spain²⁰ has adopted, implemented and effectively deployed an **Occupational Health and Safety Management System (OHSMS)**, compliant with the **OHSAS 18001:2007 standard**. After UNI ISO 45001:2018 came into force, in 2020 the MFE Group in Italy updated its Occupational Health and Safety Management System to the new standard, obtaining Certification at Corporate level.

The certification of an OHSMS represents the recognition, by an accredited body, that:

- ▢ the management of health and safety issues in the workplace complies with the applicable provisions, regulations, etc;
- ▢ these issues are regulated, as well as adequately and continuously monitored, in order to reduce their impact on workers and pursue the prevention of occupational accidents and diseases, with a view to continuous improvement.

The Certification is valid for Corporate and for all the 15 companies that have adopted this management model, including²¹: Mediaset S.p.A., Mediaset Italia S.p.A., RTI S.p.A., Elettronica Industriale S.p.A., Medusa Film S.p.A., Publitalia'80 S.p.A., Digitalia'08 S.r.l., Radiomediasset S.p.A., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Monradio S.r.l., RMC Italia S.p.A., Radio Subasio S.r.l., Radio Aut S.r.l. and R2 S.r.l.

The application of the OHSMS concerns all workers operating in all offices of the above companies and their activity as well as management of contracted work.

²⁰ The occupational health and safety management system for the Mediaset Group in Spain does not cover employees in foreign offices. The foreign companies Mediaset and Publieurope do not come under the Group OHSMS either, but refer to local legislation.

²¹ The Tadoue company adopts a version similar to the Group OHSMS and employs an external OHS service.

The **UNI ISO 45001 OHS Management System** was subjected to a certification audit by the DNV-GL certification body. The audit was successful and the 45001 certification was issued at the corporate and individual company level.

The System envisages the development and adoption of specific types of documents including: Policies, General Procedures, Operating Procedures, Operating Instructions and Practical Solutions. Among these there are, of course, some specific ones aimed at identifying and preventing risks and training programmes on health and safety issues²² (which are defined according to the assessment of the risks to which workers are exposed in the course of their work).

Furthermore, for the purposes of the systems and rules for recording and reporting of statistics, the MFE Group has recourse to **specific supporting IT tools**, such as the Simpledo.Net platform.

At least once a year, in compliance with the provisions of Art. 35 of Legislative Decree 81/08, for each certified company of the Group, a "Meeting" is convened which constitutes the "Management Review" referred to in paragraph 9.3 of UNI ISO 45001:2018.

MFE GROUP	2021 Total	2020
Injuries (no.)	29	24
Fatal Injuries (no.)	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Working hours	8,089,157	7,697,196
Cases of occupational illness (no.)	-	-
Rate of recordable work-related injuries	4.0	3.0
Rate of fatalities as a result of work-related injury	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-

NOTE: The number of working hours is partly derived from estimates.

The **Workers' Health & Safety Representatives (WSR)** represent all workers.

In the case of critical events that may involve employees during business trips abroad, the "Personnel Abroad Security Committee" has been established, consisting of:

- ☐ Central Personnel and Organisation Director
- ☐ Safety Director
- ☐ Personnel Director
- ☐ Company representative of the area to which the employee concerned belongs.

²² The PG SIC procedure 05 "Information, education and training of workers in health and safety in the workplace" governs the process of informing, educating and training personnel on health and safety in the workplace.

In order to guarantee safe working conditions, in May 2013 the MFE Group set up an **"Operational Guideline"** in order to guarantee the safety of its personnel on business trips in countries or areas considered "at risk".

Lastly, the Risk Management Department provides adequate **insurance coverage for business trips abroad**. It should be noted that no Group workers are involved in activities with a high accident or health risk²³.

There are also specific clauses that cover health and safety issues in contracts²⁴ in which the parties agree that the protection of health and the physical integrity of workers is a primary and constant concern for companies; also, with regard to the occupational safety and health of workers, express reference is made to the provisions of Legislative Decree 81/2008, as amended and supplemented.²⁵

For 2021, confirming the Group's attention to the occupational health and safety of its employees, there were no serious injuries (duration of more than 6 months) nor cases of occupational illness or cases of injuries for external collaborators.

There were seven accidents with a number of days' absence greater than 70 (77, 80, 85, 104, 110, 123, 140) according to INAIL. Five of these occurred outside of the company workplace and were not caused by work (3 commuting – 2 when smart working), whereas the two accidents that occurred in the company workplace resulted from tripping (same-level fall).

Occupational health and safety in **Spain** are regulated and guaranteed through the occupational risk prevention plan and the provisions of the individual national collective agreements. The plan is jointly defined by the Group Health and Safety Committee and by the Prevention Service ("Servicio de Prevención Mancomunado" or SPM), which is then approved by the Human Resources Department and Service Management and finally presented to the Risk Officer.

The occupational risk prevention plan ensures compliance of the company with the legislative provisions on the prevention of occupational risks and the requirements of OHSAS 18001:2007 for the prevention of standard occupational risks.

We would like to point out that in Spain all collective agreements include measures to protect the health and safety of workers.

Based on the objectives set out in the prevention plan, each year the SPM defines the activity plan. The Risk Officer has the task of approving and monitoring the plan on a quarterly basis together with the Health and Safety Committee. The Committee therefore does not carry out preventive activities but rather represents all employees: the committee consists of approx. ten people belonging to the different professional categories. Moreover, the SPM can perform extraordinary activities to meet or adapt to new regulatory needs or changes in business activities.

In the course of 2021, health and safety training for various categories of workers continued through online courses.

During 2021, eighteen minor injuries occurred among employees of the MFE Group in Spain. There were no cases of accidents involving external staff.

In 2021, as in the two previous years, there were no cases of injuries or cases of occupational illness in other foreign MFE Group companies.

²³ On 30 November 2018 (published on 5/12/2018) two Organisational Guidelines – O.G. MD/HO 105 and 106 – were issued, defining the organisational and operating models adopted by the MFE Group to manage any crisis situations (CRISIS Management Compliance Programme), in order to reduce negative impact on the business, limit damage to property and harm to persons and take advantage of any opportunities for the Group, contributing to improving company resilience and its value in time, also for the purposes of preventing the offences envisaged by Legislative Decree 231/2001 as amended.

The O.G. states that the "Group's priority goal" is to safeguard life and health for all in the company (covering employees, external staff, suppliers, guests...), protecting the company's reputation, supporting business continuity in areas and processes considered critical for the business in various safety and security risk scenarios.

²⁴ Mention is made of Art. 20 – Protection of the health and physical integrity of the workers of the National Collective Bargaining Agreement of Employees of Private Radio and Television Companies.

²⁵ Art. 7 – Environment and Health of the Supplementary Agreement for MFE Group Companies

EFFECTIVENESS AND SUSTAINABILITY OF THE BROADCAST AND COMMERCIAL OFFERING

RESPONSIBLE ADVERTISING AND MARKETING

The MFE Group operates through two fully-owned **advertising sales agencies** in Italy: **Publitalia '80**, the exclusive sales agency for the free-to-air Mediaset networks; and **Digitalia '08**, which handles advertising sales for the pay TV platform.

The Group also owns a 50% interest in **Mediamond**, a joint-venture with Mondadori, which sells advertising space on the MFE Group websites and radio, the websites of agencies in the Mondadori Group and via third-party publishers.

The Group's advertising is based on the **strategies** and **commercial policies** from various periods of the year which define the sales methods to investors for all advertising spaces on television channels (general-interest and specific).

Advertising sales take place through different **formats**:

- ▣ **Display** advertising: commercials during advertising breaks within or adjacent to programmes;
- ▣ **Sponsored** programmes (such as weather forecasts);
- ▣ **Long video**: 40-60-90-second videos created for the client and aiming to explain the product in greater depth than a classic commercial;
- ▣ **Short format** characterised by the prestigious position and the graphics frame (Top, Best last position, Brand video);
- ▣ **Animated overlays** in programmes (inlogo).

The main **forms of sales** for display advertising are organised by programme and by sets of commercials (**target modules**), while a relative price list is created for **special positions** within commercial breaks (very first, first, second and last).

Another way of advertising and selling products via television is **product placement**. This form of advertising sales takes place through the definition and creation of projects in collaboration with the client. There are two forms available: product insertion in programmes or the construction of programmes fully financed by the client.

From an internal control point of view, the Group takes special care to select which advertising campaigns are broadcast. To this end, the main criterion is **compliance with current legislation on advertising**.

Compliance verification is applied in full respect for the advertiser's autonomy in creative and communication choices and is aimed at protecting the company (as well as the advertiser) with respect to the legal status of the communication to be broadcast. This is expressed in the preliminary assessment of what might be the "critical" elements of the message (as well as in the identification, where possible, of the actions necessary to ensure that the advertising complies with the rules).

These control procedures aim to avoid any complaints that could lead to the early termination of the campaign, as well as fines and civil/penal sanctions against (also) the broadcaster.

Refusal to broadcast the advertising message can only occur in cases where obvious critical issues in the communication of a legal nature cannot be avoided.

Another assessment criterion that would affect an advertising campaign being broadcast on Mediaset networks is the **conformity of the message to the broadcasting policy** of the networks.

With respect to its target audience, the MFE Group applies strict selection on advertising that relates to or belongs to certain **product sectors** which - even if lawful and legitimately publishable - could be considered as not compliant with the broadcasting policy (e.g. the Group does not advertise weapons, funeral services, legal cannabis, dating sites for sexual purposes) or in relation to the content of the message itself (e.g. vulgarity, violence, etc.).

This editorial judgement varies depending on the characteristics of the medium and therefore also of the target audience for which the advertising is intended.

The dispute regarding the inclusion or exclusion of promotion of our radio channels within concentration of advertising limits within TV programming, which began 2018, is now pending at the Court of Justice following transfer by the Council of State (25 March 2021).

The Court will have to rule on issues of compatibility with European Union law in relation to identifying the subject able to broadcast self-advertising messages and the possibility of including in the category of "self-advertising" messages relating to programmes broadcast on platforms (radio) other than the one transmitting such messages (TV) cross-platform.

In 2021, AGCOM did not initiate any investigations to verify breaches of advertising regulations in accordance with the Audiovisual Media Services Directive.

The MFE Group is committed to broadcasting messages that have more than just a commercial purpose. To that effect, MFE is a founding member of the **Fondazione Pubblicità Progresso**, represented by Publitalia 80 along with the major players in communication in Italy. This foundation aims to contribute to solving the civil, educational and moral problems of the community by placing communication at the service of society.

Pubblicità Progresso promotes **training initiatives on social communication** at leading Italian universities; it sponsors **events, exhibitions and initiatives** dedicated to important social issues; it sponsors **social communication campaigns** carried out by non-profit organisations; and it holds the **Festival of Social Communication** for training and public educational purposes. In addition to paying a membership fee, the sponsoring members provide their work free of charge for the implementation of the Foundation's activities.

Every year, Pubblicità Progresso draws the attention of the authorities and public opinion to create greater awareness on a specific theme by implementing communication campaigns using contributions from promoting partners; by way of example, past themes have included campaigns on anti-smoking, organ donation, gender equality, anti-racism, sustainability and volunteer work.

In terms of **product innovation**, Publitalia '80 has created a **dedicated new internal structure** for the research and development of exploiting internet-connected TVs to offer the market new advertising products.

The most significant developments are based on the analysis and use of **Big Data**; this activity offers increasingly targeted and effective advertising products.

An example of this is the new **ADD+PLUS** and **ADD+OVER** formats which allow the segmentation of the audience and more in-depth content depending on the product advertised through mini-websites accessible via interaction with internet-connected TV; these cases enable a report revealing the results of the campaigns in detail.

In addition to **greater profiling and more effective communication**, internet-connected TV also allows **specific interactivity** with advertising content, which can be accessed through TV-sites created specifically to meet the needs of clients. When the advertising campaign has ended, the client is provided with a report containing the main KPIs achieved through scheduling on internet-connected TVs.

These forms of innovative advertising are enabled through a TV application that can be accessed through **internet-connected televisions: Mediaset Play**. This product extends the potential for contact with the

public by providing a range of on-demand services. Mediaset Play makes it possible to watch content that has already been aired again, restart a programme that has already begun, consume exclusive live content, consult and view content from the catalogue of films and TV series available free of charge or access other information services connected with MFE. The service already has several million effective and potential users, with rapid take-up of new TV sets featuring interactive technology expected. Thanks to this TV application, Publitalia has increased its portfolio and can propose pre-roll and mid-roll video advertising within the content available on Mediaset Play. Video formats can also be addressed with the same technologies that support the addressable advertising of ADD+plus products. Publitalia launched the first **ADSubstitution** service in 2020 and this continued in 2021, extending the possibility of more targeted addressing of commercials also on linear TV.

The **MFE Group in Spain** believes that the responsible emission and management of advertising are both fundamental elements of the business and has therefore implemented specific management and control mechanisms.

Publiespaña S.A.U. manages the Group's advertising activities in strict compliance with the applicable legislation and with the specific guidelines defined by the **Association for the Self-Regulation of Commercial Communication**, which the company has been part of since 1995.

In recent years, Publiespaña S.A.U. undertook an **internal reorganisation** process to create as uniform a structure as possible with the Directorate-General for Contents; the central figure in this reorganisation is the Director-General, who is responsible for the management and sale of advertising and constantly works in close liaison with the Chief Executive Officer.

For the purposes of the internal supervisory system, a commercial policy has been implemented which allows improved monitoring of the advertising content prepared. This is examined and monitored weekly by three Directorates General (Sales, Digital Media, Marketing, Operation and Sale services), who monitor the correct broadcasting of the content.

These Directorates work in close collaboration with the Group Legal Department.

In order to avoid any proceedings for misleading advertising, MFE España voluntarily submits any doubtful case in advance to the Association for the Self-Regulation of Commercial Communication (Autocontrol). In 2021, 1,685 requests were submitted to Autocontrol for an advance opinion and 57 requests for legal and ethical advice before the commercial was aired.

The **internal monitoring process of advertising content** also provides further verification, in collaboration with the Legal Department, even after airing (in the event of disputes or claims for compensation).

The MFE Group in Spain performs further internal reviews to **regulate televised content for children**; this monitoring and control includes issues regarding the advertisement of certain food products (to prevent obesity), messages on the environment, advertising toys, and the promotion of medicinal products or alcoholic beverages.

Further compliance checks are carried out with regard to advertising spots for the **gambling and betting** sector.

From the perspective of new strategic advertising communication models, we note that Mediaset España, during the last 2 years and following the acquisition of the **Be a Lion** company, a leader in the digital communication sector, has proposed new initiatives for investors that tend to maximise return in terms of brand awareness thanks to a cross-media system of advertising that combines the force of TV content with the innovation of the digital world.

PROTECTION OF MINORS

The MFE Group has always been attentive to the protection of minors. For this purpose, the company continuously assesses transmissions and pays close attention to the impact that these can have during a child's developmental years.

Below are a few of the **commitments that the MFE Group has undertaken to protect minors**:

- ▣ **compliance with all applicable regulations**, including the **Self-Regulation Code Concerning Television and Minors** signed in November 2002, which commits the Group's networks to the monitoring of programmes offered to make sure it observes the constraints in place to protect young viewers. Through the application of art. 34 of the **Audiovisual Media Services Directive** (Legislative Decree 177/05), the Group has implemented a series of organisational processes aimed at assessing, identifying and adequately indicating any programmes "that may damage the physical, mental or moral development of minors", providing users with detailed information;
- ▣ **notification of the nature and contents of the transmission**, linear and non-linear, free of charge and pay per view, using coloured dots at the beginning of each fiction programme (film, series, TV movie, etc.) and after each advertising break (green dot: suitable for everyone; yellow dot: recommended for children accompanied by an adult; flashing red dot: recommended for adults; fixed red dot: potentially harmful for minors or prohibited for children under 14). Further information on the programmes - useful for directing users' choices also in relation to the protection of minors - is provided through information tools accompanying the content (e.g. EPG for digital terrestrial, programme information on the web and apps);
- ▣ **the offering dedicated specifically to minors**, thanks to 24-hour programming of the three free-to-air channels Boing (from 2004), Cartoonito (from 2011) and Boing Plus (from 2019).

For the sake of completeness, it should be noted that **Legislative Decree No. 208/2021 – Audiovisual Media Services Directive** – (published in Official Gazette no. 293 of 10 December 2021) was adopted on 8 November 2021, coming into force on 25 December 2021, following the process of transposition of European Directive 2018/1808.

The European Delegation Law, in April 2021, initiated the transposition of Directive 2018/1808/EU amending Directive 2010/13/EU, on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services, in light of evolving realities of the market in order, by revising the Directive, to adapt the reference legislative and regulatory framework to the altered technological scenario of the audiovisual media system, as well as the series of rules applying to subjects that operate within it.

Following the changes introduced by the new Directive, the Group has begun a **process of analysis** to assess the impact on its programming not only with reference to the linear offering but also with reference to the on-demand content offering; the new developments introduced will produce effects starting from 2022. Among the main new developments, in relation to the protection of minors, we note in particular:

- ▣ the extension of the regulations on compliance with the provisions for the protection of minors contained in the Self-Regulation Code Concerning Media and Minors (previously applicable only to television broadcasters) to "suppliers of media services distributed via any platform" (OTT);
- ▣ the provision, in disciplinary proceedings and application of sanctions in the event of rule violations, by AGCOM, of the involvement of the Committee for the Application of the Self-Regulation Code Concerning Media and Minors.

The MFE Group is also committed to **promoting responsible TV consumption by users**, planning periodic campaigns on the use of **parental control**, in which the viewer is reminded of the possibility of activating the blocking device through the set-top box settings to prevent the viewing of V.M.14 content potentially harmful to minors.

There is also a link that takes users straight to the parental control feature - and to the Committee for the Application of the Media and Minors Code web pages and Internet Works Regulation - available to users on the Mediaset Group website (www.mediasetplay.mediaset.it).

Appropriate corporate structures (Directorate for Documentation and Institutional Analysis and Directorate for Regulation and Institutional Requirements) are responsible within the Group for the dissemination and compliance with legislation for the protection of minors.

From the date of signing the Self-Regulation Code Concerning Television and Minors (November 2002), the Group has always participated via its own representative (as Vice Chairman) to help the Committee apply the Code. This participation was also confirmed upon composition of the new Committee, appointed and in office from the end of 2021.

Mediaset Italia S.p.A. and its subsidiary RTI S.p.A. were also part of the **technical working group** that drew up the draft of the new Self-Regulation Code Concerning Media and Minors, with the aim of reconfiguring the requirements for the protection of minors in the complex reality of the contemporary mass media (the proposed revision the Code was sent to the Italian Ministry of Economic Development to activate the procedure envisaged by art. 34 paragraph 6 of Legislative Decree no. 177/2005 as amended, and is awaiting final approval).

The same companies also coordinated an **operational discussion with the other national broadcasters** concerning the definition of shared TV content classification criteria, as envisaged in the draft of the new Code: this process – which saw the collaboration of experts from the fields of Communications, Law and the Developmental Age as well as representatives from the Media and Minors Committee – resulted in a proposal for a new programme evaluation system.

At the end of April 2021, the document was presented in plenary session to the Committee and sent, in its final version, to the General Affairs Division-Supervision and Control-Media and Minors Committee of the Italian Ministry of Economic Development.

Over the course of 2021, the Committee initiated proceedings against programming in 4 cases, none of which closed with acknowledgment of infringement.

In the same year, AGCOM imposed a fine of €125,000 against the Radio 105 radio station for violation of art. 34 of the Directive, in relation to two episodes of the radio programme "Lo Zoo di 105", broadcast on 26 October 2020 and 11 December 2020, from 2 to 4 p.m., for the use of vulgarity and foul language.

Following these proceedings, the measures adopted to prevent such episodes from reoccurring were strengthened further.

The Group has confirmed its **commitment to make the web a safer place** for minors, also at European level. The **"YouRateIt"** system was successfully tested on Mediaset's 16mm.it platform. "YouRateIt" is a classification tool for user-generated content produced between 2013 and 2015, in collaboration with the British BBFC and Dutch Nicam (two of the leading organisations assessing audiovisual content in Europe). Following this testing, the European Commission decided to introduce content classification tools – Art. 28 ter 3. letter g) – among the measures in the proposed revision of the Audiovisual Media Services Directive (Directive (EU) 2018/1808 of 14 November 2018, effective from 19 December 2018). These measures, deemed appropriate for the protection of minors on video sharing platforms, may include the mechanisms applied by "YouRateIt". The European Commission explicitly cited the experience of the "YouRateIt" pilot in Mediaset among the interventions to

protect minors from harmful content on Internet platforms, as part of the Impact Assessment document which accompanied the proposal to revise the Directive.

The Group has also kept its role on the Advisory Board of the **Safer Internet Centre for the Italia-Generazioni Connesse** project, coordinated by the Ministry of Education, University and Research. TV news and public service and in-depth information programmes focused continuously on the issue of cyberbullying and the potential risks connected with the Internet. In particular, collaboration with Generazioni Connesse took the form – in addition to the institutional “Pensa prima di scrivere” campaign for “Mediaset ha a cuore il futuro” (February 2020) – also on the occasion of the broadcast between October and November 2021, on Italia 1, of the award-winning #MartyIsDead series, focusing on online violence and the dangers linked to the web and social media, an ever greater threat to younger users.

Finally, between July and August 2021 and as part of the social-interest **institutional initiatives** of “**Mediaset ha a cuore il futuro**”, the Company created a cross-media social awareness campaign called “**Non cadere nella rete**” against internet addiction. This phenomenon is growing especially among the coming generation and in this period of pandemic and mass use of tech devices, also for educational purposes.

Regarding **commercial communication**, the advertising sales house Publitalia '80 also supervises compliance with the provisions contained in the **Self-Regulatory Code of Commercial Communication**.

As for product placement, with specific reference to the **betting** sector, the contents are shared internally with the Group legal office before each televised broadcast.

Regarding the participation of minors in the content produced, the **MFE Group in Spain**, in addition to following the procedures issued by the **Community of Madrid Labour Department**, has drawn up a **manual** in which all necessary information concerning the rights of minors is collected to ensure children's activities on television are suitable and to ensure that their right to education and enjoyment of their leisure is not violated. This manual is available on the intranet and is provided to all production companies who employ minors to implement the measures presented.

Furthermore, the **Code of Ethics** of the MFE Group in Spain states that, as a basic principle, “no one should behave in such a way as to induce, promote, favour, permit or allow acts or attitudes that could be characterised as prostitution or corruption of minors”.

As for the impact of the content transmitted to minors, the Spanish regulation requires the **classification of the audiovisual content to be transmitted**, defined in the framework of content self-regulation, signed by the operators of free-to-air television in 2015 and under the supervision of the Spanish National Commission on Markets and Competition (CNMC). According to this self-regulation framework, all televised content must be classified, except for news and events broadcasting (sport, music, culture, politics, bullfights and bull runs).

For these purposes, the **Department of Institutional Relations** works continuously in close contact with the **Antenna Department** in order to clarify and qualify any content that may have an impact on regulations for minors.

The age classification established determines the time slot in which each programme may be broadcast.

Furthermore, prior to the transmission of programmes involving children, a preliminary approval by the **Child Protection Authority** is required in addition to the aforementioned verification.

Finally, thanks to the **Parental Control system**, the Group ensures a safe browsing environment for registered users on the Mitele platform and on all devices. On websites with specific content aimed at children and young people, the advertising used is segmented to avoid the risk of promoting unsuitable products or services that do not comply with the rules described above.

We would note that there were no sentences from the CNMC on marketing communications during 2021.

PROTECTION OF INTELLECTUAL PROPERTY

The MFE Group considers respect for and protection of intellectual property to be of strategic importance and, to protect its audiovisual rights, prosecutes those responsible for pirated transmission of its content, regardless of the medium.

We start with careful monitoring using **specialised companies** and, once we have identified pirated content, we proceed to **caution** the pirates, with the help of **external legal firms** where required, and in the event of repeat offences file **administrative actions with AGCOM** via civil and criminal lawsuits, both to prevent offences and to obtain compensation.

These actions have resulted in judges taking measures with significant compensatory obligations which, although pending further stages, confirm the legal direction of copyright protection. Particular attention was also paid to anti-piracy activity for Group-owned films in cinemas.

The same level of attention for intellectual property is also recommended to internal production facilities, for which the **Collective Management** of Copyright and Related Rights provides preventative advice on request.

The Group is also present in all national and European institutions that deal with copyright legislation.

As evidence of the importance and care that the MFE Group dedicates to the protection of intellectual property, the **Code of Ethics**²⁶ has a specific article on this subject stating that anyone processing data, information or documents regarding intellectual and/or industrial property rights within MFE Group companies must do so with the utmost diligence, accuracy and confidentiality.

In the case of foreign subsidiaries such as Medset, external legal firms meeting the local regulatory requirements act to protect intellectual property and copyright.

In addition, RTI has a specific **O.G. ("Procurement of television productions and purchase of formats and licences")** which governs this case.

The reporting activity already undertaken by our group from 2014 in accordance with AGCOM ruling 680/13/cons "Regulation on protecting copyright within electronic communication networks", for shutting down pirate websites who transmit cinema and TV series content to which we hold the usage rights, continues.

With ruling no. 233/21/CONS of 22 July 2021 - Amendments to the Regulation on protecting copyright within electronic communication networks - AGCOM has adopted a **new Regulation on protecting copyright**, following the changes introduced by the "Relaunch" Decree (Law no. 77/20).

The new Regulation **extends the Authority's jurisdiction** to cases of unlawful dissemination of content on networks through instant messaging services that use, also indirectly, users' telephone numbers, as well as restoring the possibility for AGCOM to impose penalties on those who do not comply with orders to remove unlawfully disseminated content.

The MFE Group followed the preparatory work for EU Directive 2019/790 on copyright and related rights in the digital single market and its transposition into the Italian legal system closely. With the publication of Legislative Decree no. 177, 8 November 2021 in the Official Gazette, Title II-quater was added to the Copyright Law, entitled

²⁶ Both the Code of Ethics adopted by Mediaset SpA and its Italian subsidiaries in 2019 and the "Code of Ethics" adopted by MFE contain a specific provision on the protection of intellectual property, according to which, considering the extensive assets of intellectual and/or industrial property rights held by the Group "all Addressees whose activities, duties or functions in any way involve processing data, information or documents regarding intellectual and/or industrial property rights within Group companies are therefore obliged to protect them with the utmost diligence, accuracy and confidentiality". It also stipulates that "the intellectual and/or industrial property rights on products, works and/or knowledge developed in the working environment belong to the companies of the Group that hold the right to exploit them, according to the methods and times deemed most appropriate, in compliance with the regulations applicable from time to time" and that "in the same way, the MFE Group respects and protects the intellectual and industrial property rights of others, ensuring that only original products and works, duly licensed by the legitimate owners and used in accordance with the authorisations received, are used in the company's activities (both production and commercial)".

"Use of protected content by online content sharing service providers", containing precise regulations on the responsibility of large online platforms for uploads of protected works carried out by users.

Among the most recent **judicial rulings on the topic of copyright protection**, we refer to ordinance no. 39763/2021 (RTI vs TMFT Enterprises-Break Media), in which the Supreme Court of Cassation, recognising in the conduct of the portal those "signs of interference" already addressed by the 2019 sentence (RTI vs Yahoo!), recognised the active nature of the provider and enunciated important principles connected to notification of the offence by rights holders (excluding a necessity to indicate the URLs relating to the content deemed violated) and to the quantification of the damage sustained by the same (which must be assessed using, as a minimum measure, that of the "price of consent": the price that the rights holder would have asked to grant use of the content).

The **MFE Group in Spain** has defined procedures to control the flow of content to various platforms to guarantee the exercise of its intellectual property rights, while carrying out technical audits to review their correct application.

Mediaset España has always been at the forefront of all initiatives aimed at combating piracy and protecting intellectual property.

In addition, Mediaset España has an **external content monitoring service on YouTube** which tracks and removes all content owned by Mediaset España from this channel.

The intellectual property rights of programmes broadcast live and on-demand via online platforms are protected by specific **internal control systems** that the company applies before the programmes are aired. The Group examines and defines the different contractual clauses of all the contents produced and transmitted on the various channels with the support of the Legal Department.

The **management of the Multi-Platform Department** ensures that all content offered via various websites has the appropriate broadcasting rights in the contract with the producer in question.

Mediaset España has adopted a **contractual monitoring system** for films produced by Telecinco Cinema which combats illegal access to content produced while the film is shown in cinemas (from film release until viewing on DVD/Blu-ray).

It should be noted that the Mediaset España **Code of Ethics** also regulates all aspects relating to the defence of intellectual property.

COMMUNITY AND TERRITORY

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

In carrying out its own characteristic activities, the Group interacts with a multiplicity of **suppliers** for the acquisition of **current goods and services** as well as for **investments in tangible and intangible assets**, the latter consisting mainly of multi-year rights to use audiovisual content.²⁷

Given the peculiarities of their products and services, all Group companies use Italian and Spanish suppliers where possible to **promote local business in the areas in which they operate**.

²⁷ This item refers to operating costs (costs for acquisitions, services rendered, leasing and rentals and other management charges) reported on the income statement on an accrual basis, net of inventory changes, increases of internal work capitalised and provision for risk.

PERCENTAGE OF SPENDING BY LOCAL SUPPLIERS BY PRODUCT CATEGORY (*)

ITALY

	2021			2020		
	Total	Italy	Other countries	Total	Italy	Other countries
Purchasing costs for goods and services	1,063	981	83	966	938	28
Investments in movie and TV rights (**)	219	124	95	303	201	102
Investments in other fixed assets (**)	81	80	-	50	50	-

SPAIN

	2021			2020		
	Total	Italy	Other countries	Tot	Spain	Other countries
Purchasing costs for goods and services	375	311	64	316	305	11
Investments in movie and TV rights (**)	112	65	47	88	48	40
Investments in other fixed assets (**)	7	6	1	11	10	1

(*) Suppliers considered to be local are identified on the basis of the country of origin. In terms of relevance, spending by local suppliers differs for Group companies operating in Italy and for those in Spain.

(**) The item refers to the increases in the related categories of tangible and intangible fixed assets.

As for the **purchase of multi-year broadcasting rights**, it is necessary to underline the high incidence of expenses towards the main **American majors** and towards the **holders of sports broadcasting rights** in the total investments of the Group. As can be seen from the tables, in 2021, about 90% of MFE Group purchases of goods and services in Italy were from Italian suppliers, while 96% of MFE Group purchases of goods and services in Spain were from Spanish suppliers.

FAIRNESS IN SUPPLIER RELATIONSHIPS

Collaboration, supply and contracts regarding third-party business relationships with MFE Group companies in general contain an explicit reference to the **Code of Ethics** (see also paragraphs 1.3 and 3.2 and the Corporate 231 Compliance Programmes) and state that failure to comply with the rules set forth therein may constitute a breach of the contractual obligations assumed, with the consequent option of cancelling any contracts made with any company in the group.

Furthermore, the Group has joined the initiative promoted by **Assolombarda** (extended to the main Italian companies of the Group), which started on 27 May 2014, signing up to the **Italian Responsible Payment Code**, the first ever code in Italy for responsible payments. In taking this step, the MFE Group has committed to meeting the payment times agreed on with its suppliers and in general to promoting a culture of prompt, transparent payments.

MFE is part of the first group of Italian and multinational companies founding the Code and, in compliance with its provisions, it has declared that average payment times contractually defined with its suppliers for 2021 were 60–90 days and relative payment dates were duly complied with.

Note that the **selection²⁸ of suppliers** and the goods or services to be acquired is based on the evaluation of various **parameters**, such as the quality and price of the good or service, guarantees of after-sales services, as well as promptness and efficiency. When selecting suppliers, great attention goes into verifying their reliability and seriousness in terms of compliance with current legislation and regulations governing their activity. Purchasing processes are governed by specific **company procedures (OGs)**, which ensure the timely identification of suppliers and the traceability of supply channels, which thus helps guarantee the quality and legitimacy of the goods and services purchased.

Furthermore, all purchasing processes are based on the **search for the maximum competitive advantage** for the MFE Group as well as **impartiality** and the **granting of equal opportunities** towards each supplier who meets requirements.

The preparation of standard contractual texts or those with specific legal issues is assured by the **Group's legal department**, and by external lawyers where necessary.

In a bid to make the procurement process more efficient and standardised towards third parties, the MFE Group in Italy operates via **specialised purchasing centres**, whose processes are described in the following paragraphs.

In addition, the Group aims to oversee the **certification activities** of the various categories of suppliers with a single organisational unit, thus facilitating the identification of any factors that influence the selection and management of the portfolio.

Given the particular business of the companies in the Group, the main purchase activities of all companies fall into three macro areas:

- ▣ Acquisition of **broadcasting rights** (films, series and sporting events);
- ▣ Acquisition of **content** (entertainment, news, drama) for the various distribution platforms;
- ▣ Acquisition of **goods and services to support** television production and cross-production.

The related procurement processes for each of these areas are described below with evidence of their main purchase poles.

The **COVID-19 health emergency** represented an unprecedented discontinuity in economic, social and geopolitical terms on a global level.

The **Procurement Department** had to take on some of the additional requirements related to complying with two absolute priorities:

- **protecting people's health;**
- reconverting almost all operations through **"agile working"**, which allowed business continuity to be guaranteed.

In addition to the **rules** imposed on its employees in order to access the workplace, again in 2021 the MFE Group took charge of identifying which suppliers had active contracts with services to be performed at the Group's offices and how many and which third-party employees therefore needed access.

Also in 2021, prior to the access date, appropriate **self-certification** continued to be requested in which the supplier declared - assuming full responsibility for the issue of false declarations - that all staff employed to perform services had a "Green Pass" EU Covid-19 Certificate and had antibody tests with negative results.

²⁸ Art. 19 of the Group Code of Ethics.

ACQUISITION OF RIGHTS

The MFE Group acquires the following through **R.T.I. S.p.A.**: serial content (TV series), films (also through the subsidiary **Medusa**), as well as documentaries and sports, depending on the programming needs of free-to-air and pay TV.

These acquisitions are negotiated directly with the owners of the contents or their broadcasting rights.

The **vendor list** for the **selection of suppliers** is prepared, updated and submitted to the Risk, Control and Sustainability Committee every six months, and annually to the Executive Committee and the Board of Directors of MFE, in compliance with the corporate organisational guidelines.

The assessment includes the **verification of any ongoing proceedings**, such as liquidation, bankruptcy and mergers, and also includes the transparency of the corporate chain.

Furthermore, suppliers resident in countries with preferential taxation entered on the **Black List** are not considered for the purposes of this selection.

The selection of suppliers of broadcasting rights takes place through the widespread coverage of the national and international content distribution market - while also participating in major sector events - giving preference to **companies with consolidated experience and expertise**: North American majors and minimajors, European studios, leading Italian and international independent distributors.

Special attention is paid to **Italian works** and is aimed at both current and library works, through the acquisition by a Group company of cinematographic works from independent producers, and through commercial agreements with companies outside the Group who are specifically dedicated to domestic production.

The **Purchasing Rights Department** maintains commercial relations with all the major Italian film distributors, through multi-annual volume agreements and prompt procurement.

With regard to **multi-annual agreements**, the Purchasing Department envisages the purchase not just of individual contents, but stipulates "volume" agreements that include varied product categories, based on the annual production of the supplier. For this reason, the selection and acquisition of individual contents are conditioned by the contractual terms of the multi-year agreement which define the minimum volumes by product type and the methods for selection. There are currently two volume deals, one with Warner and a second with Universal.

As for **ad hoc acquisitions**, selection is carried out based on the approval of the product by the market, or based on the interest stirred by content in countries that are continuously monitored, via information that the suppliers send to the Purchasing Department and by assessing the product directly through the monitoring of satisfaction ratings in cinemas, paid channels and streaming networks.

Once interest has been established for that particular product, **"all rights"** acquisition usually takes place in order to ensure that this is available on different platforms (e.g. Infinity, pay TV and free TV). Given the different needs of the platforms, a percentage of the budget is then allocated to exclusive purchases for each of these.

In 2021, the **volume of investments** was **€265.1 million**, of which 75% for cinema/series/doc broadcasting rights and 25% for sports broadcasting rights. 85% of suppliers are Italian or European.

The following **key events** occurred in the year:

- ▣ in addition to the confirmed commitment to **UEFA Champions League** broadcasting rights, with the first year of the new 2021–2024 three-year agreement, relating to exclusive Free TV broadcasting rights and non-exclusive Pay via Internet rights, the Group has been awarded the exclusive 2021–2024 Free TV

broadcasting rights for the Coppa Italia and Supercoppa Italiana. There's also space for other prestigious sporting events alongside football, such as the Italian Open tennis tournament, which the Group has secured for 2021–2023.

- ▣ with regard to **films and TV series**, the portfolio of content provider partners was consolidated, both with respect to US majors and to European and Italian operators.
- ▣ With regard to majors in particular, the agreement with **ViacomCBS** to purchase the historic library of the NCIS franchise, on the Group's channels for the first time, came into force.
- ▣ The strategic relationship with **WarnerMedia** was also renewed through a new three-year content supply agreement.
- ▣ The commercial relationship with all studios was confirmed, with the Framework Agreement with **Universal** continuing and negotiation of the first content package with the new entity resulting from the **Disney-Fox** merger.
- ▣ Finally, the Free broadcasting rights for the complete James Bond film cycle for one year were acquired from **MGM**.
- ▣ On the European production front, relations with major continental players were consolidated. This applies both to strategic daytime assets, such as the new soap *Dos Vidas* acquired from **StudioCanal**, and to event content for the early evening slot such as the miniseries *Sissi*, a premiere from **Beta Film**.
- ▣ Finally, the commitment to **documentaries** was reinforced with the purchase of 490 hours from a very wide range of nearly 50 suppliers.
- ▣ The focus on recent **Italian cinema** was confirmed, both with respect to films produced within the Group and those made by third-party partners; in particular, we highlight the acquisition of the broadcasting rights for works distributed by the **Medusa Film** and **Vision Distribution** subsidiaries respectively.
- ▣ The commercial relationship with the main Italian **independent film distributors** was confirmed, such as **Eagle Pictures**, **Lucky Red** and **Leone Film Group**, among others. This commitment towards focusing on national products is justified by their greater appeal, especially in prime time, compared to international series and films.

As highlighted previously, part of the investment in film production is made by the subsidiary Medusa Film through purchases or co-productions in order to supply the Company with the "product/movie" with the whole broadcasting rights chain, starting with cinemas.

The latter is the starting point for the exploitation of the product life cycle, as well as foundation for the creation of value through subsequent exploitation that can be managed by the Group "non-exclusively" (for example from market practice, TV on demand, pay per view) or "exclusively" (SVOD, free).

Also, **constant market monitoring** is carried out on film content to identify the main trends and products of interest (at international and local level) and to gather useful information in general to guide the broadcast offering.

The movie rights acquired in 2021 come from Italian producers, since the publishing line established by the Group for Medusa envisages a focus on Italian cinema, typically comedy. In 2021, given the strategic business objective of Medusa, the "core" suppliers were predominantly Italian. These suppliers, as executive producers or original producers, have an almost entirely Italian supply chain. Film shooting and all subsequent post-production processes take place in Italy.

The close relations between Medusa Film and Italian cinema is a guarantee for the selection, production and dissemination of the best product, given the constant commitment of the Medusa Film and its suppliers to

enhancing local artistic and professional excellence. This commitment must always be guaranteed to the highest standards in the industry in order to withstand competition from foreign products:

Lastly, note that the **Organisational Guideline** on **"Planning, acquisition and management of movie rights"** states that supply contracts for the purchase of film rights from Italian counterparties must contain clauses that demand suppliers obtain approval for public programming. In the event of non-fulfilment of this clause, Medusa Film has the right to withdraw from the existing contract without jeopardy to any possible claims for damages or, alternatively, to apply further specific clauses (for example the reduction of the fee).

In the event of acquisition of movie rights by foreign counterparties, the contracts drawn up must contain clauses that provide for Medusa Film's right to make the cuts necessary to obtain approval for public programming, with prior approval of the supplier.

ACQUISITION OF CONTENT

Entertainment - The creation of entertainment programmes requires the acquisition of **formats**, the signing of **executive contracts** and the contracting of **artistic resources and collaborators**.

Suppliers are selected on the basis of the television broadcasting guidelines and the purchasing requirements plan defined by Programme Schedule and Distribution General Management in collaboration with Content General Management.

The **Entertainment Department** selects broadcasting projects of interest and manages negotiations with the supplier. At the same time, the Legal Affairs Department carries out preliminary checks to ascertain the effective ownership of the broadcasting rights (brand/titles) granted by the selected supplier and the usability of the proposed titles.

The Provider Certification Department of the **Procurement Division** is responsible for carrying out the accreditation and preliminary qualification of suppliers.

The management of the process of contracting out television productions and acquiring formats and licences must be carried out in compliance with applicable national, European and/or international **rules and regulations** in force, with particular reference to offences remotely relevant for the purposes of Legislative Decree 231/01.

In contracting out television productions and purchasing formats and licences, the Entertainment Department operates according to the principles of lawfulness, fairness and propriety expressed in the **Code of Ethics**, paying particular attention to the provisions on conflicts of interest contained therein.

When commencing collaboration with a new supplier, the accreditation and certification process is managed by the Procurement Division through the dedicated department.

The Entertainment Department informs the relevant Purchasing Hub of the qualitative and quantitative targets for the television product to be purchased/produced.

At contractual level:

- there is a **specific clause** on guarantees and adherence to the Code of Ethics and compliance programme;
- there is a general **ban on subcontracting**, and where subcontracting takes place, certification of subcontractors is required.

The following obligations in terms of **contractual clauses** are also provided for:

- **compliance with the provisions of the law** in force on contributions and health and safety in the workplace pursuant to Legislative Decree 81/2008, as well as an indemnity in favour of R.T.I. with regard to all the obligations necessary for this purpose;
- compliance with the obligations laid down in current legislation on the **employment of staff who are non-EU nationals**;
- compliance with current **environmental regulations**.

Starting from 2021, a clause directed towards **verifying the supplier's obligations in relation to tax** and social security was also added.

Suppliers are always chosen with analysis of **sourcing models** that make best use of internal structures and skills.

About half of the suppliers/collaborators dedicated to entertainment content production are studios and/or agencies from across Italy, particularly around Rome and Milan, which ensure the services of actors, documentalists, directors, costume designers, set designers, directors of photography, choreographers, commentators, hosts or guests. The Entertainment Purchasing Department (for non-VIPs) and Artistic Resources Department (for VIPs) provide for the research and stipulation of contracts with the various artistic resources employed by the various Group companies. In 2021, the Entertainment Purchasing Department managed 400 contracts relating to procurement, licensing and supply of services. With regard to artistic collaborations in the entertainment area, it finalised 13,748 contracts, plus 700 in the music sector.

In 2021, the Artistic Resources Department concluded 6,242 contracts for a total of 1,005 collaborators (including hosts, commentators, guests, reporters also in the News, Sport, Digital and Radio areas).

Of these, about 40 are annual and/or long-term contracts relating to strategic artistic resources (the main faces linked to the most important broadcasting products in the programme schedule).

News - The journalism and infotainment area of the MFE Group in Italy refers to the **Videonews** agency, whose supply chain mainly consists of collaborations (about 90%) with the following **professional skills**:

☐ Journalists;	☐ Graphic designers;
☐ Documentary makers;	☐ Speakers, graphic designers and studio animators;
☐ Directors and authors;	☐ Supply of public, participants, hostesses and stewards;
☐ Casting organiser;	☐ Contracts to companies for various supplies such as graphic support, translation services and surveys.
☐ Costume designers, second costume designers, make-up artists, hairdressers;	

In addition to these collaborations, the News area purchases **licences for technical materials** of various types, as well as **regional suppliers of materials** and lastly part of the purchases goes to press and video agencies.

Videonews has also developed a **partnership with Mercati che Fare**, a company specialising in the provision of sector content broadcast on the TgCom24 programming schedule.

The suppliers of goods and services in the news area, in 2021, are almost entirely Italian or European, with some exceptions for international press and video agencies.

Selection of suppliers, both for content and collaboration, is determined based on the broadcast needs of the programme while also assessing the professional characteristics and experience of the collaborator.

Drama - The drama products featured in the MFE Group's broadcast offering are created through the activities of the subsidiary **Taodue** and through the use of independent third-party productions; this activity generated around **50 hours of finished product** over the whole of 2021, mainly for early evening slot programming on Canale 5.

The selection of independent producers is fundamentally based on the projects selected by the broadcaster. The broadcaster decides based on the broadcasting potential of the identified product, or on the congruence between the project examined and the broadcasting line of the Group.

Historically, drama productions are solely **Italian in origin**.

Furthermore, remaining on the topic of changes in the supply chain, it should be noted that the contractual template predominantly used in the past, or the **contracting template**, has gradually been replaced by **templates of co-production** and pre-purchase due to the new legislation on tax credits for audiovisual production, thus entering a residual category.

Almost all Taodue suppliers are Italian. In general, the main categories of suppliers used by Taodue for the creation of their drama include: actors, screenwriters, directors and copyrights, all selected thanks to continuous scouting in the reference market which makes use of the experience of the Taodue founder, as well as technical production personnel and companies supplying goods and services.

In cases where the **use of minors** is expected in the production, the company, which is required to comply with specific provisions of the law that regulate its employment, has set up adequate organisational procedures and contractual models shared with the Group's legal support.

Digital - Acquisitions and investments provided by the Digital area of the Group focus on the following **macro-areas**:

- ▣ acquisitions in the development of technological products;
- ▣ investments in the **production of contents**;
- ▣ investments to promote the **distribution of content** produced internally by MFE agencies and productions.

The total number of suppliers involved throughout the year for the various activities is about 175, mainly resident in Italy, while some are from the United States.

Given the speed of changes the digital sector is particularly prone to, selection of suppliers is always up to whichever partner companies demonstrate a marked predisposition to technological and product innovation.

Radio - The core activity of the MFE Group's radio hub consists in the production and issue of entertainment content and musical flows aimed at Italian radio listeners.

For the conduct of its business, it mainly relies on the service provided by **speakers, hosts and authors** employed for the creation and management of the programming schedule on broadcasters 105, Virgin Radio, R101, RMC and Radio Subasio.

These include **162 Italian freelancers**, most of whom are known within the radio and television scene.

Most collaborators are Italian, but a limited number of foreign resources are also contracted.

The main radio content is Italian and foreign music, which is indirectly acquired from the **record companies**, with repayment of broadcasting rights via **collecting companies** specifically appointed for this purpose (Siae, SCF, etc.).

The programming schedule produced and distributed by the broadcasters is "marketed" by the **advertising sales house** Mediamond S.p.a., appointed on a national level by virtue of specific advertising concession agreements through the sale of space (commercials, mentions, etc.) to third-party investors.

The actual selection of suppliers takes place, first of all, through **constant market monitoring** and careful **assessment of company needs**, and their reliability is certified through a continuous **accreditation process**²⁹.

Offers are made, suppliers selected and services contracted according to the needs identified.

In the artistic field (mainly for speakers, hosts and guests), where each broadcaster uses different resources depending on the specificity of the radio business, target listeners and audience response, the main factors for the selection are the individual characteristics of each artist. More generally, the direction followed would be to make the selection both using the criteria for the dynamics of the competitive scenarios in which broadcasters act, and also via the parameters of adequacy and consistency of remuneration/contribution with the market prices of that particular professional category.

In addition to **broadcasting and creative activities**, there are also **technical activities** (low frequency and control room, carried out by employees) and the **distribution of the national signal** (high frequency) through stations (equipment and pylons) and radio relays spread over all regions of Italy. The maintenance of the stations (1,798 between Radio Studio 105 spa, Virgin Radio Italy Spa, RMC Italia Spa, Monradio Srl, Radio Subasio Srl and Radio Aut Srl) and of the transmission equipment is entrusted to external professional maintenance technicians (local suppliers), a total of 89 maintenance companies. In addition to these maintenance service providers there are lessors who lease out the stations, a total of 271.

PROCUREMENT OF GOODS AND SERVICES

The procurement processes of products and services supporting cross-operational activities refer to the following **supply categories**:

- ▣ Systems and technologies
- ▣ **General services** - facility / cross-functional
- ▣ TV production

The Group in Italy operates exclusively with accredited third party suppliers registered on the **Vendor list**, checking preliminary details (company name, country of residence, address, etc.), overall corporate transparency (identification of the final beneficial owner) and the level of concentration of revenues (monitoring whether this exceeds 50% threshold for a single customer).

In 2021 – despite the critical issues and difficulties related to the state of emergency that has arisen – efforts continued to improve the efficiency of the **supplier accreditation process**, which now includes a greater number of more in-depth checks on active suppliers.

In 2021, the functionality implemented in the **Synertrade** supplier management platform was consolidated and improvements were made regarding automatic data updates from Synertrade to SAP (accounting system).

The new **structured subcontracting management** process was also introduced, so it can now be traced on the Synertrade platform.

Further **rationalisation of the supply chain** was carried out based on critical issues linked to expenditure, the regulatory complexity of the merchandise sector involved in the commercial relationship (e.g. suppliers that provide additional legal obligations), the type of contract (e.g. subcontract) and according to the employment of

²⁹All suppliers are selected in compliance with the laws and regulations in force, such as Legislative Decree 231 and 81/08 and the ethical principles of the Group.

personnel (employees or direct contractors of the supplier or staff of third parties to whom the service is subcontracted).

In 2020, the **Vendor Rating** was set up; this qualitative assessment of the supplier was used to select the parties to be invited to tender for the renewal of some contracts of significant amounts.

It became a requirement to obtain self-certification on a monthly basis from the supplier for contracts involving work services (contracts), signed by the legal representative, stating that the personnel employed in rendering the services are regularly hired, paid and insured, and ensuring compliance and correct fulfilment of all legal obligations regarding worker protection.

Lastly, the management of these processes aims to implement a gradual **turnover of suppliers** in order to diversify total expenditure over several parties, thus reducing their concentration.

MFE has also established that all suppliers must complete all registration phases including the approval and acceptance of the terms and conditions of the contract, the privacy rules, the Code of Ethics of the Group and the Compliance Programme in order to be classified in the portal dedicated to them.

In the management of its supply chain, the **MFE Group in Spain** promotes **responsible practices** within its sphere of influence by transmitting **environmental, social and ethical standards** to its supply chain. Since 2010, contracts with suppliers to the MFE group in Spain have contained a clause that establishes their **commitment to carry out sustainable activities**, namely: respecting workers' rights and union membership, refraining from using child labour, refusing any kind of slave labour, prohibiting any kind of discrimination, complying with the legislation on the prevention of risks at work, ensuring the safety of employees during working hours and prohibiting any conduct involving corruption, blackmail or extortion.

The contractors also declare that they comply with environmental regulations and promote the efficient use of limited resources such as energy, water and raw materials in the course of their activities. In this way, suppliers declare their commitment to ethical and responsible management.

With regard to the types of suppliers and the main items of expenditure relating to the MFE Group in Spain, there is a greater concentration in the **purchase of television broadcasting rights** and content, 77.4%, followed by **technological, professional and production services**, which together account for around 22.6%.

Technological services contracted are linked to the purchase of technical materials (essentially hardware, software, cameras, mixers, matrices, audio and video equipment).

Professional services consist mainly of maintenance and development of computer applications and consultancy and audit services.

Production services mainly refer to services of set design, lighting and subtitles.

Contracts with national suppliers cover the vast majority of goods and services purchases, where international suppliers correspond mainly to the negotiation of technological services.

THE SOCIAL IMPACT OF THE GROUP

ADVANCED TRAINING INITIATIVES

The MFE Group education programmes for non-employees, designed to develop skills linked with the world of commercial TV, continued in 2021 as in earlier years.

There was further consolidation of the collaboration between **IULM University** and Mediaset, in order to develop and improve the organisation and management of the **Master's in Journalism**.

Thanks to careful selection and excellent training, the Master's introduces students to a career as a professional journalist. IULM and Mediaset combine their respective expertise in the world of communication and information.

The professional training course is **recognised by the National Association of Journalists** for the purposes of an apprenticeship.

The Master's course aims to equip young journalists with the professional skills that will enable them to access all broadcasting markets and produce multimedia content for the various platforms. The effectiveness of the courses is validated by the Joint Scientific Committee.

There is also a **technology workshop** run using professionals made available by the Group. It stands out among Italian journalism courses as the only one of its kind.

The General Information Division has also reinforced strategic collaboration with the IULM Master's in Journalism, through participation in the Scientific Committee, in managing the Journalism Workshop and in internships in the agencies of Mediaset TV news and programmes.

In 2021, 13 students from the IULM Master's in Journalism were hosted on internships in Mediaset's agencies (TV, web, mobile and radio), between September and November.

In addition to the **internships** that are part of the IULM Master's in Journalism, the company collaborates with several **journalism schools** all over the country (Università Cattolica, Università Statale di Milano IFG, Università di Torino, IFG Urbino) and in 2021 it offered 18 students the possibility of an internship.

The MFE Group also offers its experience and professionalism via the **Master's in Marketing, Digital Communication and Sales Management**, which was established in 1988 by Publitalia'80.

The Master's in Marketing, Digital Communication and Sales Management is a 13-month postgraduate course with lectures and internship and limited admission, targeted at graduates who have decided to start their professional future in the field of marketing, trade marketing, sales and digital communications.

Through the two editions launched in 2021 (January-May and September-December), the Master's offered its **61** participants **170** course days for a total of **1190** hours of training; with reference to the January-May 2021 edition, the **31** participants were able to approach the world of work through participation in a total of **140** days of internship, a total of **1,120** hours, at the end of which all graduates were able to find permanent job positions.

The companies that collaborate on this initiative contribute with teaching and practical sessions and provide a reference point for the labour market as an employer, as well as elements that enable the ongoing updating of the training programme. As a result, the Master's course always acts as an up-to-date "bridge" between Universities and the Company.

This takes place thanks to **teaching staff from leading Italian and international universities** and contributions from **managers** in key roles within Italian and multinational companies.

the Master's is the longest-running experiment in **collaboration between Milanese universities**. From the beginning of the initiative, the Rectors of six Milanese universities signed up to it, taking part in the Chairpersons' Committee:

- ▣ Università Commerciale L. Bocconi
- ▣ Università Cattolica del Sacro Cuore
- ▣ IULM Libera Università di Lingue e Comunicazione
- ▣ Politecnico di Milano
- ▣ Università degli Studi di Milano

□ University of Milan-Bicocca, and were joined by the main local associations and representatives of the financial and business world.

The Master's, now in its **thirty-fourth edition**, has to date educated more than 1,000 graduates, many of whom now hold top management positions.

The course is **accredited by ASFOR**, the Italian Association for Management Education, as a specialist Master's course.

Furthermore, the MFE Group has had ongoing **collaborations with leading Italian universities** for some years now, offering students of the main faculties opportunities for integrated **curricular internships** to complete their studies. During their internship experience, the young undergraduates are given the opportunity to experience the world of work while building professional relationships, interfacing with the organisational dynamics of the company and using the knowledge acquired during their studies to further hone the skills and experiences that will facilitate their entry into the labour market.

INITIATIVES AIMED AT THE COMMUNITY

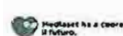
MFE Group agencies receive daily information on philanthropic activities, events and initiatives by non-profit organisations and charitable associations for the protection and support of ethnic minorities, voluntary groups, and institutions of medical research.

In addition to this and given the Group's desire to put its communicative power and the skills of its collaborators at the service of the community, the **"Mediaset ha a cuore il futuro"** initiative

was launched in September 2019: communication campaigns that operate according to an integrated multimedia scheme featuring TV and radio as well as digital and social media coverage give visibility to issues of national importance.

The numerous awareness-raising and exposé campaigns involve a strong media response on all the Group's generalist and thematic networks: self-produced commercials are accompanied by TV news reports, spaces within information, infotainment and entertainment broadcasts, programmes within the TV and radio schedules, quotes and detailed information on websites and social media channels, together with other social initiatives.

During 2021, there were ten campaigns:



**L'acqua è vita:
proteggila!**

22 marzo
#Giornatamondialedellacqua



World Water Day (22 March). World Water Day, established by the UN, is celebrated to raise institutional and public awareness of the importance of this resource and reduce water waste. For the occasion, the Mediaset Tower turned green, to symbolise the Company's commitment, at the front line in identifying solutions to safeguard an asset that's essential to life.



**Mediaset ha a cuore
il futuro**



Io non la bevo (from 2 to 17 April). The campaign kicks off on Fact-Checking Day (2 April) and is dedicated to the fight against fake news, a growing presence on the web and in the world of social media. The initiative consists of three different spots, ten useful tips to expose fake news and the documentary *Dietro la notizia*, self-produced by Infinity Lab and available on the Mediaset Infinity website.



Earth Day (22 April). For Earth Day – created to affirm the need to preserve the planet's natural resources – in 2021, a virtual climate summit was held, attended by the leaders of major countries. The event was followed closely by Mediaset news outlets, who offered reports and in-depth information on it. On this occasion too, the Mediaset Tower turned green, to stress the attention that the Company directs towards this topic.



L'Italia Riapre - For the Presidency of the Council of Ministers (from 26 April to 3 May). The spot for the campaign, created to support a 'new start' after the Covid-19 pandemic, invites the public to observe the fundamental rules for ensuring everyone's safety and urges positivity under the slogan: *"Tomorrow's freedom depends on each one of us. Let's reacquire a taste for the future."*

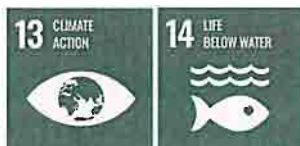




Parti per l'Italia — Mediaset for the Ministry of Tourism (from 10 May to 7 June). Twenty short spots, featuring as many faces from among the Mediaset audience's most well-loved personalities, invite viewers to choose destinations in Italy to support the Italian tourism industry. The campaign comes at the end of the "Comunicazione, Media e Turismo" research project carried out by Publitalia with the Università Cattolica di Milano, which analyses the impact that communication and media can have on developing and maintaining the reputation of Italian tourist locations.



World Oceans Day (8 June). On this occasion, a campaign is carried out to raise public awareness of the topic of protecting our seas and the dangers that threaten them, by broadcasting commercials, bumpers and in-depth reports in TV news.



Mediaset ha a cuore il futuro.

8 giugno

Giornata Mondiale dell'Oceano



Non cadere nella rete (from 12 July to 3 August). The Internet Addiction Disorder awareness-raising campaign is made up of two different spots – featuring the voice of journalist Paolo Del Debbio, author of a book on the subject – warning the public of the risks of internet addiction.



Il cibo è il nostro futuro, non sprechiamolo (from 16 to 24 October). Extra content was made available on the Mediaset Infinity website to support the initiative, such as: the *Green Storytellers – Food Rescue* series (co-produced with Infinity Lab), which tells stories of people who save food and who use it for good; the documentary *Still Hungry* (directed by William Hurry and co-produced by Infinity Lab with Tuorlo), which focuses on the impact of food waste on the global ecosystem and possible strategies to counter it. In this case, the campaign also involves concrete action for sustainability within the company, such as: posters, tray mats and dedicated panels placed in the company refreshment areas at the Milan and Rome offices; all plastic material eliminated from production sets, replaced with branded metal flasks and compostable items.



The campaign to support the International Day for the Elimination of Violence against Women (from 18 to 25 November). On this occasion, a spot was made to say stop to violence and promote the free national anti-violence and anti-stalking number 1522.



Scegli il coraggio (from 24 to 31 October). Now in its third edition, the initiative ends the month of October, which has always been dedicated to breast cancer prevention. It consists of a spot (made using images by Stefano Rossetti) inviting viewers, with courage, to put prevention before fear of the disease's outcome. Rossetti also produced a work, entitled 'moreAmore', placed in Piazza Leonardo in Milan for the campaign. In addition, as in previous editions, the Mediaset Tower turned pink, to symbolise the company's commitment to breast cancer prevention.



But “Mediaset ha a cuore il futuro” is more than a system for raising awareness of broad-ranging national issues. It also involves concrete action for sustainability within the company. In productions with third parties, for example, all plastic material was eliminated from sets and replaced with branded metal flasks and compostable items.

This is because “caring about the future” isn’t merely a catchphrase but a way of existing, thinking and acting.

When talking about social initiatives for the community, mention must be made of the satirical programme *Striscia la Notizia*, which always follows the issue of sustainability closely.

The weekly **Occhio al futuro** slot, by TV journalist Cristina Gabetti, gives visibility to initiatives promoted by private companies and non-profit organisations that meet the 17 points of the 2030 Agenda, in good health and well-being, education, respect for the environment and optimising resources.

The programme also promotes initiatives to protect the environment, through the reports in the **Ambiente Giovani** slot (in which very young ‘scientific advisors’ deal with activities or associations dedicated to protecting the environment) and food production, artisanal and organic, in the “**Paesi, paesaggi...**” and **Speranza Verde** slots by Davide Rampello and Luca Sardella respectively, as well as exposé, such as Max Laudadio’s investigation of sustainable fishing. Also, in pieces on recipes to fight waste, Luca Galltieri involves students at the Voghera Hotel School in preparing dishes made with leftovers.

Finally, the consolidated partnership between *Striscia la Notizia* and the **F.A.I.** (Italian Environment Fund) in the protection, preservation and enhancement of the Italian artistic and natural heritage is extremely important.

Radio too plays an important role in social initiatives directed towards the community.

In 2021, **radio** proceeded with the commitments undertaken in previous years towards the community.

Almost **600 radio spots** were **broadcast** by the various MFE Group stations to support social initiatives.

The “Mediaset ha a cuore il futuro” campaign against food waste is one example, as is the campaign in support of the Lega Nazionale Difesa Cane against the abandonment of dogs in the summer.

Campaigns were also carried out in support of the AIRC to inform the public about the possibility of donating their ‘5x1000’ income tax contribution to cancer research.

On World Alzheimer's Day, our radio stations ran awareness-raising campaigns with particular reference to the devastating effects of this degenerative disease and to promote prevention and research.

The efforts of the "Italia Live" campaign that aims to encourage companies to invest in events is very important, given the halt on all local promotion activity involving Radio for concerts and shows in the last two years. It supports all those in entertainment who until now have been unable to work due to the pandemic crisis.

On the **web**, a page dedicated to these projects was developed within the **MediasetPlay** site. In addition to gathering together all the material produced for the campaigns in chronological order, the aim of the dedicated space is to publicise brand-new contributions and in-depth information produced specifically for every topic focused on. It's a genuine archive, always up to date and open to consultation at any time, so that the contemporary nature of the problems addressed remains present.

We also wish to stress that sponsorship of **fundraisers for public and private bodies** (recognised by the state) is all certified by government associations (Civil Protection for Italy and AGIRE for the world). Many of these activities are also carried out through the support of Mediafriends, a non-profit organisation founded in 2003 as a tangible expression of Mediaset's vision of corporate social responsibility.

It is within this scenario that the Group takes to the field alongside **Mediafriends** and **Fabbrica del Sorriso** through its own agencies, in daytime packages on generalist networks or on TGCOM24. Particular visibility is given to the projects to which Fabbrica del Sorriso is committed, not only upon presentation and during fundraising but also when the project is run and for the results from the initiative.

One example of this is the production of a specific television product: "FABBRICA DEL SORRISO, UNA STORIA SPECIALE", illustrating the individual projects funded and testimonials for the results achieved. The "Tg dei Ragazzi", in collaboration with "la Città dei Bambini e dei Ragazzi" in Genoa, is another educational partnership initiative to have been given visibility.

Publitalia'80 contributes to the social activities of the MFE Group through Mediafriends, providing advertising space that is used to promote fundraising mainly to support the identified charity initiatives. In addition to this, Publitalia'80 reserves some advertising space to initiatives that support scientific research, training and cultural activities.

Around **6,200 spots** were broadcast in the year, with contributions free of charge from some of the main faces in the Group's artistic landscape.

Publitalia 80 is a founding member of the **Fondazione Pubblicità Progresso**, along with the major players in communication in Italy. This foundation aims to contribute to solving the civil, educational and moral problems of the community by placing communication at the service of society.

In addition to paying a membership fee, the sponsoring members provide their work free of charge for the implementation of the Foundation's activities.

Pubblicità Progresso promotes training initiatives on social communication at leading Italian universities; it promotes events, exhibitions and initiatives dedicated to important social issues; it sponsors social communication campaigns carried out by non-profit organisations; and it holds the festival of social communication for training and public educational purposes.

Every year, Pubblicità Progresso draws the attention of the authorities and public opinion to create greater awareness on a specific theme by implementing communication campaigns using contributions from promoting partners: campaigns on anti-smoking, organ donation, gender equality, anti-racism, sustainability, volunteer work, etc.

The Group's radio stations broadcast socially themed spots free of charge. This activity comes under the sub-concession contract in force between Radiomediaset, Monradio and Subasio and the Mediamond sales house.

ACTIVITIES TO SUPPORT YOUTH ENTREPRENEURSHIP

With regard to promoting youth entrepreneurship and supporting the world of work and promoting the territory in general, we would highlight the activities carried out by **AD4Ventures**.

This **MFE venture capital** project involves investing in shares in start-ups, mainly digital in the medium-sized consumer and retail area with high growth and development potential, through advertising campaigns in Italy and Spain.

The investment portfolio also extends beyond national borders, while remaining within Europe.

The business model of AD4Ventures contributes to the growth of the companies in which investments are made, providing a great boost to potential excellence and all those young entrepreneurs still unable to access the big world of television media.

The portfolio currently includes **11 start-ups** all with management aged just over thirty and for the most part active in Italy.

The start-ups included in the AD4Ventures portfolio were founded between 2010 and 2019.

2021 saw the great event of the **exit of Deporvillage** (a company operating in sports products e-commerce): a total initial investment of 2.7 million euros in TV campaigns (of which 1 million euros in Italy and 1.7 million in Spain) was followed by an exit of **34 million**, i.e. a return on investment equal to 12 times the initial capital.

The investment decisions made by AD4 Ventures' management are increasingly based not only on the analysis and validation of the start-up's business, but also on considerations relating to the sustainability aspects of the companies analysed.

In this regard, mention must be made of **Pascal** among the latest investments: environmentally sustainable beef e-commerce, traceable and only from extensive farming.

The company, founded in Italy in 2019 by two young entrepreneurs (under 30) and Università Cattolica di Milano Management graduates, promotes high-quality beef, directly from the mountain pasture of Valtellina to your front door.

Ad4V's decision to invest in Pascal results directly from some sustainability aspects that are at the centre of the start-up's philosophy: protecting habitats (the products come only from small farms integrated with the territory, most of which take their livestock to the mountain pastures, contributing to the conservation of alpine farmsteads and biodiversity); the creation of shorter supply chains (Pascal is supplied exclusively by Italian farmers, who are obliged to purchase all the raw materials used on the farm within regional borders); helping small producers (Pascal pays them about 30% more than market prices and offers them free livestock and agricultural advice).

These elements follow the guidelines provided by the UN in September 2021 in the first Food System Summit, aiming to raise all countries' awareness of critical environmental and social issues in current food supply chains.

Another important investment in this area is **Termo**, a company in which Ad4V has increased its shareholding. Operating in green tech, the start-up is committed to reducing residential energy consumption with high-value-added connected services: it installs the latest generation of high-efficiency HVAC products and acts as general contractor for large-scale energy redevelopment building projects.

AD4VENTURES INVESTMENT PORTFOLIO AT 31ST DECEMBER 2021



 Leading mobile payment solution	 On line flower delivery	 Fashion social App	 Cooking and dining e-commerce	 Online Italian food specialties shop	 On line sporting goods shop EXIT	 Home furniture flash sales IPO
 Second hand luxury marketplace	 Baby and kids e-commerce	 Hotels by the hour around the world	 Digital platform leader in HVAC	 Customizable unique travel experience	 Sustainable meat from extensive farming	



				 EXIT	 IPO	 EXIT	 EXIT

The commitment of MFE in Spain to social welfare is reflected in the **12 Meses** project. Over 2021, its activities were directed mainly towards the most vulnerable groups in society (such as children), equality in every area and protecting the environment.

This prevention and information activity was also made possible thanks to continuous exchange of ideas and opinions with various associations and non-profit organisations.

We would also highlight the creation of the **"Valor Mediaset"** brand in 2020, which aims to involve the most important advertising investors in Corporate Social Responsibility campaigns.

In 2021, for the second year running, the **"For a Future with Water"** information project was pursued, an awareness-raising campaign on the need of future generations for adequate water resources.

The campaign aims to achieve this goal by promoting positive use of current water resources.

Finally, in 2021 Mediaset España guaranteed **free advertising space for NGOs** amounting to an estimated value of **10.4 million euros**.

SOCIAL UTILITY INITIATIVES

MEDIAFRIENDS

Mediafriends Onlus, a Non-Profit Organisation (NPO), was established on June 18, 2003 by Reti Televisive italiane S.p.A., Arnoldo Mondadori Editore S.p.A. and Medusa Film S.p.A.

We would highlight that in compliance with Legislative Decree no. 117 of 3 July 2017, as amended, which implements the delegation for the reform of the third sector contained in Law no. 106 of 6 June 2016, Mediafriends has undertaken the revision of its Bylaws in order to implement the provisions of the Third Sector Code updated with the amendments made by the corrective Legislative Decree 105/2018.



Mediafriends will enrol in the **Single Third Sector Register (RUNTS)** with the changes to its Bylaws (change of name to Mediafriends Ente Filantropico and changes to bylaws in accordance with the provisions issued) in accordance with the provisions in force, that is, after the effective operation of the RUNTS and, as permitted for non-profit organisations, with effect from the fiscal year following the EC authorisation pursuant to art. 101 paragraph 10 of the CTS (enrolment under the new name and with new Bylaws must be completed by 31 March of such following year), with maintenance up until that point of enrolment in the register of non-profit organisations and the tax consequences thereof.

Mediafriends is a tangible expression of the MFE Group's vision of corporate social responsibility. The association focuses exclusively on **achieving social solidarity** and does not distribute, even indirectly, profits and advances or any funds, savings and capital throughout the duration of the Company's existence, unless the destination or distribution are required by law or are donations by Mediafriends in favour of other non-profit organisations which, by bylaws or regulations, are part of the same unitary structure; it uses profits or advances to perform institutional activities and anything else directly connected to them.

Mediafriends Onlus carries out the conception, **planning, realisation and promotion of events**, especially television, aimed at collecting resources for charity and the **financing of targeted projects** in the following sectors:

- ☐ Social, health and socio-health assistance;
- ☐ Charities;
- ☐ Education and training;
- ☐ Protection, promotion and enhancement of culture, art and things of artistic and historical interest;
- ☐ Protection and enhancement of the environment;
- ☐ International cooperation.

Mediafriends is responsible for **identifying and promoting opportunities for exchange between the world of business and the third sector**, in order to promote mutual growth and the well-being of society. It also aims to better coordinate communication skills and deepen relations in the world of entertainment and culture in order to raise public awareness and solicit donations to fund targeted projects by third sector NGOs.

The process of identifying the Associations and projects to be supported through fundraising activities includes a series of **steps**, starting from the **identification of a theme** chosen among those envisaged by the Bylaws and of one or more Associations that have projects in progress and meet the budget, diligence and transparency requirements, verified through MFE's Supplier Certification Office.

The second step involves **analysis of the project estimates** provided by the Association through adequacy analysis of the costs presented. At this point, if the evaluation criteria are positive, **a contract is drafted between the Association and Mediafriends**, which regulates the mutual obligations during the fundraising period and afterwards when Mediafriends checks the implementation of the project, in accordance with the provisions of the contract itself. Starting from 2018, with the advent of the new **"Self-regulation code for the management of numbers used for telephone fundraising for socially beneficial purposes"**, which provides for fixed and variable costs for each campaign, Mediafriends has redesigned the way it operates in fundraising campaigns and has introduced a new method, in addition to the one just described, whereby when fundraising for an Association the latter collects the money directly while Mediafriends only provides support and communication campaigns.

The Association is in any case obliged to provide Mediafriends with due notification and reporting of the proceeds.

In the first case, usually followed over the years, the Bylaws state that the money raised by Mediafriends will be allocated to the Association through the Mediafriends **Advisory Committee**, with three positions expressed by the Members of Mediafriends, by Mediafriends and by a representative of the Association. The Advisory Committee distributes the funds raised, indicating the time frames and methods.

Mediafriends then **checks the reports** from the Association and **monitors the progress of the project funded**. However, according to the above-mentioned new method, Mediafriends still maintains the obligations of the beneficiary Association to report the proceeds as described above.

Over the years, Mediafriends has supported numerous TV and other events to raise funds for the projects of non-profit associations. The most notable of these is **Fabbrica del sorriso** (the smile factory). At 31 December 2021, over **75 million euros** have been raised and distributed, allowing **177 associations** to implement **299 charity projects** in Italy and around the world.

To do this, Mediafriends called on the close collaboration of the MFE Group. Firstly, Mediafriends relies on the continuous work of five Group employees, who design events and coordinate with both external bodies (third sector, institutions, etc.) and the departments within the company.

Fundraising initiatives and activities follow one after another throughout the year: fundraising events, field initiatives in collaboration with recipient groups and broadcasting events.

These events were promoted on television and on the web, with the collaboration of the various structures of the Group: the presentation of programme projects with services created by journalists in the News Department, fundraising spaces with commercials created by the Creative Department, presence in programmes with the collaboration of the production structures of the Entertainment, News, Sport and Publitalia'80 Departments.

Lastly, the **Mediafriends site** and Mediafriends slot on the **TGCOM24 site**, as well as the **Facebook Page of Fabbrica del Sorriso**, hosted campaigns for charities and numerous videos produced on some of the most important social issues:

2021 was also profoundly marked by the pandemic. After a short period of relaxation in the situation, despite the vaccination campaigns, it affected all activities from as early as the planning phase. During the year, Mediafriends carried out three awareness-raising and fundraising campaigns, linked to the Covid-19 emergency and its collateral effects.



Alimentiamo la speranza



The first, which began on 6 December 2020 and ended on 6 January, was the **"Alimentiamo la speranza"** fundraising campaign promoted by Mediafriends together with **Banco Alimentare**. Thanks to a TV spot produced specifically for this initiative, the launch of appeals on TV programmes and radio support from the Group's stations, €106,700 was collected, which enabled Banco Alimentare to distribute food amounting to over 1,500,000 meals to people in need.

From 4 July to 11 September, together with the **Italian Red Cross**, Mediafriends promoted a freephone telephone number that anyone in distress could call to request psychological support or a response to practical requests such as home delivery of groceries or medicines.

The project had the goal of giving the elderly (already tried by the long months of lockdown due to the pandemic) psychological and practical support to face the summer months, well known as being the most complicated for people who often live alone or in areas where services are limited over the summer, and on the other hand allow young people to make themselves useful with a word of comfort or help for those who need it most. The extensive organisational structure of the Red Cross and the possibility of running a social communication campaign on the Group's networks, once again entrusted to the voice of Gerry Scotti, allowed this initiative to be communicated nationally. In the space of just over two months, about 20,000 calls were received by the Italian Red Cross national response centre, of which most were for information purposes. The rest concerned food, psychological support, telephone companionship, requests for medication and home grocery delivery, while the average age of the people who used the service was between 67 and 80 years.



It should also be noted that the Italian Red Cross recorded 2907 people who enrolled in the "volunteer programme" as a result of the initiative developed with Mediafriends. The average age of these new volunteers is 35.



Due to the pandemic, many non-profit organisations have seen a dramatic reduction in resources from donations precisely when their role in responding to the same important social needs as always and the new requirements resulting from the Covid-19 crisis is vital. In partnership with **Fondazione Italia Sociale** - a private law foundation created to promote the development of the Third Sector in Italy with the aim of collecting private resources to be distributed to national social and public projects - Mediafriends developed a project to support

the non-profit. This took the form of a television campaign that began in September 2021 which aims to support and promote the Third Sector for greater awareness of its role and its importance to society with the help of two infomercials ("**Io sono**" and "**Rewind**"), produced by the Mediaset Creative Department. The campaign will end in the spring of 2022 and will be followed by research into the relationship between the Third Sector and

Companies, to find a common language and foster collaboration based on dialogue, knowledge and mutual trust. The report will be presented by June 2022.

In November, Mediafriends supported the **Associazione Italiana Editori "#Io leggo perché"** campaign, which saw, in a terrible year, the purchase and donation of more than **450,000 books** to Italian school libraries by the public and publishers.



Activities in local areas, particularly in connection with the **"A Regola d'Arte" (ARdA)** project, addressed to disadvantaged Italian and foreign children living in the suburbs of Italian cities and seeking to promote integration and social development through music and rugby, were drastically reduced due to the pandemic and the restrictions introduced over the months and in the various regions to contain the spread of the virus. During the first half of the year, the 5 centres in Milan, those of L'Aquila and Palermo, had to suspend all planned activities due to the lockdown. The only exception was the "Famiglia Murialdo" centre in Naples, which developed 60 hours of sports and music activity with its 50 young people.



In the summer, when the force of the pandemic relaxed considerably, the decision was taken to organise **six summer camps** for a total of **70 hours of activity** involving about **250 young people**.

Though the activity of "A regola d'Arte" suffered a setback in the first half of the year, artistic and charitable collaboration between Mediafriends and the **Fondazione Cassa dei Risparmi di Forlì** was reconfirmed in the same period. Over time, this

partnership has enabled funding for various social projects throughout the country thanks to the artistic initiatives organised by the Fondazione.

In particular, we would highlight the **"Dante. The vision of art"** exhibition at the Musei di San Domenico in Forlì supporting the "A regola d'Arte" project from April to July. Part of the revenues from ticket sales went towards opening 4 new centres in Milan, Lecce, Forlì and Rome, which have been operational since October. Despite the difficulties resulting from the pandemic, this major extension to the project meant that more than 300 children were able to take advantage of courses from the "A regola d'Arte" project.



The **"Scuola di vita"** project was launched in January, after a long planning phase. This is aimed at young people in difficulty, stalled by academic failure, bad life choices or challenging family situations. The goal is to offer a real possibility not only of entering the world of work, but of making full use of personal interests and discovering talent. The project identifies young men and women according to their needs, characteristics and motivations and "sets them to work" for 6 months with a master of trades, a craftsman in a broad sense, identified

on the basis of their ability to convey a passion for work and a lifestyle as well as technical expertise. The master of trades is remunerated for their training efforts and the young people all benefit from a paid 6-month apprenticeship.

4 internships started in 2021: in February a tailoring course with a young woman that ended in August; two cooking ones, the first with chef Cesare Battisti of the Ratanà restaurant in Milan and the other with chef Claudio Sadler, which will end in the early months of 2022. Then in December the fourth course started at a historic Milanese cycle design and sales workshop.

The project, planned to run for at least two years, conceived, supported and promoted by Mediafriends in partnership with **Comunità Nuova Onlus**, will on its conclusion be accompanied by a qualitative analysis of the results achieved, conducted by experts in the sociological and educational field in order to evaluate overall strengths and areas for improvement. The project was initially presented in the episode of the **"Cotto e mangiato"** programme that went out on Italia 1 on 25 October: chef Battisti and the young apprentice cooked together and explained how the "Scuola di Vita" project works in a restaurant.

The **"Orchestra giovanile"** project was launched in September 2020 with the aim of creating an orchestra that brings young people in a difficult area together in the space of four years. It was further defined with the choice and registration of the **"Orchestra giovanile 4/8"** trademark, where 4 is the name of the area of Milan where the group is active and 8 (of four octaves) recalls the "Ottava nota" Music School that runs this project together with Mediafriends. During 2021, **64 hours of lessons** were held involving more than **60 young people** as well as **two concerts**: the first at the end of the 2020/2021 course, the second for the Christmas holidays.



At the end of October, on the third anniversary of the terrible **"Vaia storm"** that destroyed much of the Paneveggio forest in Trentino, Mediafriends launched an initiative with Fondazione Alberitalia to lend the forest new life, rebuilding the landscape and habitat for the local fauna. The reforestation project involves the planting of **6/8,000 seedlings** in an area of about four hectares. The operation isn't to resolve an emergency situation alone, but is also preventative: the choice of trees will make the forest more resilient, with greater

capacity to resist future adversities. The **Trento Provincial State Forestry Agency** will also play an important role in this operation. Mediafriends considers it essential to take concrete action to address climate change that is increasing the frequency of abnormal weather events. It is supporting the project, which will run for two years, through various channels: from raising awareness to fundraising, with infomercials, in-depth reports in programmes broadcast on the Group's networks and ad hoc initiatives around the country. At the end of November, the children's fable **"Doremi, l'uccellino che non sapeva volare"** by Francesco Vecchi, published by Book Road, appeared in bookshops for fundraising purposes. The seedlings are set to be planted for the first time in May 2022.

Mediafriends has for years supported the **Gorgonzola Festival del Cinema Nuovo**, an international competition for short films featuring people with disabilities. It promotes it through communication campaigns organised in collaboration with the Mediaset Creative Department. It helps organise the event, which is held every two years and had its last edition in 2018. The events of the pandemic stopped the 2020 edition so, with the aim of keeping interest in the Festival alive and starting to talk about the next



edition in 2022, a cinema course was organised in October 2021 for social centres and cooperatives dedicated to disability together with the **Romeo Della Bella Foundation** and in collaboration with the **Istituto Cinematografico Michelangelo Antonioni in Busto Arsizio**. **65 non-profit organisations** enrolled and about **100 people** took part in the **15 total teaching hours** of the **8 streamed meetings**.

Broadcasting activity is also intense, aiming to show the different faces of the Third Sector and communicate the world of non-profits through social media channels. Three pieces were produced: "Dante. La visione dell'Arte" for the "A regola d'Arte" project, "Il concerto" for the Orchestra giovanile 4/8 and "Obiettivo Alberi".

Also on the social media channels (FB/Twitter/Instagram/LinkedIn) more than **230 content items** were published on the Mediafriends website, in the Tgcom24 slot and on the Group's new intranet site.

Reporting work on the projects of Associations supported by Mediafriends continued in 2021. They are monitored up to their completion through reports, on-site visits (journalists, external auditors appointed by Mediafriends), certification for the individual Associations and the production of videos.

Mediafriends also appointed Dr Andrea Franzoso, already an internal auditor for major companies and author and web content producer, to check some of the projects financed by the 2018 edition of Fabbrica del Sorriso and others developed in 2019. Dr Franzoso went to the non-profits financed and drew up a written report afterwards plus some web videos demonstrating the genuine social impact of the TMA, IL PARCO DEL MULINO, OSPEDALE MEYER, BANCO ALIMENTARE and ORCHESTRA GIOVANILE 4/8 projects.



In 2021, the Mediaset News Department again used the footage to produce the **"Fabbrica del Sorriso. Una storia speciale"** programme, broadcast by Rete 4 on 24 December. This analysis of the results of the project financed performed by people outside the structure and the company provides a guarantee of the impartiality and independence of the findings, while the "Fabbrica del Sorriso, Una storia speciale" episode allowed viewers to see the real impact and situations where the donations made were used.

Mediafriends has always carried out training and communication activity for those who work in the Third Sector, with in-depth explorations of topics such as social communication, fundraising and storytelling applied to the various areas of communication. As part of Reinventing, a training and networking event for the world of non-profits held in Milan on 7 and 8 October 2021 at the Palazzo delle Stelline, Mediafriends organised the round table **"ACCENDIAMO LA TV – Il nuovo ruolo della televisione generalista nelle raccolte fondi per il terzo settore"**.

Mediafriends develops intense relational activity with many Associations that apply to be able to use the communication services or to submit projects to be supported. Over the past year, more than **200 meetings** were recorded with Third Sector Associations, some in person and the majority streamed.

Together with Publitalia'80, Mediafriends manages a **pool of social communications**, offering space, free of charge, for the broadcasting of social infomercials for Third Sector Associations.



THE ENVIRONMENT

COMMITMENT TO ENVIRONMENTAL PROTECTION

The Group's commitment to the environment is also referred to within the **Code of Ethics**³⁰, with special reference to the conduct and provisions on environmental protection, which highlight the central role of environmental protection as a key factor in the company.

The MFE Group is inspired by the principles of respect and protection of the environment and the local territory, and their impact on the health of humans and other living species. To achieve this goal, all MFE business activity complies with the **highest standards of compatibility and environmental safety**.

As proof of this commitment, the Group has adopted a specific Corporate Organisational Guideline (**O.G. "Requirements for environmental protection"**) which describes the activities carried out for the collection and disposal of waste produced, which is treated according to the principles of selective separation and recycling of waste wherever possible and as required by current laws and best operating practices.

EU TAXONOMY

REGULATORY CONTEXT

Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020³¹ introduced the classification and reporting system of the European Taxonomy to direct investments **towards activities**

³⁰ The specific provision has been confirmed in the new Code of Ethics adopted by the Group and its subsidiaries in 2019: Art. 26 (Environmental protection) "1. The MFE Group considers protecting the environment to be a key factor in the company and is inspired by the principles of respect for and protection of the environment and the local territory, due both to their intrinsic value and their impact on the health of humans and other living species. To this end, the MFE Group is committed to observing the regulations in force and works so that all its business activity complies with the highest standards of environmental safety and compatibility.

2 Particular attention is dedicated to the collection and disposal of waste produced by the company, which wherever possible is treated according to the principles of selective separation and recycling of waste, to reduce the impact on the environment to a minimum and as required by current laws and best operating practices."

³¹ European Parliament and Council, REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

defined as environmentally sustainable, facilitating the transition to a climate-neutral economy, more resilient to the effects of climate change and attentive to the use of resources.

For the purposes of this legislation, an activity that contributes substantially to achieving one or more of the **6 environmental objectives** without causing significant harm to any of the others is considered "environmentally sustainable". These objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water resources
4. Transition to a circular economy
5. Pollution prevention and reduction
6. Protection and restoration of biodiversity and ecosystems

Specifically, for the purposes of this Regulation, to qualify as environmentally sustainable (or "eco-sustainable"), an economic activity must jointly satisfy a series of **conditions**:

- ☐ contributing substantially to one or more of the six environmental objectives referred to in Article 9 of the Regulation;
- ☐ complying with the technical screening criteria established by the Commission for each individual environmental objective;
- ☐ not causing significant harm to the other environmental objectives (according to the "do no significant harm" principle);
- ☐ being carried out in compliance with the minimum safeguards (in line with the OECD guidelines and the United Nations/ILO guiding principles on business and human rights).

Pursuant to the regulatory requirements set out in the Delegated Act relating to Article 8 of EU Regulation 2020/852, the MFE Group is required to include information on how and to what extent its activities are associated with environmentally sustainable economic activities according to the EU Taxonomy in its Non-Financial Disclosure.

For this first year of application, a disclosure must be prepared that includes the share of **taxonomy-eligible economic activities** and those that are not taxonomy-eligible, in relation to its turnover, capital expenditure and operating expenses.

As of the date of publication of this document, only the Delegated Acts relating to the first two environmental objectives (climate change mitigation and climate change adaptation) have been published, providing a description of EU taxonomy-eligible economic activities and the technical screening criteria associated with them. It is therefore specified that the boundary of analysis for the data included in this disclosure refers only to these two objectives.

As this is the first year of application of a new regulation at international level, all the criteria and assumptions made and included in this paragraph are based on the information and requirements currently available, which may be subject to future revisions also in accordance with the development of the legislation in force.

THE MFE GROUP APPROACH

In line with the legislative requirements, both the “statistical classification of economic activities in the European Communities” (NACE) and the descriptions of the activities listed in Annex I and Annex II of the Delegated Climate Act have been analysed to determine the eligibility of economic activities, regardless of whether one or all of the technical screening criteria are met.

For this reason, MFE Group activities are not associated with economic activities eligible for the climate change mitigation objective. Broadcasting (TV and Radio) and film production and distribution activities alone were instead **eligible for the climate change adaptation objective**. The taxonomy-eligible economic activities identified are:

▣ 8.3 - Programming and broadcasting activities

▣ 13.3 - Film, video and TV programme production, music and sound recording activities

The Group's main revenue-generating activity, the sale of advertising space, is not among those identified as taxonomy-eligible.

The appropriate analyses were prepared on this basis to identify the financial information required by the Taxonomy and produce the economic KPIs of revenues, capital and operating expenses, given below.

The alignment of these activities will be determined on the basis of compliance with the four conditions indicated above for the individual economic activities identified as eligible. The results of this analysis will be presented in future reports in accordance with the regulations.

In awareness of the development of EU Taxonomy legislation and the possibility of development in how it is applied, the Group will evaluate the possibility of refining the methodology adopted for this first year of reporting.

PERFORMANCE INDICATORS

	Revenues	CAPEX	OPEX
8.3 Programming and broadcasting activities	7%	84%	54%
13.3 Motion picture, video and television programme production, sound recording and music publishing activities	1%	9%	2%
A. EU Taxonomy Eligible Activities	8%	93%	55%
B. EU Taxonomy Non-Eligible Activities	92%	7%	45%
TOTAL (A+B)	100%	100%	100%

Methodology:

The values provided reflect a prudent approach in interpreting the new Regulation. Activities related to the management of signal transmission networks and the sale of advertising space are considered as non-eligible.

The numerator of the KPI relating to turnover refers to the main items relating to other characteristic revenues, including the sale of broadcasting rights and television productions, net of any intercompany transactions. The denominator, on the other hand, considered the total value of the Group's net revenues for the year 2021, as indicated in the Consolidated Income Statement.

Capital expenditure refers to increases in television and movie broadcasting rights and other tangible and intangible fixed assets (e.g. Assets in progress and advances, plant and machinery), as indicated in the respective items of the Group Cash Flow Statement for the year 2021. Only the values referring to companies that carry out activities identified as “taxonomy-eligible”, i.e. broadcasting (TV and Radio) and film production and distribution, were considered in the numerator.

The denominator of the operating expenses indicator includes short-term leasing, maintenance and repair of corporate assets (including networks, broadcasting, television studios, and television and movie broadcasting rights). The numerator of the performance indicator relating to operating expenses includes the same expense items as the companies that carry out activities identified as “taxonomy-eligible”, or broadcasting (TV and Radio), film production and distribution.

MANAGEMENT OF ELECTROMAGNETIC EMISSIONS

The MFE Group Italia³² has always been committed to **respecting the sector legislation on electromagnetic emissions**.

Elettronica Industriale S.p.A., a subsidiary of the MFE Group, is required to present documentation to the local authorities certifying compliance with the field limits of plants for the installation of new plants or for the modification of existing plants.

In 2021, 889 requests were made to modify plants, compliant with current regulations, including compliance with the population exposure limits for electromagnetic fields.

These activities allow the Group to monitor the impact produced by any changes made to the plants throughout the area and ensure the non-existence of any negative effects due to radio-television signal emissions. The applications must obligatorily contain all electromagnetic impact assessments of the plants subject to the authorisation request.

The **Electromagnetic Impact Analysis (EIA)** for larger plants are extremely thorough and include "pre-existing electromagnetic background" levels and the impact of that individual plant. The reference standards for the Electromagnetic Impact Analysis are those reported in Law 36/2001 and include the maximum permitted levels to which the population can be subjected³³.

Furthermore, while complying with regulatory limits, Elettronica Industriale S.p.A. continuously assesses any specific provisions set by individual municipalities as well as any indications of any provincial, state and international location plans for transmission sites.

As regards the assessment of the overall impact of the transmission sites (within which Elettronica Industriale S.p.A. plants also operate), the role of the **ARPA departmental agencies (Regional Agency for Environment Protection)** must also be taken into consideration, which is responsible for monitoring activities through periodic analysis and sampling of the plants, with particular attention to more prone units of the company.

As part of managing relations with public bodies, Elettronica Industriale S.p.A. always provides absolute availability for inspections and collaborates with the ARPA, even in a preventive manner, using comparison activities during meetings with those public bodies.

The most sensitive plants have been monitored in recent years by the regional agencies (ARPAs) without penalties being imposed on Mediaset.

During 2021, the Regional Environmental Protection Agencies carried out 91 checks in the first half of the year and 798 in the second half. These checks revealed that the electromagnetic field limits had been exceeded in sites where MFE equipment was also present. It was however exceeded by less than one tenth of the legal limit and so no requests for reduction for compliance or fines were made by the authorities.

In this year and until 2022, following the **transition to new frequencies** caused by the release of the '700 band for telephone companies, new applications were made to authorise all plants, which will have to comply with the new frequency allocation plan. This will result in further analysis of the electromagnetic fields envisaged by the applicants and the Regional Environmental Protection Agencies. The total number of plants envisaged by the new National Frequency Allocation Plan will be lower (from 5 to 3) compared to the current number of plants in operation, with a resulting decrease in the electromagnetic impact in the majority of cases. The most

³² The issue of electromagnetism is taken into consideration only in Italy as the MFE Group in Spain does not directly manage the signal transmission network.

³³ The maximum exposure limits allowed by current legislation are 6 V/m in housing and related outbuildings and 20 V/m in public places (see also par. 3.3).

sensitive plants have been monitored in recent years by the regional agencies (ARPAs) without penalties being imposed on MFE.

With respect to the impact of the **Covid-19 pandemic** on our activities and the main initiatives to ensure business continuity, we would point out that the main effect concerned the organisation of work and relations with organisations throughout Italy.

In particular, priority was given to web-based communication (encouraging the use of e-mail, telephone contacts and also the use of online videoconferencing software).

At a second stage, contact was resumed, including face-to-face contact and in some cases inspections of installations.

In general, through the use of smart working, it was possible to safeguard business continuity and the maintenance of operations.

The equipment managed by the **RadioMediaset** company is generally housed at stations that it does not own.

The appointed RadioMediaset Office independently, or with the support of specialist companies and/or the tower operator itself, provided with the technical documentation necessary, draws up the applications to present to the local authorities for authorisation to change existing equipment and/or activate new equipment.

The procedure adopted by the Group for the radio station in order to monitor electromagnetic pollution and safeguard the community is divided into the following activities:

- ▣ Execution of an Electromagnetic Impact Analysis (EIA) for each plant it intends to install ex novo or whose emission characteristics are to be modified by specialised third-party companies and personnel in possession of the qualifications required by current legislation, in order to ensure compliance with the exposure limits, attention thresholds and quality objectives for electromagnetic emissions as required by current legislation;
- ▣ Selection and contracting of the aforementioned counterparties in line with the provisions of the current company guidelines;
- ▣ Submission of the request for installation and operation of radio equipment (including the aforementioned EIA) to the Single Contact Point for Productive Activity (SUAP) of the municipality responsible for that area by a company lawyer or by the company/professional who carried out the aforementioned analysis, by delegation of a company representative;
- ▣ Assessment of the EIA by the Regional Agency for Environmental Protection (ARPA) for that area. Issue of the authorisation for installation and operation of radio equipment by the competent Municipality, subject to obtaining permission from the local ARPA;
- ▣ Continuous monitoring of the operation of Group radio equipment by dedicated department via verification of the data acquired by the equipment through telemetry. Where anomalies are detected that could cause the equipment to operate at higher energy levels than those envisaged, the department will promptly alert the competent maintenance companies in order to resolve any anomalies found;
- ▣ Periodic checking on the operation of the systems by specifically contracted maintenance companies
- ▣ In recent years, a complete mapping of all the radio equipment managed by the MFE Group in Italy was performed by a specialised third-party company, aimed at assessing the risks pertaining to individual systems and preparing the related RADs (Risk Assessment Documents). Measurements were carried out on the overall level of electromagnetic emissions from the stations where radio equipment operated by the Group is installed in Italy (these were cumulative measurements, bearing in mind that there may be several systems belonging to various radio companies at a single location) and, where necessary,

measurements on the emissions level of the Group's systems (narrow measurements), in order to ensure compliance with the electromagnetic emission threshold imposed by current legislation. Where anomalies were detected, installers/maintenance technicians were promptly alerted to resolve them.

During the year, 7 communications were submitted to ARPA for equipment of less than 20 W and 28 applications for authorisation for equipment of greater than 20 W, for a total of 42 assessments (EIA). There was also 1 test report (post-activation checks requested by the authority) and 17 sites were monitored by ARPA (periodic checks on the territory), for a total of 41 plants.

During the base year, the ARPA identified non-compliance with the required attention thresholds at 3 sites due to multiple exposures. This involved 10 managed systems and others belonging to third parties, for which assessments to meet legal requirements are still underway. In the course of 2021, 2 notification reports were issued that envisage a fine of €25,838.43 each concerning an alleged lack of permit. An appeal was filed with the competent court. The appointed RadioMediaset Office also gathers the data for drawing up the Risk Assessment Document, including the electromagnetic field levels, which allow appropriate interventions for remedying the most important issues to be identified and developed. 2021 saw 244 monitoring operations, 231 Plant Risk Assessment Documents prepared and 2 RADs for owned sites for these purposes.

There were no risks to station workers since the electromagnetic levels detected are completely within the thresholds prescribed by law.

In any case, in an effort to further reduce risk, the power of the transmitting plants is reduced during any work at height on the pylon/pole, thus keeping the exposure of workers to electromagnetic fields to a minimum.

As far as the impact of the **Covid-19** pandemic is concerned, it should be noted that work was always carried out continuously, taking the appropriate and necessary health precautions, even if that work was slowed by the relevant national and regional regulations.

When carrying out activities externally and with the presence of other staff, measures were adopted to preserve personal health, such as the temporary assignment of the same vehicle always to the same worker and the instruction to coordinate with other site users during checks in order to limit presence to a few people. The compulsory use of masks and gloves was always observed, even in the most isolated locations. Finally, the standard information sheet on Risks to Workers at Technological Sites and Interference Risks was supplemented with a section on Risk Assessment of COVID-19 infection and related Prevention and Protection Measures.

WASTE MANAGEMENT

In order to minimise its impact on the local territory, the MFE Group, including foreign investee companies, constantly monitors its consumption of raw materials and the waste produced by its activities.

The Group mainly produces waste connected to its specific activity, such as mixed packaging materials, toner, electrical and electronic equipment and bulky waste (e.g. sets), and hazardous waste composed of materials from ordinary maintenance activities (e.g. neon lights and batteries). Lastly, it is worth mentioning the possible production of hazardous waste due to the hospital service.

WASTE BY TYPE (TONs)	2021	2020
Bulky Waste	758	564
Mixed-Material Packaging	697	956
Plastic	256	6
Broken equipment, other than that indicated in 16 02 09 to	124	42

16 02 13		
Paper and Cardboard Packaging	129	97
Other (hazardous)	10	6
Other (non-hazardous)	131	99
Total	2,105	1,770

All refuse produced is managed in compliance with current regulations on the environment (Legislative Decree 152/2006) and waste collection is managed using appropriate bins that have been approved for hazardous waste.

The MFE Group also adopts oversight activities on the correct administrative and legal management of the refuse through the **supervision of the transport process**, in close coordination with the suppliers and in compliance with the law.

The verification of the authorisations and the administrative management of the waste for all premises that are part of the Cologno Monzese headquarters are carried out using specific software (ECOSWEB).

It should also be noted that the **separate collection of urban waste** has always been present within the company.

The Group produced approximately 2,104 metric tons of waste in 2021. In particular, hazardous waste represents less than 1% of the total waste produced, with the rest non-hazardous.

WASTE DIVIDED BY TYPE AND DISPOSAL METHOD (METRIC TONS) FOR THE MFE GROUP

	2021			2020		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Recycle	5.00	33.00	38.00	4.00	44.00	48.00
Composting	-	-	-	-	-	-
Recovery[*]	5.00	2,046.00	2,051.00	2.00	1,705.00	1,707.00
Dump[**]	-	15.00	15.00	-	15.00	15.00
Other	-	-	-	1.00	-	1.00
Total	10.00	2,094.00	2,105.00	6.00	1,764.00	1,770.00

[*] Including recovery through energy production R-13 – R-5.

[**] Preliminary deposit before one of the operations referred to in points D1 to D14 (excluding temporary deposit, before collection, in the place where they are produced)

The **MFE Group in Spain** monitors the consumption of paper, CDs and toners in all its offices. This monitoring focuses specifically on the Fuencarral and Villaviciosa offices in Madrid, where all activities related to audiovisual production are concentrated, and involves around 96% of the workforce.

In 2021, all waste generated by the MFE Group in Spain was managed appropriately, promoting recycling activities according to national legislation.

In 2021, Mediaset España continued with work to eliminate non-biodegradable plastic waste in the canteen and adjoining bar.

In compliance with the regulations governing hazardous and non-hazardous waste, the Group has appointed a specialised third party company for its management.

Waste electrical and electronic equipment is managed by technical warehouse workers, while organic waste produced by the canteen is collected and separated by kitchen personnel according to the type of material.

Hazardous waste included batteries, fluorescent tubes and printer material.

MANAGEMENT OF ENERGY CONSUMPTION AND EMISSIONS

The main energy sources used by the MFE Group, in Italy and Spain and in the other foreign investee companies, for the performance of its activities are divided into four types: electricity, natural gas, diesel and petrol.

The largest proportion of energy consumption is due to **electricity**, used mainly for the supply and operation of radio towers, servers, data centres and uninterruptible power supplies for technical equipment, as well as for the air conditioning and lighting of the Group's plants. Replacement of printers in Group offices due to obsolescence continued in 2021. Products were selected favouring models that provide the same performance with a lower environmental impact. The adoption of LED light arrays for television studios also continues.

In some locations, electricity is also used to power the heating and cooling units and for powering data centres. In 2021, around 326 TJ of electricity was consumed, approximately 1% less compared to 2020. This decrease in energy consumption is also due to the effect of the pandemic situation and the consequent decrease in activity related to the presence of staff in offices.

ENERGY CONSUMPTION WITHIN THE GROUP BY SOURCE (TJ)[*]

	2021	2020
Electricity purchased	326	330
Natural gas	33	31
Diesel	24	26
Petrol	3	2
Total	386	388

[*] Source: Lower Calorific Value of natural gas equal to 0.034 GJ/m³, average density of diesel oil equal to 0.84 kg/litre, Lower Calorific Value of petrol equal to 42.82 GJ/ton, average density of petrol 0.74 kg/litre, Lower calorific value of diesel oil equal to 42.78 GJ/ton, average density of diesel oil 0.84 kg/litre (Sources: NIR: Italian Greenhouse Gas Inventory 1990-2017 - National Inventory Report 2019).

To provide a more meaningful representation of the MFE Group's energy consumption, the source of the conversion coefficients used for the calculation was updated during the year. For the figures published previously, please refer to the 2020 Sustainability Report published in the "Sustainability" section of the mfe.mediaforeurope.com website.

GREENHOUSE GAS EMISSIONS (TONS OF CO₂) FOR THE GROUP [*]

	2021	2020
Scope 1[**]	4,084	3,828
Scope 2[**] - Location-based	27,528	30,393
Scope 2[**] - Market-based	34,442	35,477

[*] Scope 1 emissions are expressed in metric tons of CO₂ equivalent. Scope 2 emissions are expressed in tons of CO₂, but the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂ equivalent) as can be deduced from the reference technical literature.

[**] 2021 data: Natural gas emission coefficient equal to 2.02266 kgCO₂e/Sm³, diesel oil emission coefficient equal to 2.54603 2,54603 kgCO₂e/l, petrol emission coefficient equal to 2.16802 kgCO₂e/l (source: DEFRA 2020. UK Government - GHG Conversion Factors for Company Reporting).

2020 data: Natural gas emission coefficient equal to 2.02266 kgCO₂e/Sm³, diesel oil emission coefficient equal to 2.54603 2,54603 kgCO₂e/l, petrol emission coefficient equal to 2.16802 kgCO₂e/l (source: DEFRA 2020. UK Government - GHG Conversion Factors for Company Reporting).

To provide a more meaningful representation of the MFE Group's emissions, the source of the emission factors used for the calculation was updated during the year. For the figures published previously, please refer to the 2019 Sustainability Report published in the "Sustainability" section of the mfemediaforeurope.com website.

In particular, it should be noted that all electricity purchased by the **MFE Group in Spain** (equal to about 15.56 GWh in 2021) is certified and comes from renewable sources through Guarantees of Origin. This consumption is mainly due to the technical equipment of the studios, including recording, transmission and post-production equipment, as well as computer equipment and air conditioning in IT rooms.

Activity to achieve greater efficiency in terms of the above consumption continued in 2021, above all by replacing the above equipment which is most energy inefficient and obsolete.

In particular, work continued on:

- ▣ replacing high-consumption lights with more energy-efficient models;
- ▣ replacement of the most obsolete computers;
- ▣ installation of new solar panels on buildings;
- ▣ Fuel consumption (petrol and diesel) in 2021 amounted to 3.7 TJ, mainly due to the company car fleet and some generators.

Natural gas is used to heat offices, laboratories and warehouses only, comprising around 8% of total energy consumption. It saw a 5% increase compared to 2020.

However, the consumption of **diesel and petrol** in 2021 amounted to about 27 TJ, mainly due to the company car fleet and the operation of a few generators.

The MFE Group company fleet in Italy consists of cars for long-term hire and a specifically owned car fleet in Spain.

In 2021, the Group's activities generated greenhouse gas emissions due to direct energy consumption (natural gas, petrol and diesel) and indirect energy consumption (electricity) of the Group itself. In particular, a high proportion of the greenhouse gas emissions are due to Scope 2 emissions, for which MFE is indirectly responsible, as it derives from the electricity supply purchased externally. However, the zero contribution of the MFE Group in Spain to these type of emissions (according to the Market-based approach) is noteworthy, since all electricity of the Group is covered by certificates of guarantee of origin.

The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches to calculating Scope 2 emissions: "location-based" and "market-based". The "location-based" approach envisages the use of a national average emission factor related to the specific national energy mix for the production of electricity (emission coefficient used for Italy of 315 gCO₂/kWh and for France of 56 gCO₂/kWh - Source: TERNA, International Comparisons 2021). The "Market-based" approach envisages the use of an emission factor defined on a contractual basis with the electricity supplier. Given the absence of specific contractual agreements between MFE Group companies in Italy and the electricity supplier (e.g. purchase of Guarantees of Origin), the emission factor relating to the national "residual mix" was used for this approach (emission coefficient used in Italy of 459 gCO₂/kWh and for France of 59 gCO₂/kWh - Source: Association of Issuing Bodies, European Residual Mixes 2019, 2020). Note too that the companies of the MFE Group in Spain do not use Scope 2 emissions for the "market-based" approach since they purchase electricity from renewable sources certified with Guarantees of Origin. In Italy, it should be noted that as part of the 2021 tender for 2022 Electricity supply for the Group's utilities, the decision was taken to purchase energy from renewable sources with guarantees of origin.

Finally, the direct emissions of Scope 1 generated directly within the Group due to the use of fuels for heating, generators and the car fleet amount to approximately 4,084 tCO₂eq.

We would highlight the fact that in Italy, sustainable mobility initiatives were launched to this end in 2021, an area in which the Group, after having introduced various measures in previous years to improve employee transport to the main company premises, has focused its commitment on renewing the company car fleet. It has developed a project that will be completed in 2022 and involves the construction of major car park charging station infrastructure at its Cologno Monzese headquarters. This will facilitate conversion of the company fleet to hybrid or full-electric models, capable of producing positive impact in reducing CO₂ emissions from company cars.

In reference to the sustainable management of greenhouse gas emissions; it should be noted that the **MFE Group in Spain** identifies, measures and manages its emissions and establishes appropriate measures for their reduction. In addition to quantifying the emissions generated, the company also makes this information public, which demonstrates its degree of awareness and transparency in this sector. The commitment of the MFE Group in Spain to transparency is reflected in its participation in the **Carbon Disclosure Project (CDP)** initiative since 2009, with which the Group agrees to publicise its objectives and the methods implemented to reduce greenhouse gas emissions.

Furthermore, it should be noted that in order to reduce greenhouse gas emissions as much as possible and raise awareness among its employees, the MFE Group in Spain offers its staff a **shuttle service** linking the company's premises with metro stations over a wide range of hours in order to encourage greater use of public transport.

In this context, we would highlight the fact that the car fleet owned by Mediaset España includes 1 minibus for transporting employees and a fleet of cars for long-term hire, used exclusively by the group's senior managers, comprising 37 diesel cars, 8 petrol and 14 hybrid.

ADDITIONAL INFORMATION

TECHNOLOGICAL INNOVATION AND DEVELOPMENT

In 2021, the Group's Technology Department pursued research and innovation activities to define technologies and commercial requirements that will underpin the production processes of the Group companies' various business units. These activities are geared toward pursuing the following objectives:

- ▣ Creating prototypes or proof of concept for the development and validation of emerging technologies useful for the development of core business projects or for the innovation of the Group's organisational processes.
- ▣ Participating in defining technical specifications and commercial requirements with international television standardisation bodies. DVB Project³⁴; EBU³⁵; SMPTE³⁶.
- ▣ Having a presence within domestic and international associations for draft and publishing technical specifications for TV receivers: HDFI³⁷; CRTV³⁸; FAME³⁹.
- ▣ Participating in regulatory and EU round tables for the development of digital television in Italy and Europe.
- ▣ Providing technological support for training, information-gathering and dissemination concerning the company's primary trends in technological innovation.
- ▣ Researching the technological context of the media world with the aim of outlining development scenarios with national and international research observatories.

Projects and Experiments in 2021

Proof of Concept DVB-I⁴⁰:

In 2021, validation and testing continued of the DVB-I standard with the development of the proof of concept (p.o.c) technology activated in 2019. Additional Phase-2 use cases were added, tested and validated by a growing number of TV receiver manufacturers, broadcasters, operators and audiovisual content carriers along with other important supply chain players as part of extensive end-to-end experiments.

Phase 2 of the p.o.c. enabled additional functionalities (use cases) to be developed and additional skills to be acquired to develop the emerging distribution platform through the Internet Protocol (IP).

The purpose of the p.o.c is to outline the functional and operational requirements for a future launch of multiplatform hybrid television services, which will occur once the refarming of the 700 Mhz spectrum is complete in mid-2022.

In July 2021, the outcomes of Phase 2 of the project were extensively demonstrated in through the entire end-to-end production chain: from the production of television content adapted to style a list of experimental DVB-I services. Additional user experience features have been secured: channel-changing times (zapping time), synchronisation and latency of services offered between DTT and OTT platforms, channel banners, content information, content guide, parental control, content protection for free/freemium TV linear streaming services

34 DVB Project: Digital Video Broadcasting Project

35 EBU: European Broadcasting Union, specifically 5G-Media Action Group (5G-MAG)

36 SMPTE: Society of Motion Picture & Television Engineers

37 HDFI: HD Forum Italia

38 CRTV: Confindustria Radio Televisione

39 FAME: Forum on Advanced Media in Europe

40 DVB-I: Digital Video Broadcasting over IP network. This is the new IPTV standard.

The positive outcomes of Phase 2 were publicly unveiled in November 2021 at the HD Forum Italia National Conference in Rome, where they garnered the interest of Italian regulator AGCOM, which actively participated in the work of the Conference.

The third experimentation phase is now commencing, with the inclusion of a new set of business requirements focused on just as many functional use cases, which are being developed as part of Phase 3. This will be completed and the outcomes unveiled, with related technical demonstrations, in May 2022.

Alongside the DVB-I P.o.C., activities also continued in 2021 to consolidate the collection of Commercial Requirements for the interoperability of current and future interactive services in the HbbTV/DVB-I sphere, in anticipation of the updated version of the HbbTV 2.0.4 standard, to be published in 2022.

Progetto Addressable Advertising 2.0:

Mediaset is continuing to invest in projects aimed at integrating linear-channel advertising with digital tools: this integration will allow investors to accurately measure the audience of their advertising campaign by relying on the quality of the linear channels, while also enabling viewers to receive advertising that is more contextualised and relevant to their interests regardless of the device in use.

Specifically, two projects were conducted as part of this program in 2021. The first has been aimed at integrating Hybrid Linear Digital Advertising capabilities with the Mediaset application ecosystem, making it possible both to improve the delivery of digital adverts on connected TV sets and to increase the number of TV sets available: the first campaigns enabled by the new technology were aired as early as December 2021. Mediaset is the second broadcaster in Europe to boast this technology, which serves as confirmation that it wishes to strengthen its position as a technical leader in the Italian connected-TV landscape.

The second project has made it possible to increase the level of automation in interactions between the concessionaire and advertisers by developing, in collaboration with a leading vendor in the sector, an innovative booking application that is made available to the sales force and fully integrated with the advertising delivery systems, making it possible to launch a campaign in just a few minutes after the customer's request.

Transition to IP technology in Mediaset's production centres

Mediaset has completed its transition to tapeless⁴¹ production processes, which took a place against a background of new transportation architecture and signals routing using IP technology.

The digitisation of productions, in addition to allowing a significant optimisation of the quality of the audiovisual product, helps achieve the efficiency targets both in terms of the production itself and of the logistics during the storage, transportation and recovery of materials for productions and broadcasts.

In 2021 in particular, following on from the work carried out during previous years at Cologno Monzese (Milan) and Palatino (Rome), the project was completed at the Elios production centre for the upgrade of the production chain and the storage of all internal productions.

This process of development and innovation of IP technology infrastructure was completed in 2021 with the delivery of an ambitious project to create new IP Video Centres, which enable RTI to directly manage contribution and transportation services when it comes to connection switching between production centres.

⁴¹ Tape-to-file technology, which consists of dematerialising the use of physical magnetic media (tapes) for video-magnetic recording in favour of files (bits) that run virtually over advanced IP telematic networks

Starting from 2022, these new Video Centers will enable significant recoveries in terms of efficiencies and significant development of the tools and internal skills for managing the core business processes relating to the contribution/emission/distribution of video signals.

700 Mhz Head End Post Refarming Project

In 2021, Mediaset invested in technological infrastructure for the generation, distribution and transmission of the DTT digital terrestrial and DTH satellite television signal with the implementation of the "Head End" project, through its subsidiary Elettronica Industriale. The project aimed to enhance transmission efficiency, to adapt HD and UHD television formats and to improve the audiovisual quality of its broadcasts by building a new over-the-air transmission infrastructure in which it brought its assets and skills in-house. This operation has multiple strategic advantages:

- ▣ Continued improvement in TV signal quality: the new Head End chain is at the forefront of technology and is compatible with the most cutting-edge next-generation encoding technology standards (HEVC). Compression algorithms use artificial intelligence and machine learning techniques that allow for ever increasing image quality in all possible forms: HD and UHD-4K, as well as a dynamic colour range (SDR-HDR) and multi-channel audio components (NGA).
- ▣ Increased transmission efficiency in view of the refarming of the 700MHz band by adopting more efficient compression algorithms and laying the groundwork for DVB-T2 second generation digital video broadcasting technology. In 2022, national TV broadcasters will be legally required to release frequencies in the 694-790 MHz band (the "700 MHz refarming"), which will instead be allocated for 5G mobile services. This process will limit the number of frequencies that Mediaset can currently use to broadcast its channels. The increased efficiency introduced by the new Head End system will allow for a significant reduction in the use of radio frequency spectrum to accommodate the reduced number of available frequencies. Despite the reduced availability on the electromagnetic spectrum, the transmission of all current and future Mediaset channels will see an enhancement in their quality and their image and sound definition.
- ▣ Compatibility with the latest interactive and hybrid (broadcast-broadband) standards: the new Head End system supports full compatibility with the HbbTV standard, which was rolled out in Italy in 2017 and has been expanding rapidly in terms of its prevalence on TV platforms and its functionality. This allows viewers to connect to the interactive world of Mediaset by connecting their TV sets to the internet and access streaming services in a simple, intuitive and bidirectional way. The new Head End features that can be enabled through HbbTV include targeted advertising: DVB-TA⁴², which will allow Mediaset to more efficiently roll out Addressable Advertising 2.0, thus replacing an audio-video broadcast stream of adverts with a broadband stream of adverts seamlessly tailored to each user. This functionality will be introduced in 2022 under commercial and vertical agreements with TV manufacturers.
- ▣ Compatibility with the DVB-I protocol: the new Head End system is designed to expand and support the new emerging linear transmission standards via DVB-I broadband.

New Flexi-work Organisation

⁴² DVB-TA: Digital Video Broadcasting Target Advertisement. Standardised technology for user ad profiling

For some time, Mediaset has been rolling out a programme to update the technological equipment used by its staff with the aim of creating a modern, secure working environment that can improve operational efficiency in various scenarios and in particular with flexible working.

This technology scheme, which began in 2018 with the introduction of a new platform of packages and application services to support operations, continued to be rolled out in 2020 with the introduction of new communication tools and features based on "market standard" collaboration solutions both for individual use (which has been essential during the most acute phases of the public health crisis) and in office meeting rooms. This has also been aided by the release of a new corporate Intranet site which serves as a single, centralised hub for corporate information and access to applications.

Additional initiatives were launched in 2021 to reduce risk from increased security threats, as well as to increase staff training and improve device management capabilities. In particular, the use of conditional/multi-factor access authentication has been extended, and IT protection measures have been strengthened to combat spam and email impersonation.

Device management platforms also continued to be replaced, with the introduction of a new solution for all device types. This option will allow for a more modern management of device configuration policies, improving the user experience through self-service functions and substantially strengthening the security of the IT devices used by the Group's staff.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

MFE – MEDIAFOREUROPE N.V. (the "Company" or "MFE") is a public limited company existing under Dutch law (Naamloze Vennootschap) since 18 September 2021, following the transfer of the registered office to the Netherlands (the "Transfer"). The name of the company, which at the time of the transfer was Mediaset N.V., was changed by decision of the shareholders' meeting of 25 November 2021 to MFE – MEDIAFOREUROPE N.V., becoming effective on the same date.

The Company has its principle place of business in Italy, in Cologno Monzese (Milan), Viale Europa 46, and its tax residency in Italy. Since 1996 it has been listed on Mercato Telematico Azionario (Euronext Milan since 25 October 2021) managed by Borsa Italiana S.p.A., the company that organises and manages regulated Italian markets (the "Italian Stock Exchange").

Following the Transfer, the company elected the Netherlands as its home member state, for the purposes of Article 2(1) of the Transparency Directive (Directive 2004/109/EC), informing the market pursuant to Article 5:25a(3) of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

As a company with its statutory seat in the Netherlands, MFE, from the date when the Transfer became effective, is no longer subject to Borsa Italiana's Corporate Governance Code, but instead to Dutch Corporate Governance Code (version of 8 December 2016, in effect since 1 January 2017) ("DCGC") see <https://www.mccg.nl/publicaties/codes/2016/12/8/corporate-governance-code-2016>, unofficial English version.

The purpose of the DCGC is to facilitate an effective and transparent system of controls and balancing in listed companies and, to this end, govern relations between management and control boards and shareholders (including the Shareholders' Meeting).

The DCGC is intended for companies that have opted for a two-tier corporate governance structure, in which management and control of company operations are assigned to a management board and supervisory board respectively.

The DCGC also applies to companies that only have a Management Board (one-tier governance structure). In this case, the management board comprises executive directors and non-executive directors and the latter carries out controls on the management activities of the executive directors.

Transfer of the registered office to Amsterdam (Netherlands)

On 23 June 2021, an extraordinary Shareholders' Meeting of the Company resolved to transfer the registered office from Milan to Amsterdam while keeping tax residency in Italy, through the adoption of the legal form of a *naamloze vennootschap* governed by Dutch law, called Mediaset N.V..

On 18 September 2021, with all necessary conditions contemplated being met, the notary deed necessary for the Transfer was stipulated and became effective.

The Company has, since long time, pursued the objective of creating a pan-European group in the entertainment and content sector which, on the strength of its leadership position on own reference markets (Italy, Spain and Germany) is structured in such a way as to increase the competitive edge of its own business, and increase the scope of its action to reach out to other European countries, also through appropriate operations to achieve growth by external lines. The purpose of the Transfer is to help achieve this objective, in continuity with the strategic rationale underlying the MFE project approved by shareholders in the Extraordinary Meeting of 4

September 2019, and, firstly to create the conditions suitable for future combinations. In this context, the Netherlands was chosen, in order to have the Company's registered office in a jurisdiction which, for various reasons, is ideal for the objective. Specifically, the choice of the Company's registered office was based on finding a system that can foster the internationalisation process and which can, like the Netherlands among others: (a) facilitate a more realistic valuation of the Company by the stock exchange and more in general by the international business community, which still sees broadcasters as "local" businesses, and therefore strictly related to and dependent on valuations of the domestic economic context; (b) consolidate the Company's ability to raise capital and financial resources necessary to support the development of new business projects and facilitate operations for integration with new partners; (c) offer a legal system, that is well-known and appreciated by market operators and investors at international level, capable of enhancing the pan-European dimension of the Company's target business, while still maintaining its identity and historical presence on current reference markets; (d) allow, on the one hand, the adoption of a governance model in line with international best standards; and (e) on the other hand, provide wider-ranging protection for investors, and also guarantee a high level of certainty in terms of the law and contractual/business relations and consequently, the feasibility of the internationalisation project.

BOARD OF DIRECTORS

Nomination and composition

Following the Transfer, MFE opted for the one-tier governance system, with only a Management Board. Operations, carried out by Executive Directors, are supervised by Non-Executive Directors. With this system, there is no independent supervisory body. Therefore, on 18 September 2021, the statutory board of auditors - required under Italian law in the so-called management and control system, which had been in office up until the Transfer, ceased to exist.

Pursuant to the Articles of Association, the Board of Directors comprises one or more Executive Directors and one or more non-Executive Directors. The exact number of Directors, as well as the number of Executive and Non-Executive Directors, is decided by the Board of Directors. The majority of members of the Board of Directors must be Non-Executive Directors.

In accordance with the Articles of Association of the Company, the Directors are appointed by the General Shareholders' Meeting. The appointment of each Director may not last for more than four years. The term of office may not run beyond the end of the first annual Shareholders' Meeting held in the fourth year following the appointment, unless the director steps down or is removed from office beforehand.

The current Board of Directors comprises 15 Directors, elected by the General Shareholders' Meeting of 23 June 2021, before the Transfer. The term of office is for three years and will last up to the date of the General Shareholders' Meeting that will approve the financial statements of the Company for the year ended 31 December 2023.

The Board, with the Transfer taking effect, confirmed Fedele Confalonieri as Chairman and Pier Silvio Berlusconi as Chief Executive Officer.

The Board also confirmed Marco Giordani as Chief Financial Officer and Emanuela Bianchi as Secretary of the Board of Directors.

The Board of Directors comprises the following persons:

Members, date of birth, gender	Office	Date first appointment*	Date of appointment or reappointment**	End of the appointment***
Fedele Confalonieri (06/08/1937), M	Chairman (Non-Executive Director)	16/12/1994	23/06/2021	31/12/2023
Pier Silvio Berlusconi (28/04/1969), M	Chief Executive Officer (Executive Director)	28/07/1995	24/06/2021	31/12/2023
Marina Berlusconi (10/08/1966), F	Non-Executive Director	28/07/1995	23/06/2021	31/12/2023
Stefania Bariatti (28/10/1956), F	Non-Executive Director	23/06/2021	23/06/2021	31/12/2023
Marina Brogi (15/07/1967), F	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Raffaele Cappiello (17/09/1968), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Costanza Esclapon de Villeneuve (28/09/1965), F	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Giulio Gallazzi (08/01/1964), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Marco Giordani (30/11/1961), M	Chief Financial Officer (Executive Director)	20/03/2001	23/06/2021	31/12/2023
Gina Nieri (02/12/1953), F	Executive Director	28/09/1998	23/06/2021	31/12/2023
Daniilo Pellegrino (18/09/1957), M	Non-Executive Director	27/06/2018	23/06/2021	31/12/2023
Alessandra Piccinino (31/08/1962), F	Non-Executive Director	29/04/2015	23/06/2021	31/12/2023
Niccolò Querci (10/05/1961), M	Executive Director	22/04/2009	23/06/2021	31/12/2023
Stefano Sala (23/09/1962), M	Executive Director	29/04/2015	23/06/2021	31/12/2023
Carlo Secchi (04/02/1944), M	Non-Executive Director	20/04/2006	23/06/2021	31/12/2023

Directors ending their term of office during the reporting year

Andrea Canepa (21/11/1961), M	Non-Executive Director	27/06/2018	27/06/2018	23/06/2021

Francesca Mariotti (16/03/1973), F	Non-Executive Director	27/06/2018	27/06/2018	23/06/2021

* The date of the first appointment of each director means the date when the director was appointed for the first time (in absolute terms) to the Board of Directors of Mediaset S.p.A.

** The current Board of Directors has been elected by the General Shareholders' Meeting of 23 June 2021. On 18 September 2021 the Company transfers its registered office to the Netherlands and has been converted into a Dutch N.V.

***The term of office will end on the date of the General Shareholders' Meeting to approve the financial statements of the Company for the year ended 31 December 2023

23 MAYO 2022

ESTADO DE VALCÁRCEL COND
GOBIERNO REGIONAL AREQUIPA
MUNICIPIO DE VALCÁRCEL

Curricula Vitae

FEDELE CONFALONIERI

Born on 6 August 1937 in Milan. He graduated with a degree in Law from Milan University. He is a member of the Advisory Board of Confindustria and Assolombarda. He is Chairman of MFE-MEDIAFOREUROPE N.V. and Mediaset S.p.A.. He is a Board Director of the daily newspaper "Il Giornale", Chair of the Milan Cathedral Heritage Association Veneranda Fabbrica del Duomo di Milano and member of the General Council of the industry association Confindustria Radio Televisioni. He is also Director and Deputy Chairman of the Board of Mediaset España Comunicación S.A..

PIER SILVIO BERLUSCONI

Pier Silvio Berlusconi was born in Milan on 28 April 1969. He began his professional career in 1992 working for Publitalia in the marketing area, moving on to the Italia 1 television network. In November 1996, he became head of scheduling and programme coordination for Mediaset networks. In 1999, he was appointed general deputy manager of RTI content and in April 2000 became Chairman and CEO of RTI. From April 2000 to September 2021, he was Deputy Chairman of the Mediaset Group. Since April 2015, he has been CEO of Mediaset (now MFE-MEDIAFOREUROPE). Since February 2020, he has been Deputy Chairman and CEO of Mediaset Italia S.p.A.. Since June 2020, he has been Chairman of Medusa Film S.p.A. He is also a board director of the companies: Arnoldo Mondadori Editore S.p.A., Fininvest S.p.A. and Publitalia S.p.A.

STEFANIA BARIATTI

Stefania Bariatti was born in Milan on 28 October 1956. She is full professor of international law at the Faculty of Law, Milan University, a member of the Governing Council of UNIDROIT, International Organisation for the Unification of Private Law, and a member of the Board and Chair of the Antitrust Technical Committee of the Italian Banking Association, ABI. She has been a board member of universities and non-profit foundations and a board member of listed companies since 2013. She is currently on the board and on the board committees of A2A S.p.A. and BNL S.p.A.. She has represented Italy at the European Union and the Hague Conference on Private International Law and has assisted the European Parliament and European Commission on drafting legislation in the sector of judicial cooperation in civil law matters. Since 2011, she has been part of the Group of experts of the European Commission on insolvency law. She is co-director and on the editorial staff and scientific committee of various Italian and international scientific journals, a member of numerous Italian and international associations and research centres and is the author of over 150 published works. She is a member of the Milan Bar Association.

MARINA BERLUSCONI

Marina Berlusconi was born in Milan on 10 August 1966. She joined the company at a very young age and has always been deeply interested and involved in the management and development of the Group's economic and financial strategies. In July 1996, she took the position of deputy chair of Fininvest, which she held until October 2005, when she was appointed chair of the holding. Since February 2003 she has been the Chair of Arnoldo Mondadori Editore S.p.A.

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de Inglés
N.º 4195

MARINA BROGI

Marina Brogi was born in Rome on 15 July 1967. After graduating in Political Economy at Bocconi University in 1988 with Professor Tancredi Bianchi, she completed her studies at the London Business School. She is a full professor of the Economics of Financial Intermediaries at the Faculty of Economics, La Sapienza University, Rome, where she was vice president between 2011 and 2017 and currently lectures in International Banking and Capital Markets and Bank Corporate Governance. She is Chair of the Technical and Scientific Committee of the Italian Association of Financial Industry Risk Managers (AIFIRM). She is a member of the CFA Institute Systemic Risk Council. From 2014 to 2016 she was a member of the Securities and Markets Stakeholder Group of ESMA. She has been a member of the Scientific Committee of the Confindustria Research Centre. She has acted as commissioner in a number of public competitions for CONSOB, has been called on as an expert by the Ministry for the Interior, and has been heard by the XI Senate Commission on Employment and the VI Commission on Finance of the Chamber of Deputies. Since 2008, she has been a member of the management and supervisory Boards of listed and non-listed companies and financial intermediaries.

RAFFAELE CAPIELLO

Raffaele Capiello was born on 17 September 1968 in Rome. He graduated in law from La Sapienza University, Rome, with honours. Since 1992 he has provided legal advice, also at judicial level, on corporate, banking, finance and competition law, for the law firm of Professor Libonati in Rome, also as a partner in the Libonati-Jaeger partnership, until 2010 when he opened his own practice in Rome. He lectures in Commercial Law at the School for the Legal Profession at Rome's La Sapienza University (2013/2019), and in Insolvency Law on the Master's course in receivership, at the University of Niccolò Cusano (since 2018). He was a member of the Rome Section of the Financial Banking Arbitrator (2015/2021). He has held (and continues to hold) positions in insolvency procedures for the Insolvency Court, for the Ministry of Economic Development and for the Bank of Italy. He has acted as Extraordinary Director for Stefanel S.p.A., Cotorossi Group, Cogolo Group, Altiforni and Ferriere di Servola Group and Caviinvest s.p.a. - all in extraordinary administration. He has been the Liquidator of Il Manifesto soc coop in receivership, and Receiver in the Creditor Arrangement of Acqua Marcia RE spa.. He has held the position of independent director for financial and listed companies. He currently holds the following offices: Minority-appointed Independent Director of B&C Speakers S.p.A., listed on the Milan Stock Exchange; Member of the Advisory Committee of Fondo Tessalo, a closed-end reserved alternative investment fund managed by DeA Capital Real Estate SGR S.p.A.; He is a minority-appointed Independent Director of MFE-MEDIAFOREUROPE N.V., listed on the Milan Stock Exchange, and a minority-appointed independent Director of Avio S.p.A., listed on the Milan Stock Exchange.

COSTANZA ESCLAPON DE VILLENEUVE

Costanza Esclapon De Villeneuve was born in Florence. She is the founder and Chair of Esclapon & Co., a strategic communications consulting company, and was Director of Communications and External Relations of the State Broadcaster Rai, from 2012 to 2016. She previously held the position of Director of External Relations for Wind and Alitalia and was head of the press office at Intesa Sanpaolo and at Enel. She has taught Communication at La Sapienza University, Rome. She received the Bellisario Award in 2012 and is a board member of Fai, Enel S.p.A. and Prelios Sgr.

GIULIO GALLAZZI

Giulio Gallazzi was born in Bologna on 8 January 1964. He graduated in Business Management in 1987, and was awarded a Master's in 1990 from SDA Bocconi, Milan. He was later a Visiting Scholar at Harvard Business School.

He is the founder and current Chairman and C.E.O. of SRI Group, an international holding that controls nine operating companies linked by strong strategic business interdependencies, with headquarters in London and operational offices in Milan, Rome, Brussels, Luxembourg, Shanghai, Beijing (PRC) and Dubai (UAE), as well as numerous Joint Ventures established in 15 countries globally. Today, the Group is a landmark for European SMEs focused on internationalisation. The SRI Group is active in Business Development Advisory Services, Corporate Finance, International Business Management, and Corporate and Governance Restructuring. Over the last few years, Giulio Gallazzi has overseen proprietary investments in private equity in Fintech Banking and Insurance, Digital Life Sciences and high industrial technology, gaining considerable expertise in strategic management change, from a traditional economy to the digital economy, in both international finance and industry. Between 2014 and 2016 he was a director of Ansaldo STS - a leading Italian company in the field of rail and metropolitan signalling technology. He was formerly a Director of the Carige Group (2016-2018), where he was appointed Chair of the Board following a governance crisis, to lead the company through to the new Shareholders' Meeting. Besides being on the board of MFE-MEDIAFOREUROPE N.V., he has been a member of the Board of Directors of ASTM S.p.A., one of the leading motorway operators (the second operator worldwide) and active in large infrastructure engineering. He is board director of Danieli & C., a leading group in plant and steel making at worldwide level. He has published a number of works and articles on business development and sustainable finance. In his youth, he had an important sporting career: he was Europe's American football champion with the Italian national team in 1987, which he also captained, and in 1986 was the Italian champion with the Bologna Warriors. In 1988 he was voted MVP of the Championship.

MARCO GIORDANI

Marco Giordani was born in Milan on 30 August 1961. He holds a degree in Business Management from Luigi Bocconi University, Milan. He has been Chief Financial Officer of the Mediaset Group (now MFE Group) since 2000. He is Chairman of Monradio S.r.l., RadioMediaset S.p.A., Virgin Radio Italy S.p.A and Mediaset Investment N.V.. He is also CEO of R.T.I., Board Director of MFE-MEDIAFOREUROPE N.V., Mediaset España Comunicación S.A., Publitalia '80 S.p.A., Medusa Film S.p.A. and Mediaset S.p.A., and is also on the Executive Committee of MFE-MEDIAFOREUROPE. From 1998 to 2000 he was a member of the Equity Interests Control division of IFIL S.p.A., and was then appointed to the Board; he is a member of the Executive Committee of LA RINASCENTE S.p.A., and Director of S.I.B. (Società Italiana Bricolage). In 1991 he became Finance Manager of the RINASCENTE Group and Chief Financial Officer in 1997.

GINA NIERI

Gina Nieri was born in Lucca on 2 December 1953 and has two daughters. She earned a degree in Political Sciences from Pisa University and specialised in journalism and mass communication at Luiss University, Rome. She has worked in commercial television since 1977, firstly as General Secretary of FIEL, the first association of "free" broadcasters. She then joined FRT – the Federation of Radio and Television Operators – as Director remaining until 1990, when she joined the FININVEST GROUP as Manager for Relations with Trade Associations. Currently at the MEDIASET Group, she holds the position of Director of Institutional and Legal Affairs and Strategic Analysis. Since April 2015, she has been a Director and member of the Executive Committee of MEDIASET S.p.A. (now MFE-MEDIAFOREUROPE N.V.). In April 2022, she was confirmed as Director of Mediaset España Comunicación S.A.. In 2020 she was reappointed as Vice President of RTI. Since February 2020 she has been a Director of MEDIASET S.p.A. (formerly MEDIASET ITALIA S.p.A.), the Italian holding company of the MFE-MEDIAFOREUROPE N.V. Group. In April 2020 she was reappointed as a Director of PUBLITALIA'80 S.p.A. In June 2021 she was confirmed as a Director and member of the Executive Committee of Mediaset SPA, which became Mediaset N.V. on 18 September of the same year with the move of the headquarters to the Netherlands, and

which on 25 November 2021 assumed its current name of MFE-MEDIAFOREUROPE N.V. She was a member of the Consultation Committee of BORSA ITALIANA. She is on the General Council of CONFINDUSTRIA and ASSOLOMBARDA. She is on the Chairman's Committee of the Master's in Marketing, Digital Communication and Sales Management of PUBLITALIA. Since June 2019 she has been Deputy Chair of CERRE (Centre on Regulation in Europe). She is a member of the Board of Directors of Class CNBC S.p.A.. From 2000 to 2005, she was a member of the Board of Directors of ALBACOM S.p.A with a Mediaset share. She participates in work groups at the European Commission, on matters concerning protection of minors, also on the internet, pluralism of the media, disinformation, management of the radio spectrum, copyright, and regulation of the market and digital services. On 27 December 2012 she was awarded the title "Commendatore dell'Ordine al Merito della Repubblica Italiana" (Commander of the Order of Merit of the Italian Republic).

DANILO PELLEGRINO

Danilo Pellegrino was born in Milan on 18 September 1957, and studied Business Management at Cattolica University, Milan. In 1975, he joined Magneti Marelli S.p.A., a Fiat Group company where he held various positions in the Administration and Control Area. He joined the Fininvest Group in 1988. He is currently CEO of Fininvest S.p.A. and holds the following positions in the Group's companies: He is Chairman of Alba Servizi Aerotrasporti S.p.A. and of ISIM S.p.A., Deputy Chairman of Teatro Manzoni S.p.A., Milan, and director of A.C. Monza. He is a member of the Board of Directors of Arnoldo Mondadori Editore S.p.A.

ALESSANDRA PICCININO

Alessandra Piccinino was born in Naples on 31 August 1962. She was awarded a Degree with Honours in Economics from Naples University, and completed her education with a Master's Degree in European Advanced Studies at the College of Europe, Brussels, Belgium. She worked for over twenty years for the American Group Dow Chemical, holding various positions in finance and administration with responsibility for several countries (1987-2009). She was CFO of Axitea, an Italian leader in security, held by an English private equity firm (2010-13). She has been Financial Advisor for Fintech and Insurtech companies, angel investor and member of Italian Angel for Growth (IAG), a network of business angels. She was consultant for FIA (the International Automobile Federation) in 2018. She was Chief Financial and Operating Officer at Moleskine, a leading lifestyle brand with a global presence, and part of the D'Ieteren Group, Belgium (2019-2021). Since September 2021 she has been Chief Financial Officer of Lifestyle DESIGN, a federation of international brands in the design and luxury furnishings sector, including Poltrona Frau, Cassina, Luxury Living, Janus, Ceccotti, Cappellini, Karakter, Luminaire e Interni, all controlled by the US group Haworth. Since 2012, she has been a Board Director of listed and non-listed companies, including: Ansaldo STS SpA (2015-16), Mediaset SpA (2015-18), American School of Milan (2012-2020) of which she was the Chair. Since 2017 she has been independent non-executive director of Italgas Reti SpA, a leading operator in natural gas distribution in Italy and Europe; since 2018, she has been independent non-executive director of Pierrel SpA, a supplier of services to the pharmaceutical industry; since 2020 she has been on the Steering Committee of Italian Angel for Growth; since June 2021 she has been non-executive independent director, Chairman del Audit Committee and member of the Related Parties Committee of MFE – MEDIAFOREUROPE N.V., a financial holding of Mediaset Group.

NICCOLO' QUERCI

Niccolò Querci was born in Florence on 10 May 1961. He was awarded a degree in Law from Siena University in 1986 and a Master's in Business Communication in 1988. Since 2007, he has been Director of Human Resources and Operations of the Mediaset Group (now Gruppo MFE) and Deputy Chairman of Publitalia '80 S.p.A. and,

since the end of 2014, Director of Procurement. From 2006 to 2010 he was Chairman of Media Shopping S.p.A.. Since 2003 he has been Managing Director of R.T.I. S.p.A. for Human Resources, General Services and Safety. Since 2001 he has been Deputy Chairman of R.T.I. S.p.A.; from 1999 to 2006 he was Director of artistic resources, productions, entertainment and sport and, until 2008, he was Manager for diversified and new business activities of the Group. From 1992 to 1999 he was Assistant and Chief Secretary of Silvio Berlusconi with various organisational duties. From 1989 to 1992 he was Key Account Manager and assistant Chairman and Chief Executive Officer of Publitalia '80, and Account Executive from 1987 to 1988 at P. T. Needham.

He is also Board Director of MFE-MEDIAFOREUROPE N.V., and on the Executive Committee of Mediaset S.p.A. and of Mediaset España Comunicación S.A.

STEFANO SALA

Stefano Sala was born in Milan on 23 September 1962. He is married and has three children. He holds a degree in business management from "Luigi Bocconi" University in Milan. Board Director of MFE-MEDIAFOREUROPE N.V. (from April 2015) and member of the Executive Committee, Board Director of RTI S.p.A. (from April 2017), CEO of Publitalia '80 S.p.A. (from April 2014), and Commercial CEO of Publitalia '80 S.p.A. from December 2012 to March 2014), Chairman and Chief Executive Officer of Digitalia '08 S.r.l. (from February 2022 and CEO from December 2012), Chairman of Publieurope Ltd (from 1 September 2021 and CEO of Publieurope Ltd from April 2017), Chairman of Mediamond S.p.A. (from June 2020 and Deputy Chairman from February 2015), Board Director of RadioMediaset S.p.A. (from June 2016), Board Director of Mediaset Italia S.p.A. (from February 2020), Chairman of Videowall S.r.l. (from August 2019), Board Director of Auditel (from May 2020). From January 2009 to November 2012 he held the position of Chairman and Chief Executive Officer of GroupM Italy. Between March 2006 and December 2008 he was Chairman and Chief Executive Officer of Mediaedge: Cia Italy and Executive Vice President of Groupm Italy. From January 2004 to February 2006, he was Chairman and Chief Executive Officer of Mindshare Italy; earlier, from May 2001 to December 2003, he was Managing Director of Media Insight/Mindshare Italy. From April 1999 to April 2001 he was Managing Director of CIA Italy. From April 1995 to March 1999 he was Sales manager with Cairo Pubblicità. From March 1991 to March 1995, he worked with Telepiù Pubblicità as Media Centre Director and previously as Sales Manager and Sales Executive.

CARLO SECCHI

Carlo Secchi was born in Mandello del Lario (Lecco) on 4 February 1944. He is Emeritus Professor of European Economic Politics at Bocconi University Milan, where he was also Rector from 2000 to 2004. He was a member of the European Parliament during the fourth legislature (1994-1999), where he was Deputy Chair of the Economic and Monetary Commission. He was a Senator of the Italian Republic during the twelfth legislature (1994-96). He is on the steering committees of technical and scientific foundations and institutes. He is Deputy Chairman of ISPI (Institute for the Study of International Politics, Milan). He is a member of the Board of Directors of MFE-MEDIAFOREUROPE N.V.. In 2014, he was appointed chair of the supervisory board of Pirelli S.p.A. Since 2009, he has been European coordinator of the TEN-T priority projects (Atlantic Corridor). He has written numerous books and papers on trade and international economics, on economic integration and European matters. He is a member of the Commission for Ethics and Integration in Research of Italy's National Research Council.

On 24 June 2021, the Board of Directors established that Marina Brogi, Stefania Bariatti, Raffaele Capiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Alessandra Piccinino and Carlo Secchi met the requirements for independence set out in Article 148(3) of the Consolidated Law on Finance ("TUF").

The Non-Executive Directors on 26 April 2022, confirmed that Marina Brogi, Stefania Bariatti, Raffaele Capiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Alessandra Piccinino and Carlo Secchi met the requirements for independence, set out in best practice 2.1.7 and 2.1.8 of the DCGC, as indicated in thereport of the Non-Executive Directors.

The composition of the Board of Directors complies with legal provisions and the Policy on diversity, approved by the Board of Directors on 18 September 2021. In particular, as regards gender quotas, the Directors of the least represented gender number six, out of a total of fifteen Directors, and number five out of a total of ten non-Executive Directors. With regards to the DCGC best practice provisions on the composition of the Board of Directors, we refer to the paragraph regarding compliance with the DCGC.

Role of the Board of Directors

The Board of Directors is entrusted with the management of the Company. Executive Directors carry out the day-to-day management of the Company's business.

Non-Executive Directors shall monitor Executive Directors' fulfilment of their duties, and the general performance of operations and related business.

The Board of Directors may delegate powers and duties to individual Directors or to Committees with at least two Directors as members.

Until 18 September 2021, MFE was an Italian company, and therefore subject to the Italian regulations and the Italian Corporate Governance Code.

During 2021, 15 Board meetings were held (of which 5 since the Transfer date; since this date the Company has been subject to the DCGC).

Until the Transfer date, the Board of Directors resolved, among others, on the strategic, industrial and financial plans of the Company and its Group, periodically monitoring the adoption of these plans; it also resolved on the definition of strategic objectives and the nature and level of compatible risk, monitoring implementation during the year; it reviewed and approved the Group's three-year financial and economic forecasts; it resolved on the adequacy of the organisational, administrative and general accounting structure of the Company and strategic subsidiaries, with particular reference to the internal audit and risk management system, and also on the general performance of operations; it resolved on the amendment to Article 7 of the Articles of Association regarding the elimination of the voting majority pursuant to Article 127-quinquies of the TUF, and on the transfer of the Company's registered office to Amsterdam (Netherlands) and the adoption of new Articles of Association, conforming to Dutch law; it resolved on the Company's Policy for the remuneration of directors and key managers; it reviewed the functioning of the Board and its committees; it assessed work plan prepared by the Head of the Internal Auditing Department; it reviewed periodic reports on the accounts.

Following the Transfer, the Board of Directors resolved, in particular on the financial reporting policy, with reference to additional quarterly reporting; it resolved on related parties transactions and the Policy on financial risk management; it approved the establishment of the Audit Committee, Nomination and Remuneration Committee, Environmental Social and Governance Committee and Related Parties Transactions Committee, and the adoption of their regulations as well as the appointment of their members; it approved appointments to positions within the company; it resolved on the adoption in 2018 of the 2018-2020 medium/long-term loyalty and incentive plan; it resolved on the proposal to introduce a two-tier share structure with class A and B shares, to change the company name and on related amendments to the articles of association; it approved the Interim Financial Report at 30 September 2021.

The Board also monitored the COVID-19 health emergency during the year, assisted by the Audit Risk and Sustainability Committee (now the Audit Committee), evaluating the performance of operations and correct implementation of the safety measures adopted by the Group to protect workplace health and safety.

As in previous years, the Board of Directors was not managed or coordinated by a majority shareholder.

Table indicating directors attending meetings

Director	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Environmental Social and Governance Committee	Related Parties Transactions Committee
Confalonieri Fedele	14/15	1/4				
Berlusconi Pier Silvio	15/15	1/4				
Bariatti Stefania	8/8			1/1		
Berlusconi Marina	6/15					
Brogi Marina	14/15			1/1		2/2
Cappiello Raffaele	15/15		1/1			
Esclapon de Villeneuve Costanza	14/15					2/2
Gallazzi Giulio	15/15					
Giordani Marco	15/15	4/4				
Nieri Gina	15/15	4/4				
Pellegrino Danilo	15/15					
Piccinino Alessandra	6/8		1/1			2/2
Querci Niccolo'	15/15	4/4				
Sala Stefano	15/15	4/4				
Secchi Carlo	15/15		1/1	1/1		

Directors ending their term of office during the reporting year

Canepa Andrea	7/7
Mariotti Francesca	5/7

Committees existing up to the date when the Transfer became effective

	Control, Risk and Sustainability Committee	Remuneration Committee	Governance and Appointments Committee	Related Parties Committee
Bariatti Stefania		2/2		
Brogi Marina	6/6	7/7		2/2
Canepa Andrea		4/5		
Cappiello Raffaele	1/6		6/6	

Esclapon de Villeneuve Costanza	6/6			
Gallazzi Giulio				2/2
Mariotti Francesca		5/5	6/6	
Piccinino Alessandra	1/1			
Secchi Carlo	7/7	2/2	6/6	2/2

The Board of Directors also approved in writing some resolutions concerning, among others, the determination of fees and establishment of an Executive Committee, appointments to company positions, the approval of company Policies and Procedures, and the regulation of the Board, the establishment of secondary offices in Italy and appointment of a Director, the conversion of ordinary shares of the Company into class B shares and the issue and listing of ordinary class A shares.

Chairman

The General Shareholders' Meeting of 23 June 2021 appointed Fedele Confalonieri as Chairman of the Board of Directors. On 18 September 2021, the Board of Directors confirmed Fedele Confalonieri as Chairman of the Board of Directors. In this position, Mr. Confalonieri is authorised to represent the Company, to chair meetings of the Board of Directors and General Shareholders' meeting; he has the casting voting in Board Decisions and ensures that activities of Committees are coordinated with those of the Board.

Chief Executive Officer

On 24 June 2021, the Board of Directors appointed Pier Silvio Berlusconi as Deputy Chairman and Chief Executive Officer. On 18 September 2021, following the Transfer, the Board of Directors confirmed Pier Silvio Berlusconi as Chief Executive Officer with powers, among others, of ordinary and extraordinary administration up to the maximum limit of a value of Euro 15,000,000.00 per transaction, with the exception of powers exclusively held by the Board of Directors and Executive Committee.

Executive Committee

On 18 September 2021, the Board of Directors confirmed the establishment of an Executive Committee and appointed as members: the Chief Executive Officer, Pier Silvio Berlusconi (Chairman), and the Executive Directors Marco Giordani, Gina Nieri, Niccolò Querci and Stefano Sala, giving this Committee powers, among others, to review in advance material investments and/or transactions of subsidiaries not budgeted for and of an amount between Euro 5 million and Euro 65 million, with the exclusion of companies controlled by listed subsidiaries of the Company not managed or coordinated by it.

Non-Executive Directors

Non-Executive Directors shall monitor Executive Directors' fulfilment of their duties, and the general performance of the Company's operations and related business. Moreover, Non-Executive Directors have the duties assigned to them by the Board of Directors or pursuant to the Articles of Association.

The Non-Executive Directors met, in the absence of the Executive Directors, on 26 April 2022, and carried out the evaluations indicated in points 2.2.6 and 2.2.7 of the DCGC and they have approved their Report pursuant to provision 5.1.5. of the DCGC.

Regulations of the Board of Directors

Pursuant to the Articles of Association, the Board shall draw up regulations governing its decision-making procedure.

On 18 September 2021, the Board of Directors approved the aforesaid regulations⁴³ which govern, among others, the periodic assessment of the Board's composition and functioning, the duties and responsibilities of executive and non-executive directors, the Board meetings and conflicts of interest of Directors. These regulations are in addition to provisions concerning the Board and each Director contained in applicable laws and regulations, as well as the Articles of Association.

Diversity Policy

On 18 September 2021, the Board of Directors of the Company, following the Transfer, reviewed the *Diversity Policy* in compliance with DCGC best practices.

The guidance and recommendations in the Policy are functional to achieving the objective of having on the Board members that can ensure the role given to them is performed effectively. The Company believes this is only possible by taking action, both during the application and appointment stage, which involves various entities with different duties (internal committees, the Board, the Shareholders' Meeting), and after the appointment, and therefore while board members perform their duties as part of the ongoing management of activities. To this end, the professional skills necessary to achieve this result must be clearly defined ex ante - and possibly reviewed over time to take account of any new situations or changes to be addressed - and the selection of candidates for the position of Directors and their appointment must take into account these guidelines and recommendations. The Board of Directors appreciates and promotes diversity on the Board of Directors and in the Company as a whole. Different expertise and backgrounds reflect the diversified nature of the environment in which the Company works and its shareholders operate, improving effectiveness through a diverse approach and way of thinking, guiding innovation and accelerating growth.

The Board of Directors, assisted by the Nomination and Remuneration Committee, is responsible for monitoring the results of adopting the Diversity Policy and updates to it.

Board evaluation

For the results of the evaluation pursuant to DCGC, reference is made to the Report of the Non-Executive Directors.

Board induction

In order to promote a greater knowledge, among others, of internationalisation strategies and specific business and corporate governance issues, the Company organised induction sessions for Non-Executive Directors, in keeping with consolidated company practices. These meetings, which also involved management and external

⁴³ The Regulations of the Board of Directors are available on the Company's website.

consultants, specifically explained the legal and corporate governance framework of the envisaged Transfer, as well as the Company's proposals on corporate governance and amendments to the articles of association, including among others, the introduction of a dual class share structure.

BOARD COMMITTEES

Up until the date when the Transfer became effective, the Board of Directors had board committees in place, in compliance with Borsa Italiana's Corporate Governance Code (the Control, Risk and Sustainability Committee, Governance and Appointments Committee, Remuneration Committee) and the Related Parties Committee.

On 28 September 2021, following the Transfer, the Board of Directors established four board committees: the Audit Committee, the Nomination and Remuneration Committee and, on a voluntary basis, the Environmental Social and Governance Committee and the Related Parties Transactions Committee.

Audit Committee

The Audit committee comprises the Non-Executive, Independent Directors Alessandra Piccinino, who is Chair, Raffaele Capiello and Carlo Secchi, and was established by the Board of Directors on 28 September 2021.

The Board of Directors also approved the regulations⁴⁴ of the Committees that establish its operation and duties.

Pursuant to provision 1.5.1 of the DCGC, the Committee deals with preparatory work concerning the supervision of the integrity and quality of the Company's financial reporting, and the effectiveness of its internal risk management and control systems.

In particular, the Committee assists the Board of Directors, advising on the following matters:

- (a) the Company's compliance with applicable laws and regulations;
- (b) revision of the Company's internal risk management and control systems;
- (c) recommendations to appoint the independent auditors;
- (d) relations with internal and external auditors, as well as compliance with their recommendations and observations;
- (e) the Company's disclosure of financial and non-financial information;
- (f) Company financing;
- (g) the Company's use of ICT, including IT security risks;
- (h) the Company's tax policy; and
- (i) the monitoring and evaluation of reporting on the Company's ESG objectives and programmes.

The Committee shall report to the Board of Directors on its decisions and results. This report shall include at least the information indicated in provision 1.5.3 of the DCGC.

The report includes information on how functions have been performed by the Audit Committee during the financial year, and also provides information about the composition of the Audit Committee, the number of Audit Committee meetings held and the main topics discussed.

The report also includes the following information:

⁴⁴ The regulations of the Audit Committee are available on the Company's website.

- (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems, as indicated in the best practice provisions 1.2.1 - 1.2.3 of the DCGC;
- (b) the methods used to assess the effectiveness of internal and external audit processes;
- (c) significant observations on financial reporting; and
- (d) the way in which material risks and uncertainties are discussed, according to the best practice provision 1.4.3 of the DCGC, together with a description of the most important results of the Audit Committee.

Until 18 September 2021, MFE was an Italian company, and therefore subject only to Italian law and Borsa Italiana's Corporate Governance Code.

During 2021, the Audit Committee met once and authorised the appointment of the auditors Deloitte Accountants B.V. to carry out audit activities in order to issue a Consent Letter for the Prospectus prepared to issue category A shares; it also positively rated the outcome of the process for evaluations relating to the approval of the interim report at 30 September 2021.

Before the Transfer, the Audit Committee was called the "Control, Risk and Sustainability Committee" and had met 7 times. Among other activities, the Control, Risk and Sustainability Committee systematically provided assistance during the year, ensuring adequate preparation for the evaluations and decisions of the Board (and concerning the internal control and risk management system) regarding the approval of periodic financial reports, including the annual financial statements.

The Committee also carried out preparatory activities regarding the Non-Financial Statement, which was drawn up pursuant to Legislative Decree 254/2016, and notified the Board of its positive assessment of the analysis and contents of the document, as regards sustainability issues that are material for the Group, considering related activities and characteristics and, overall, the data and information gathering process. It also reviewed the update made by the Risk Officer to the assessment and procedures for managing main company, strategic and process risks, of the Group, which are based on "Enterprise Risk Management", and reviewed the annual audit plan of the Independent Auditors, giving a favourable opinion of the annual audit plan, and acknowledged the summary reports issued by the Internal Auditing Department.

Audit activities were periodically reviewed with the head of Internal Auditing Department, who took part in all meetings, during which the main results and corrective actions were discussed with the Committee.

The Committee specifically reported to the Board of Directors on activities carried out.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the Non-Executive Independent Directors Stefania Bariatti, who is Chair, Marina Brogi and Carlo Secchi, and was established by the Board of Directors on 28 September 2021, combining the duties of the selection and appointment committee and those of the remuneration committee.

The Board of Directors also approved the regulations⁴⁵ of the Committee, that establish its operation and duties.

As regards appointments, the Committee carries out preparatory activities to support the decisions of the Board, reporting on the findings of analyses and on preparatory activities pursuant to provisions of Article 2.2.5. of the DCGC, including activities concerning the *diversity policy* and maximum number of positions held by directors. The Committee also assists the Board of Directors in the evaluation activities relating to the Board itself and its committees.

⁴⁵ The regulations of the Nomination and Remuneration Committee are available on the Company's website.

The Committee has the following functions regarding remuneration:

- ▣ pursuant to provision 3.1.1 of the DCGC, it submits a clear, transparent proposal to the Board of Directors on the policy for the remuneration of Board Directors. The Board of Directors presents the policy (which shall include the matters indicated in section 2:135a of the Dutch Civil Code) to the Shareholders' Meeting, for adoption;
- ▣ it prepares the remuneration report pursuant to Article 2:135b of the DCC and provision 3.4.1. of the DCGC;
- ▣ periodically evaluates the adequacy, overall consistency and actual adoption of the Policy concerning individual Board Directors, adopted by the Company, submitting related proposals to the Board of Directors;
- ▣ it gives a prior, non-binding opinion on proposals concerning the remuneration and performance target setting related to the variable component of the CEO's remuneration package;
- ▣ it makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

As regards remuneration, during 2021, the Committee, in particular resolved on the Remuneration Policy, the medium/long-term Incentive and Loyalty Plan for 2021-2023, the Report on the 2021 remuneration and compensation policy, the preliminary evaluation of the attainment of the 2018/2020 LTI Plan's economic objectives for 2018, and the remuneration of performance objectives (SIA) for 2021 of the variable component of the Deputy Chairman's and CEO's remuneration packages.

The Committee specifically reported to the Board of Directors on activities carried out.

Environmental Social and Governance Committee

The Environmental Social and Governance Committee comprises the Non-Executive, Independent Directors Marina Brogi, Chair, Stefania Bariatti and Giulio Gallazzi, and was established on a voluntary basis by the Board of Directors on 28 September 2021.

On the same date, the Board of Directors approved the regulations⁴⁶ of the Committees that establish its operation and duties. The Environmental Social and Governance Committee gives the Board of Directors initial advice, to support it in drawing up the Company's environmental, social and governance policies, in compliance with its strategy. For this purpose, the Environmental Social and Governance Committee may bring specific environmental, social and governance objectives to the attention of the Board of Directors. The decision to pursue or otherwise these objectives and the related implementing programmes are brought to the attention of the Board of Directors and management of the Company. The monitoring and evaluation of the attainment of the Company's environmental, social and governance objectives and the implementation of related programmes are assessed periodically by the Audit Committee and the results are included in its report to the Board of Directors.

Related Parties Transactions Committee

The Related Parties Transactions Committee comprises the Non-Executive, Independent Directors Costanza Esclapon de Villeneuve, Chair, Marina Brogi and Alessandra Piccinino, and was established by the Board of Directors on 28 September 2021 on a voluntary basis, as it is not mandatory under Dutch laws and regulations.

⁴⁶ The regulations of the Environmental Social and Governance Committee are available on the Company's website.

On the same date, the Board of Directors approved the Policy on related-party transactions (later amended on 21 December 2021), and the⁴⁷ regulation of the Committee (later amended on 21 December 2021) establishing its operation and duties:

1. The Committee shall periodically evaluate the Company's Policy on Related Party Transactions and submit any proposals to amend it, to the Board of Directors;
2. if a transaction qualifies as a Material Related Party Transaction, the Committee shall give the Board of Directors a non-binding opinion, before the transaction is carried out;
3. the Committee shall review Related Party Transactions carried out by the Company that do not qualify as Material Related Party Transactions based on quarterly reports made available by the Committee.

Where:

"Material Related Party Transaction" means a Transaction with a Related Party where (i) the information on the Transaction is inside information as defined in Article 7(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and (ii) the Transaction has not been carried out as part of the normal activities of the Company or has not been carried out under normal market conditions; and

"Excluded transactions" mean:

- (a) Transactions between the Company and Subsidiaries;
- (b) Transactions which, considered separately but carried out, over a period of twelve months, with the same Related Party and which are uniform, have a cumulative value of no more than (i) Euro 300,000.00 (three hundred thousand) if the counterparty is one natural person and (ii) Euro 500,000.00 (five hundred thousand) if the counterparty is a legal person;
- (c) Transactions concerning the remuneration of directors or some parts of their remuneration assigned or due pursuant to Article 135 of the DCC;
- (d) Transactions offered to all shareholders under the same conditions, guaranteeing an equal treatment for all shareholders and protecting the interests of the Company and its related activities.

With reference to the transactions indicated above (point b), the Board of Directors established that the Transactions conform to the usual activity of the Company and are carried out under normal market conditions, and are therefore excluded from the Policy on Related Party Transactions.

During 2021, the Committee periodically reviewed the Related Party Transactions carried out by the Company in the reporting period, and gave a favourable opinion on proposals to amend the Policy on related party transactions.

The Committee specifically reported to the Board of Directors on activities carried out.

CONFLICT OF INTERESTS

A Director that has a conflict of interest or has an interest which appears to possibly give rise to a conflict of interests shall declare the nature and extent of the interest to other Directors and if, in relation to the matter concerned, the Director has a direct or indirect personal interest in conflict with the interests of the Company and its business, s/he may not take part in the resolution or decision-making process of the Board of Directors. If the conflict of interest involves all Directors, the Board of Directors may in any case take decisions.

⁴⁷ The regulations of the Related Parties Transactions Committee are available on the Company's website.

During 2021, no transactions in conflict with Directors were reported.

REMUNERATION

Information on the remuneration of Directors and members of Board committees is provided in a specific report on remuneration, contained in this document.

DISCLOSURE PURSUANT TO THE DECREE IMPLEMENTING ARTICLE 10 OF THE EU DIRECTIVE ON PUBLIC PURCHASE OFFERS

Structure of share capital

Pursuant to the Dutch Decree *Besluit artikel 10 overnamerichtlijn*, the following information is provided:

a) the authorised share capital of MFE is equal to Euro 779,610,192.24, divided into 1,181,227,564 ordinary class A shares (with a nominal value equal to Euro 0.06 each) and into 1,181,227,564 ordinary class B shares (with a nominal value equal to Euro 0.60 each); all shares carry the same equity rights, the same treatment and, save for voting, the same administrative rights.

The share capital issued and subscribed is equal to Euro 777,186,257.34, divided into 2,322,056,213 shares, of which 1,140,828,649 ordinary class A shares (with a nominal value equal to Euro 0.06 each and carrying one voting right each), and 1,181,227,564 ordinary class B shares (with a nominal value equal to Euro 0.6 each and carrying 10 voting rights each) including - at 27 April 2022 - 40,398,915 class B treasury shares (without voting rights). Treasury shares do not carry the right to assign ordinary class A shares.

The shares are listed on Euronext Milan.

	Number of shares	Percentage of share capital	Listing
B Shares	1,181,227,564	50.87%	Euronext Milan
A Shares	1,140,828,649	49.13%	Euronext Milan

As regards the rights and obligations connected with each category of share, in the case of the issue of shares, each shareholder shall have an option right in proportion to the overall nominal value of their shares. This right is not envisaged in the case of the issue of:

- (a) shares issued for non-cash contributions; or
- (b) shares issued for employees of the Company or a company of the group.

Each shareholder is authorised to attend, speak at, and to the extent permitted, exercise voting rights at the ordinary Shareholders' Meeting, and be represented by written proxy. In this regard, reference is made to Article 7 of the Articles of Association.

For all information concerning the rights associated with each share category, reference is made to the Articles of Association and other information in the section in the "structure of share capital", available on the Company's website.

b) All shares are registered. Share certificates are not issued. There are no restrictions on the transfer of shares.

c)

Shareholder	Number of shares	Share capital per nominal amount		
	% MFE B + MFE A	% MFE B + MFE A	% MFE B	% MFE A
Fininvest S.p.A.	50.08%	49.33%	49.17%	51.02%
Simon Fiduciaria S.p.A.	19.52%	19.24%	19.18%	19.86%
Vivendi S.A.	4.69%	4.63%	4.61%	4.77%

d) Shares carrying special control rights have not been issued.

e) No employee shareholding scheme has been established other than the medium-long incentive plans, so there is no specific procedure for the exercise of voting rights by employees.

f) All outstanding ordinary class A and B shares carry voting rights. Each ordinary class A share carries the right to one vote and each ordinary class B shares carries the right to ten votes.

The right to vote for treasury shares held by the Company is suspended pursuant to Dutch law and the Articles of Association.

g) On 22 July 2021, the global settlement agreement reached by the Company, Fininvest S.p.A. and Vivendi S.A. was concluded, ending their disputes, with the parties waiving all pending proceedings and lawsuits. In particular, Fininvest acquired 5.0% of the share capital of Mediaset (now MFE) held directly by Vivendi, at the price of Euro 2.70 per share (considering the coupon detachment and relative payment, on 19 July and 21 July 2021 respectively). As part of wider-ranging agreements, Vivendi committed to gradually selling on the market the entire share of 19.19% of the Company held by Simon Fiduciaria over a five-year period. Fininvest has the right to purchase any unsold shares in each 12-month period, at the annual price established.

On 18 November 2021, the Company, Fininvest and Vivendi agreed to amend some parts of agreements reached on 3 May 2021 and 22 July 2021, to take account of the dual class share structure introduced (see the Press Release published on 18 November 2021 and available on the Company's website). With reference to Vivendi's commitment to sell the entire share currently held by Simon Fiduciaria in Mediaset on the market over a five-year period, current agreements establish that a fifth of ordinary class A shares and ordinary class B shares are sold each year (starting from 22 July 2021) at a minimum price of €1.375 in year 1, €1.40 in year 2, €1.45 in year 3, €1.5 in year 4 and €1.55 in year 5 (unless Vivendi authorises the sale of these shares at a lower price); in any case, Vivendi will be entitled to sell its quota of ordinary class A and/or ordinary class B shares held through Simon Fiduciaria at any time, if their price reaches €1.60. The above does not affect Fininvest's right to purchase any unsold shares in each 12-month period, at the new annual price established.

h) The appointment, suspension and withdrawal from office of Board Members are governed by Article 14 of the Articles of Association. The amendment to the Articles of Association is governed by Article 37.

i) The powers of Board Directors are defined in the Articles of Association and in the Regulations of the Board. As regards, in particular, the possibility of shares being issued or repurchased, the Board may decide to issue shares if and to the extent that it has been authorised to do so by the ordinary Shareholders' Meeting. This authorisation may be given on each occasion for a maximum of five years and may be extended on each occasion for the same maximum period of five years. The authorisation shall establish the number of shares which may be issued by resolution of the Board. The issue of shares is subject to the provisions in Articles 2:96

and 2:96a of the DCC. The Shareholders' Meeting of 25 November 2021 resolved to authorise the Board of Directors for a period of eighteen months, starting from the date of said meeting, to:

- a) issue ordinary class A shares, assigning the right to subscribe to said for a maximum of 1,181,227,564 shares;
- b) limit or exclude the right of pre-emption of all shareholders in relation to the above.

This authorisation was exercised to issue initial ordinary class A shares in favour of subjects that are already shareholders at the record date. The Board may use this authorisation in one or more tranches to issue ordinary class A shares in favour of subjects that, at the record date, held purchase rights to shares based on existing stock option plans.

j) The Company is not party to significant agreements that become effective, or end, in the event of a change in control of the company following a public purchase offer.

k) The Company has not entered into any agreement with a Board Director or employee that envisages compensation in the event of resignation or dismissal without just cause, or in the event of resignation or dismissal or in any case the termination of employment as a result of a public purchase offer pursuant to Article 5:70 of the Dutch Financial Supervision Acts.

SHAREHOLDERS' MEETING

The Ordinary Shareholders' Meeting (the "Meeting") is held each year, at the latest in June. Additional Shareholders' Meetings will be held when deemed necessary by the Board, without prejudice to the provisions in Articles 2:108a, 2:110, 2:111 and 2:112 of the DCC.

Convening the Shareholders' Meeting

The Shareholders' Meeting is convened by the Board of Directors or the Chairman no later than forty-two days prior to the meeting. The agenda of the Shareholders' Meeting is drawn up in compliance with applicable provisions of the DCC and the DCGC.

The shareholders and/or other subjects entitled to take part in the Shareholders' Meeting that, individually or jointly, meet the requirements in Article 2:114(a)(2) of the DCC, may request the Board to include points on the agenda of the Meeting as indicated in Article 30.5 of the Articles of Association.

All notices and announcements for Shareholders' meetings and all other notices to shareholders and parties entitled to take part in Shareholders' Meetings will be provided in compliance with legal provisions and regulations applicable to the Company, also due to the listing of shares on relevant stock exchanges. The notice and documentation concerning items on the agenda are published, in accordance with law, on the Company's website and according to other procedures established by applicable regulations.

Shareholders' Meetings are held in Amsterdam (Netherlands) or at Haarlemmermeer (including Schiphol Airport – Netherlands), at the discretion of the parties convening the shareholders' meeting.

The notice convening the meeting includes the information required by law.

With specific reference to ordinary and extraordinary shareholders' meetings held during the reporting year, pursuant to Article 106(4) Law Decree no. 18 of 17 March 2020 on "Measures to strengthen the national health service and provide economic support for families, workers and businesses connected with the COVID-19 emergency", amended with modifications by Law no. 27 of 24 April 2020, and extended by Law Decree 183/2020(6)(3) converted with amendments by Law no. 2 of 26 February 2021 and, subsequently pursuant to the Dutch emergency act concerning COVID-19, the Company arranged for participation in the Shareholders'

Meeting entirely through the Designated Representative (after the Transfer, the Agent) Computershare S.p.A.. At the extraordinary Shareholders' Meeting held on 25 November 2021, shareholders were given the possibility to request an attendance card to follow the meeting by audio cast, without the possibility of speaking.

Each shareholder entitled to participate in the Shareholders' Meeting may be represented, through written proxy, in accordance with law. The notice convening the Shareholders' Meeting must contain all the relevant information.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or his substitute. However, the Board may also appoint another person to chair the Shareholders' Meeting. If the chair of the Shareholders' Meeting is not decided, the Shareholders' Meeting will elect a chair, on condition that, up until the time when the chair is selected, this position is held by a member of the Board designated for this purpose by the directors present at the Shareholders' Meeting.

Generally, all directors take part in Shareholders' Meetings.

The independent auditors of the Company are authorised to take part in and speak at Shareholders Meetings.

During the Shareholders' Meeting convened to approve the Financial Statements, the Board reports on activities carried out and on the reports comprising the annual financial report, made public beforehand in accordance with law and regulations, and also replies to requests for clarifications from shareholders.

All decisions of the Shareholders' Meeting are passed by the absolute majority of votes cast at the Meeting, regardless of the share capital present or represented. In the case of equal votes, the proposed resolution will be rejected. Each ordinary class A share carries the right to one vote. Each ordinary class B shares carries the right to ten votes. The notice convening the Shareholders' Meeting indicates, among others, how shareholders may exercise their rights before the Shareholders' Meeting. In determining how many votes are cast by shareholders, how many shareholders are present in person or represented, or to what extent the capital subscribed by the Company is represented, the shares for which votes cannot be cast in accordance with law, are not considered.

The Shareholders' Meeting has all powers established by law and by the Articles of Association.

The Company Secretary will keep a list of parties attending each ordinary Shareholders' Meeting. With reference to each participant or party represented entitled to vote, the list will consider the name, number of votes exercised and, if necessary, the name of their representative.

The minutes of the Shareholders' Meeting are kept by or under the supervision of the Secretary of the Company and made available on the Company's website no later than three months after the end of the Meeting. From the time when the minutes are published, shareholders have three months to suggest amendments or additions, after which the minutes will become final and will therefore be adopted.

Relations with Shareholders and the Engagement Policy

The financial communication programme in 2021, following travel restrictions due to the health emergency, was carried out through virtual events with investors from different countries. Conference calls in audio webcasting (available as podcasts on the Company's website) regarding financial results were held quarterly, and the Company took part, through its representatives, in various sector conferences held through streaming. These activities integrated the daily interaction with the numerous investors who come into contact with the Company through the Investor Relations Team.

Economic and financial information (financial statements, interim reports and additional periodic financial information, presentations to the financial community and the trading performance of financial instruments issued by the Company) as well as information of interest to shareholders in general (press releases, the

composition of company boards, minutes of shareholders' meetings as well as documents and information on corporate governance, compliance and whistleblowing) are available on the Company's website. The Non-Financial Statement is also available on the same site.

In its meeting of 18 September 2021, the Board of Directors adopted the "Policy to manage engagement with shareholders in general". To establish ongoing relations with shareholders based on an understanding of reciprocal roles, the Board appointed Marco Giordani, Chief Financial Officer of the Group, as Head of shareholder relations. For this purpose the Chief Financial Officer is assisted by the following two departments that report directly to him:

- ▢ Corporate Affairs Department, which monitors relations with Retail Investors and Institutional Bodies (AFM, Consob, Borsa Italiana);
- ▢ the Investor Relations Department, which oversees relations with the Financial Community (Financial Analysts, Institutional Investors and Rating Agencies).

Contact information for the Corporate Affairs Department and the Investor Relations Department is available on the Company's website.

CODE OF ETHICS

The Company has a Code of Ethics - approved by the Board of Directors on 18 September 2021 coherently in view of Dutch law/regulations - which sets out the values that MFE acknowledges, accepts and shares, at all levels, in its business activities.

The provisions of the Code of Ethics convey the fundamental principles and values that inspire the Company and Group, and also indicate the general obligations of diligence, fairness and loyalty that must characterise work activities and conduct in the workplace.

MFE and its subsidiaries, in carrying out their activities, comply with laws and regulations in force in all countries where they operate, and they act in compliance with principles of loyalty, fairness, responsibility, freedom, the dignity of the person and respect for diversity, rejecting all forms of discrimination.

The Code of Ethics was adopted with the aim of defining and/or confirming values, compliance with which is fundamental for performing activities properly, for a reliable management and image, convinced that ethics in doing business lies behind a business's success.

The principles and provisions of the Code of Ethics, which form a basic value common to all Group companies, are binding for the members of company boards, for all persons that are employed by the Group and who operate in any way with Group companies in any capacity, regardless of their relationship of employment, which may also be temporary.

During all stages of its growth, the Group has pursued as a primary goal the protection of its stakeholders' interests, and has also been committed to the social dimension - considered as a real investment for businesses.

The Code of Ethics represents, among others, a foundation for company compliance programmes, based on specific corporate procedures, and the Group's overall internal control system. MFE ensures information on the Code of Ethics and its adoption is provided and circulated to all target subjects, so that everyone operating - in any capacity - for the Group, carries out their activity and/or duties strictly complying with the principles and values of the Code of Ethics.

The Code of Ethics is published with sufficient prominence on the MFE Group website, in the "Compliance 231" section (<https://www.mfediaforeurope.com/it/governance/compliance-231/>). In the Code of Ethics, in order

to protect corporate interests, it's also provided for the application of sanctions against those who are responsible for violations of the provisions indicated on it and of the corporate procedures in place from time to time. It also provides that such violations or any unlawful conduct may be reported using the appropriate tools prepared in accordance with the applicable legislations in the countries in which the Group companies work.⁴⁸

Inside information

The Procedure to Manage and Report Inside Information (the "Procedure") was adopted pursuant to the Market Abuse Regulation (Regulation (EU) No 596/2014), in order to comply with laws and regulations, also at European level, applicable to insider trading. On 18 September 2021, the Board approved the update to the Procedure, in view of the Transfer of the Company, acknowledging, among others, that the competent authority for the purposes of delays in disclosing inside information is still the Supervisory Authority for the Italian market, CONSOB.

The Procedure governs the internal management of inside information concerning the Company and its subsidiaries, and its disclosure to the public, as well as the operation of the "Insider List". The Inside Information Procedure is an essential element of the internal control and risk management system of MFE and is part of the rules and regulations adopted by it to prevent the commission of offences and crimes.

The Procedure applies, and is binding, to the directors, statutory auditors and employees of MFE and its Subsidiaries, as well as to external parties acting in the name and on behalf of the Company and its Subsidiaries - with the exclusion of the listed subsidiary Mediaset España Comunicación S.A., which is required to keep its own Insider Register, and oversee related obligations and disclosures to the relevant market - which, in any capacity, have access to information concerning MFE and its subsidiaries.

The directors of the Company and in general all other recipients of the Procedure are required to keep documents and information acquired while carrying out their duties confidential, with particular reference to inside information. Notices to the authorities and public are issued according to the terms and procedures of applicable regulations, in compliance with the principle of fair disclosure and as required by the Procedure. The Company has notified the Procedure to its own personnel and to the personnel of its Subsidiaries, also publishing it on its intranet and website, and has also continued to provide training for competent entities on the process to manage inside/significant information.

Internal Dealing

The Internal Dealing Procedure was adopted pursuant to the Market Abuse Regulation (Regulation (EU) No 596/2014). On 18 September 2021, the Board approved the update to this procedure, amended on 1 March 2022, in view of the Transfer of the Company. Based on this Transfer, the competent authority for the purposes of notices on transactions concerning financial instruments by relevant parties and persons closely related to them is the Supervisory Authority for the Dutch Market the AFM. The purpose of the Internal Dealing Procedure is to govern, on a mandatory basis, the conclusion, also through third parties, of transactions in financial instruments of the Company by relevant parties and persons closely related to them, and related disclosure. The Internal Dealing Procedure is an essential element of the internal control and risk management system of MFE and is part of the rules and regulations adopted by the Company.

In particular, an "Internal Dealing Officer" was appointed from the Corporate Affairs Department of MFE, to among others provide and update the list of names of relevant parties and persons closely linked to relevant

⁴⁸ The Italian holding Mediaset SpA and its Italian subsidiaries have adopted in 2019 a specific whistleblowing system, in accordance with the provisions of Law 30 November 2017, n. 179.

persons, inform the relevant parties of their identification, notify the AFM of the information received by the relevant parties and the resignation of any member of the Board of Directors, systematically file the documentation, concerning the identification of relevant parties and persons closely linked to relevant parties, to AFM and monitor the changes of the regulations on internal dealing.

Lastly, in compliance with the Regulation on Market Abuse and the Internal Dealing Procedure, it's forbidden significant persons from performing transactions within 30 calendar days from the announcement of the draft annual financial statements and interim financial report which the company publishes in accordance with law or on a voluntary basis (Black Out Periods).

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Companies with their registered office in the Netherlands whose shares are listed on a regulated market or equivalent system are required, in accordance with Dutch law, to indicate in their annual reports whether they adopt the provisions of the DCGC and, if they do not adopt certain provisions, shall indicate the reasons for not doing so.

The Company has a governance system comprising a single management board, the Board of Directors («one-tier Board»). Therefore, pursuant to and for the purposes of provisions in section 5 of the DCGC and relative Guidance, the principles that refer to members of the supervisory board are applicable to Non-Executive Directors, and the principles that refer to members of the management board are applicable to Executive Directors.

For the 2021 financial year, the Company declares it has essentially complied with the DCGC, providing the following explanations and considerations with reference to the following provisions:

Principle 2.1.7 (iii) of the DCGC: for each shareholder or group of connected shareholders, that directly or indirectly hold more than ten per cent of the company's shares, there can be no more than one member of the supervisory board (Non-Executive Directors in the one-tier system) that is affiliated or represents them, as provided for in provision 2.1.8, sections vi. and vii. In the Board of Directors have been appointed two Non-Executive Directors, Marina Berlusconi and Danilo Pellegrino, directors of the controlling shareholder Fininvest S.p.A., as Chair and CEO respectively.

The Company nevertheless considers the composition of the Board to be appropriate, in view that it is consistent with the historic composition of the Board and fully reflects the ownership structure, with a reference shareholder that holds the majority of the shares.

Principle 2.1.9 of the DCGC: (independence of the Chairman): principles 2.1.8, 2.1.9 and 5.1.3 of the DCGC require the Chairman to be an independent director. The current Chairman, Fedele Confalonieri, is a Non-Executive Director, who does not qualify as independent. However, this appointment is considered appropriate because of its historic continuity and considering his exclusive experience and authority demonstrated in past years, also in the interest of all shareholders. It was agreed in July 2018, as part of the agreement to terminate the executive employment contract of the Chairman Fedele Confalonieri, an "end-of-office severance package" in advance by exception payable when the Chairman should cease to hold or not be renewed in his current position. The Company does not consider this to be a deviation from the DCGC because the principle 3.2.3 of the DCGC is only applied to the Executive Directors.

Principle 2.2.2 of the DCGC (appointment and reappointment periods): some Non-Executive Directors have been Directors for over 8 years. The Company however does not consider this to be a deviation from the DCGC, as the Company only became subject to the DCGC with effect from its conversion into a Dutch NV and the Company therefore applies the periods of principle 2.2.2 from that moment onwards.

Principle 2.2.4 of the DCGC (succession plan): the Board of Directors does not consider it necessary at present to adopt a succession plan, given the stable shareholder structure capable of ensuring, if necessary, a rapid appointment process, and the consolidated expertise and managerial abilities of the directors and front line managers, capable of ensuring business continuity.

Principle 2.3.2 of the DCGC: if the supervisory board comprises more than four members, it shall appoint an audit committee, a remuneration committee and a selection and appointments committee from its members. The Company has combined the roles of the latter two committees, in a single committee called the Nomination and Remuneration Committee. Given its organisational structure, the Company believes that channelling expertise into a single committee facilitates the performance of the duties assigned to it.

Principle 2.3.6 (ii) of the DCGC (Deputy Chairman of the Board of Directors): pursuant to Article 15.2 of the Articles of Association of the Company, the Board of Directors may appoint one or more Non-Executive Directors as Chairmen for a period to be determined by the Board. However, the Company did not appoint any Director as Deputy Chairman of the Board of Directors.

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

CONFORMITY STATEMENT

The Board of Directors is responsible for preparing the annual report in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge:

- the financial statements as included in this report provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries;
- the management board report provides a true and a fair view of the state of affairs at the balance sheet date and developments during the 2021 financial year of the Company and its affiliated companies whose figures have been included in the consolidated financial statements, together with a description of the material risks and uncertainties that the Company faces.

April 27th, 2022

Board of Directors:

Fedele Confalonieri
Chairman

Pier Silvio Berlusconi
Chief Executive Officer

Marco Giordani
Executive Director and Chief Financial Officer

Stefania Bariatti
Non-Executive Director

Marina Berlusconi
Non-Executive Director

Marina Brogi
Non-Executive Director

Raffaele Cappiello
Non-Executive Director

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

Costanza Esclapon de Villeneuve
Non-Executive Director

Giulio Gallazzi
Non-Executive Director

Gina Nieri
Executive Director

Danilo Pellegrino
Non-Executive Director

Alessandra Piccinino
Non-Executive Director

Niccolo' Querci
Executive Director

Stefano Sala
Executive Director

Carlo Secchi
Non-Executive Director

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

STATEMENT BY THE BOARD OF DIRECTORS

The Internal Control and Risk Management System an essential element of the Corporate Governance system of MFE and the Group it heads (hereinafter also the "MFE Group"), is made up of the set of people, tools, organizational structures, and company rules aimed at allowing a healthy management of the Group, correct and consistent with the corporate objectives, through an adequate process of measurement, management and monitoring of the main risks and the structuring of adequate information flows to ensure the circulation of information and the coordination of the various actors.

This system was developed and defined taking into consideration the indications of the Dutch Corporate Governance Code ("The Dutch Corporate Governance Code"), the reference "best practices" and the international frameworks "COSO - Internal Control" and "COSO - Enterprise Risk Management", issued by the Committee of Sponsoring Organizations of the Treadway Commission and updated, respectively, in 2013 and 2017.

The Internal Control and Risk Management System of the MFE Group is divided into "three levels of control":

First-level: entrusted to the individual operating units, which identify and assess the risks and define specific mitigation actions for their management, ensuring the correct execution of transactions / operations. These control activities are delegated to the primary responsibility of the operational management and are considered an integral part of every corporate process.

Second level: entrusted to specific company functions other than line / operational functions, which contribute to the definition of risk measurement methods, as well as their identification, assessment and monitoring. Furthermore, they provide support to the first level of control in the definition and implementation of mitigation actions for the main risks. These control functions monitor specific compliance risks with current laws / regulations, both transversal and specific to the sector, and applicable both nationally and internationally, supporting the management and top management in defining the response strategies to these risk factors, in compliance with the decisions taken by the Governance bodies. Among the second level of control the Risk Office function contributes to the periodic process of identification, assessment and monitoring of corporate risks based on applying the ERM (Enterprise Risk Management) methodology, which uses COSO ERM 2017.

Third level: entrusted to the Internal Auditing Department, it is aimed at assessing the adequacy of the design and the effective functioning of internal control system the as a whole, also by monitoring line controls as well as second level control activities.

MFE's Internal Auditing Department assists the Board of Director in maintaining effective controls by independently and

objectively evaluating the adequacy and effectiveness of the organization's internal control and risk management

systems. Criteria established under 'Internal Control – Integrated Framework', the Treadway Commission's Committee of Sponsoring Organizations (COSO framework), are used by MFE's Internal Auditing Department to analyze and make recommendations to the Board of Directors concerning the effectiveness of the Company's internal control framework.

Based on risk assessments performed, the Board of Directors, under the supervision of the Non Executive Directors and the Audit Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of the financial statements of MFE

In addition, the Board of Directors is responsible for MFE's enterprise risk management under the supervision of the Non Executive Directors and Audit Committee. Through oversight and framework setting, MFE's Risk Office function ensures that the Group-wide risk profile is managed in line with MFE's risk appetite, and stakeholder

expectations are managed both under normal business conditions and adverse conditions caused by unforeseen events. The Board of Directors is informed in a timely manner of risks to the Company's economic/statutory solvency, reputation, reliability of financial reporting or operations.

In preparing the consolidated financial statements, MFE's directors and management have adopted a going concern basis on the reasonable assumption that the Company is and will be able to continue its normal course of business in the foreseeable future.

Relevant facts, circumstances and risks relating to the consolidated financial position on December 31, 2021, were

assessed in order to reach the going concern assumption.

The main areas assessed were financial performance, capital adequacy, financial flexibility, liquidity, and access to capital markets, together with the factors and risks likely to affect MFE's future development, performance, and financial position.

Commentary on these areas is set out in the Directors' Report on Operation in the section "Disclosure of the main risks and uncertainties to which the Group is exposed" in this Annual Report.

Management concluded that the going concern assumption is appropriate on the basis of the financial performance of the Company, its continued ability to access capital markets, adequate solvency ratios, and the level of leverage and Cash Capital at Holding.

MFE's risk management and control systems provide reasonable assurance for the reliability of financial reporting

and the preparation and fair presentation of MFE's published financial statements. They cannot, however, provide absolute assurance that a misstatement of MFE's financial statements can be prevented or detected.

On the basis of the above, MFE's Executive Board states the following with respect to risks to the Company's financial reporting:

- ▣ The report provides sufficient insights into any failings with regards to the effectiveness of the internal risk management and control systems;
- ▣ MFE's risk management and control systems provide reasonable assurance that the Company's financial reporting does not contain any material inaccuracies;
- ▣ Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- ▣ The report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report.

The statements in this section are not statements in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act.

Based on the above and the assessment performed, the Board of Directors believes that, as of 31 December 2021, the Group's and the Company's internal control over financial reporting is considered effective and that:

- the "Disclosure of the main risks and uncertainties to which the group is exposed" paragraphs provide sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to paragraph "Disclosure of the main risks and uncertainties to which the Group is exposed" of the management board report);

23 MAR 2022

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (please refer to note "Presentation basis and accounting standards for the preparation of the Financial Statements" of both consolidated and Company only financial statements at 31 December 2021); and
- the management board report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (please refer to paragraph "Disclosure of the main risks and uncertainties to which the Group is exposed" of the management board report).

April 27th, 2022

Marco Giordani

Executive Director and Chief Financial Officer

M^{ra} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

NON-EXECUTIVE DIRECTORS REPORT

This report has been prepared in accordance with paragraph 5.1.5. of the Dutch Corporate Governance Code (the "Code").

It bears noting that, until the transfer of its registered office to Amsterdam (the "Netherlands") came into force on 18 September 2021 (the "**Transfer**"), MFE-MEDIAFOREUROPE N.V. ("MFE" or the "Company") was a listed joint-stock company with its registered office in Italy. As a consequence, it was subject to Italian law and adhered to the Corporate Governance Code endorsed by the Italian Corporate Governance Committee. Since the Transfer date, the Company – which has elected to adopt the one-tier governance model – is subject to Dutch law and the Code:

Under the one-tier model, both Executive and Non-Executive Directors sit on the Board of Directors. The Articles of Association require that Non-Executive Directors are in the majority.

Non-Executive Directors

There are ten Non-Executive Directors on MFE's Board of Directors: Fedele Confalonieri (Chairman), Stefania Bariatti, Marina Berlusconi, Marina Brogi, Raffaele Cappiello, Costanza Esclapon de Villeneuve, Giulio Gallazzi, Danilo Pellegrino, Alessandra Piccinino and Carlo Secchi. In addition, there are five Executive Directors.

The table below shows the main personal details of each Non-Executive Director:

Member, Age, Gender, Nationality	Principal positions	Date first appointment*	Date of current appointment**	End of office***
Fedele Confalonieri 84, M, Italian	Chairman	16/12/1994	23/06/2021	31/12/2023
Marina Berlusconi 55, F, Italian	Non-Executive Directors	28/07/1995	23/06/2021	31/12/2023
Stefania Bariatti 65, F, Italian	Chairman of the Nomination and Remuneration Committee Member of the Environmental Social and Governance Committee	23/06/2021	23/06/2021	31/12/2023
Marina Brogi 54, F, Italian	Chairman of the Environmental Social and Governance Committee Member of the Nomination and Remuneration Committee Member of the Related Parties Transactions Committee	27/06/2018	23/06/2021	31/12/2023
Raffaele Cappiello 53, M, Italian	Member of the Audit Committee	27/06/2018	23/06/2021	31/12/2023
Costanza Esclapon de Villeneuve 56, F, Italian	Member of the Related Parties Transactions Committee	27/06/2018	23/06/2021	31/12/2023

Giulio Gallazzi 58, M, Italian	Member of the Environmental Social and Governance Committee	27/06/2018	23/06/2021	31/12/2023
Danilo Pellegrino 64, M, Italian	Non-Executive Directors	27/06/2018	23/06/2021	31/12/2023
Alessandra Piccinino 59, F, Italian	Chairman Audit Committee Member of the Related Parties Transactions Committee	29/04/2015	23/06/2021	31/12/2023
Carlo Secchi 78, M, Italian	Member of the Audit Committee Member of the Nomination and Remuneration Committee	20/04/2006	23/06/2021	31/12/2023

* The date of the first appointment of each director means the date when the director was appointed for the first time (in absolute terms) to the Board of Directors of Mediaset S.p.A.

**The current Board of Directors has been elected by the General Shareholders' Meeting of 23 June 2021. On 18 September 2021 the Company transfers its registered office to the Netherlands and has been converted into a Dutch N.V.

***The office will end on the date of the Shareholders' Meeting that approves the financial statements of the Company as at 31 December 2023

Additional information on the professional background of each Non-Executive Director and their attendance at Board meetings can be found in the Corporate Governance Report in the section entitled "Role of the Board of Directors".

Some Non-Executive Directors have been Directors for over eight years. The Company however does not consider this to be a deviation from the DCGC, as the Company only became subject to the DCGC with effect from its conversion into a Dutch NV and the Company therefore applies the periods of principle 2.2.2 from that moment onwards.

Supervision

Pursuant to Article 16.4 of the Company's Articles of Association, Non-Executive Directors must supervise the performance of duties by the Executive Directors and the management of the Company's business and related affairs, as well as discharging such other duties as may be assigned to them by the Articles of Association or the Board of Directors.

Since the Transfer date, the Non-Executive Directors – in addition to supervising the above-mentioned duties of the Executive Directors – also oversee the definition and implementation of the Company's long-term value creation strategy and its associated risks, as well as the Company's policies and their implementation. With respect to the latter, they have focused on the effectiveness of the risk management and internal control system and the integrity and quality of financial information, while also ensuring that they constantly receive a complete and adequate flow of information from the Executive Directors, the Audit Committee and the Company's management in order to be able to perform their supervisory role.

The matters to be resolved by the Board of Directors are first examined in detail by the Non-Executive Directors at specific meetings attended by the management of the Company concerned and, where necessary, by external consultants.

The oversight activities of the Non-Executive Directors, both during the above-mentioned meetings and the meetings of the Board of Directors and during the meetings of their Committees, included supervising:

- ▢ the periodic monitoring of strategic risks in accordance with the Enterprise Risk Management methodology;
- ▢ the assessment of the materiality matrix for the Sustainability Report at 31 December 2021;

- ▣ the preparatory activities underlying the Board's evaluations and decisions relating to, among other things, the approval of the Annual Report and the preparation of the Sustainability Report at 31 December 2021;
- ▣ the review of the Audit plan, the activities of the Internal Auditing Department – including in terms of validating that the Company's Internal Control and Risk Management System is functioning and adequate, pursuant also to the provisions of the Code – and the update of the Internal Auditing Department's mandate;
- ▣ the periodic review of the Related Party Transactions entered into by the Company;
- ▣ the review of extraordinary transactions and proposals to amend the Articles of Association;
- ▣ the review of the General Compensation Policy and the Compensation Report, which is then proposed to the Board to be submitted to the Shareholders' Meeting;
- ▣ Environmental, Social and Governance issues and their integration within the corporate strategy, as well as analysis of the positioning of sustainability within the group and the project to identify a sustainability path – the latter also relates to market trends and international best practices, with the defining of the guidelines and macro-objectives to be followed;
- ▣ the existence – never detected during the reference period – of any conflicts of interest or potential conflicts of interest that may exist with regard to a transaction that is of material importance for the Company and/or for the Director concerned;
- ▣ the independence of Non-Executive Directors and the number of offices they hold.

The Non-Executive Directors have constantly monitored the implementation and correct application of the Company's policies, recommended to the Board proposals for these to be amended in line with the Code best practices applicable since the Transfer.

In particular, on 18 September 2021 the Board of Directors updated the Diversity Policy, Engagement Policy, Management and Disclosure of Inside Information Procedure and Internal Dealing Policy and, more recently, on 21 December 2021, updated the Related Parties Transactions Policy.⁴⁹

The Non-Executive Directors also conducted an evaluation of the Board of Directors, the Committees, the Chairman of the Board of Directors and individual Directors, as required by the Code.

Each of the Non-Executive Directors attend the meetings of the Committees of which they are members, as established by the Board pursuant to the Articles of Association and in compliance with the applicable provisions of the Code. These Committees, which carry out oversight and support tasks as well as forward proposals to the Non-Executive Directors and the Board of Directors, are as follows: Audit Committee; Nomination and Remuneration Committee; Environmental, Social and Governance Committee; and Related Parties Transactions Committee.

Additional information on the membership, duties, meetings, attendance and activities of the Committees can be found in the Corporate Governance Report in the sections entitled "Role of the Board of Directors" and "Board Committees".

The Non-Executive Directors received a report from each of the Committees on their activities carried out in view of meeting of 26 April 2022..

The Non-Executive Directors met, without the Executive Directors, on 26 April 2022 to evaluate, among other things, the functioning and composition of the Committees and the Board of Directors, the independence and performance of the Non-Executive Directors and to share the findings that emerged and which are summarised in this report, as required by the Code applicable to the Company since 18 September 2021.

⁴⁹ These Policies are available on the Company's website.

Independence of Non-Executive Directors

A majority of Non-Executive Directors must meet the independence requirements set forth in the Code.

At its meeting held before the Transfer on 24 June 2021, the Board of Directors, pursuant to Article 2 of the Italian Corporate Governance Code, held that seven of the Non-Executive Directors qualified as independent (pursuant to Article 148, paragraph 3 of the Consolidated Finance Law).

At its meeting of 26 April 2022, the Non-Executive Directors confirmed this finding which did not undergo any variations with respect to the previous one. The Non-Executive Directors also note that there are two Non-Executive Directors affiliated with a shareholder that holds 10% or more of the Company's shares, rather than only one as provided for by the Code.

As a consequence, the Company departed from the provisions of paragraph 2.1.7 of the Code in the case of those Non-Executive Directors. Therefore, in accordance with the "comply or explain" principle established by the Code, the reasons for these choices have been explained in the section of the Corporate Governance Report entitled "Compliance with the Dutch Corporate Governance Code".

That said, the majority of Non-Executive Directors are Independent Directors, as prescribed by paragraphs 2.1.7 and 2.1.8 of the Code, the provisions of which - it bears noting - only became applicable to the Company on 18 September 2021.

Evaluations by Non-Executive Directors

The Non-Executive Directors conducted an evaluation of the functioning, composition and size of the Board of Directors and Committees, as well as of the Chairman of the Board of Directors and the individual Executive and Non-Executive Directors to determine, among other things, whether there is a good balance and mix of industry knowledge, education and training, financial expertise, work experience, management skills and diversity.

The Nomination and Remuneration Committee established the procedures for this evaluation in compliance with the provisions of the Code, with the evaluation taking the form of individual questionnaires. The Nomination and Remuneration Committee identified the Corporate Affairs Department as the internal corporate function responsible for confidentially collecting and managing the feedback from the individual assessments. The main findings that emerged were shared during the meeting of Non-Executive Directors held on 26 April 2022 are stated below.

The Non-Executive Directors favourably evaluated both the membership and the functioning of the Board, in particular, in relation to the membership, and the mix of skills assured by the presence of different professional figures. The number and frequency of the Board meetings and the effectiveness of the Board's activity was generally deemed satisfactory. Overall, the clear illustration of the items on the agenda was judged satisfactory, as were the document support generally provided before the meetings and the occasions for the Non-Executive Directors to gain additional insights. The interaction between Non-Executive and Executive Directors in relation to the implementation of the Board's resolutions was particularly appreciated. With regard to the Non-Executive Directors, the evaluation carried out by the same was unanimously positive, with praise given for competence, openness to discussion and clear interventions. The CEO was particularly appreciated, with reference to his leadership, corporate vision and strategic direction of the Group. Some Non-Executive Directors, considering the recent transfer of the company headquarters to Amsterdam, expressed the need for additional training activities, particularly on the Corporate Governance system of the Netherlands. The Non-Executive Directors appreciated the contribution made by the Committees as well as their composition, which was deemed substantially adequate. The Committees carried out their assigned duties effectively, reporting regularly on their

activities to the Board. Each Committee, as a whole, has the technical expertise and experience necessary to carry out its functions. Additional information on the role, membership, and activities of the Committees can be found in the Corporate Governance Report.

Committee Reports

In compliance with paragraph 2.3.5 of the Code, each Committee provided the Non-Executive Directors with a summary report on the activities carried out from the date of their establishment up to the date of this report, in accordance with the powers assigned to them⁵⁰.

On 18 September 2021, the Board of Directors established:

- ▣ an Executive Committee, formed by the following Executive Directors: Pier Silvio Berlusconi (Chairman), Marco Giordani, Gina Nieri, Niccolò Querci and Stefano Sala.

- The Committee discharged its the activities entrusted to it and passed a number of resolutions in writing, including to appoint Directors to the Boards of Directors of subsidiaries and to grant specific powers, as well as issuing signatory powers to subsidiaries. The Executive Committee also conducted an evaluation of its own functioning and of that of the Board of Directors and of individual Executive Directors.

On 28 September 2021, the Board of Directors established:

- ▣ an Audit Committee, formed by the following Independent Non-Executive Directors: Alessandra Piccinino (Chair), Raffaele Cappiello and Carlo Secchi.

- From the date of its establishment up to the date of this report, the Committee met five times (for the attendance by each Director during 2021, see the Table of each Director's attendance at individual meetings contained in the section entitled "Role of the Board of Directors" of the Corporate Governance Report).

- The Committee discharged its responsible activities – with the involvement, where necessary, of the Independent Auditors, the Director of Internal Auditing and the Chief Financial Officer – with a particular focus on supervising the Company's internal risk management and control systems and the proposed Audit Plan, on discharging the preparatory activities underlying the Sustainability Report 2021 and the assessment of the Annual Report 2021, and on the disclosure of financial and non-financial information by the Company.

For all other activities carried out by the Committee, reference should be made to the "Board Committees" section of the Corporate Governance Report.

- ▣ a Nomination and Remuneration Committee, which carries out both the duties of the Selection and Appointments Committee and those of the Compensation Committee, and which is formed by the following Independent Non-Executive Directors: Stefania Bariatti (Chair), Marina Brogi and Carlo Secchi.

- From the date of its establishment up to the date of this report, the Committee met four times (for the attendance by each Director during 2021, see the Table of each Director's attendance at individual meetings contained in the section entitled "Role of the Board of Directors" of the Corporate Governance Report).

- The Committee discharged its the activities entrusted to it with a particular focus on: reviewing the rules and regulations for the Medium/Long-Term Incentive and Loyalty Plan 2021/2023 and the criteria for allocating shares against the rights assigned to beneficiaries in 2019 (Medium/Long-Term Incentive and Loyalty Plan 2018/2020), following the introduction of the dual-class share structure approved by the Extraordinary Shareholders' Meeting on 25 November 2021; forwarding a proposal to the Board of Directors regarding the General Compensation Policy and issuing a non-binding prior

⁵⁰ The responsibilities of the Committees are set forth in their Regulations, which were approved by the Board of Directors on 28 September 2021 and published on the Company's website.

opinion on remuneration proposals; preparing the remuneration report pursuant to Article 2:135 b of the Dutch Civil Code and paragraph 3.4.1. of the Code; the evaluation activities of the Board itself, its Committees, the Chairman and the individual Directors.

For all other activities carried out by the Committee, reference should be made to the "Board Committees" section of the Corporate Governance Report.

□ an Environmental Social and Governance Committee, formed by the following Independent Non-Executive Directors: Marina Brogi (Chair) Stefania Bariatti and Giulio Gallazzi.

- From the date of its establishment up to the date of this report, the Committee met three times.

- The Committee discharged the activities entrusted to it with a particular focus on analysing the positioning of sustainability within the group and identifying a sustainability path – the latter also related to market trends and international best practices, with the defining of the guidelines and macro-objectives to be followed;

□ a Related Parties Transactions Committee, formed by the following Independent Non-Executive Directors: Costanza Esclapon de Villeneuve (Chair), Marina Brogi and Alessandra Piccinino.

- From the date of its establishment up to the date of this report, the Committee met three times (for the attendance by each Director during 2021, see the Table of each Director's attendance at individual meetings contained in the section entitled "Role of the Board of Directors" of the Corporate Governance Report).

- The Committee discharged the activities entrusted to it, with a particular focus on periodically examining the Related Party Transactions entered into by the Company on the basis of the quarterly reports made available to the Committee, and on issuing a favourable opinion on the amendments proposed to the Related Party Transactions Policy in which they were recommended for approval to the Board.

For all other activities carried out by the Committee, reference should be made to the "Board Committees" section of the Corporate Governance Report.

REMUNERATION POLICY

INTRODUCTION

This remuneration policy approved by the Board of Directors on 27 April 2022, as drawn up by the Nomination and Remuneration Committee of the Board of Directors on 14 April 2022, sets out the principles and guidelines with respect to the remuneration of MFE-MEDIAFOREUROPE N.V. (hereafter MFE) for the year 2022.

The Remuneration Policy is based on the conviction that there is a close connection between the remuneration of the Chief Executive Officer, the Executive Directors, company performance and the creation of value over the medium and long term.

In this regard, the pursuit of a Remuneration Policy capable of directing business strategy and ensuring full consistency between overall "management" compensation and company performance is a key element for meeting investor expectations and strengthening the confidence of all stakeholders.

Following the Redomiciliation to the Netherlands, the MFE Remuneration Policy has been designed taking into account all applicable laws and regulations, such as Art. 2:135a of the Dutch Civil Code (DCC), the Dutch Corporate Governance Code (DCGC), and the Articles of Association of the Company.

Executive Summary: Key elements of the Remuneration Policy for CEO, Executive Directors and non Executive Directors

Fixed Component	Purposes and Main Characteristics	- Compensates responsibilities assigned, experience and distinctive skills possessed. - Is in line with the best market practices and such as to guarantee an adequate level of retention.	
	Amount	CEO	1,408,000
		Executive Directors	Pay linked to the significance of the position.

Variable short-term component	Purposes and Main Characteristics	- Ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives. - The system of correlation with the Company's results ensures financial balance and the incentive function of the plan. - The upfront allocation of a portion of the medium-long term component aims to encourage sustainable performance over time.	
	Mechanism of correlation with Group results	Group Net Profit and Italy EBIT	
	Amount	CEO	1,000,000 Maximum incidence of short term incentive on fixed remuneration: 67%
		Executive	480,000 Maximum incidence of short term

		Directors	incentive on fixed remuneration: 32% (average)
	Performance Objectives	CEO	Net Financial Position (50%), Group EBIT (50%) and ESG Scorecard (10%)
		Executive Directors:	Defined according to the scope of assigned responsibility + ESG Scorecard
	Reference	Budget (which corresponds to a 100% payout).	
	Payout scale	Performance range:	91% - 105% Payout range: 10% – 125% (0 if performance <91%)
	Claw-back and Malus	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.	

Variable, medium/long-term component	Purposes and Main Characteristics	- Ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Executive Directors and the alignment of the objectives of management with those of the shareholders. - Under the plan, recipients may choose to convert 25% or 50% of their short term target bonus to the long term incentive plan into rights to receive shares of the Company; at the same time, the Company attributes a corresponding number of rights to the beneficiary (by means of a matching right).	
	Amount	Depending on the short-term portion that the recipients choose to convert, which is doubled by means of the matching right. Maximum incidence of long-term incentive on fixed remuneration: AD 89%; AE 43% (average)	
	Performance Objectives	Free Cash Flow of the Group over the three-year period (45%), Net Profit of the Group over the three-year period (45%), relative Total Shareholders Return (10%).	
	Reference	Three-year forecast for economic and financial indicators (which corresponds to a 100% payout); Competitor panel for TSR.	
	Payout scale	Performance range:	75% - 125% Payout range: 50% – 125% (0 if performance <75%)
	Vesting	The performance is assessed with a time horizon of three years for each assignment cycle.	
	Lock-Up	20% of the shares earned are subject to a lock-up period of two years.	

	Claw-back and Malus	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.
Non -Executive Directors	Amount	40,000 (raised to 60,000 for the Chairman). Fee of 20,000 (raised to 30,000 for the Chairmen) is added for the members of each internal board committee

Theoretical pay mix



23/11/2022

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete jurada de INGLÉS
N.º 4195

GOVERNANCE MODEL

Bodies and/or individuals involved

The MFE Remuneration Policy is defined clearly and transparently through a shared process involving the Board of Directors, the Nomination and Remuneration Committee, the Shareholders' Meeting and the relevant company department (Central Human Resources and Operations Department).

The Board of Directors, following proposals by the Nomination and Remuneration Committee, establishes the general compensation policy for the Chief Executive Officer and the other Executive Directors. The Executive Directors do not participate in the discussion and approval of the Remuneration Policy by the Board of Directors.

The Shareholders' Meeting approves the Remuneration Policy at least every four years and in case of any amendments. From 2020, the resolution of the Shareholders' Meeting on the Remuneration Policy is binding, while the Remuneration Report is subject to a non-binding advisory vote by the Shareholders' Meeting. The Board of Directors is directly responsible for the implementation of the remuneration policy of the Chief Executive Officer and the other Executive Directors for the position they hold in MFE. The authority to establish remuneration for Non-Executive Directors is vested in the Shareholders' Meeting.

As provided for by Art. 2:135a (4) and (5) DCC, any temporary derogations from remuneration policies can only apply in exceptional circumstances, such as where derogation from the Remuneration Policy is necessary to pursue long-term interests and overall sustainability or market longevity and must nevertheless be in line with the principles which guide the Company Remuneration Policy. In such case, the Board of Directors will pass a resolution for a temporary derogation in remuneration matters, as referred to in chapter 3 of this Remuneration Policy, after receiving the opinion of the Nomination and Remuneration Committee and consulting the Related Parties Transactions Committee. Also to this effect, the Board of Directors consults experts of professional renown and know-how, after having ascertained their independence and freedom from any conflicts of interests.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee includes three non-executive and independent directors (Stefania Bariatti – Chariman, Marina Brogi, Carlo Secchi) whose term in office lasts until the expiry of the mandate of the entire Board of Directors. Among them are experts in financial matters.

The Committee, concerning **remuneration**, fulfils the following tasks:

- ▣ in accordance with provision 3.1.1 of the Dutch Corporate Governance Code ("Code"), submits a clear and understandable proposal to the Board of Directors concerning the remuneration policy to be pursued with regard to the Directors. The Board of Directors should presents the policy (it should include the matters referred to Section 2:135a of the Dutch Civil Code – DCC) to the Shareholders' Meeting for adoption;
- ▣ prepares the remuneration report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the DCGC;
- ▣ periodically reviews the adequacy, overall cohesion and actual application of the policy adopted by the Company for each Director, submitting the related proposals to the Board of Directors;
- ▣ gives a prior non-binding opinion on proposals relative to the compensation and on establishing performance goals related to the variable part of the compensation package of the Chief Executive Officer;
- ▣ makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

Intervention by Independent Experts

On a regular basis, both the relevant company department (Central Human Resources and Operations) and the Nomination and Remuneration Committee analyse the fairness and competitiveness of the remuneration packages of the Chairman, the Chief Executive Officer, in overall terms and for each component. They also consult independent outside advisors free from conflicts of interest and/or companies specialised in executive remuneration that are recognised for their reliability and for the comprehensive nature of their databases used for national and international comparisons and their use of standard methodologies to assess the complexity of assigned roles and powers.

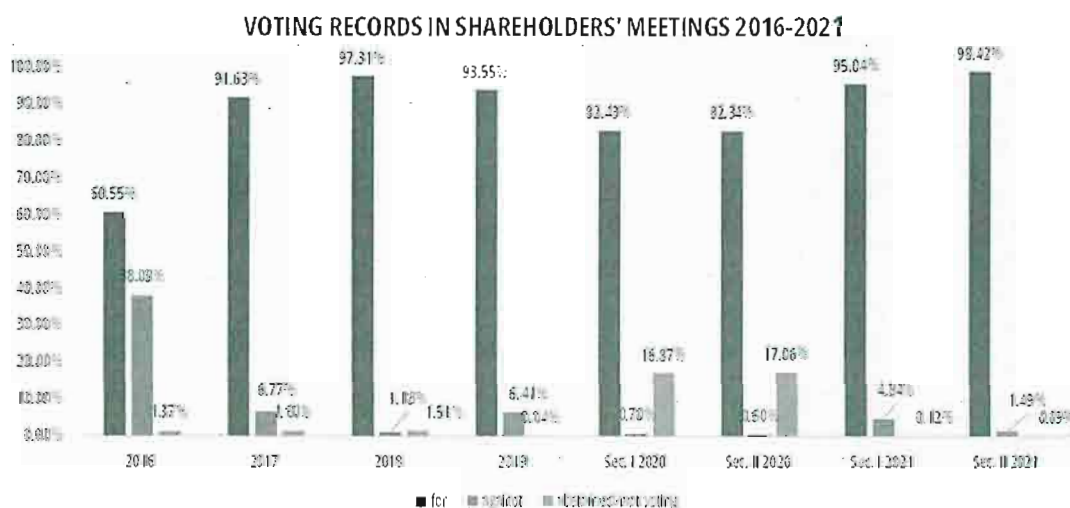
Voting record on the Remuneration Policy

In recent years, the Nomination and Remuneration Committee has paid increasing attention to the voting record of the Shareholders' Meeting on the Remuneration Policy and has given increasing importance to the recommendations on remuneration expressed by proxy advisors. In doing so, it has developed engagement activities and gradually introduced improvements in its policies so as to guarantee maximum alignment with international best practices.

In 2020, the Shareholders' Meeting was for the first time convened to pass a consultative vote on the second section of the Report on Remuneration, relating to the compensation paid in 2019.

Despite there being essentially zero votes against, conversations with the Proxy Advisors and consideration of their recommendations led the Group to increase the level of disclosure within this Report, with particular reference to the targets of the incentive systems, a feature that also distinguishes this year's Report.

This improvement trajectory has led to a gradual increase in shareholder consent, as shown in the following graph.



* The votes of the years 2016-2019 refer to the Remuneration Report in its entirety, starting from 2020, separate voting has been introduced for the two sections

Main changes in the Remuneration Policy

Compared to the previous Policy approved by the Shareholders' Meeting on 23 June 2021, this remuneration policy incorporates some changes introduced in compliance with the applicable legislation following the redomiciliation to the Netherlands and aimed at making further improvements with respect to international best practices and the Company's strategy. In particular, the new remuneration policy provides for non-financial

indicators, of an ESG nature, as part of the short-term incentive system, thus incorporating within the remuneration systems the Group's sustainability strategy, oriented to protect the environment and maintain the levels of excellence achieved in the field of the enhancement of human capital and diversity. Furthermore, following the output of a benchmark carried out by a leading consultancy firm, which compared the remuneration of the CEOs to a peer of European companies, the re-determination of the CEO's remuneration has been planned in order to make it more consistent with market levels. The increase concerned the short-term variable component of the remuneration (raised to 1 million euros), whose impact on the total remuneration was not aligned with the peers; in this way, also due to the allocation of a portion of the short-term incentive to the long-term system and the attribution of the matching by the Company, a greater alignment between performance and remuneration will be guaranteed, as well as a paymix in line with market best practices. The amendment made to the regulation relating to the medium / long-term incentive system has also been implemented, aimed at making the system consistent with the new share structure introduced in December 2021, which provides for the structuring of the share capital in a double category of shares. Finally, the Remuneration Policy redefines the limit on the number of monthly payments related to the severance period and makes a disclosure of pension contributions relating to directors, in accordance with the provisions of Dutch legislation.

SCOPE AND PRINCIPLES OF THE REMUNERATION POLICY

The Remuneration Policy is inspired by the following objectives and guiding principles:

- ▣ Alignment with the business strategy
- ▣ Attraction and retention of valuable staff
- ▣ Link with performance and value creation
- ▣ Consistency and fairness

Alignment with the business strategy	Values, skills and conduct aligned with the business strategy are reinforced by having an overall compensation structure that includes a balanced package of fixed and variable, material and non-material components. This allows for an appraisal of the responsibilities and criticalities of the position held, the quality of the professional contribution and the results achieved in the short and medium/long term.
Attraction and retention of valuable resources	MFE believes the Remuneration Policy is a key vehicle for attracting, retaining and motivating key staff and for contributing to the creation of sustainable value over the medium and long term for all stakeholders. To this end, the Remuneration Policy is structured to guarantee competitiveness with the outside market and to ensure internal equity, also consistently with the defined performance levels.
Link with performance and value creation	The use of a variable component of the remuneration, split into a short-term and a medium-long-term (share-based) component, makes the Remuneration Policy consistent with the creation of sustainable value for its shareholders and the growth of the market price of MFE's shares.
Consistency and fairness	Compensation tools are coherently structured to ensure fairness in terms of the level of responsibility assigned and contribution to the Group's performance.

The Remuneration Policy is defined consistently and in order to support the achievement of the Company's main strategic objectives:

- ▣ consolidating leadership in the nationwide core business by providing a distinctive broadcasting service model, maximising commercial value, streamlining production processes and overseeing regulatory and infrastructural development;
- ▣ evaluating development opportunities for supranational media activities (mainly in OTT, AD Tech and Content).
- ▣ the pursuit of sustainability-oriented growth, focusing on protecting the planet, valuing people through the recognition of diversity and the protection of their well-being, and on the dissemination of an ESG-oriented culture and values through its communication channels.

In order to do this, the Policy provides a steady balance between short and long-term, fixed and variable components, and benefits.

In a market as mature as free-to-air television, variable components aim to reward high profitability – which is essential for creating value for shareholders – and cash generation, and ultimately to support the company's growth strategy. Alongside these indicators, the specific performance objectives assigned to Key Management Personnel under the short-term incentive system based on each of their organisational responsibilities enable the Group to perform its key objectives, with particular reference to leadership in the advertising market and cost reduction. Starting from this year, in addition to the traditional financial indicators, non-financial indicators have been added, aimed at guiding and supporting the Group's sustainability strategy.

Using exclusively share-based medium/long-term incentive instruments helps to direct performance towards creating sustainable value over time. This aim is further supported by extending the vesting and lockup period to a total of 5 years, beginning 2021.

Consistency between Remuneration Policy and People Strategy

The Group's Remuneration Policy has been drawn up to be consistent with human resource management and enhancement policies, which recognise the essential role played by the professional contribution of the Group's people in ensuring business success and development. The Group therefore manages its human resources by respecting the personality and professionalism of each employee, enhancing and developing their professional skills and abilities, and protecting their mental and physical well-being (also in terms of occupational health and safety), all the while promoting loyalty, trust and rejecting all forms of discrimination and exploitation.

Each employee's pay is determined by an assessment carried out by the Human Resources Department and by the Business Managers which, to ensure that internal pay is competitive with the market benchmarks, considers the area of responsibility, the task performed and principles of fairness within the Group, as well as targeting the attraction and retention of key staff.

In assessing the fairness and competitiveness of remuneration packages, the Group uses the research tools and pay benchmarks provided by leading consultancy firms.

For variable components in particular, the Policy sets profitability targets to serve as a homogenous, coherent and consistent criterion for all compensation instruments used. For instance, this determines the entry point and/or penalty in each of the top manager and executive incentive systems, and is the parameter used as the basis for calculating the company bonus paid to the rest of the workforce.

In particular, from a Pay for Performance perspective, the penalties for only partially achieving the target productivity are proportional according to each employee's level of responsibility and thus the differing impacts they can have on the Group's profits (CEO 100%, Executive Directors and first and second-grade Executives 50%, Other Directors 25%, Middle Manager and Work Officer 0%).

In a total reward perspective all employees, regardless of their category, also benefit from numerous welfare and wellbeing services, including health care and supplementary pension plans.

COMPOSITION OF THE REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND THE OTHER EXECUTIVE DIRECTORS

Reference Peer Group

As part of the periodic assessment of the competitiveness of the CEO's remuneration, a reference Peer Group have been defined consisting of 11 European companies belonging to the Media & Entertainment sector listed on regulated markets for which a benchmark was commissioned.

The companies were identified on the basis of dimensional criteria (capitalization, turnover, number of employees). Among them there are four companies used in the sample defined for MFE's performance related to the TSR objective as part of the medium / long-term incentive system.

Peer Group	Atres Media, Tf1, Métropole Télévision, Nordic Entertainment Group AB, ProSiebenSat1 Media, Ströer SE & CO KGaA, itv PLC, RTL Group, Informa PLC, Publicis Group, Telecom Italia

Structure of Remuneration

The structure of the remuneration of the Chief Executive Officer and the other Executive Directors comprises the following components:

Fixed component	☐ it is defined with reference to the responsibilities assigned and distinctive competencies possessed. ☐ it is monitored periodically against market benchmarks to guarantee an adequate level of retention.
Variable short-term component	☐ ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives.
Variable medium/long-term component	☐ it ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Board of Directors and the alignment of the objectives of management with those of the shareholders.
Benefits	☐ include non-monetary forms of remuneration, complementing the other remuneration elements; they provide for competitive advantage and address the various needs of the executive (welfare and improved quality of life).

Fixed component

The fixed remuneration of the Chief Executive Officer and the other Executive Directors is defined in relation to the responsibilities assigned, the complexity of the position, the experience and distinctive competence of each person. It is periodically monitored against market benchmarks, in particular through the use of remuneration databases prepared by a leading consulting firm specialising in remuneration, in order to ensure adequate retention. The weight of the fixed component, a distinctive characteristic of the Company, is instrumental in preventing actions based on short-term opportunities.

The fixed component is subdivided into:

- ▣ Gross annual compensation (GAC), related to the significance of the position, which the Chief Executive Directors and the other Executive Directors receive if they are employees of the company;
- ▣ Compensation the delegated bodies receive for the position of directors charged with specific tasks and the other Executive Directors as directors. For the latter, in addition, from time to time, the pertinent company body can set compensations for directors charged with specific tasks.

Variable short-term component

The Annual Incentive System adopted by MFE, called SIA, is applicable to the Chief Executive Officer, the other Executive Directors and all Group Executives. This system has the main objective of strengthening and guaranteeing the alignment between how individuals act and short-term company objectives.

The SIA plan is governed by a specific regulation, distributed to each participant, which sets out all the detailed principles of the underlying the system, including the accessory clauses provided by the best practices on incentive matters.

In particular, the plan provides that for each recipient, objectives will be set that relate to their own area of responsibility. The extent to which these individual objectives are achieved will determine the actual bonus paid out, taking into account the target value set for each manager. Deductions may be made to this target value if certain productivity thresholds are not met, as illustrated below.

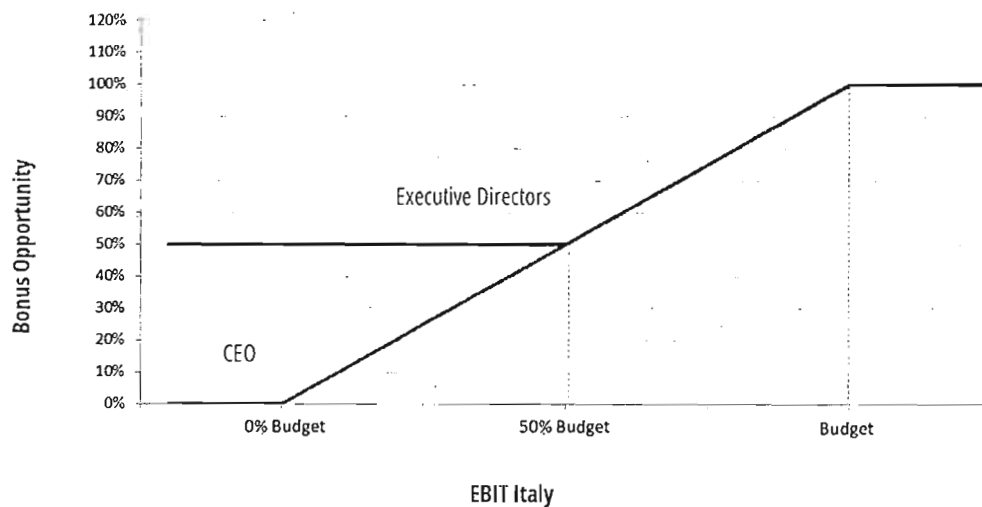
Mechanism of correlation

Starting from 2019, a single correlation mechanism will apply to both the Chief Executive Officer and the other Executive Directors, between the Group's economic results and the amount of incentives payable; this can determine any reduction in their target value, based on the performance of two parameters of the financial statements: Group Net Profit and EBIT Italy.⁵¹ In addition to being consistent with the principle of internal equity, this single mechanism makes it possible to align the managerial actions towards achieving challenging and shared performance targets among all system recipients.

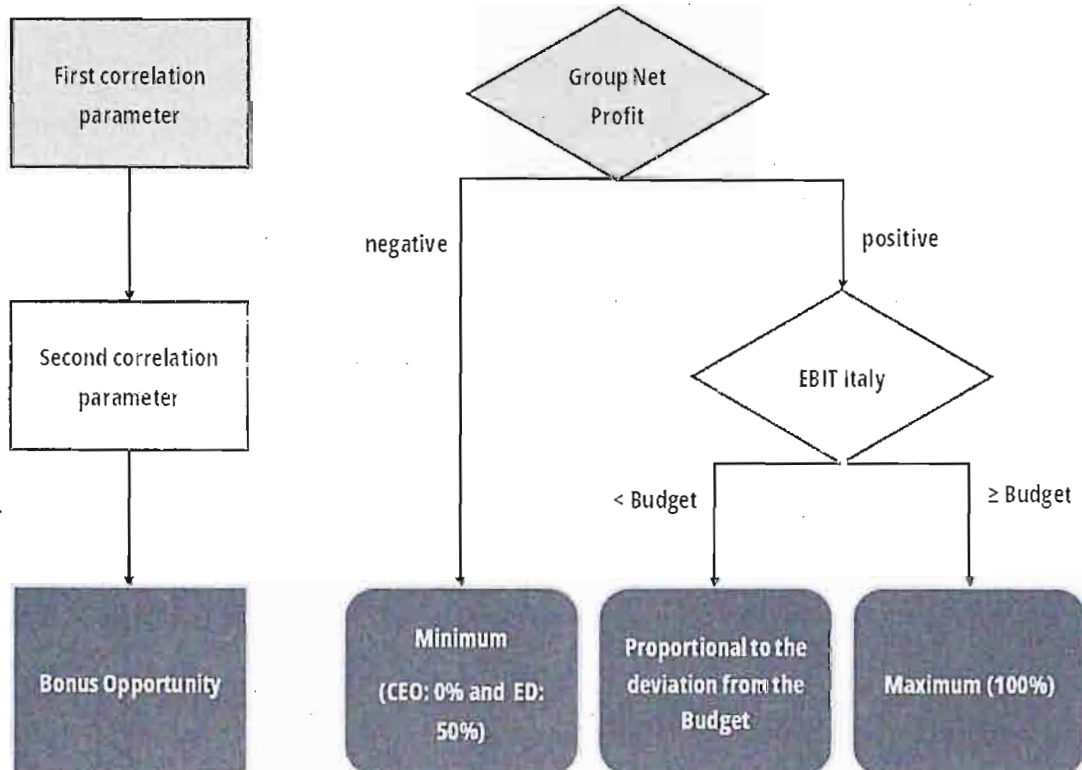
In particular:

- ▣ If Group Net Profit is negative, the short-term variable component will be reduced to zero for the Chief Executive Officer and will be reduced by 50% for other Executive Directors.
- ▣ If Group Net Profit is positive, the target value may be reduced based on the extent to which EBIT Italy deviates from the corporate budget value, subject to the following scale:

⁵¹ For this calculation, pro-forma EBIT was used net of the components of the variable incentive systems based on the profitability parameter



This correlation mechanism with the Company's financial results, as described above and illustrated in the following diagram, therefore allows the actual bonus opportunity to be reduced if the Company's financial results are unsatisfactory; this can be reduced to zero for the Chief Executive Officer and by 50% for the other Executive Directors.



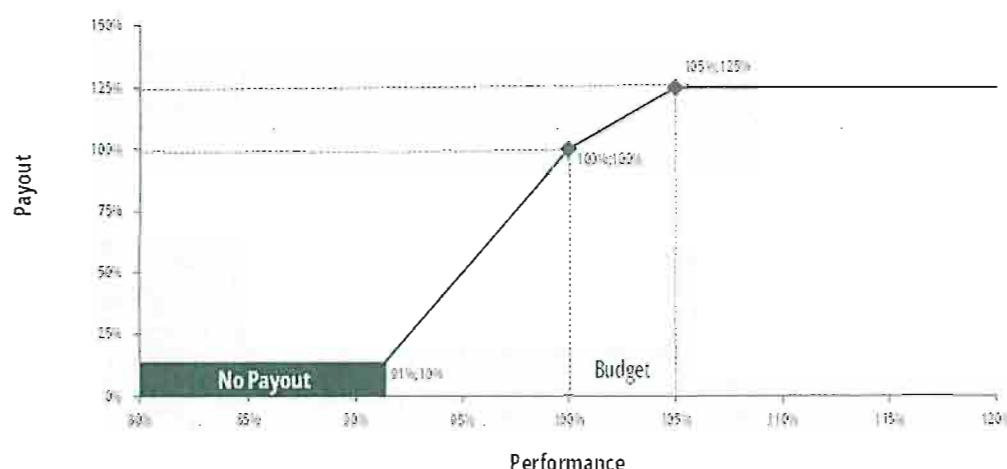
M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

Set objectives

Depending on the responsibilities associated with the role, quantitative objectives of a mainly financial nature, set out in a specific sheet and each with a defined relative weight, are assigned to each recipient of the system, as explained in the following paragraphs.

For the purpose of paying the incentive, once any penalty has been applied through the target correlation mechanism to the Company's results, the relative performance in percentage terms is measured independently for each objective. A correlation scale is applied to it, which determines the relative payout level. This scale rewards performance at least equal to 91%, which corresponds to the payment of 10% of the value of the bonus associated with each objective. On the other hand, the maximum payment is earned when a performance of more than or equal to 105% is achieved; this level corresponds to the payment of 125% of the bonus value associated with each objective.

The following graph illustrates the correlation between performance and payout: this scale applies to all objectives set for incentive system recipients:



The quantitative objectives are set for the Chief Executive Officer and for the other Executive Directors depending on the responsibilities related to the role.

Starting from 2022, alongside the traditional indicators of an economic / financial nature, non-financial indicators have been added, linked to the sustainability strategy pursued by the Company and related to the Environmental Social and Governance areas. These indicators make up the "ESG" objective which has a total weight of 10% on the objective sheet and is composed of the following scorecard:

Area	Weight	Objective	Target	Performance → Payout Scale
Environment	2.5%	CO2 Emissions	15,000 Ton (about - 60%)	Standard – see the graph above
Social	2.5%	Average Italy Pay Equality	93%	≥ 98% → 125% 97% → 120% 96% → 115% 95% → 110% 94% → 105% 93% → 100% 92% → 90% 91% → 80% 90% → 70% 89% → 60% 88% → 50% < 88% → 0%
Social	2.5%	Hours of training on ESG issues	3,300 h	Standard – see the graph above
Governance	2.5%	Number of Managers with SIA ESG KPIs	10	≥ 25 → 125% ≥ 22 → 120% ≥ 18 → 115% ≥ 15 → 110% ≥ 12 → 105% ≥ 10 → 100% ≥ 8 → 80% ≥ 6 → 50% ≤ 5 → 0%

The objectives proposed for the Chief Executive Officer and the other Executive Directors who are a beneficiary of the SIA plan are outlined below:

Correlation parameters on the Company's performance for re-determining targets if necessary	GROUP NET PROFIT	
	EBIT ITALY	
Position	Target	Weight
CEO	Group EBIT	45%
	Group Net Financial Position	45%
	Objective ESG	10%
Key Management Personnel		
Position	Target	Weight
Chief Financial Officer and CEO of RTI	Group Net Financial Position	30%
	EBIT of Radio Business Unit	30%
	EBIT of Digital Business Unit	30%
	Objective ESG	10%
Director of Institutional and Legal Affairs and Strategic Analysis	Costs of the Institutional and Legal Affairs and Strategic Analysis Department	90%
	Objective ESG	10%
Director of Human Resources and Operations	Operating costs of the Operations Area	25%
	Cost of labour Italy	25%
	Costs & investments of the Technology Dept.	20%
	Procurement savings	20%
	Objective ESG	10%
CEO of Publitalia '80 and Chairman of Digitalia '08	Consolidated advertising revenues indexed to market	75%
	Concessionaire costs	15%
	Objective ESG	10%

To each indicator, the performance-payout correlation scale is applied, which may cancel, reduce or increase by up to 125% the payout associated with the achievement of each objective.

The target performance objective of each indicator is represented by the annual budget value approved by the Board of Directors, which is associated with a 100% payout. These values are not explained as they are price-sensitive information.

Plan clauses

The Plan regulation provides for a **malus** clause that gives the Company the right not to award the bonus, in whole or in part, in the event of deterioration of the Group's financial position and/or if the performance objectives were determined based on data that have subsequently proved to be manifestly incorrect. In the latter case, a **claw-back** clause is also provided, which also applies if it is found that performance targets have been achieved on the basis of fraudulently falsified data.

Furthermore, if extraordinary circumstances occur that have a material impact on the importance and cohesion of the performance objectives, the Company's Board of Directors will be able to evaluate whether to make relevant adjustments to the final assessment of the correlation parameters and/or the performance objectives set, with the aim of keeping the substantive and economic content of the Plan unchanged.

Variable, long-term component

On 23 June 2021, the Shareholders' Meeting approved a medium-long-term incentive plan with similar characteristics and aims to the previous plan approved in 2018; the main objectives are as follows:

- ▢ to ensure the growth of the value of the Company by aligning the interest of management with those of the shareholders;
- ▢ to motivate management to achieve results that can be sustained over time;
- ▢ to ensure the loyalty of key personnel in order that they remain within the Group;
- ▢ to ensure an adequate level of competitiveness of the compensation in the employment market.

With a view to continuing the process of improving the remuneration policies and systems undertaken in recent years, the plan that will be submitted to the Shareholders' Meeting for approval will contain innovative elements, including performance targets and a lock-up mechanism, which will make it possible to ensure greater alignment with international best practices and the recommendations introduced by the Corporate Governance Code. In March 2022, the Board of Directors approved the amendments to the Regulation of the Medium-Long-term Incentive Plan, aimed at making the plan consistent with the new share structure adopted by MFE in December 2021, which provides for a double category of shares (MFE A and MFE B).

The Plan is intended for the Chief Executive Officer and other Executive Directors, with a major impact on value creation for the Group and shareholders. Recipients, of which there have been 29 on average in recent years, are selected by the Board of Directors on the proposal of the Nomination and Remuneration Committee.

The plan consists in granting rights to receive free common A and B shares of MFE (so-called performance shares) at the end of a three-year vesting period, on condition of achieving pre-determined performance levels. More specifically, the plan provides for the attribution of base rights and of matching rights.

Base rights are determined depending on the choice of each recipient to assign one quarter or one half of the target bonus of his/her short-term incentive plan to the medium-long-term incentive system. In particular, in the face of the double share structure of MFE, half of the deferred SIA target bonus determines the allocation of base rights to receive type A MFE shares, while the other half determines the allocation of base rights to receive type B MFE shares.

The beneficiary receives one additional matching right for each base.

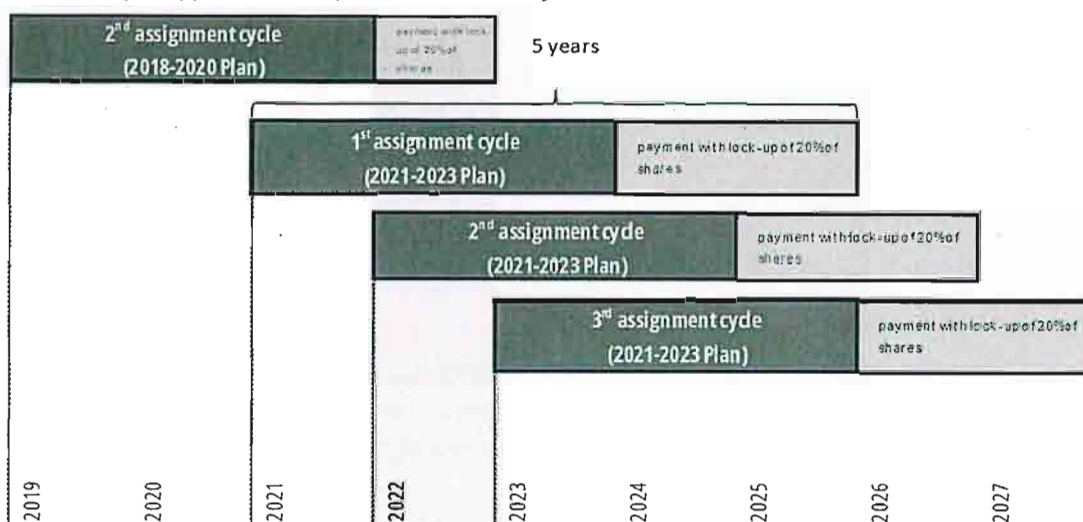
The actual vesting of performance shares and shares granted as a matching right is subject to:

- ▢ continuity of the employment relationship during the three-year vesting period
- ▢ degree of achievement of the performance objectives of the plan.

The plan operates over three three-year granting cycles with assignment of the rights in the years 2021, 2022, and 2023 and provides, at the end of the 36-month vesting period, for a 24-month lock-up period for 20% of shares. This ensures that the interests of management are better aligned with the long-term interests of shareholders, as the total period for the vesting and holding of shares is five years.

The graph below shows the operating mechanism of the Plan, also in relation to the implementation of the medium-long term incentive plan in force in 2018 and 2019. The Group, on the other hand, did not initiate the

third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency. Upon the proposal of the Nomination and Remuneration Committee and in consideration of the negative impact of these events of the Group's economic and financial results, the Board of Directors of Mediaset S.p.A. approved the suspension of the third cycle.



In 2022, the rights relating to the first three-year cycle of the LTI will be allocated and the shares relating to the first cycle of the 2018–2020 plan will be assigned.

Objectives set for the Chief Executive Officer and for the other Executive Directors

For all recipients, the plan sets out the following performance objectives:

Performance objectives	Indicator	Weight
	Three-year Group net profit	45%
	Three-year Group Free Cash Flow	45%
	Relative TSR as compared to a reference panel of 4 other media companies	10%

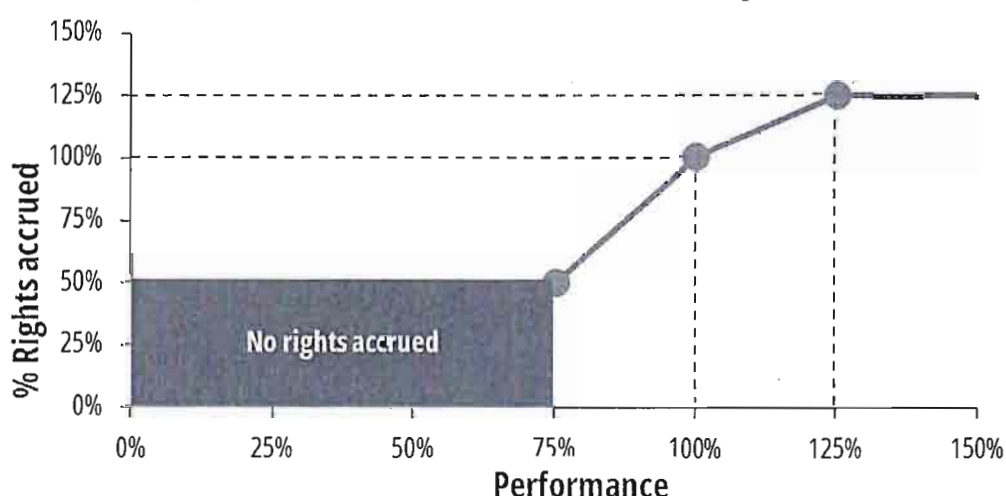
For economic and financial indicators, the performance achieved will be determined according to the three-year target defined by the multi-year plans approved by the Board of Directors.

As for the market-based indicator, the performance achieved will relate to the positioning of the Company's TSR compared to that of companies included in the sample of 4 other European media competitors, consisting of AtresMedia, TF1, Prosieben and iTV. In particular, performance under this indicator will be calculated based on the positioning of MFE's TSR, as reported in the following table:

MFE's Positioning	Performance
Best TSR	125%
2 nd TSR	115%
3 rd TSR	100%
4 th TSR	75%
Worst TSR	0%

The TSR has been calculated with the weighted averages of the TSR of MFE A and MFE B shares, according to their weight on the composition of the share capital.

The medium/long-term incentive system rewards a performance range (calculated as the weighted performance average of the three objectives) between 75% and 125%, corresponding respectively to the vesting of 50% and 125% of the assigned rights. In the event of intermediate results, a share of the rights will vest.



Plan clauses

The LTI regulation includes a **malus** clause that allows the Company not to award or pay out, in whole or in part, any shares that have not vested, if the financial or balance sheet situation of the Group deteriorates significantly. In addition, there are **claw-back** clauses in the event that rights mature on the basis of data that turn out to be incorrect or forged.

Benefits

To complement the compensation package, MFE offers **non-monetary benefits** mostly in the area of social security and assistance and to supplement the provisions of national employment agreements: supplementary health care plan, insurance for accidents, life and permanent disability caused by illness, company vehicle. In keeping with best practices, a third-party civil liability insurance policy (D&O) is also offered to Executive Directors covering their duties in their capacity both as managers and directors.

Pension Schemes

The Executive Directors receive the pension contribution in accordance with the provisions of the legislation in force in Italy, in proportion to their annual remuneration. Contributions are paid to the National Institute of Social Security (INPS), that will pay a pension when the pension requirements are met. The Company integrates the legal treatment through the payment of € 7,200 per year to a private supplementary pension fund.

Other payments

The Executive Directors, with the exception of the Chief Executive Officer, are the beneficiaries of a non-compete agreement which provides for a consideration paid annually and based on the duration and scope of the obligation derived from the agreement. By this agreement, beneficiaries undertake not to perform their activity in competition with those carried out within the sphere of their responsibilities in the Group, in Italy and in foreign countries where the Group has operations, under penalty of returning all the shares received under the non-compete agreement.

These agreements, that are entered into during the working relationship, have been in force for several years. The Company has established that starting from 2017 any new non-compete agreements signed will provide for the payment to be made at the end of the employment relationship, at which time the non-competition constraint will become effective.

No payment is envisaged of discretionary bonuses rewarding performance that refer to previously planned objectives, which will be managed through short and long-term incentive plans.

In the event an Executive Director has to be rewarded for the exceptional results obtained as part of extraordinary transactions (concerning for example revision of the Group's scope), such decision will be the subject of specific resolution by the Board of Directors, after having received the opinion of the Nomination and Remuneration Committee. However, payments cannot exceed the annual target value under the short-term incentive system.

Pay mix

The following graphs illustrate the overall pay mix, target and maximum, of the Chief Executive Officer and of the other Executive Directors, determined by the remuneration components described in the previous paragraphs.

The pay mix composition is shown in the different scenarios that may occur:

- ▣ based on the individual choice of the short-term incentive share (SIA) to be allocated to the medium/long-term incentive system (LTI);
- ▣ based on the values that the short and medium-long-term incentive can take, based on the performance obtained.

For the purposes of the representation, full satisfaction of the conditions for access to the incentive system are assumed, excluding therefore any ex-ante penalties on the target.

M^a SOLEDAD VALCARCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

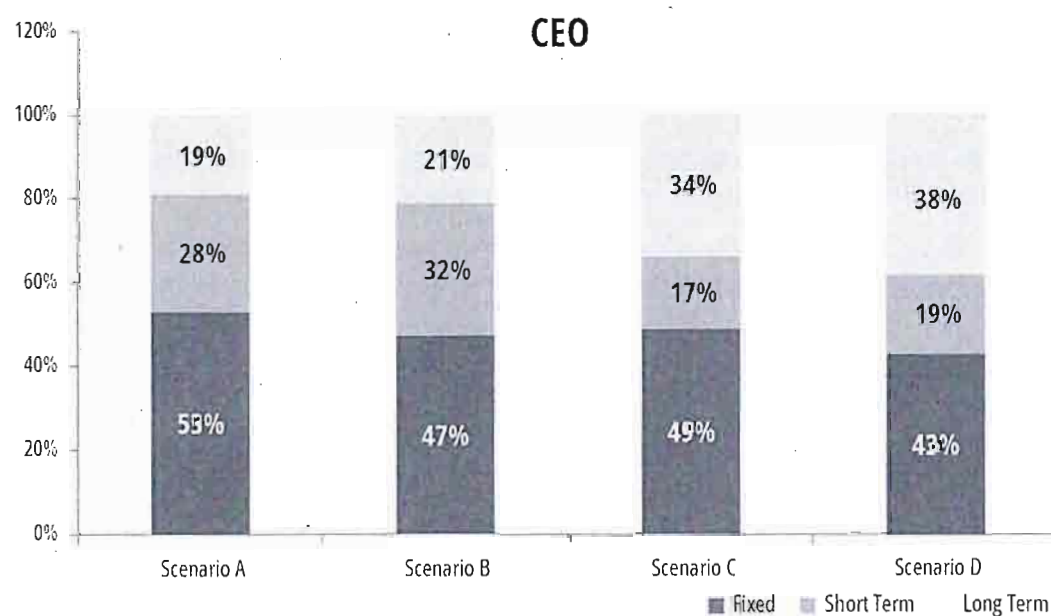
More specifically, the pay mix results of the following four cases are presented:

Performance of Variable Incentive Systems			
		Target	Maximum
Share of SIA allocated to LTI	25%	Scenario A	Scenario B
	50%	Scenario C	Scenario D

If the company-wide or individual objectives are not met or are insufficiently met, both the short- and medium/long-term variable components can be completely cancelled, which means that remuneration will comprise the fixed components only.

Pay-mix of the Chief Executive Officer

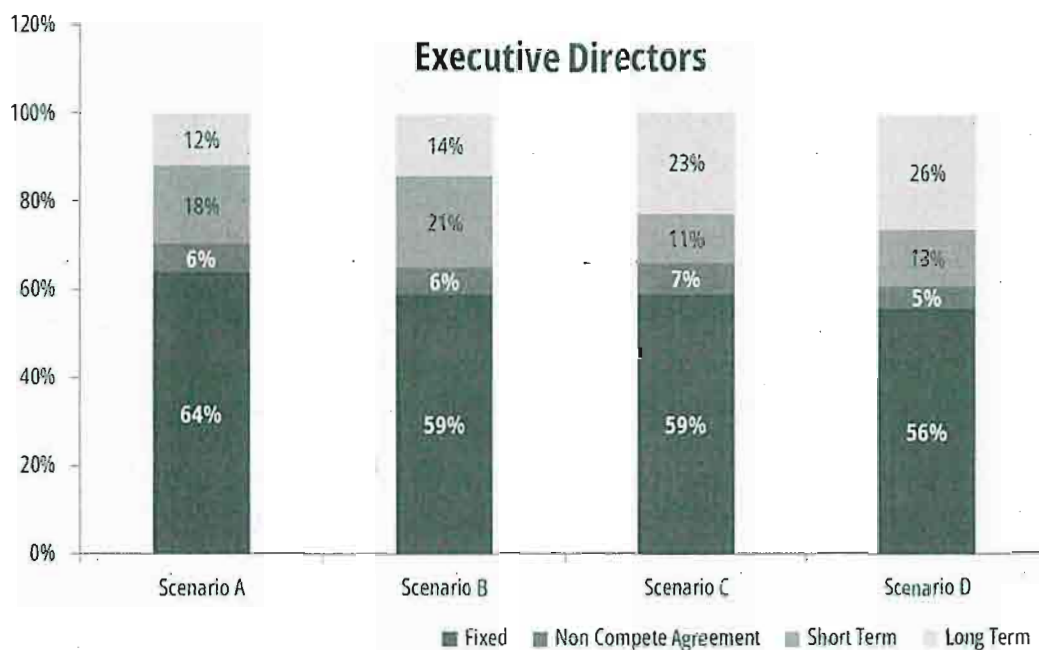
The following graphs show the overall pay-mix of the Chief Executive Officer in the four scenarios examined.



M^{ra} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

Pay-mix of other Executive Directors

As in the previous paragraph on delegated bodies, the following graphs show the overall pay-mix of the Executive Directors in the four scenarios examined.



Pay in the event of the termination of a position or work relationship

As managers of the Company, the Executive Directors have a permanent contract related to their employment relationship in MFE's subsidiaries. The Company policy is to not set in advance the financial aspects of any early termination of the work relationship or mandate. However, consistently with market practice, it is provided that the compensation paid in case of termination/resolution of the work relationship does not exceed 12 months of overall compensation, in addition to the amounts provided for by the applicable legislation on termination of employment in case the respective member is an employee of the Company⁵². In this respect, the methods for determining the amount to be disbursed under the Medium/Long-Term Incentive Plan are described in the Plan Regulations. The Regulations determine that a terminated employee can be classed as a bad leaver or a good leaver depending on the reason that their employment was terminated, which then affects their payout levels.

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

23 MAY 2022

⁵² This amount includes the indemnity related to the notice period which is from 8 to 12 months on the basis of the years of seniority in the Company, in addition to a supplementary indemnity up to 24 months.

REMUNERATION OF CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Currently, Non-Executive Directors receive a fixed annual remuneration for the office of Non-Executive Directors and an additional remuneration for participation in internal board committees.

There is no variable compensation component.

The fixed annual remuneration set by the Shareholders' Meeting on 23 June 2022, is equal to 40,000 euros, (raised to 60,000 for the Chairman) to which a fee of 20,000 euros (raised to 30,000 for the Chairmen) is added for the members of each internal board committee. The members of the Board of Directors are entitled, pursuant to the Articles of Association, to the reimbursement of expenses made for office reasons. With reference to the Chairman, as part of the overall revision agreement of the form of the employment relationship reached in July 2018⁵³, the current remuneration package was defined with the provision of an additional fixed component paid by Mediaset S.p.A. and benefits⁵⁴.

Pension contributions are recognized to Non-Executive Directors in accordance with the legislation in force in Italy, in proportion to the emolument received. The severance treatment provided for in the event of early termination of the mandate must not exceed 12 months of the annual emolument received. A third-party civil liability insurance policy (D&O) is also offered to Non-Executive Directors covering their duties.

⁵³ As announced to the market on 27 July 2018, as part of the agreement to terminate the executive employment contract of Fedele Confalonieri, an "end-of-office severance package" was agreed in advance and by exception, payable when the Chairman should cease to hold or not be renewed in his current position. This amount, equal to € 8.5 million gross, was also set in recognition of the extraordinary contribution that the Chairman has made to the Group since its foundation.

⁵⁴ The amount relating to this additional component is equal to € 1.8 million. Further information is available in the press release dated 27 July 2018, available on the MFE Corporate website.

REMUNERATION REPORT

REPORT ON THE REMUNERATION PAID

The Remuneration Report Provides a description of the implementation of the policy for 2021 for the Chairman, the Chief Executive Officer, the other Executive and Non-Executive Directors, considering transparency and compliance with the laws and regulations currently in force.

No deviations or derogation from the decision-making process for the implementation of the Remuneration Policy approved by the Shareholders' Meeting on 23 June 2021 has took place in 2021. Therefore, the remuneration paid has been consistent with the approved Remuneration Policy, which has contributed to the long-term performance of the Company. The following paragraphs shows the performance levels achieved with respect to the individual objectives of the short and medium-long-term variable components, identified in coherence with the group's strategy.

Director's Name	Office	Fixed Compensation in MFE	Compensation form participation in Committees in MFE	Fixed Compensation from subsidiaries and associates	Compensation form participation in Committees from subsidiaries and associates	Variable Compensation	Variable non equity compensation (Bonus)	Pension****	Non-monetary benefits	Total	Fair Value of equity compensation
Federico Confalonieri	Chairman	812,000		97,000	54,000			16,500	18,300	2,082,700	
Federico Confalonieri	CEO	1,348,000		1,075,000		200,000		174,000	2,300	3,807,300	1,05,400
Sofiana Bolaffi	NEW EXECUTIVE DIRECTOR	20,000								40,000	
Matteo Berlusconi	NEW EXECUTIVE DIRECTOR	40,000						5,000		85,000	
Matteo Bolaffi	NEW EXECUTIVE DIRECTOR	40,000						5,000		85,000	
Roberto Capolupo	NEW EXECUTIVE DIRECTOR	40,000						5,000		85,000	
Concezio Ludovico De Vitiere	NEW EXECUTIVE DIRECTOR	40,000						5,000		85,000	
Giulio Gallucci	NEW EXECUTIVE DIRECTOR	40,000						5,000		85,000	
Marco Angelino Fari	EXECUTIVE DIRECTOR	100,000		1,100,000	60,000	100,000	100,000	10,000	5,000	2,275,000	107,000
Clara Neri	EXECUTIVE DIRECTOR	100,000		1,100,000	60,000	100,000	100,000	10,000	5,000	2,275,000	107,000
Enrico Pellegrini***	NEW EXECUTIVE DIRECTOR	20,000								40,000	
Alessandro Pizzolo	NEW EXECUTIVE DIRECTOR	20,000								40,000	
Massimo Querci	EXECUTIVE DIRECTOR	40,000		1,100,000	60,000	100,000	100,000	10,000	5,000	2,275,000	107,000
Silvano Scudato	EXECUTIVE DIRECTOR	40,000		1,100,000	60,000	100,000	100,000	10,000	5,000	2,275,000	107,000
Carlo Vercelli	NEW EXECUTIVE DIRECTOR	40,000						5,000		85,000	
Andrea D'Amico**	NEW EXECUTIVE DIRECTOR	20,000						5,000		45,000	
Francesca Moriconi**	NEW EXECUTIVE DIRECTOR	20,000						5,000		45,000	

*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

** The Non Executive Directors ended their mandate to advise in June 2021

*** Payment order in favor of Fininvest Spa

**** F. Confalonieri held the position of Executive Chairman of Mediaset SpA until 23 June 2021

***** For employment relationships it includes the portion relating to "TFR", equal to 6.90% of the overall remuneration, provided for by Italian law

Fixed component

In the financial year 2021, a fixed remuneration consistent with the approved Remuneration Policy was paid to the Chairman, the Executive Directors and the Non-Executive Directors.

Short-term variable component

The 2021 financial year was characterised by excellent results, with a net result in strong growth compared to the previous year, thanks to a decisive recovery in advertising revenues and a consolidation of leadership in audiences after a difficult year, in which the Covid emergency had caused a contraction in the advertising market and negatively affected the Group's economic performance.

The application of the short-term incentive system for the Chief Executive Officer and for the Executive Directors fully reflects the excellent performances achieved: as part of the annual incentive system, both parameters relating to the Group's results were exceeded, resulting in the application of full targets. The following table

summarises the performance and payout achieved during the year for each target assigned to the CEO and to each Executive Director;

Ruolo Aziendale	Target	Peso	Performance	Payout
CEO	EBIT di Gruppo	50%	152%	125%
	Posizione Finanziaria Netta di Gruppo	50%	131%	125%
Chief Financial Officer e Amministratore Delegato RTI	Posizione Finanziaria Netta di Gruppo	40%	131%	125%
	Risultato Operativo Business Radio	30%	141%	125%
	Risultato Operativo Direzione Business Digital	30%	440%	125%
Dir. Divisione Affari Istituzionali, Legali e Analisi Strategiche	Costi Dir. Affari Istituzionali, Legali e Analisi Strategiche	100%	104%	120%
Direttore Centrale Risorse Umane e Operazioni	Costi operativi Area Operazioni	30%	101%	105%
	Costo del lavoro Italia	30%	100%	100%
	Costi e Investimenti Dir. Tecnologie	20%	103%	115%
	Saving Approvvigionamenti	20%	108%	125%
AD Pubblicità '80 e Digital '08	Ricavi pubblicitari consolidati indiozzati rispetto al mercato	80%	102%	110%
	Costi della Concessionaria	20%	100%	100%

Medium long-term variable component

During 2021, on 14 September, in implementation of the first cycle of the 2021-2023 Medium / Long Term Plan, the Company's Board of Directors assigned 855,226 rights to the Chief Executive Officer and the Executive Directors, in addition to 876,314 rights assigned to them in 2019. In addition, in the month of October in implementation of the first cycle of the 2018-2020 plan, following the assessment of the achievement of the three-year performance by the Board of Directors, they were assigned 800,514 Mediaset shares.

In particular, the performance of the three-year period 2018-2020 was equal to:

- ▣ Cumulative Group Net Result for the three-year period 2018-2020: performance 107%
- ▣ Cumulative Group Free Cash Flow for the three-year period 2018-2020: performance 144%
- ▣ Average Performance: 125%, which determined the vesting of 100% of the rights assigned

The following table shows the details of the rights and financial instruments assigned under the medium-long term incentive system:

M^{re} SOLEDAD VALCARCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

First and Last Name	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the year			Market Price at the grant date	Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year
		Number and type**	Vesting Period	Number and type**	Fair value at the allotment date	Vesting Period		Number and type	Value at maturity date	
Pier Silvio Berlusconi	21-23*		12/01/2019 - 31/03/2022	100,000	2.534	14/01/2021 - 30/09/2024	14/01/2021			150,570
	19-20*	100,000			2.811					176,293
	19-20							151,740	400,212	
Marco Giordani	21-23*		12/01/2019 - 31/03/2022	15,200	2.533	14/01/2021 - 30/09/2024	14/01/2021			129,969
	19-20*	15,200			2.811					141,027
	19-20							151,492	384,188	
Gino Neri	21-23*		12/01/2019 - 31/03/2022	15,000	2.533	14/01/2021 - 30/09/2024	14/01/2021			85,247
	19-20*	15,000			2.811					107,371
	19-20							91,670	240,116	
Nicola Querci	21-23*		12/01/2019 - 31/03/2022	61,620	2.532	14/01/2021 - 30/09/2024	14/01/2021			51,884
	19-20*	117,448			2.811					110,100
	19-20							92,728	402,265	
Sofiana Sula	21-23*		12/01/2019 - 31/03/2022	140,200	2.533	14/01/2021 - 30/09/2024	14/01/2021			207,247
	19-20*	625,210			2.811					132,312
	19-20							298,781	702,371	

* As for the rights already assigned under existing stock option/grant plans (2019 and 2021 Incentive Plan), each right assigned is considered a category B right and a category A right is attributed for each of them.

** The Company, as deliberated by the Board of Directors on 8th September 2020, did not initiate the third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency.

In 2021 no shares in the Company's capital have been repurchased to be used for the Plan, because shares were already in the Company's possession.

Other payments

During the year, in parallel with the excellent economic-financial results of the core business, milestones of exceptional importance were also achieved. In recognition of the commitment made in this regard by the Executive Directors, they were awarded an extraordinary bonus of € 200,000 each. In particular, the reasons for this award refer to:

- ▢ the constant supervision of legislative and regulatory activities both at EU and national level aimed at defending and promoting an institutional environment enabling the growth and competitiveness of the Group, which led to the approval of the new rules on pluralism, the directives on media services and copyright, Digital Services Act and Digital Market Act;
- ▢ the launch, once the dispute with Vivendi had been resolved, of the Group's international development project with the transfer of MFE's headquarters to the Netherlands, which will make it possible to achieve the goal of affirming MFE as a pan-European broadcaster;
- ▢ the expansion of the Group's advertising revenue perimeter, extended to the OTT Dazn platform, assignee of the Serie A sports rights for the next three years, which will consolidate the leadership position of the Group's Dealer by offering new revenue opportunities;
- ▢ the effectiveness with which the health emergency was dealt with, which saw the maximum protection of staff health reconciled with unaltered editorial and productivity levels, in a critical context such as that in which a broadcaster operates which, to ensure its operations cannot be separated from continuous and daily physical supervision at broadcasting centers and television studios.

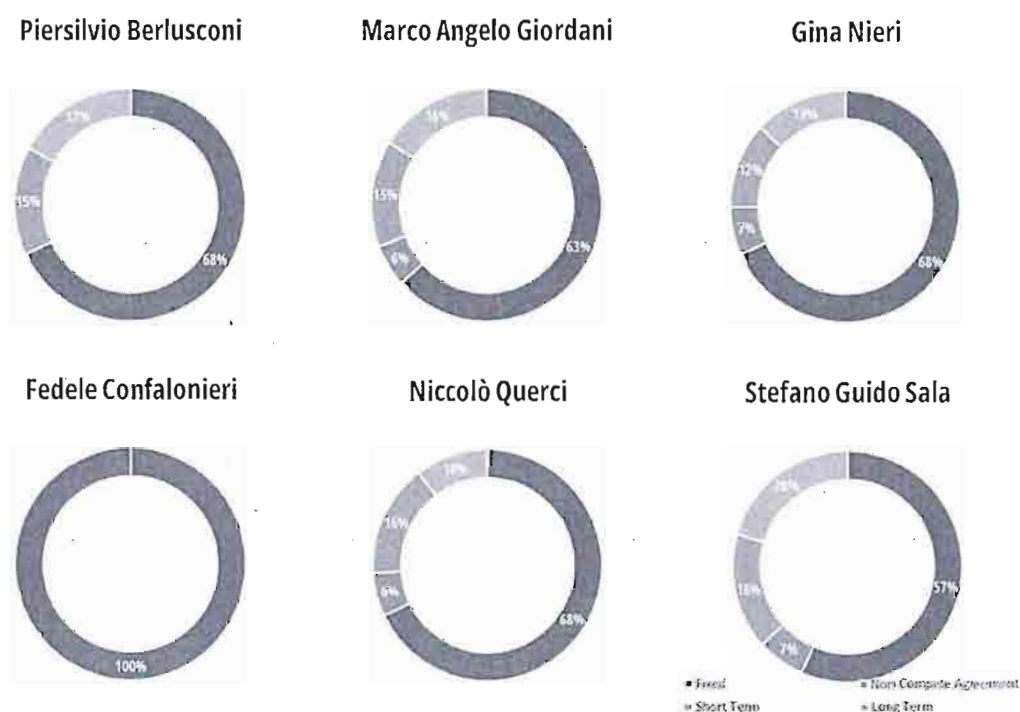
This extraordinary bonus has been approved by the Board of Directors, on the opinion of the Remuneration and Nomination Committee, in line with the provisions of Art. 4.7) of the 2021 Remuneration Policy, as:

- ▣ the results of exceptional importance are in no way attributable to the objectives assigned to the recipients in the short and medium / long-term incentive systems;
- ▣ the proposed amount is below the annual reference target values of the short-term incentive system.

The company and the subsidiaries have not granted any loans, advances or guarantees to any board member of MFE. In addition to this, no claims for the repayment, wholly or in part, of a bonus have taken place.

Pay mix

The final paymix levels⁵⁵ are as follow:



COMPARISON BETWEEN THE COMPENSATION OF DIRECTORS, THE RESULTS OF THE GROUP AND THE AVERAGE COMPENSATION OF EMPLOYEES

This paragraph draws a comparison between the compensation of the Directors of the Company, the economic and financial performance of the Group, the average compensation of the Group's employees and the pay ratio over the past 5 years.⁵⁶ The significant improvement in the Group's economic and financial performance compared to 2020 was reflected, in terms of pay for performance, in an increase in the overall remuneration received by the Executive Directors, determined in particular by the application of the short-term incentive

⁵⁵ Final paymix levels do not include the One-off extraordinary bonuses paid out during the year

⁵⁶ The remuneration of Directors does not include fees for participation in the Committees. The value of the LTI is calculated by evaluating the rights assigned during the year at the fair value on the grant date. The average remuneration of employees (RGA) was calculated by adding the Gross Annual Remuneration (RAL) and the short-term variable component (SIA).

system, which constitutes the main direct link between remuneration and performance. The increase in total remuneration in 2021 compared to 2020 is also influenced by the return to full application of the medium / long-term incentive plan, whose 2020 cycle had been cancelled due to the crisis caused by the pandemic emergency and the failure to implement of the cross-border merger transaction.

	% change	2021	2020	2019	2018	2017
MFE Performance						
EBIT Italy	399%	192.10	38.50	91.30	-182.90	-19.10
Group Net Profit	169%	374.10	139.30	190.30	471.30	90.50
Group Free Cash Flow	63%	507.00	311.80	265.90	211.70	116.90
Directors Remuneration						
Fedele Confalonieri	2%	1,905,000	1,875,000	1,875,000	2,943,274	3,767,744
Piersilvio Berlusconi	32%	2,202,411	1,668,777	2,207,214	2,196,260	2,151,139
Marco Angelo Giordani	43%	2,005,892	1,401,269	1,816,316	1,805,778	1,497,438
Gina Neri	31%	1,785,527	1,364,455	1,613,449	1,346,667	1,211,922
Niccolo' Querci	24%	1,836,832	1,478,053	1,727,100	1,411,462	1,229,443
Stefano Guido Sala	37%	3,433,222	2,506,447	3,262,961	2,925,664	2,699,177
Marina Berlusconi	0%	40,000	40,000	40,000	28,000	16,000
Marina Brogi	0%	40,000	40,000	40,000	20,000	
Stefania Bariatti		40,000				
Raffaele Cappiello	0%	40,000	40,000	40,000	20,000	
Costanza Esdaplón DeVilleneuve	0%	40,000	40,000	40,000	20,000	
Giulio Gallazzi	0%	40,000	40,000	40,000	20,000	
Alessandra Piccinino		20,000			8,000	16,000
Daniilo Pellegrino	0%	40,000	40,000	40,000	20,000	
Carlo Secchi	0%	40,000	40,000	40,000	28,000	16,000
Average Employee Compensation						
	2%	63,815	62,321	62,924	63,629	63,406
Pay Ratio						
		35	27	35	35	34

M³ SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

23 MAY 2022



ANNUAL REPORT 2021

Consolidated

Financial Statements and

Explanatory Notes

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF INCOME

INCOME STATEMENT	Notes	2021	2020
Revenues from sales of goods and services	6.1	2,861.3	2,612.3
Other income	6.2	53.0	24.4
Personnel expenses	6.3	(499.0)	(470.1)
Purchases, services, other costs	6.4	(1,516.0)	(1,330.2)
Amortisation, depreciation and impairments	6.5	(481.2)	(566.7)
Total costs		(2,496.2)	(2,367.0)
OPERATING RESULT		418.0	269.7
Financial expenses	6.6	(49.0)	(60.5)
Financial income	6.7	71.6	56.7
Result from investments accounted for using the equity method	6.8	114.7	20.0
PROFIT BEFORE TAX		555.4	285.9
Income taxes	6.9	(100.6)	(66.6)
NET PROFIT FOR THE YEAR	6.10	454.8	219.3
Attributable to:			
- Equity shareholders of the parent company		374.1	139.3
- Non-controlling interests		80.7	80.0
Earnings per share (euro)	6.11		
- Basic		0.16	0.06
- Diluted		0.16	0.06

M^{re} SOLEDAD VALCARCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

23/4AY 2022

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021	2020
NET PROFIT FOR THE YEAR (A):	6,10	454.8	219.3
Comprehensive income/(loss) that may be subsequently reclassified to profit and loss		16.9	(9.8)
Effective portion of gains and losses on hedging instruments (cash flow hedge)	9.5	20.9	(12.1)
Share of other comprehensive income of associates and joint ventures	9.4	1.0	(0.6)
Tax effects	9.4	(5.0)	2.9
Comprehensive income/(loss) that will not be reclassified to profit and loss		(65.8)	48.8
Actuarial gains and losses on defined benefit	9.4	0.7	(1.9)
Gains and losses on options valuation	9.4	(83.9)	(43.9)
Other gain or losses of Investments at FVOCI	9.4	34.6	79.0
Tax effects	9.4	(17.2)	15.5
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX EFFECTS (B)		(48.9)	39.0
TOTAL COMPREHENSIVE INCOME (A)+(B)		405.9	258.3
attributable to:			
- Equity shareholders of the parent company		333.0	166.1
- non-controlling interests		72.9	92.2

M^{re} SOLEDAD VALCARCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

23 MAY 2022

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Property, plant and equipment	7.1	324.2	335.1
TV and movie rights	7.2	844.9	932.7
Goodwill	7.3	803.2	803.2
Other intangible assets	7.5	555.2	534.8
Investments in associates and joint venture	7.6	436.3	473.2
Other financial assets	7.7	832.1	749.7
Deferred tax assets	7.8	407.1	475.1
TOTAL NON-CURRENT ASSETS		4,203.0	4,304.0
CURRENT ASSETS			
Inventories	8.1	42.5	47.9
Trade receivables	8.2	795.6	826.4
Tax receivables	8.3.1	43.5	44.9
Other receivables and current assets	8.3.2	229.2	216.6
Current financial assets	8.4	18.4	68.8
Cash and cash equivalents	8.5	315.6	447.9
TOTAL CURRENT ASSETS		1,444.9	1,652.4
TOTAL ASSETS		5,647.9	5,956.4

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31/12/2021	31/12/2020
SHARE CAPITAL AND RESERVES ⁽¹⁾			
Share capital	9.1	777.2	614.2
Share premium reserve	9.2	275.2	275.2
Treasury shares	9.3	(374.5)	(389.7)
Revaluation reserves	9.4	(33.7)	(10.1)
Retained earnings and other reserves	9.5	1,643.5	2,039.3
Net profit for the year		374.1	139.3
Group Shareholders' Equity		2,661.8	2,668.3
Non-controlling interest in net profit		80.7	80.0
Non-controlling interest in share capital, reserves and retained earnings		487.8	417.3
Non- controlling interest		568.5	497.3
TOTAL SHAREHOLDERS' EQUITY		3,230.3	3,165.6
NON-CURRENT LIABILITIES			
Post-employment benefit plans	10.1	59.2	66.7
Deferred tax liabilities	7.8	105.7	95.7
Financial liabilities and payables	10.2	831.7	1,156.9
Provisions (non current portion)	10.3	46.7	41.3
TOTAL NON CURRENT LIABILITIES		1,043.3	1,360.6
CURRENT LIABILITIES			
Due to banks	11.1	363.1	449.5
Trade and other payables	11.2	597.0	638.6
Provisions (current portion)	10.3	72.3	72.7
Current tax liabilities	11.3	17.4	8.6
Other financial liabilities	11.4	83.4	78.2
Other current liabilities	11.5	241.2	182.6
TOTAL CURRENT LIABILITIES		1,374.3	1,430.2
TOTAL LIABILITIES		2,417.7	2,790.7
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,647.9	5,956.4

(1) For information on reclassifications due to relocation, refer to note 9 "Share capital and reserves"

MFE-MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES:	notes	2021	2020
Operating Result		418.0	269.7
+ Depreciation, amortisation and impairments	6.5	481.2	566.7
+ Other provisions and non-cash movements	12.1	20.9	48.4
+ Change in trade receivables		30.8	36.9
+ Change in trade payables		31.6	(43.9)
+ Change in other assets and liabilities	12.2	59.0	(16.3)
- Income tax paid		(50.0)	(40.4)
Net cash flow from/(used) in operating activities [A]		991.5	821.1
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from the sale of fixed assets		2.9	3.2
Payments for investments in TV and movie broadcasting rights		(437.6)	(417.3)
Payments in investments in other fixed assets		(58.9)	(73.9)
Payments for equity investments in associates and joint venture		(4.0)	(0.2)
Proceeds/(Payments) for hedging derivatives on financial assets	12.3	(22.4)	9.2
Proceeds/(Payments) for other financial assets	12.4	(80.2)	(73.7)
Dividends received	12.5	184.7	40.6
Business combinations net of cash and cash equivalents acquired	12.6	-	(7.6)
Net cash flow from/(used) in investing activities [B]		(415.4)	(519.7)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from financing	12.9	416.0	509.3
Financing repayments	12.9	(749.9)	(572.0)
Dividends paid	12.7	(342.1)	-
Changes in other financial liabilities	12.9	(16.9)	(25.0)
Interest (paid)		(9.6)	(9.9)
Changes in controlling interest	12.8	(5.9)	(1.0)
Net cash from/(used) in financing activities		(708.4)	(98.6)
CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		(132.3)	202.7
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]		447.9	245.1
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (F=D+E)		315.6	447.9

M^o SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

MFE - MEDIAFOREUROPE GROUP

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Notes	Share capital	Share premium reserve	Legal reserve (under Italian law) and other reserves	Treasury shares	Revaluation reserve	Retained earnings and other reserves	Net profit for the year	Total equity attributable to equity shareholders of the parent company	Total equity attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
Balance at 31/12/2019	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)	-	-	-
Share based payment reserve evaluation	-	-	-	-	3.5	(4.3)	-	(0.8)	-	(0.8)
Purchases/sale of treasury shares	-	-	-	11.6	-	-	-	11.6	-	11.6
Gains/(losses) from transaction of treasury shares	-	-	-	-	-	(7.3)	-	(7.3)	-	(7.3)
Changes in controlling stake on subsidiaries	-	-	20.9	-	-	-	-	20.9	-	20.9
Business combinations	-	-	-	-	-	(0.1)	-	(0.2)	(3.4)	(3.4)
Other changes	-	-	-	-	(0.1)	-	-	-	(3.9)	(4.1)
Comprehensive income/(loss)	-	-	(0.6)	-	27.4	-	139.3	166.1	92.2	258.3
Closing balance at 31/12/2020	614.2	275.2	545.7	(389.7)	(35.2)	1,518.7	139.3	2,668.3	497.3	3,165.6
Opening balance at 01/01/2021	614.2	275.2	545.7	(389.7)	(35.2)	1,518.7	139.3	2,668.3	497.3	3,165.6
Reclassification due to relocation (1)	-	-	(545.7)	-	75.1	526.6	-	-	-	-
Pro forma opening balance at 01/01/2021	614.2	275.2	-	(389.7)	(10.1)	2039.3	139.3	2,668.3	497.3	3,165.6
Allocation of the parent company's 2020 net profit	-	-	-	-	-	139.3	(139.3)	-	-	-
Dividends paid	-	-	-	-	-	(34.8)	-	(34.8)	-	(34.8)
Increase in share capital (Resolution of 25/11/2021)	162.9	-	-	-	-	(162.9)	-	-	-	-
Share based payment reserve evaluation	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Purchases/sale of treasury shares	-	-	-	13.2	-	-	-	13.2	-	13.2
Gains/(losses) from transaction of treasury shares	-	-	-	-	-	(11.1)	-	(11.1)	-	(11.1)
Changes in controlling stake on subsidiaries	-	-	-	-	-	(1.2)	-	(1.2)	-	(1.2)
Business combinations	-	-	-	-	-	(23.4)	-	-	-	-
Other changes	-	-	-	-	23.5	-	-	0.1	(1.7)	(1.6)
Comprehensive income/(loss)	-	-	-	-	(47.1)	6.0	374.1	333.0	72.9	405.9
Closing balance at 31/12/2021	777.2	275.2	-	(374.5)	(33.7)	1,643.5	374.1	2,661.8	568.5	3,230.3

(1) For information on reclassifications due to relocation, refer to note 9 "Share capital and reserves"

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

2 31/12/2021

EXPLANATORY NOTES

1. GENERAL INFORMATION

MFE-MEDIAFOREUROPE N.V. ("MFE" or "The Company") is a listed joint-stock company (naamloze vennootschap) subject to Dutch law and registered in the Dutch Commercial Register (CCI number: 83956859). It was incorporated on 26 november 1987. Its registered office (statutaire zetel) is at Prinsengracht 462 in Amsterdam (the Netherlands) and its headquarters and tax residence are at Viale Europa 46, 20093 Cologno Monzese, Milan, Italy. Its ultimate controlling party is Fininvest S.p.A. The MFE ordinary shares are listed on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., with tickers symbol MFEA and MFEB.

As reported in the subsequent note 4, on 20 September 2021 was completed the transfer of the Company's. (previously Mediaset S.p.A.) registered office from Italy to the Netherlands as Mediaset N.V (changed into MFE-MEDIAFOREUROPE N.V. on 25 November 2021).

MFE is a multinational media group, mainly operating in the television industry in Italy and Spain. In Italy, Mediaset is the leading operator by audience share and advertising market share in the commercial television broadcasting sector, with three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels - both linear and non-linear/OTTV) - with a broad range of cinema, TV series and children's channel content. In recent years, Mediaset has also set up its own radio segment through acquisitions, bringing together four of the largest national broadcasters.

In Spain, MFE is the main shareholder of Mediaset España, with an interest of 55.69% at 31 December 2021. Mediaset España is the leading Spanish commercial television broadcaster with two main general interest channels (Telecinco and Cuatro) and a range of free-to-air thematic channels. The Group is also active in content production, OTT services and digital publishing activities. Mediaset España has been listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges since 2005.

The Group is also the largest shareholder, having secured a total aggregate ownership interest of more than 25% of voting rights in ProSiebenSat.1 Media SE following the latest tranche acquired in January 2022. ProSiebenSat.1 Media SE is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. It is listed on the Frankfurt Stock Exchange.

2. PRESENTATION BASIS AND ACCOUNTING STANDARDS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

These consolidated financial statements are:

- prepared in accordance with International Financial reporting Standard (IAS/IFRS) as adopted by the European Union (EU) and comply with the financial reporting requirement included in Part 9 of the Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC) effective year-end 2021 have been adopted by the EU. Consequently, the accounting policies applied by the Company also fully comply with IFRS as issued by the IASB.

- prepared by the Board of Directors of the Company and authorised for issue on 27 april 2022 and will be submitted for adoption to the Annual General Meeting of Shareholders on 29 June 2022.
- prepared on the historical costs basis unless certain financial instruments which have been measured at fair value in accordance with IFRS 9 and IFRS 13.
- presented on a going-concern basis, having the Directors verified that there are no financial, operational or other indications pointing to any critical issues that could affect the Group's ability to meet its obligations in the foreseeable future. The risks and uncertainties regarding the business are described in the Directors' Report on Operations. The way in which the Group manages its financial risks, including liquidity and capital risk, is described in the section entitled "Disclosure on financial instruments and risk management policies" in these Explanatory Notes.
- presented in Euro, which is the functional currency used for the majority of the Group's operations.

The amounts shown in this note are expressed in millions of euro.

Finally, following the relocation of the parent company MFE-MEDIAFOREUROPE N.V. to the Netherlands, the structure of these (and subsequent) consolidated financial statements have been modified from the previous year to reflect the legislation now applicable.

2.1 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements and the Explanatory notes to the consolidated financial statements, management is required to make estimates and judgements mainly necessary to measure certain assets and liabilities and evaluate contingent assets and liabilities. The application of accounting policies requires judgments that impact the amount recognised. Additionally amounts recognised are based on factors that are by default associates with uncertainty. Where applicable, the estimates and judgments are described per note within the consolidated financial statements.

The preparation of this consolidated financial statements didn't require significant judgments but only estimates.

The most significant area involving **significant estimates** and the relative explanatory note are the following:

- Assumptions used in impairment testing (note 7.4 Assessment of recoverability of goodwill and other non-current assets)
- Estimating the useful life of tangible and intangible assets (note 7.1 Property, plant and equipment; 7.2 Television and Movie Rights; 7.5 Other intangibles assets)
- Assessment of the recoverability time of past tax losses (note 7.8 Deferred tax assets and liabilities)
- Assessment of credit risk for trade and financial receivables (note 8.2 Trade receivables)
- Assumptions for discount rates, future salary increase and life expectancy to calculate the employees defined benefit plan (note 10.1 Post Employment Benefits Plans)
- Assessment of the likelihood and estimating timing and potential cash flow relating to claims and litigations (note 10.3 Provisions and contingent liabilities)

The estimates used in preparing this consolidated financial statements have mainly been used to assess the recoverable amount of the cash generating units (CGUs) to which goodwill or other assets with definite or indefinite useful lives are allocated for the purposes of periodic testing as required by IAS 36. In accordance with

IAS 36, these assets should be measured at their recoverable value, using the higher of (i) their value in use or (ii) their fair value less costs of disposal. Estimating the value in use involves, first, identifying the expected future cash flows that each asset or cash generating unit (CGU) will produce in its current condition, based on the five-year plans (2022-2026) drawn up on the basis of the guidelines approved by the Board of Directors on 29 March 2022, and, second, determining an appropriate discount rate.

The main uncertainties that could influence this estimate relate to determining the Weighted Average Cost of Capital (WACC) and the growth rate (g-rate) of the cash flows beyond the explicit period, the development of the industry markets and, therefore, the assumptions made in forecasting the expected cash flows for explicit period and the cash flows used to determine the Terminal Value. Estimating fair value, on the other hand, involves applying the measurement criteria and techniques envisaged by IFRS 13 to determine - using one or more measurement techniques designed to maximize the observable inputs - the price that would be received, as at the measurement date, from the sale of an asset or a group of assets in an orderly transaction between market participants on the main market for those assets.

As regards 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 observable at the date of this consolidated financial statements. Therefore, there were no significant impacts in terms of impairments on the recognised assets.

In addition to the above, the main forecasting data take into account provisions for risks and charges and bad debt provisions, the useful life of assets (tangible, intangible and television broadcasting rights), recoverability assessments regarding the carrying amount of equity investments in associates, and the fair value of financial assets and liabilities measured using the fair value method.

The impairment and recoverability testing of the deferred tax assets recognized in the financial statements as at 31 December 2021, with particular reference to the prior years' tax losses generated in the Italian consolidated tax perimeter, took into consideration the taxable income on the basis of the five-year plans (2022-2026) used for impairment testing for the explicit period and, through extrapolation from the latter of the expected taxable income for the subsequent periods. Impairment testing also took into consideration the effects of the temporary differences on which deferred tax liabilities are recorded. In light of the tests conducted on this basis, the recovery period has been set at between eight and nine years.

The estimates and assumptions above are periodically revised and the impacts of each change are recognised in the income statement.

With regard to the **impacts of COVID 19** on the financial statements, the Group continued during 2021 to manage the various phases of the health emergency, ensuring the total operational continuity of all the main core and development activities and recorded economic results and a cash flow generations higher not only to 2020 but also to the 2019 pre-pandemic.

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

3. SUMMARY OF ACCOUNTING STANDARDS AND MEASUREMENT BASIS

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS FROM 1 JANUARY 2021

Since 1 January 2021, a number of new accounting standards and/or amendments and interpretations of standards previously in force have become applicable.

On **28 May 2020**, the IASB published an amendment entitled **Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)**". The document extends by a year the applicability of the 2020 amendment, which allowed lessees to recognise COVID-19-related rent concessions without having to analyse contracts to assess whether these concessions met the definition of "lease modification" under IFRS 16. Therefore, lessees applying this option were eligible in 2020 to recognise the effects of the rent concessions directly in the income statement, from the date on which the concessions takes effect. The 2021 amendment, which is available only to entities that have already adopted the 2020 amendment, apply from 1 April 2021, but early adoption is permitted. The introduction of this new amendment has had no impact on the Group's consolidated financial statements.

On **27 August 2020**, in light of the reform to interbank interest rates such as IBOR, the IASB published the document **"Interest Rate Benchmark Reform — Phase 2"**, which contains amendments to the following standards:

- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases

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 on future cash flows. 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.

All amendments came into force on 1 January 2021 and the introduction of this new amendment has had no impact on the Group's consolidated financial statements.

Financial statements

The **Consolidated Statement of Financial Position** has been prepared according to the requirements of presenting current and non-current assets and liabilities separately. An asset is defined as current when it satisfies any of the following criteria:

- it is expected to be realised, or intended to be sold or consumed, in its normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be realised within twelve months after the end of the reporting period; or

- it is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All assets other than those meeting one of the criteria set out above are classed as non-current.

A liability is defined as current when it satisfies any of the following criteria:

- it is expected to be settled in its normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be settled within twelve months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets (liabilities) are classified as non-current assets (liabilities).

The **Income Statement** has been prepared by allocating costs based on their nature, using the same methodology as the Group's internal reporting and in line with the prevailing international practices in the industry. Income is presented as Operating Result and Profit Before Tax. *Operating Result* is the difference between Revenues from sales of goods and services, Other income and operating costs (the latter of which include non-monetary costs relating to amortisation, depreciation and impairments of current and non-current assets, net of any reversal).

The **Comprehensive Income Statement** shows the cost and revenue items, after tax, which are recognised directly to shareholders' equity reserves as required or permitted by the various International Accounting Standards. These items are further divided into those that may be reclassified to the income statement in the future and those that cannot be reclassified. Each type of significant shareholders' equity reserve shown in the statement is accompanied by a reference to the explanatory notes below, which contain related information and breakdowns, and changes on the previous financial year.

The **Cash Flow Statement** has been prepared using the indirect method, whereby Operating Result is adjusted to take into account non-cash revenue, deferrals or accruals of past or future operating cash receipts or payments, and income or expense items associated with investing or financing cash flows. Investments in television broadcasting rights are included within investment activities. Similarly, receipts and payments from the hedging of cash flows for foreign currency payments of television broadcasting rights are given the same classification as the hedged item, falling under cash flow from investments activities. Income and expenses relating to medium/long-term financing transactions and related hedging derivatives, as well as dividends paid, are included within financial activities.

The **Statement of Changes in Shareholders' Equity** shows the changes that have taken place in shareholders' equity items in relation to:

- allocation of the profit of the Group Parent and subsidiaries for the period to shareholders;
- breakdown of comprehensive income/loss;
- amounts relating to transactions with shareholders;
- purchases and sales of treasury shares;
- impact from any changes to accounting standards.

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

CONSOLIDATION PRINCIPLES AND AREA

The Consolidated Financial Statements includes the financial information of MFE-MEDIAFOREUROPE N.V. and of the Italian and foreign companies over which MFE is entitled to exercise direct or indirect control, meaning that the investor is able to influence its returns (exposure or rights to variable returns) by exercising power, meaning that it is able to direct the relevant activities of the controlled entity - i.e. the activities that significantly affect the investee's returns.

Generally, the majority of the voting rights entails control. In support of this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers other relevant facts and circumstances to determine whether it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights arising from contractual agreements;
- voting rights and potential voting rights held by the Group.

The assets and liabilities, and the expenses and income of the **subsidiary**, are consolidated line-by-line, meaning that they are included in their entirety in the consolidated financial statements. The carrying amount of these equity investments is offset against the corresponding portion of equity of the investee companies, recognising each individual asset and liability item and its fair value at the date of acquisition of control (Purchase Method), or when the Full Goodwill Method is applied (an option that can be exercised separately for each individual business combination) by also recognising the amount of goodwill not belonging to the Group with an offsetting entry of the non-controlling interest in equity. The Group has not yet taken up this option. Any remaining difference, if positive, is recorded under the non-current asset item "Goodwill" and, if negative, is recognised as income in profit and loss.

In the case of acquisitions of equity investments with the same ultimate parent company (business combination under common control), which are excluded from the scope of obligatory application of IFRS 3, and in the absence of specific IAS/IFRS standards or interpretations for these types of operations, the principle of *carry-over method* is generally considered to apply, taking into account the provisions of IAS 8. According to that principle, the assets and liabilities must be transferred to the acquirer's financial statements for the amounts recorded in the consolidated financial statements as at the date of the transfer of the ultimate parent company of the parties that carry out the business combination, with any difference between the consideration paid for the equity investment and the carrying amount of the assets recognised in the relevant Group shareholders' equity reserve.

In preparing the consolidated financial statements, all receivables, payables, costs and revenues between consolidated companies, as well as unrealised profits on intercompany operations, have been eliminated.

The amounts of shareholders' equity and income for the period of the consolidated companies belonging to non-controlling shareholders are identified and shown separately in the *Consolidated Statement of Financial Position* and the *Consolidated Statement of Income*.

In the event of a loss of control, the difference between the fair value of consideration received and the carrying amount of consolidated net assets is recognised in profit and loss. If the set of activities discontinued constitutes a material business (a business sector or a business unit), this difference is classified to Net profit/(loss) from discontinued operations, together with the profit or loss generated by the discontinued activities up until the date of deconsolidation. Changes resulting from purchases or sales of non-controlling interests held in subsidiary companies are treated as transactions with shareholders, as long as they do not result in a loss of control. Consequently, the difference between the fair value of the consideration paid or received for these transactions and the adjustment made to non-controlling interests is recognised under *Reserves for non-*

controlling transactions (including under “Other Reserves”) of the Group equity. Likewise, in accordance with IAS 32, transaction costs must also be recognised in shareholders’ equity.

The assets and liabilities of *foreign companies* that fall within the scope of consolidation and that originate in currencies other than the Euro, including goodwill and fair value adjustments of the assets and liabilities identified at the time of allocation of the price paid in a business combination, are translated using the spot exchange rates at the financial statement reporting date; income and costs, on the other hand, are translated at the average exchange rate for the year. Any translation differences that arise from applying these methods are recognised under a special shareholders’ equity reserve until the equity investment is sold.

The **associates** and **joint ventures** are recognised in the consolidated financial statements using the equity method, as described in the *Equity investments* item below.

Pursuant to IAS 28, an *associate* is a company in which the Group is able to exercise significant influence, but not control or joint control, by participating in decisions regarding the financial and operational policies of the investee.

On the other hand, with reference to IFRS 11, a *joint venture* is an arrangement whereby the parties that have joint control have rights to the net assets of the arrangement (shareholders’ equity).

Joint control is defined as the *contractually agreed* sharing of control of an arrangement, which exists only when the significant decisions relating to the activity require the *unanimous consensus* of all parties sharing control.

Goodwill

The goodwill resulting from the acquisition of control of an equity investment or of a business unit is the excess of the acquisition cost, understood as being the consideration transferred in the business combination, plus the fair value of any equity investment that was previously owned in the acquired business, over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business at the date of acquisition.

For the purposes of calculating goodwill, the consideration transferred in the business combination is calculated as the sum of the fair values of the assets transferred and the liabilities assumed by the Group at the date of acquisition and of the equity instruments issued in exchange for the control of the acquired entity, also including the fair value of any contingent considerations subject to conditions established in the acquisition agreement.

Any goodwill adjustments may be recognised in the measurement period (which cannot be more than one year from the date of acquisition) that are due to either subsequent changes in the fair value of the contingent considerations or to the calculation of the fair value of the assets and liabilities acquired, if recognised only provisionally at the date of acquisition and when these changes are calculated as adjustments based on additional information regarding facts and circumstances existing at the date of the business combination.

Any subsequent differences compared to the initial estimate of the fair value of liabilities for **contingent considerations** are recognised in the income statement, unless they derive from additional information existing at the acquisition date (in which case they can be adjusted within 12 months from the acquisition date). Likewise, any rights to receive back some parts of the consideration paid if certain conditions arise must be classified as assets by the acquirer.

The **transaction costs** for business combinations are recognised in the accounting period when they are incurred, with the exception of those incurred for issuances of debt securities or shares that must be recognised in accordance with IAS 32 and IFRS 9.

In the case of **acquisition of controlling interests of less than 100%**, the goodwill and the corresponding non controlling interest in the goodwill can be calculated at the acquisition date either with

respect to the percentage control acquired (partial goodwill) or by measuring the fair value of the non controlling interests in equity (full goodwill method).

The measurement method can be chosen from time to time for each transaction.

For **step acquisitions of controlling interests** the acquirer must recalculate the fair value of the previously held interest, up till that time, recognised, depending on the case, in accordance with IFRS 9 – *Financial Instruments*, in accordance with IAS 28 – *Investments in Associates and Joint Ventures* or in accordance with IFRS 11 – *Joint arrangements*, as if it had been sold and reacquired at the date when control was acquired, recognising any gains or losses resulting from that measurement in the income statement. In addition, in these circumstances any amount previously recognised in shareholders' equity as *Other comprehensive income and losses* must be reclassified to the income statement, except where the investment is designated as a financial asset measured at FVOCI without recycling to profit and loss.

In the case of disposal of controlling interests, the remaining amount of goodwill attributable to the interests is included in the calculation of the gain or loss from disposal.

The goodwill recognised as a result of **business combinations taking place before 1 January 2010** has been treated in accordance with the criteria laid down in the previous version of IFRS 3, which required:

- for *acquisition of controlling interests of less than 100%*, calculation of goodwill based on the proportional amount of the fair value of the identifiable net assets acquired;
- for *step acquisitions of controlling interests*, the calculation of goodwill as the sum of the fair values generated separately with each transaction;
- the inclusion of transaction costs in the amount of the acquisition cost;
- the recognition of contingent considerations at the acquisition date only if their payment was considered probable and their amount could be reliably determined; if detected later, these were recognised as an increase in goodwill.

CHANGES IN ACCOUNTING ESTIMATES

In accordance with IAS 8, these items are recognised in the income statement on a prospective basis starting from the accounting period in which they are adopted.

NEW EU-ENDORSED IFRS ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE GROUP

The endorsed standards issued but not yet effective at the date of preparation of the Group's financial statements are listed below. The Group does not intend to adopt these principles in advance. The directors do not expect the adoption of these amendments to have any significant effect on the Group's consolidated financial statements.

On 12 February 2021, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates—Amendments to IAS 8**". The amendments are intended to enhance the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial

statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply from 1 January 2023, but early adoption is permitted.

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

- **Amendments to IFRS 3 Business Combinations:** these 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:** These 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:** These amendments clarify 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.

New IFRS accounting standards, interpretations and amendments not yet endorsed by the European Union

The standards issued but not yet endorsed at the date of preparation of the Group's financial statements are listed below. The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

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. The amendments will enter force on 1 January 2023; however, companies may choose to adopt them early.

On **7 May 2021**, the IASB published an amendment entitled "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The amendment clarifies how deferred taxes should be recognised for particular transactions for which an entity recognises both an asset and a liability of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early adoption is permitted. The directors are currently evaluating the possible effects of the introducing this amendment for the Group's consolidated financial statements.

23 JAN 2022

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

4. KEY INFORMATION RELATING TO THE SCOPE OF CONSOLIDATION

IFRS 10 requires an investor, when assessing whether it controls an investee, to focus on the activities that significantly affect the investee's returns and to take into account substantial rights only; i.e. rights that give the ability to influence the company's material decision-making.

As required by IFRS 10, paragraph B80 et seq., the control requirement was reassessed this year to verify the conditions that had led to classification of subsidiaries, associates and joint ventures. No events or circumstances arose in 2020 to alter the conclusions reached in previous financial years as regards the following companies:

- The companies Boing S.p.A. (51% shareholding), Mediamond S.p.A. (50% shareholding), Fascino S.r.l. (50% shareholding), Tivù S.r.l. (48.16% shareholding) and European Broadcaster Exchange Ltd (EBX) (25% shareholding) are joint ventures of the Group, as arrangements whereby the parties that have joint control of the arrangement have rights over the net assets of the arrangement, which are therefore accounted for by using the equity method.

The most significant transactions regarding the scope of consolidation occurred during the year are listed below.

Incorporation, acquisition of new companies, capital increases and sale of subsidiaries or interests in subsidiaries

On **2 March 2021**, the company Aninpro Creative S.L., in which Mediaset España S.A. holds a 51% stake, incorporated the company **Be a Tiger SLU**.

On **18 March 2021**, Mediaset España acquired an additional 20% stake in the company **El Desmarque Portal Deportivo, S.L.**, bringing its percentage share of ownership to 80%.

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

In **June**, the Mediaset España Group sold its 40% stake in **Melodia Producciones S.L.**

On **19 July 2021**, the liquidation process of the company **Aunia Publicidad Interactiva SLU**, in which Publiesoña S.A. had a 50% stake, was concluded.

Incorporation, acquisition of new companies, capital increases and sale of non-controlling interests

As a result of the acquisitions made in **January** by Mediaset España (3.4% of share capital) and in **December 2021** by MFE-MEDIAFOREUROPE (0.36% of share capital), the Group's total equity investment in **ProSieben Sat1 Media SE** as at 31 December 2021 stood at 23.89% (24.60% of voting rights).

On 5 March 2021, RTI S.p.A. sold its residual 3.9% equity interests in **Prosiebensat.1 Digital Content LP** and **Prosiebensat.1 Digital Content GP Ltd**.

Following equity market sales during 2021, the stake held by RTI S.p.A. in **Telesia S.p.A.** changed from 6.7% on 31 December 2020 to 4.07% on 31 December 2021.

The main transactions relating to AD4Venture's business are shown below.

On **25 June 2021**, the MFE Group reached agreement to sell its stake in the company **Deporvillage**, consisting of the 6.85% stake held through subsidiary RTI S.p.A. and the 12.29% stake held through Advertisement 4 Adventures SLU. The closing of the transaction took place during the month of August.

In **July 2021**, following the lack of conversion of a convertible loan, the stake held by RTI S.p.A. in the company **Style Remains GmbH** decreased from 5.16% to 4.92% of share capital.

On **3 August 2021** RTI S.p.A. acquired a 2.59% stake in **ITRAVEL GROUP S.A.**, a company operating in the online travel services business.

During the **second quarter**, the stake held by Advertisement 4 Adventures SLU in **BYHOURS TRAVEL SL** changed from 5.31% to 5.52%

During the **second quarter of 2021**, the stake held by RTI S.p.A. in **Satisfay S.p.A.** changed from 1.01% to 0.82% of share capital. During the **third quarter**, this stake then decreased again to 0.80%.

During the second quarter of 2021, **21 Button APP SL**, in which RTI S.p.A. and Advertisement 4 Adventures SLU were both stakeholders, was merged with **PEOPLE UNLIMITED SL**. Following this transaction, RTI now holds a 0.0142% stake, whereas Advertisement 4 Adventures SL holds a 0.15% stake.

During the **second quarter of 2021**, the stake held by RTI S.p.A. in **Spotted GMBH** changed from 16.67% to 4.62%.

On **27 September 2021**, RTI S.p.A. increased its stake in the company **Termo S.p.A.** from 8.78% to 9.28% of share capital.

On **18 October 2021** RTI S.p.A. acquired a 5.50% in the company **Pascal S.r.l.**, a Italian e-commerce company trading in eco-sustainable, traceable and exclusively-bred beef.

During **November 2021**, subsidiary Advertisement 4 Adventures SLU acquired a 6.12% stake in the company **Pensium SL**.

In **December 2021**, the stake held by RTI S.p.A. in **Letisan S.r.l.** decreased from 8.70% to 8.30%.

The table below shows the main income statement, statement of financial position figures for the subsidiaries that have material non-controlling interests, as required by IFRS 12, paragraph 12, and paragraph B10 of the Operating Guide.

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

**Mediaset
España Group**

Minorities stake	44.3%
Minority interests in net profit	80.2
Minority interests in share capital, reserves and retained earnings	564.1
Current assets	560.0
Non-current assets	1,148.2
Current liabilities	287.5
Non-current liabilities	145.3
Revenues	876.3
Profit or (loss) for the year	181.0
Other Comprehensive Income Statement items	(17.5)
Comprehensive Statement of Income	165.3
Cash flow from operating activities	370.2
Cash flow from investing activities	(216.5)
Cash flow from financing activities	(185.9)
Dividends paid	-

The table below shows the main figures from the income statement, statement of financial position for the main associates and joint ventures, based on the carrying amount of the equity investments held in those companies and to their contribution to the Group's profits, as required by IFRS 12, paragraph 20 and paragraphs B12 and B13 of the Operating Guide.

	El Towers Group	Boing S.p.A.	Mediamond S.p.A.
Current assets	96.0	16.8	124.1
Cash and cash equivalents	19.6		
Non-current assets	1,928.1	8.3	4.0
Current liabilities	78.8	12.1	120.8
Current financial liabilities:	4.6	0.0	0.1
Non-current liabilities	976.1	0.4	6.1
Non-current financial liabilities	737.5	0.0	0.1
Revenues	275.4	29.1	207.6
Profit or (loss) for the year	248.7	0.4	1.8
Other Comprehensive Income Statement items	2.4		
Comprehensive Statement of Income	251.0	0.4	
Amortisation and depreciation	94.0	2.7	0.1
Income taxes	18.1	0.2	0.2
Dividends paid	374.8		

ElTowers, is a subsidiary of the F2iSGR private equity fund, 40% owned by MFE-MEDIA FOR EUROPE N.V. It is a company based in Lissone (MB). The El Towers Group is one of the largest operators in integrated service network infrastructure for electronic communications, serving radio and television broadcasters and mobile and wireless telecommunications providers under long-term agreements. Under a multi-year full-service agreement running from 1 July 2018 to 30 June 2025 and renewable for a further seven years subject to renegotiation of a new price during the agreement's last 12 months, El Towers offers hosting, assisting and maintenance services, the design of transmission equipment and broadcast contribution management to Elettronica Industriale, the MFE Group network operator, and provides hosting and maintenance services for the radio broadcasting equipment of the Group's broadcasters.

Project to transfer the Registered Office to the Netherlands

On **23 June 2021**, the Extraordinary Shareholders' Meeting of Mediaset S.p.A (called by unanimous resolution of Mediaset's Board of Directors on 26 April 2021) resolved to propose to transfer the Company's registered office to Amsterdam, the Netherlands, by adopting the Dutch-law corporate form of naamloze vennootschap and by adopting new bylaws in accordance with Dutch law (the "Transfer"). A total of 81.81% of the share capital was represented at the Shareholders' Meeting by shareholders holding a proxy. Of the shares represented, 95.57% voted in favour of the proposal.

This Transfer is regarded as fundamental to the Group's strategy of accessing an ecosystem (with a governance model inspired by the best international standards and in line with that adopted by Mediaset until now) capable of generating the following benefits for Shareholders:

- engender a more realistic appreciation of the Company among the stock market and the international business community more generally, which still tends to consider broadcasters as "local" businesses that are closely bound by and dependent on domestic economic concerns;
- strengthen Mediaset's ability to raise the capital and financial resources necessary to develop new business projects and to facilitate integration with new partners;
- operate within a legal system that is internationally known and appreciated by market operators and investors and capable of enhancing the pan-European dimension of the business to which Mediaset strives, while also preserving its identity and historical presence in its current markets;
- ensure that investors are extensively protected by providing a high degree of legal certainty, certainty in their contractual/commercial relations and, consequently, certainty that the internationalisation project will be fulfilled.

Following the Transfer, the shares of parent company remain listed on the electronic stock market (MTA) organised and managed by Borsa Italiana S.p.A.; The actual head office also remains in Italy and all operational activities of the Group continue to be carried out at the usual offices. The tax residence of the parent company also remain unchanged. There will therefore be no change in how direct and indirect taxes are paid in Italy.

The Transfer took place without any interruption of existing legal relationships.

Shareholders of Mediaset S.p.A. who did not vote in favour of the Transfer exercised their statutory right of withdrawal, at a price of EUR 1.881 per share (EUR 2.181 per share minus the extraordinary dividend of EUR 0.30 per share which, on the same date as the Transfer was approved, the Shareholders' Meeting resolved to pay out) no later than fifteen days after the Shareholders' Meeting resolution was registered in the Companies' Register, with this registration taking place on **1 July 2021**. The effective date of withdrawal depended on the completion date of the Transfer, subject to certain conditions precedent being met. The statutory period for

exercising right of withdrawal (pursuant to Article 2437 paragraph 1 letter c) of the Italian Civil Code) ended on 16 July 2021, the right of withdraw was validly exercised on a total of 3,881 shares in Mediaset S.p.A.

On **20 September 2021**, once it was verified that all conditions precedent for the transfer of the Company's registered office to the Netherlands had been met, a Dutch notarial deed was signed and the transfer was completed accordingly. With the completion of the transfer, the new Bylaws of the company came into effect and it took on the name Mediaset N.V.

On **25 November 2021**, Mediaset's Shareholders' Meeting was held and approved the change of the Company's name to MFE-MEDIAFOREUROPE N.V. with immediate effect from the date of the meeting.

Shareholders also approved the introduction of a dual-class share structure with different voting rights. The new shareholding structure can be summarised as follows:

- Share capital is formed by ordinary A class shares and ordinary B class shares.
- Each outstanding share was converted into one ordinary B class share.
- All shareholders existing at a given reference date (the "Record Date") gained the entitlement to be allotted one ordinary A class share for each ordinary B class share held.
- Each ordinary A class share has a nominal value of EUR 0.06 and each ordinary B class share has a nominal value of EUR 0.60 (compared to the previous value of EUR 0.52). Both the issue of ordinary A class shares and the adjustment in nominal value of ordinary B class shares were funded from the Company's available reserves.
- Accordingly, each ordinary A class share entitles the holder to one vote and each ordinary B class share entitles the holder to ten votes.
- Both classes of shares carry the same property rights (i.e. right to dividends).
- Both classes of share remain listed on Euronext Milan (EXM), a stock market organised and managed by Borsa Italiana S.p.A.
- All shareholders will be treated equally in the event of any voluntary or mandatory public takeover bid in future.

On **2 December 2021**, the Italian Stock Exchange (Borsa Italiana) issued Order No. 8,812 of 2 December 2021, admitting the Ordinary A-Class Shares for listing on Euronext Milan pursuant to Article 2.4.2 of the Regulations of the markets organised and managed by the Italian Stock Exchange. Likewise, the Dutch Financial Markets Authority (Autoriteit Financiële Markten) approved, by decision of **3 December 2021**, the prospectus prepared by the Company to allot the Ordinary A-Class Shares and the admission for listing and trading of those shares same on Euronext Milan pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "Prospectus"). The Prospectus has been published on the "Governance - Dual Class Share Prospectus" section of the website of MFE-MEDIAFOREUROPE and in the additional manners required by applicable laws and regulations.

Following these approvals, the shareholder resolution to amend the Bylaws came into effect. Therefore, the Company has promptly taken steps to complete the necessary formalities to implement the Bylaws amendment and to issue the Ordinary A-Class Shares.

On **10 December 2021**, all issued MFE shares converted into ordinary B class shares on a 1:1 basis. The difference between the nominal value of MFE's previously issued ordinary shares (EUR 0.52 each) and the nominal value of the ordinary B class shares (EUR 0.60 each) was funded from the Company's available reserves. On **13 December 2021**, ordinary A class shares were gratuitously allotted to holders of ordinary B class shares (other than the Company) on a 1:1 basis and the trading of ordinary A class shares commenced on Euronext

Milan. The nominal value of Ordinary A-Class Shares (EUR 0.06 each) was funded from the Company's available reserves.

On **15 December 2021**, the ordinary A class shares were allotted to the accounts of their holders through the authorised intermediaries registered in the centralised management system of Monte Titoli S.p.A..

At the end of the conversion of existing MFE shares into Ordinary B-Class Shares and the issue and allotment of Ordinary A-Class Shares described above, the share capital of MFE now stands at EUR 777,186,257.34. This is formed by 2,322,056,213 Shares, of which 1,140,828,649 Ordinary A-Class Shares and 1,181,227,564 Ordinary B-Class Shares.

23 MAY 2022

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-intérprete Jurado de INGLÉS
N.º 4195

5. 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 Directors' Report on Operations, 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, as at 31 December 2021 and 2020 respectively.

The tables have been prepared on the basis of specific sub-consolidated financial statements in which the carrying amount 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.

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

The consolidated net revenues for the two operating segments are provided without specific details of their nature since this information, already reported at Group level (see note 6.1 and 6.2), is not considered to be relevant given the location of the group's activities in the same macro-economic area (South Europe). The breakdown between advertising revenues and other revenues streams, more useful for understanding the business trend in the two business areas, is however already reported in the Directors' Report on Operations.

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

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

23/11/2022

2021	ITALY	SPAIN	Eliminations/ Adjustments	MFE GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues and other income from external customers	2,036.4	877.8	-	2,914.3
Inter-segment revenues	1.9	(1.5)	(0.4)	-
Consolidated net revenues	2,038.4	876.3	(0.4)	2,914.3
%	70%	30%		100%
OPERATING RESULT	192.1	225.3	0.6	418.0
Financial income/(losses)	19.7	2.9	0.0	22.6
Result from investments accounted for using the equity method	111.6	3.0	0.0	114.7
PROFIT BEFORE TAX	323.5	231.3	0.6	555.4
Income taxes	(52.0)	(48.4)	(0.2)	(100.6)
NET PROFIT FOR THE YEAR	271.5	182.8	0.5	454.8
Attributable to:				
- Equity shareholders of the parent company	272.8	181.0	(79.8)	374.1
- Non-controlling Interests	(1.3)	1.8	80.2	80.7

OTHER INFORMATION

Assets	4,457.6	1,708.2	(517.9)	5,647.9
Liabilities	1,987.8	432.8	(2.9)	2,417.7
Investments in tangible and intangible non current assets (*)	276.6	119.4	-	396.0
Amortisation, depreciation and impairments	366.9	114.9	(0.6)	481.2
Other non monetary expenses	25.8	3.4	-	29.3

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

M^º SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

2020	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues and other income from external customers	1,798.9	837.9	-	2,636.8
Inter-segment revenues	1.6	(1.2)	(0.3)	-
Consolidated net revenues	1,800.5	836.6	(0.3)	2,636.8
%	68%	32%		100%
OPERATING RESULT	38.5	230.5	0.7	269.7
Financial income/(losses)	(2.1)	(1.8)	(0.0)	(3.8)
Result from investments accounted for using the equity method	17.3	2.6	0.1	20.0
PROFIT BEFORE TAX	53.8	231.4	0.8	285.9
Income taxes	(16.0)	(50.4)	(0.2)	(66.6)
NET PROFIT FOR THE PERIOD	37.7	181.0	0.6	219.3
Attributable to:				
- Equity shareholders of the parent company	39.2	178.7	(78.6)	139.3
- Non controlling Interests	(1.5)	2.3	79.2	80.0
OTHER INFORMATION				
Assets	4,749.0	1,725.2	(517.9)	5,956.4
Liabilities	2,179.9	613.3	(2.5)	2,790.7
Investments in tangible and intangible non current assets (*)	352.3	98.7	-	450.9
Amortisation, depreciation and impairments	418.6	148.8	(0.7)	566.7
Other non monetary expenses	23.2	2.3	-	25.5

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

The following table shows the cash flow statement for each geographical area.

Cash Flow Statement (geographical breakdown)	ITALY		SPAIN	
	2021	2020	2021	2020
Operating Result	192.1	38.5	225.3	230.5
+ Depreciation, amortisation and impairments	366.9	418.6	114.9	148.8
+ Other provisions and non-cash movements	26.4	47.4	(5.5)	1.0
+ Change in working capital	41.9	0.8	79.4	(24.1)
- Income tax paid	(6.0)	(2.6)	(44.0)	(37.8)
Net cash flow from/(used) operating activities [A]	621.3	502.6	370.2	318.5
CASH FLOW FROM INVESTING ACTIVITIES:				
Proceeds from the sale of fixed assets	0.7	0.7	2.3	2.5
Payments for investments in television rights	(328.4)	(318.4)	(109.4)	(98.9)
Payments for investments in other fixed assets	(51.2)	(62.1)	(7.6)	(11.8)
Proceeds/(Payments) for hedging derivatives	6.6	9.3	(29.0)	(0.1)
Payments for equity investments in associates and joint venture	(4.0)	(0.2)	-	-
Proceeds/(payments) in other financial assets	10.2	(12.6)	(90.3)	(61.2)
Dividends received	167.2	36.5	17.5	4.1
Business combinations net of cash and cash equivalents purchased	-	(2.7)	-	(4.9)
Net cash flow from/(used) in investing activities [B]	(198.9)	(349.5)	(216.5)	(170.3)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from financing	416.0	450.0	-	48.9
Financing repayments	(572.0)	(601.0)	(177.9)	-
Dividends paid	(340.6)	-	(1.5)	-
Changes in other financial liabilities	(16.8)	(22.3)	-	(2.8)
Interest paid	(7.9)	(9.0)	(1.7)	(0.9)
Changes in controlling interest	(1.2)	0.4	(4.7)	(1.4)
Net cash flow from/(used) in financing activities [C]	(522.5)	(142.5)	(185.9)	43.9
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	(100.1)	10.6	(32.2)	192.2
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR [E]	126.7	116.1	321.2	129.0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR [F=D+E]	26.6	126.7	289.0	321.2

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

23 MAY 2022

NOTES ON THE MAIN ITEMS OF THE STATEMENT OF INCOME

6. INCOME STATEMENT

6.1 REVENUES FROM SALES OF GOODS AND SERVICES



The revenues from sales and services are recognised, respectively, when control is actually transferred as a result of the transfer of ownership or provision of the service.

In particular, the main streams of revenue generated by the Group's activities are recognised and reported according to the following criteria:

Advertising revenues (TV and other advertising revenues) are recognised at the moment the advertisement or commercial spot appears; Revenues from the sale of advertising under barter operations and, correspondingly, the costs of the merchandise, are recognised at fair value to take into account the estimated realisable value of the merchandise.

The **sale of assets** are recognised at the moment they are shipped or delivered (depending on how the actual transfer of control is governed by specific contractual provisions and terms of trade);

Marketing of television broadcasting rights and productions, even for limited use periods, which result in the transfer of control of the asset to the sub-licensee, are fully recognised from the start of the period of the transferred use (or when the sub-licensee can start benefiting from the right to use them);

Pay streaming service: income from pay TV subscriptions is recognised as accrued on a time basis from the contract start date.

Revenues are shown net of returns, discounts, allowances and premiums, as well as any directly linked tax charges.

The main types of activities that fall within each major revenue stream are given below.

Revenues from the sale of **television advertising** include the revenues, net of agency commissions, from the sale of advertising space on free-to-air networks by Publitalia '80 S.p.A.; revenues from the sale of advertising space on pay-TV channels broadcast via digital terrestrial technology by Digitalia '08 S.r.l.; and revenues from the sale of advertising space on Spanish broadcasters of the Mediaset España Group by Publiespaña S.A. and Publimedia S.A.

Other advertising revenues relate to amounts due to the Group as revenues from radio advertising space on proprietary websites granted exclusively to the subsidiary Mediamond, as well as revenues for teletext commercial services and advertising revenues from non-TV media, earned by Publieurope Ltd. and Publimedia S.A. and revenues collected for third parties.

Revenues from the **sale of TV rights and television productions** mainly include revenues from the multi-platform sale of content and the sale of movie rights for home video and television.

Revenues from the Group's **Pay streaming service** mainly refer to the non-linear content and services on Infinity streaming platforms in Italy and on Mitele PLUS in Spain.

Revenues from the **sales of goods** relate to advertising bartering activities.

Revenues from **construction and maintenance of television equipment** mainly relate to the income for the use of transmission capacity on digital terrestrial television networks. This item also includes revenues from the sale of equipment by Elettronica Industriale S.p.A. to external customers.

Movie distribution revenues refer to the rental of movies to cinema operators throughout Italy by Medusa Film and Telecinco Cinema.

Other revenues mainly includes royalties relating to merchandising, income from telephone traffic originating from the interaction with various TV productions on the Mediaset and Mediaset España networks, and the sale of multimedia content and services to telephone service providers.

The breakdown of these revenues is provided below, highlighting the main types at a consolidated level; the same detail by nature is not considered relevant at the level of the two operating segments of reference given the location of the group's activities in the same economic macro-area (South Europe). The breakdown between advertising revenues and other revenues, which is more useful for understanding the business trend in the two areas of Italy and Spain, is however reported in the Directors' Report on Operations.

	2021	2020
TV advertising revenues	2,376.7	2,083.0
Other advertising revenues	184.8	149.6
Marketing of TV rights and productions	141.8	180.0

Pay streaming service	30.1	32.3
Sale of goods	-	10.6
Construction, rental and maintenance of TV equipment	75.7	81.7
Film distribution revenues	8.7	33.7
Other revenues	43.4	41.4
Total	2,861.3	2,612.3

The increase in **TV advertising revenues** is due to the strong recovery in investment by advertisers in Italy and Spain. In particular in Italy, Tv Gross Advertising Revenues from the Mediaset free channels, increased by 14,8% in respect to 2020, +3,8% than the 2019 pre—pandemic; in Spain the increase of Gross TV Advertising revenues of the Mediaset Espana free channels grew by 8,7% compared to 2020.

The increase of the **Other advertising revenues** is due both to the growth in revenues from other media managed by the Group, related to Mediaset website and proprietary radio broadcasters managed under sublicense from the associated company Mediamond and to the advertising sales activities carried out on the basis of third-party concessions in particular related to those managed by Digitalia concerning the advertising collection of the Italian Serie A Football championship TV rights held by Dazn for three seasons starting from 2021-2022.

The year-on-year decrease in revenues from the **Marketing of TV rights and television productions** can mainly be attributed to the lower proceeds, particularly in Spain, under the agreements to sublicense SVOD rights in cinema and TV productions to third-party operators, and from the absence during the second half of the year from the proceeds under the exclusive agreements to sublicense the Cinema and TV Series Premium channels to Sky.

The decrease in revenues from the **Sale of goods** is due to the sale to third parties of the marketing and telesales activities that had been operated under the Mediashopping brand up to 31 October 2020.

The year-on-year decrease in revenues from the **Construction, rental and maintenance of television equipment** can mainly be attributed to the discontinuations of transmission capacity leasing agreements with third party operators that reached their end date during the course of the year.

The reduction in **film distribution** revenues relates to the substantial interruption of activities caused by the pandemic-induced closure of film theatres in both Italy and Spain and, later, the resumption of activities in the second half of the year. During the first half of 2020, income was taken from the Medusa film distribution business, such as the January 2020 releases of "Tolo Tolo", directed by Checco Zalone and produced by Taodue, and "Odio l'Estate", directed by the trio of Aldo, Giovanni and Giacomo.

23 MAY 2022

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

Revenue breakdown by geographical area

Below is a breakdown of revenues by geographical area, according to the customer's country of residence:

	2021	2020
Italy	1,925.8	1,735.7
Spain	834.6	765.6
EU countries	77.9	89.7
North America	9.0	12.1
Other countries	14.0	9.3
Total	2,861.3	2,612.3

Concentration of revenues

None of the revenues generated from individual customers amounts to or exceeds 10% of the net consolidated revenues.

6.2 OTHER INCOME



Other income are recognised when control is actually transferred as a result of the transfer of ownership or provision of the service. This item mainly includes non-core revenues and income, revenues from leases, property rentals and contingent assets.

Government grants (grants related to income) obtained for investments in cinema installations and productions are recognised in the financial statements when there is reasonable certainty that the company will satisfy all the conditions required to obtain them and that they will actually be received. The grants are recognised in the income statement over the same period in which the related costs are recognised.

	2021	2020
Gain from disposal of fixed asset	0.3	0.4
Income from rentals and leases	2.8	1.8
Government grants	4.0	5.1
Other income	45.9	17.1
Total	53.0	24.4

The change in **Other income** mainly relates to the receipt of EUR 26.8 million in damages from Dailymotion under the settlement agreement signed on 3 May 2021 which put an end to the dispute between the MFE Group and the Vivendi Group.

M^a SOLEDAD VALCARCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

6.3 PERSONNEL EXPENSES



Personnel expenses consist of the remuneration in cash or in kind paid to employees for the services provided (other than retirement or post employment benefits). In particular, this item comprises: Wages, salaries and productivity bonuses accrued during the year, holidays accrued and not taken by employees, one-off bonuses, social security and welfare contributions. Personnel expenses are defined by employment contracts. No actuarial assumptions are required to determine their amount. As "short-term" labour costs, these must be entirely recognised for the year to which they refer.

Medium/long-term incentive plans include share-based payments recognised pursuant to IFRS 2, as indicated in chapter 15 Share-based payments.

	2021	2020
Ordinary remuneration	264.6	254.0
Overtime	13.2	12.3
Special benefits	28.0	22.8
Additional salary period (13th and 14th salary period)	36.2	36.5
Accrued and unused holiday	1.2	0.0
Total wages and salary	343.2	325.7
Social security contributions	98.9	95.4
Post-employment benefit plans	0.4	0.4
MLT incentive plans	3.4	3.5
Other personnel expenses	53.1	45.1
Total personnel expenses	499.0	470.1

MLT incentive plans includes expenses accruing to the year 2021 for medium/long-term incentive plans awarded by the parent company in 2019 and 2021.

Other personnel expenses include leaving incentives and short-term benefits for employees (other than wages, salaries, contributions and paid leave), such as medical assistance, company cars, canteen and other free or subsidised goods and services. The item also includes compensation paid to salaried directors that are employees of Group companies, totalling EUR 4.5 million (EUR 4.4 million at 31 December 2020), of which EUR 3.7 million relating to the Mediaset España Group (EUR 3.6 million at 31 December 2020).

The following table shows the details of the **group's average workforce**, determined on a full time equivalent (FTA) basis based on the business sector to which they belong attributable to the two main geographical areas, Italy and Spain in which the Group's activities are carried out. It should be noted that no employee works in the Netherlands as the actual headquarters and operating activities of the Group continue to be located in Italy and Spain.

AVERAGE WORKFORCE	2021	2020
Italy	3,280	3,334
Spain	1,585	1,564
Total	4,865	4,898

6.4 PURCHASES, SERVICES AND OTHER COSTS



Costs are recognised in the income statement when they refer to goods and services used during the year.

	2021	2020
Purchases	81.5	90.0
Change in inventories of raw materials, semi-finished and finished products and increase in internal work	2.2	(20.7)
Consultants, contractors and services	220.4	222.3
Making and purchases of productions	477.0	369.4
Broadcaster fees and guaranteed minimums	62.9	28.4
Advertising space and external relations	18.5	21.2
EDP Services	18.6	20.4
Research, training and travel expenses	6.6	4.9
Other services	380.9	358.0
Total cost for services	1,184.9	1,024.4
Rentals	164.4	160.0
Accruals/(Utilizations) of provisions	25.8	22.0
Other operating expenses	57.2	54.5
Total purchases, services, other costs	1,516.0	1,330.2

The item **Purchases** includes the expenses for the purchase of consumables for administrative and production activities (such as sets, costumes, awards) and the acquisition of television broadcasting rights (such as news and live events) with a term of less than 12 months for EUR 47.6 million (EUR 59.7 million at 31 December 2020).

With reference to **Cost for services**:

- the item **Consultants, contractors and services** refers to professional service and advisor, corporate bodies fees, collaborators and temporary work expenses, artistic and journalistic collaborations.
- the item **Making and purchases of production** refers to direct costs related to the creation of in-house productions and for purchase of productions from third parties. The amount of these costs increased compared to the previous year in which, due to the prolonged lockdown periods, strong optimization and savings in programming costs had been carried out in both Italy and Spain, but remain substantially at the same level as the year before the pandemic (equal to 471.3 million euros) despite the costs associated during the 2021 with sport events acquired and broadcast (the Italian Cup and the European Football Championships broadcast by Mediaset Espana);
- **Other services** mainly refer to trade association costs for the use of intellectual property rights equal to EUR 104.6 million (EUR 95.9 million in 2020), maintenance of transmission equipments and network, building and information systems

equal to EUR 76.2 million (EUR 72.5 million in 2020), utilities equal to 36,7 (EUR 30,3 million in 2020), commissions and costs for marketing services equal to EUR 50.9 millions (EUR 46.2 in 2020), other provision of services (technical, security, logistics) equal to EUR 98.0 millions (94.0 in 2020).

Rentals includes EUR 115.4 million in costs relating to television signal transmission and the rental of tower for the two geographical areas of business (EUR 117.5 million at 31 December 2020), EUR 12.3 million in royalties (EUR 11.5 million at 31 December 2020) and EUR 22.1 million relating to rents mainly for television studios and equipment and office space (EUR 17.6 million at 31 December 2020).

Accruals/(Utilizations) of provisions includes provision (net of the reversal of the excess funds accrued in previous years) for onerous contracts in relation to some television productions or to reflect future expenses due to business restructuring plans.

Other operating costs include indirect tax charges, donations and associative contributions and concession fees of which the main part relating to the contribution of 3% of the gross advertising sales of the Mediaset España Group in accordance with the industry sector law on funding public television.

6.5 AMORTISATION, DEPRECIATION AND IMPAIRMENTS

	2021	2020
Amortisation of TV and movie rights	386.1	455.3
Amortisation of other intangible assets	40.3	43.4
Amortisation of tangible assets	54.8	62.9
Impairments /(Reversal) of TV and movies rights	0.5	0.6
Impairments /(Reversal) of fixed assets	0.0	0.2
Impairments/(Reversal) of receivables	(0.5)	4.2
Total amortisation, depreciation and impairments	481.2	566.7

For commentary on changes in depreciation, see the explanatory notes related to Tangible fixed assets and Intangible fixed assets below..

6.6 FINANCIAL EXPENSES

23/04/2022

M^{re} SOLEDAD VALCÁRCEL CORDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195



Financial expenses are recognised on an accrual basis in the income statement during the year in which they occur, by accruing interests, discounts and other financial expenses even if not paid at the reporting date, and deferring those already paid in the period but pertaining to future years.

Financial expenses include:

- interest expense on financial liabilities, measured at amortised cost;
- financial expenses for leases recognised under IFRS 16 'Leases';
- exchange differences arising from hedges of assets and liabilities denominated in foreign currencies;

	2021	2020
Interests on financial liabilities	(8.4)	(9.4)
From derivative instruments	(0.0)	(0.1)
Other financial charges	(22.5)	(4.9)
Foreign exchange losses	(18.0)	(46.1)
Total	(49.0)	(60.5)

Interests on financial liabilities includes interests relating to financial liabilities accounted under IFRS 16 (Lease) for an amount of EUR 1,5 million.

Other financial expenses include the financial expenses associated with the collar contract entered into to hedge the fair value of the equity investment in ProSiebenSat.1 Media SE.

6.7 FINANCIAL INCOME



Financial income are recognised on an accruals basis in the income statement for the year in which they mature.

Dividends are recognised in the accounting period in which the resolution approving their distribution is passed.

M^{re} SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

	2021	2020
Interests on financial assets	0.3	0.7
Income from derivative instruments	20.7	1.6
Other financial income	4.1	1.4
Dividends from FVTOCI investments	27.6	
Foreign exchange gains	18.8	52.9
Total	71.6	56.7

Income from derivative instruments includes income of EUR 20.4 million for the early termination in January 2021 of the reverse collar contract entered into in April 2020 by the parent company to hedge a further share purchase in ProSiebenSat1 Media SE, with this transaction considered to be highly probable at the signing date of the agreement.

Dividends from FVTOCI (Fair Value To Other Comprehensive Income) investments refer to the dividends due to MFE by the investee ProSiebenSat1 Media SA.

Foreign exchange gains and losses include the effects of derivatives relating to the hedging of foreign currency exposure connected to commitments for the future acquisition of TV rights (for the component not included in the hedging relationship), and the effect of derivatives used to hedge against fluctuations in the exchange rates on items recognised in the financial statement items (receivables and payables denominated in foreign currencies).

6.7.1 Financial Income/Expenses recognised according to IFRS 9

The table below summarises the financial income and expenses recognised in the income statement, classified by IFRS 9 category

IFRS 9 CATEGORIES AT 31 DECEMBER 2021	From interests	From changes in fair value	From Revaluation reserve	Foreign exchange gains/losses	Net income/(costs)
Financial derivatives	-	0.3	20.4	7.2	27.8
Liabilities at amortised cost	(9.2)	-	-	(6.3)	(15.6)
Financial activities at amortized cost	0.3	-	-	-	0.3
Total IFRS 9 Category	(8.9)	0.3	20.4	0.8	12.6
Other financial income/(expenses)					10.0
Total financial income (expenses)					22.6

IFRS 9 CATEGORIES AT 31 DECEMBER 2020	From interests	From changes in fair value	From Revaluation reserve	Foreign exchange gains/losses	Net income/(costs)
Financial derivatives	-	2.9	(1.3)	(13.5)	(11.8)
Liabilities at amortised cost	(10.4)	-	-	20.2	9.8
Financial activities at amortized cost	0.7	-	-	-	0.7
Total IFRS 9 Category	(9.7)	2.9	(1.3)	6.7	(1.4)
Other financial income/(expenses)					(2.5)
Total financial income (expenses)					(3.8)

Financial derivatives include net financial income and charges relating to derivatives used to hedge against the risk of fluctuating interest rates for medium/long term financial liabilities and against fluctuating exchange rates, as well as equity hedges.

Other financial income (expenses) primarily includes the effects of to the time discounting of post-employment benefit plans, interest relating to discounting of provisions for risks expiring after 12 months, and financial expenses on leases accounted for under IFRS 16. In particular, in 2021 this line item includes the dividend income attributable to the MFE Group from the investee ProSiebenSat.1 Media SE.

6.8 RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD



This item includes the portion of net result of companies accounted for by using the equity method, including any impairment or reversal, impairment of financial receivables for these investments recognised as other non-current financial assets, and gains/losses on equity investments not classified as FVTOCI instruments.

	2021	2020
Result of equity investments accounted for using the equity method	114.7	20.2
Gain/(loss) from sale of equity investments	-	(0.2)

Total	114.7	20.0

The result of Equity investments accounted for using equity method mainly included expenses and income related to the pro-quota of the results of equity investments in associates and joint ventures. In particular:

- ▢ income of EUR 99.6 million for the equity investment in **El Towers**. This income included the EUR 88.1 million pro-rata capital gain realised by El Towers following its sale of subsidiary Towertel.
- ▢ income of EUR 1.6 million for the equity investment in **La Fábrica de la Tele**;
- ▢ income of EUR 3.0 million for the equity investment in **Fascino PGT S.r.l.**
- ▢ income of EUR 0.9 million for the equity investment in **Unicorn Content S.L.**;
- ▢ income for the equity investment in **Mediamond S.p.A.** for EUR 0.9 million.

6.9 INCOME TAXES



Current income taxes are accrued, for each company, on the basis of the taxable income determined in accordance with current tax rates and laws currently in force, or essentially approved, at the end of the reporting period in the various countries, taking into account any applicable exemptions and tax credits due.

	2021	2020
Irapi tax	9.9	3.7
Ires tax	5.5	0.0
Prior year tax	(0.5)	1.5
Withholding taxes	2.5	
Tax expenses (foreign companies)	27.7	34.3
Total current tax	45.1	39.6
Deferred tax assets	(17.2)	(6.6)
Utilization of deferred tax asset	65.2	36.9
Total deferred tax asset	48.0	30.2
Reversal of deferred tax liabilities	9.8	1.0
Deferred tax liabilities	(2.3)	(4.2)
Total deferred tax liabilities	7.5	(3.2)
Total	100.6	66.6

IRAP and IRAP tax expenses comprise the IRAP and IRES taxes levied against the Group's tax-consolidated Italian tax consolidation perimeter, following the generation of taxable income during the period (the part exceeding the portion of taxable income that can be offset against tax losses carried forward).

Prior year tax mainly includes expense generated as a result of the recalculation of taxes upon submission of the income tax return with respect to the amount recognised in the financial statements for previous years.

Withholding taxes includes the impairment of the credit for foreign tax payments recognised after the dividend was received by investee ProSiebenSat.1 Media SA.

The items **deferred tax assets and liabilities** mainly show the financial movements for the year for the allocations and/or uses generated as a result of changes in the temporary differences between the taxable base and the carrying amount of assets and liabilities. Deferred tax assets include the utilisation of EUR 21.9 million following the taxable income generated during the years by companies included in the Italian tax consolidation arrangement.

Tax expenses (foreign companies) mainly relate to the taxes for the year recorded by the companies belonging to the Mediaset España Group.

The table below shows a reconciliation between the standard tax rate in force in Italy on companies taxable income for the tax years 2021 and 2020, and the effective tax rate of the Group.

	2021	2020
Current tax rate	27.90%	27.90%
IRAP tax non deductible expenses	0.45%	0.60%
Effects of companies with different tax rate	-2.96%	-5.03%
Withholding taxes	0.45%	-
Non deductible expenses and consolidation adjustment with no tax effect	-6.85%	-0.24%
Effective tax rate	18.09%	23.29%

6.10 NET PROFIT/(LOSS) FOR THE YEAR

The consolidated net profit attributable to the parent company's shareholders at 31 December 2021 increased to EUR 374.1 million, compared with a net profit of EUR 139.3 million the previous year.

23 MAR 2022

M^o SOLEDAD VALCÁRCEL CONDE
 Traductora-Intérprete Jurado de INGLÉS
 N.º 4195

6.11 EARNINGS/(LOSS) PER SHARE



Earnings per share are calculated by dividing the Group net profit by the weighted average of the number of outstanding shares, net of the treasury shares. The diluted earnings per share are determined by taking account in the calculation of the number of outstanding shares and the potential diluting effect from the allocation of treasury shares to the beneficiaries of stock option and incentive plans already vested.

The calculation of basic and diluted earnings per share is based on the following data:

	2021	2020
Net result for the period (millions of euro)	374.1	139.3
Weighted average number of ordinary shares (without treasury shares)	2,281,657,298	2,280,021,438
Basic EPS (euro)	0.16	0.06
Weighted average number of ordinary shares for the diluted EPS computation	2,282,834,923	2,281,644,430
Diluted EPS (euro)	0.16	0.06

For comparative purposes, in 2020 it was considered the capital increase required for the allocation of A-class and B-class shares.

Earnings per share are calculated by dividing the Group net profit by the weighted average of the number of outstanding shares, net of the treasury shares. The figure for diluted earnings per share 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.

NOTES ON MAIN ASSET ITEMS

7. NON-CURRENT ASSETS

The tables below show the changes over the last two years in the historical cost, accumulated amortisation and depreciation, impairments and the carrying amount of all main non-current assets.

7.1 PROPERTY, PLANT AND EQUIPMENT



Plant, machinery, equipment, buildings and land are recognised at purchase, production or transfer cost, including any transaction costs, any dismantling costs and direct costs necessary to make the asset available for use. These fixed assets, with the exception of land, which is not subject to depreciation, are depreciated on a straight-line basis in each financial year using depreciation rates set according to the remaining useful life of the assets.

Depreciation is calculated on a straight-line basis on the cost of the assets, net of any residual values (where significant), according to their estimated useful lives, with the following rates applied:

Type of fixed asset	Financial statement category	Amortisation rate
Buildings	Land and building	2% - 3%
Plant and equipment	Plant and equipment	10% - 20%
Constructions and equipment	Technical and commercial equipment	5% - 16%
Office furniture and machines	Other tangible assets	8% - 20%
Motor vehicles and other means of transport	Other tangible assets	10% - 25%

The recoverable value of the above is measured based on the criteria laid down in IAS 36, described in the note below "Assessment of recoverability of goodwill and other non-current assets (impairment test)".

Ordinary maintenance costs are recognised in full in profit and loss. Incremental maintenance costs are allocated to each asset and depreciated over its remaining useful life.

Leasehold improvements are allocated to each class of assets and depreciated at the residual life of the lease contract or the residual useful life of the type of asset improved, whichever is lower.

Whenever individual components of a complex tangible fixed asset have different useful lives, they are recognised separately in order to be depreciated according to their individual useful lives (component approach).

In particular, according to this principle, the value of land and of the buildings on it are kept separate, and only the buildings are depreciated.

Gains and losses resulting from sales or disposals of assets are calculated as the difference between the sales price and the net book value of the asset, and are posted to the income statement under Other revenues and income and Other operating costs, respectively.

23 MAY 2022

MR SOLEDAD VALCÁNCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

ORIGINAL COST								Total property, plant and equipment
	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	Owned property, plant and equipment	Property, plant and equipment - Right of use	
Balance at 1/1/2020	229.3	727.8	77.2	118.3	25.0	1,177.5	149.2	1,326.8
Business combination	-	-	0.1	0.1	-	0.2	-	0.2
Additions	1.4	15.4	0.9	3.2	25.6	46.4	5.3	51.7
Other changes	(0.5)	(2.9)	0.5	(0.2)	(16.7)	(19.8)	(14.1)	(34.0)
Disposals	-	(8.6)	-	(0.6)	-	(9.3)	(2.3)	(11.7)
Balance at 31/12/2020	230.2	731.6	78.7	120.7	33.9	1,195.0	138.0	1,333.0
Additions	1.5	15.9	0.5	1.7	23.0	42.7	4.8	47.5
Other changes	3.2	(28.0)	0.3	0.3	(19.7)	(44.0)	(4.5)	(48.5)
Disposals	(0.0)	(4.0)	(0.1)	(1.5)	-	(5.5)	(0.6)	(6.1)
Balance at 31/12/2021	235.0	715.5	79.5	121.2	37.1	1,188.2	137.7	1,325.9

AMORTISATION AND IMPAIRMENTS	Land and building	Plant and equipment	Technical and commercial equipment	Other tangible assets	Tangible assets in progress and advances	Owned property, plant and equipment	Property, plant and equipment - Right of use	Total property, plant and equipment
Balance at 1/1/2020	(142.2)	(636.4)	(67.6)	(105.7)	-	(951.8)	(18.5)	(970.3)
Business combination	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Other changes	1.8	12.5	0.9	1.3	-	16.4	9.2	25.6
Disposals	-	8.3	-	0.6	-	9.0	1.0	10.0
Amortisation	(5.2)	(28.6)	(2.6)	(3.9)	-	(40.3)	(22.6)	(62.9)
(Impairments)/Reversal	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Balance at 31/12/2020	(145.6)	(644.1)	(69.3)	(107.7)	(0.1)	(966.9)	(31.0)	(997.8)
Other changes	-	36.9	0.2	3.9	0.1	41.0	4.7	45.7
Disposals	-	3.7	0.1	1.5	-	5.2	0.1	5.4
Amortisation	(5.6)	(24.9)	(2.3)	(3.9)	-	(36.8)	(18.0)	(54.8)
Balance at 31/12/2021	(151.2)	(628.4)	(71.4)	(106.4)	-	(957.4)	(44.2)	(1,001.6)

23/11/2022

M^º SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195